



## STANDING ADVISORY COMMITTEE AGENDA

**Tuesday, December 6, 2016 at 3:00 p.m.**  
**Truckee Meadows Water Authority**  
**Independence Meeting Room**  
**1355 Capital Boulevard, Reno, NV 89502**

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### NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 before the meeting date.
3. The Committee may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
4. Asterisks (\*) denote non-action items.
5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.
6. In the event the Chairman and Vice-Chairman are absent, the remaining SAC members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).

1. Roll call\*
2. Public comment — limited to no more than three minutes per speaker\*
3. Approval of the agenda (**For Possible Action**)
4. Approval of the minutes of November 1, 2016 meeting (**For Possible Action**)
5. Recognition of Ron Turner, SAC Vice Chairman — Neil McGuire\*
6. Presentation on 2017 Legislative bill draft requests (BDR's) — John Zimmerman and Steve Walker, TMWA Lobbyist\*
7. Water Supply Update — Bill Hauck\*
8. Presentation of revenue impacts from conversion of flat to metered rates — Shawn Stoddard\*

9. Update on TMWA Board of Directors decision on the funding plan for Fiscal Years 2017 through 2022, and proposed rate adjustment and schedule — Michele Sullivan\*
10. Presentation on Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016 — Michele Sullivan\*
11. Presentation of applications to fill the two at-large vacancies, the Irrigation Customer Class Alternate vacancy and other possible vacancies, and possible recommendation to the Board — Sonia Folsom **(For Possible Action)**
12. Presentation of 2017 meeting schedule — Sonia Folsom **(For Possible Action)**
13. Discussion and possible direction to staff regarding agenda items for future meetings **(For Possible Action)**
14. Staff Items\* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
15. Committee Items\* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
16. Public Comment — limited to no more than three minutes per speaker\*
17. Adjournment **(For Possible Action)**



**STANDING ADVISORY COMMITTEE**

**DRAFT** MINUTES

November 1, 2016

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The Standing Advisory Committee (SAC) met at Truckee Meadows Water Authority (TMWA) in the Independence Room, 1355 Capital Blvd., Reno, Nevada. Acting Chair Gescheider called the meeting to order at 3:07 p.m.

In Chair Neil McGuire's absence, Bruce Gescheider was nominated as acting Chair.

1. ROLL CALL

**Members and Voting Alternates Present:** Bob Chambers, Harry Culbert, Bruce Gescheider, Kevin Haddock, Colin Hayes, Mike Heffner, Ken McNeil, Jonnie Pullman, and Ron Turner.

**Alternates Present:** Bill Hughes, Karl Katt, Carol Litster, Mike Schulewitch, and Jim Smith.

**Members Absent:** Lee Leighton, Pat Martinez, Neil McGuire, Mike Pidlypchak, Fred Schmidt, and Jerry Wager.

**Staff Present:** Jack Byrom, Tabitha Carlisle, Robert Charpentier, Laine Christman, John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Bill Hauk, Pat Nielson, Joe Petrelli, Shawn Stoddard, Michele Sullivan, Sandra Tozi, John Zimmerman, and Legal Counsel Debbie Leonard.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

**Upon motion by Member Pullman and second by Member Chambers, and carried by unanimous consent of the members present, the Committee approved the agenda.**

4. APPROVAL OF THE MINUTES OF THE OCTOBER 4, 2016 MEETING

**Upon motion by Member McNeil and second by Member Heffner, carried by unanimous consent of the members present, the Committee approved the minutes of the October 4, 2016 meeting.**

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Senior Hydrologist, reported that, due to recent rains, the actual Truckee River flow is about 900 cubic feet per second (cfs) versus the required rate of flow of 400 cfs; Lake Tahoe rose three inches last month due to the weather; approximately 10% of TMWA's privately owned stored water was used to meet customer demands in September and early October but we will still go into the 2017 summer season with more storage reserves than ever before; the region has experienced two – three times above normal precipitation in October; and customer demand was approximately 102% of 2015.

6. PRESENTATION ON 2016 SUMMER WATER USAGE

Shawn Stoddard, TMWA Senior Economist, reported that the retail water usage in 2016 increased by 2.5% as compared to 2015, however the average use per water service increased less than 1% between 2015 and 2016; summer temperatures were similar in 2013, 2015 and 2016; and precipitation in all three years was similar to the average summer precipitation.

Acting Chair Gescheider asked if the increase of water usage was due to new hook-ups (customers). Mr. Stoddard replied that is a safe assumption.

7. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2017 THROUGH 2022, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Michele Sullivan, TMWA Chief Financial Officer, reported that water sales revenue from the combined service area was \$97 million in FY2013 – 2014 versus \$87.5 million in FY2016. This equates to 10% less revenue, which is a significant decrease and is mainly due to conservation. Ms. Sullivan explained it is critical to align cost of service to recurring revenue in order to close the funding gap and maintain critical financial metrics that will ensure continued favorable credit ratings for TMWA. Ms. Sullivan presented the draft funding plan for FY 2017 – 2022 with two scenarios: the first scenario details a 3% water demand increase from 2015 demand. Ms. Sullivan explained financial metrics without a rate increase and with rate increases that close the funding gap by 2022. The second scenario is the same but includes an expected successful 2017 bond refunding. She reminded the SAC that TMWA was able to defer \$39.1 million in principle from 2017-2019 to the end of the refunding period (2035-2037), which allowed TMWA to maintain its debt service coverage ratio in FY 2017-2019. However, when principal reductions resume in 2020, debt service coverage ratios and other financial metrics suffer.

Jonnie Pullman asked what TMWA's required debt service coverage ratio was. Ms. Sullivan replied it is 1.25 based on bond covenants, and 1.5 per TMWA's Debt Management Policy approved by the Board of Directors.

Ms. Sullivan emphasized that without a rate increase, TMWA's unrestricted cash will drop to \$20 million in scenario number one. In scenario 2, the 2017 bond refunding in the spring is for \$202 million and has two components: 1) the current bond has a debt service requirement of \$32 million in restricted cash, which will be released and can be used to pay down the bond, reducing it to \$170 million; and 2) if interest rates continue to remain low TMWA can anticipate an estimated \$20 million in premium, which can also be used to pay down the principle, reducing the bond from \$202 million to \$150 million, which would be refunded in the spring 2017.

Mike Heffner mentioned the Caughlin Ranch Homeowners Association (HOA) Board recently increased rates after a 10 year hiatus. At that meeting, the discussion was whether to have a high rate increase in the first year and a zero increase in the second year with smaller increases in the following years. Mr. Heffner asked if TMWA has considered a similar scenario. Ms. Sullivan replied no, the proposals were based on the assumption that lower increases were preferred. Mark Foree, TMWA General Manager, added that in the past, it has been the preference of the SAC, the Board and customers to have small single-digit increases. He noted that the multi-year proposal, if approved by the TMWA Board, would be reviewed after the second year's annual increase to decide whether to decrease or defer future rate increases based on TMWA's financial situation at that time. Because it is a six-month public process to implement a rate adjustment, this multi-year scenario allows for greater flexibility for staff not to have to re-open the public process, and the Board is still able to make adjustments in outer years.

Acting Chair Gescheider noted from a commercial perspective, between the merger and 2015 conservation, the proposed rate increase is a surprise. Also, staff has made many assumptions, one of them being that there will be a 3% increase in customer demand. He noted that it is realistic to believe the Truckee Meadows will continue to grow in the outer areas. He continued that operating expenses have been controlled and only increased slightly over the years. However, he expressed concern over the \$66 million in spending on capital projects in the first 2-years of the draft funding plan, which is significantly higher than what has been projected in the past.

Ms. Pullman said she appreciated the work, but did not appreciate not having enough time to review the information. Ms. Sullivan noted that the staff reports with the funding plan and financial metrics were emailed in the previous week and only the formal rate proposal options were emailed the day before.

Ron Turner inquired as to the Board decision on the draft funding plan and proposed rate increases, if \$53 million for operating expenses in FY 2017 was reasonable and if the Board had any comments about the assumptions. Ms. Sullivan replied that the \$53 million of operating expenses in FY 2017 was based on the Board approved budget for FY 2017 and the Board requested a proposal for their next meeting, which is up for SAC's consideration and recommendation to the Board today. Mr. Foree replied yes, the operating expenses are reasonable and no, the Board did not have any comments on the assumptions.

Ken McNeil stated that no one wants to have a rate increase, but it needs to be done so that TMWA can obtain a good rate on the bond refunding. Mr. Foree agreed, and informed the committee that it is not advantageous for TMWA to go into a bond refunding with a 10% decrease in revenue, unless staff develops a plan to close the funding gap (that the SAC and Board support), which can be presented to the credit agencies at the time of refunding. Ms. Sullivan remarked the credit agencies asked for the 5-year funding plan for the 2016 bond refunding as well and a scenario for a rate increase was proposed.

Mr. McNeil asked what would happen if TMWA did not have ideal credit rating. Ms. Sullivan replied that buyers would expect a better yield for greater risk and 50 basis points could mean a difference of \$10 million in principal for TMWA.

Mr. Heffner reminded members this was the same debate that occurred during the last rate increase discussions. The final goal then, and now, is to protect the bond rating, which protects TMWA customers. SAC members need to vet the projections before making a decision, yes, but should keep in mind that protecting TMWA's ratings is priority.

Mike Schulewitch stated lenders consider the long-term projections, but understand that it is only good for one year and to consider the balance between increasing rates with reduced water consumption. Mr. Schulewitch suggested staff consider alternate sources of revenue such as charging a fee for the fire hydrant maintenance for equipment, personnel, and time.

Mr. Turner pointed out the public is not going to accept the assumption that since California has raised its rates 6% to 12%, now TMWA has to as well. Ms. Sullivan replied the numbers were quoted from a study conducted for the California-Nevada region, not just California.

Acting Chair Gescheider questioned why the 5-year Capital Improvement Plan (CIP) was approved a couple of months ago without consideration that the funding plan was going to fall short in revenue, and whether this set in motion a rate increase. Mr. Foree replied that staff is consistently reviewing the CIP to see where and how projects can be pushed out or costs decreased. Ms. Sullivan added the \$36 million in rehabilitative capital spending in FY 2017 includes only CIP funded by customer revenue. She noted that main replacements are higher than usual, but are contingent on the road rehabilitative schedules. Mr. Foree added the rehabilitative projects are customer funded and not related to growth.

Scott Estes, TMWA Director of Engineering, added the CIP projects for FY 2017 and 2018 also include rehabilitative projects inherited from South Truckee Meadows General Improvement District (STMGID), which is being paid for from the STMGID treasury reserve and not TMWA's rate payers. Ms. Sullivan noted that only CIP funded by customer rates are included in the funding plan, and it does not include projects funded by the STMGID reserve fund.

Mr. McNeil stated capital improvement is important to any water agency to ensure reliable and safe water service, but if we start cutting back, then TMWA's reliability is called into question.

Ms. Sullivan noted that debt has been pushed out to fund CIP in the next three years, and CIP projections by FY2022 decreases to \$20 million.

Mr. Turner asked how the \$36 million in FY2017 for rehabilitative capital spending was agreed to in the recent budget augmentation. Ms. Sullivan replied that the \$36 million is the portion of the CIP budget

that is funded from customer rates. The total CIP approved of \$47.8 million includes amounts funded from other sources.

Acting Chair Gescheider inquired about the capital improvement project for the Verdi extension, was it TMWA's responsibility and if TMWA says it is out of its service territory. Mr. Foree replied that the Verdi extension is similar to the Mt. Rose-Galena Fan project; groundwater levels were decreasing at a rapid rate and the situation needed to be addressed. The Board has stressed since the merger that we are now looked upon as the regional water purveyor. If we had not merged, we would not be addressing these issues and the problem would have worsened. These projects protect the groundwater basin as a whole.

Ms. Pullman asked if developers or customers are paying for these projects. Mr. Foree replied developers will eventually pay for these projects; ultimately growth will pay and we anticipate receiving a federal grant for approximately \$1 million to pay for the connection.

Acting Chair Gescheider pointed out prior to the merger, the committee went on record to say if the merger occurred there would not be a rate increase; this appears to be a rate increase caused by the merger.

Mr. Turner added that the 2015 conservation efforts can also be considered the cause.

Mr. Foree replied the proposal before them has more to do with conservation, not the merger. He agreed that a significant portion of the need is a result of the 2015 conservation. All water utilities have experienced more conservation, because customers are more conscientious, but it is important to note TMWA still needs to maintain \$1.1 billion in infrastructure regardless of the amount of water used.

Ms. Pullman acknowledged no matter how much water used, if customers want safe water to drink, the same amount of money is needed to maintain infrastructure, staffing levels, etc.

Kevin Haddock pointed out that the 3% proposed is low compared to the 7%-8% rate increase on sewer services implemented by the City of Reno. People question the reason for an increase: drought, CIP, outdated equipment, customer demands, etc., but it is difficult to say not to do it, and it is a good practice to review every year to consider the need to implement another annual rate increase.

Discussion followed regarding whether to consider 2.5% for years 3 – 5 or CPI and it was decided that the CPI was too complicated and unknown, and having a ceiling of 2.5% with the flexibility of recommending less to the Board has proven beneficial in the past.

Ms. Pullman noted TMWA has a track record for not going as high as what is proposed for years 3-5. Mr. Foree agreed.

Acting Chair Gescheider inquired if the Board will vote on the proposed rate increase of 3% annually in years one and two, and 2.5% annually in years three, four and five. Mr. Foree replied yes, the Board would take action on the rate proposal considering SACs recommendation.

Mr. McNeil went on to say how fortunate we are to have TMWA water rates as low as they are.

Acting Chair Gescheider stated that is not the issue, it is more a psychological perspective; noting that it may be easier to increase by 5 or 6% than nothing for year 2 as Mr. Heffner suggested earlier.

Mr. Heffner commented that he supports TMWA staff recommendation for smaller annual increases annually.

Mr. Schulewitsch confirmed the 3% rate increase is on the monthly meter (customer) charge and then each tier as well. Mr. Foree replied yes, that is correct.

Ms. Pullman inquired about the meter retrofit fund expiring after 2019. Mr. Foree replied the remaining meter retrofits are primarily to convert multi-family residences and by approximately 2019 all meter retrofits that can be done will have been completed or likely have the funds to do so and the fund will no longer be needed.

Acting Chair Gescheider confirmed that the recommendation today would be to propose a rate increase of 3% annually for FY 2018 and 2019 and dependent upon the financial situation, consider implementing the final 2.5% annually in FY 2020-2022. Mr. Foree replied yes, that is correct.

Carol Litster clarified how the 3% annual increase would be applied and why are there different rates for residential customers. Ms. Sullivan replied that the 3% is added to each tier separately as well as the monthly customer charge. Mr. Foree replied when the merger occurred, TMWA inherited two rate structures, from Washoe County and STMGID, which have to be kept in place; staff is not proposing to combine the former Washoe County customer rates and TMWA rates at this time, but may consider it in the future.

Acting Chair Gescheider confirmed the rate increase would be applied to all customer classes. Mr. Foree and Ms. Sullivan replied yes.

**Upon motion by Member Pullman and second by Member Haddock, carried by unanimous consent of the members present, the Committee recommended that the Board adopt Proposal 1 as presented in the draft funding plan to increase rates by 3.0 percent annually in Fiscal Years 2018 and 2019, and 2.5 percent annually in Fiscal Years 2020, 2021 and 2022 subject to annual review of TMWA's financial performance to determine if a rate increase can be lowered or deferred.**

## 8. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING AGENDA ITEMS FOR FUTURE MEETINGS

### **December meeting:**

1. Water Supply Update
2. Presentation on 2017 Legislative bill draft requests (BDRs)
3. Update on 5-year funding plan
4. Consideration of SAC appointments
5. Presentation of the comprehensive audit (if completed)

### **January meeting:**

1. Election of Chair and Vice Chair for 2017



2. Informational report on the flat-rate conversion impact on revenue

9. STAFF ITEMS

There were no staff items.

10. COMMITTEE ITEMS

There were no committee items.

11. PUBLIC COMMENT

Ms. Pullman acknowledged again that she believes TMWA is the best managed government agency she has worked with.

12. ADJOURNMENT

With no further items for discussion, Acting Chair Gescheider adjourned the meeting at 4:42 p.m.

Approved by the Standing Advisory Committee in session on \_\_\_\_\_.

Sonia Folsom, Recording Secretary



**TO:** TMWA Standing Advisory Committee  
**FROM:** John R. Zimmerman, Manager, Water Resources  
**DATE:** 22 November 2016  
**SUBJECT:** **Report on 2017 Nevada Legislative Session**

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This is regarding TMWA's activities related to the upcoming 2017 legislative session, which is scheduled to begin on February 6, 2017. TMWA and its legislative consultant and lobbyist (Steve Walker, Walker & Associates) and General Counsel (Michael Pagni, McDonald Carano Wilson) review all bill draft requests (BDRs) and monitor any that may be relevant to TMWA. Because BDRs generally are very brief and provide minimal descriptive information, TMWA errs on the side of caution and tracks any BDRs that seem even remotely relevant. The primary topics of interest to TMWA include BDRs related to water law, natural resources, local government processes, employment law and labor relations, public contracting, energy, planning and zoning, emergency management, public property, water quality, and the Public Employment Retirement System (PERS) or Public Employment Benefit System (PEBS).

As of the date of this report, there have been 516 BDRs introduced for the 2017 legislative session. Most BDRs must be submitted by December 10, 2016, but Assembly members may submit one, and Senate members may submit two, up until the eighth day of the session. Attached is a list of BDRs that TMWA is currently monitoring. As draft bills are introduced under each BDR, TMWA will review them as soon as possible and determine the appropriate next step in the process.

TMWA and Mr. Walker will provide a brief overview of several potentially significant BDRs at the SAC meeting on December 6, 2016 and answer any questions regarding the legislative process or specific BDRs.



# STATE OF NEVADA

## 2017 LEGISLATIVE SESSION

### 120-Day Calendar

Date (Day of Session)	Date (Day of Session)	Date (Day of Session)
Feb. 6 (1) Legislators' Prefile or Withdraw BDRs*	Mar. 18 (41)	Apr. 27 (81)
Feb. 7 (2)	Mar. 19 (42)	Apr. 28 (82)
Feb. 8 (3)	Mar. 20 (43) Legislators' Bill Introductions	Apr. 29 (83)
Feb. 9 (4)	Mar. 21 (44)	Apr. 30 (84)
Feb. 10 (5) <i>Joint Subcommittees Start</i>	Mar. 22 (45)	May 1 (85) <i>Economic Forum Report Due</i>
Feb. 11 (6)	Mar. 23 (46)	May 2 (86)
Feb. 12 (7)	Mar. 24 (47)	May 3 (87)
Feb. 13 (8) Legislators' BDR Requests	Mar. 25 (48)	May 4 (88)
Feb. 14 (9)	Mar. 26 (49)	May 5 (89) <i>Start Resolving Budget Differences</i>
Feb. 15 (10)	Mar. 27 (50) Committees' Bill Introductions	May 6 (90)
Feb. 16 (11)	Mar. 28 (51)	May 7 (91)
Feb. 17 (12)	Mar. 29 (52)	May 8 (92)
Feb. 18 (13)	Mar. 30 (53)	May 9 (93)
Feb. 19 (14)	Mar. 31 (54)	May 10 (94)
Feb. 20 (15) Committees' BDR Requests	Apr. 1 (55)	May 11 (95)
Feb. 21 (16)	Apr. 2 (56)	May 12 (96)
Feb. 22 (17)	Apr. 3 (57)	May 13 (97)
Feb. 23 (18)	Apr. 4 (58) <i>Start Closing Budgets</i>	May 14 (98)
Feb. 24 (19)	Apr. 5 (59)	May 15 (99)
Feb. 25 (20)	Apr. 6 (60)	May 16 (100)
Feb. 26 (21)	Apr. 7 (61)	May 17 (101)
Feb. 27 (22)	Apr. 8 (62)	May 18 (102)
Feb. 28 (23)	Apr. 9 (63)	May 19 (103) Committee Passage (Second House)
Mar. 1 (24)	Apr. 10 (64)	May 20 (104)
Mar. 2 (25)	Apr. 11 (65)	May 21 (105)
Mar. 3 (26)	Apr. 12 (66)	May 22 (106)
Mar. 4 (27)	Apr. 13 (67)	May 23 (107)
Mar. 5 (28)	Apr. 14 (68) Committee Passage (First House)	May 24 (108)
Mar. 6 (29)	Apr. 15 (69)	May 25 (109) <i>Finish Budget Differences</i>
Mar. 7 (30)	Apr. 16 (70)	May 26 (110) Second House Passage
Mar. 8 (31)	Apr. 17 (71)	May 27 (111)
Mar. 9 (32)	Apr. 18 (72)	May 28 (112)
Mar. 10 (33)	Apr. 19 (73)	May 29 (113)
Mar. 11 (34)	Apr. 20 (74)	May 30 (114)
Mar. 12 (35)	Apr. 21 (75)	May 31 (115) <i>Budget Bills Introduced Exempt Bills from Committee</i>
Mar. 13 (36)	Apr. 22 (76)	June 1 (116)
Mar. 14 (37)	Apr. 23 (77)	June 2 (117)
Mar. 15 (38)	Apr. 24 (78)	June 3 (118)
Mar. 16 (39)	Apr. 25 (79) First House Passage	June 4 (119)
Mar. 17 (40)	Apr. 26 (80)	June 5 (120)

\*Pursuant to subsection 2 of NRS 218D.150, a certain number of a Legislator's BDRs requested before the session convenes must be prefiled or withdrawn not later than the first day of the session.

Content	Description	Sponsors	Tags	Note	Status/Location	Last Meeting Title	Last Meeting Date	Last Meeting Action	Next Meeting Title	Next Meeting Date	Most Recent History Actions	Deadline Date	Failed Rule Number
40-7	Requires an employer to make certain accommodations for a nursing mother.	Assemblywoman Spiegel			Submitted						N/A		
8	Revises provisions governing certain licenses.	Assemblywoman Neal			Submitted						N/A		
R-13	SJR: Ratifies the Equal Rights Amendment to the Constitution of the United States.	Senator Spearman			Submitted						N/A		
15	Makes various changes relating to energy.	Senator Spearman			Submitted						N/A		
24-16	Revises provisions governing elections.	Assemblywoman Seaman			Submitted						N/A		
14-20	Revises provisions governing the restoration of certain civil rights for ex-felons.	Senator Ford			Submitted						N/A		
18-21	Establishes a program to provide loans to certain small businesses owned by minorities and women.	Senator Ford			Submitted						N/A		
24-22	Revises provisions relating to elections.	Senator Ford			Submitted						N/A		
24	Revises provisions relating to health care.	Senator Farley			Submitted						N/A		
30	Revises provisions relating to controlled substances.	Senator Farley			Submitted						N/A		
23-33	Revises provisions governing the consideration of the criminal history of an applicant for employment by the State or a county or city.	Assemblyman Thompson			Submitted						N/A		
23-35	Makes various changes relating to collective bargaining.	Assemblyman Wheeler			Submitted						N/A		
40	Revises provisions relating to insurance.	Assemblyman Gardner			Submitted						N/A		
10-41	Revises provisions governing common-interest communities.	Assemblyman Gardner			Submitted						N/A		
20-42	Revises provisions governing the regulation of professions and occupations.	Assemblyman Gardner			Submitted						N/A		
24-45	Designates certain elective offices as nonpartisan offices.	Assemblyman Silberkraus			Submitted						N/A		
18-46	Creates the Office of the Inspector General in the Executive Branch.	Assemblyman Silberkraus			Submitted						N/A		
48	Revises provisions governing the forfeiture of property.	Senator Gustavson			Submitted						N/A		
31-49	Revises provisions governing lobbying.	Assemblyman Gardner			Submitted						N/A		
50	Makes various changes to encourage businesses owned by veterans.	Assemblyman O'Neill			Submitted						N/A		
51	Revises provisions governing certain benefits for veterans.	Assemblyman O'Neill			Submitted						N/A		
43-52	Revises provisions governing vehicles.	Assemblyman Paul Anderson			Submitted						N/A		
54	Revises provisions relating to energy.	Senator Spearman			Submitted						N/A		
C-55	SJR: Proposes to amend the Nevada Constitution to provide certain rights to voters.	Senator Spearman			Submitted						N/A		
57	Revises provisions relating to veterans.	Senator Spearman			Submitted						N/A		
24-58	Revises certain provisions governing elections.	Senate Committee on Legislative Operations and Elections			Submitted						N/A		
S-64	Revises provisions relating to veterans.	Senator Woodhouse			Submitted						N/A		
C-67	AJR: Removes the Offices of Treasurer and Controller from the Nevada Constitution and consolidates those Offices into the Executive Department.	Assemblyman Elliot Anderson			Submitted						N/A		
15-76	Revises provisions relating to real property.	Senator Settlemeyer			Submitted						N/A		
78	Revises provisions relating to governmental administration.	Senator Settlemeyer			Submitted						N/A		
79	Revises provisions relating to firearms.	Senator Settlemeyer			Submitted						N/A		
43-80	Revises provisions relating to transportation.	Senator Settlemeyer			Submitted						N/A		
23-81	Revises provisions relating to public financial administration.	Senator Settlemeyer			Submitted						N/A		
58-86	Makes various changes relating to transportation.	Senator Parks			Requested						N/A		
13-87	Makes various changes relating to guardianships.	Senator Harris			Submitted						N/A		
24-88	Revises provisions relating to elections.	Assemblyman Hansen			Submitted						N/A		
93	Revises provisions relating to business license fees.	Senate Committee on Government Affairs			Submitted						N/A		
43-94	Revises provisions relating to traffic incident management.	Senator Manendo			Submitted						N/A		
57-95	Revises provisions relating to insurance.	Assembly Committee on Commerce and Labor			Submitted						N/A		
C-97	AJR: Proposes to amend the Nevada Constitution to limit certain changes to the commerce tax unless the voters approve.	Assemblyman Ellison			Submitted						N/A		
32-99	Revises provisions relating to excess proceeds from the sale of real property by a county treasurer for delinquent taxes.	Senator Manendo			Submitted						N/A		
R-101	SJR: Calls for Glen Canyon Dam to be decommissioned, drained and destroyed.	Senator Segerblom			Submitted						N/A		
102	Makes various changes to state financial and governmental administration.	Assemblyman Elliot Anderson			Submitted						N/A		
103	Revises provisions governing public administrators.	Assemblywoman Titus			Submitted						N/A		
31-105	Revises provisions relating to state financial administration.	Senate Committee on Finance			Submitted						N/A		

18-106	Revises provisions prohibiting certain discriminatory acts.	Senator Parks		Submitted						N/A
45-107	Requires the registration of traps, snares or similar devices used in the taking of wild mammals.	Senator Parks		Submitted						N/A
45-108	Makes various changes relating to trapping.	Senator Parks		Submitted						N/A
54-109	Makes various changes relating to accountants.	Assembly Committee on Commerce and Labor		Submitted						N/A
110	Revises provisions governing ethics in government.	Assemblywoman Dickman		Submitted						N/A
15-111	Provides for enhanced penalties for committing battery or assault against a civilian employee or law enforcement volunteer.	Assemblyman Elliot Anderson		Submitted						N/A
57-112	Revises provisions governing insurance.	Assembly Committee on Commerce and Labor		Submitted						N/A
18-120	Makes various changes relating to the State Treasurer's Office.	Senate Committee on Finance		Submitted						N/A
50-153	Revises provisions relating to animals impounded by counties.	Senator Goicoechea		Submitted						N/A
43-154	Revises provisions governing rules of the road.	Assemblyman Ellison		Submitted						N/A
157	Makes various changes relating to certain professions.	Assemblyman Stewart		Submitted						N/A
57-159	Makes various changes relating to the regulation of insurance.	Department of Business and Industry		Submitted						N/A
58-168	Revises provisions relating to net metering systems of customer-generators of electricity.	Office of the Governor		Withdrawn						N/A
24-184	Revises provisions relating to elections.	Assemblywoman Spiegel		Submitted						N/A
185	Prohibits professional licensing boards from taking disciplinary action against licensees because of the licensees' professional involvement with marijuana.	Senator Segerblom		Submitted						N/A
23-186	Revises provisions governing programs for public safety personnel.	Assemblyman Sprinkle		Submitted						N/A
53-188	Revises provisions governing cost-of-living increases for certain death benefits.	Assemblywoman Dickman		Submitted						N/A
43-189	Revises provisions governing traffic laws and rules of the road relating to trucks.	Assemblyman Oscarson		Submitted						N/A
R-190	SJR: Expresses support for federal legislation to transfer recreational and public purpose land back to the jurisdiction or non-profit entity that held the land.	Senator Goicoechea		Submitted						N/A
192	Revises provisions governing certain boards and commissions.	Assemblywoman Swank		Submitted						N/A
54-194	Revises provisions governing contractors.	Assemblywoman Swank		Submitted						N/A
195	Revises provisions relating to energy.	Assemblyman Armstrong		Submitted						N/A
15-198	Revises provisions governing concealed firearms.	Senator Gustavson		Submitted						N/A
58-199	Makes various changes relating to the Nevada Transportation Authority.	Senator Gustavson		Submitted						N/A
202	Revises provisions governing the membership of the Public Utilities Commission of Nevada.	Assemblyman Moore		Submitted						N/A
15-204	Revises provisions governing the issuance of permits to carry concealed firearms.	Assemblywoman Dickman		Submitted						N/A
19-205	Revises provisions relating to public notices.	Senator Roberson		Submitted						N/A
22-207	Revises provisions relating to public works.	Senator Goicoechea		Submitted						N/A
211	Authorizes the creation of park, trail and open space districts.	Assemblywoman Joiner		Submitted						N/A
S-217	Revises provisions governing economic development to encourage the growth and expansion of businesses located in this State.	Assemblywoman Neal		Submitted						N/A
54-218	Revises provisions governing professional licensing.	Assemblyman Jones		Submitted						N/A
57-219	Repeals provisions creating and providing for the Silver State Health Insurance Exchange.	Assemblyman Jones		Submitted						N/A
53-224	Revises provisions governing vocational rehabilitation.	Rehabilitation Division of the Department of Employment, Training and Rehabilitation		Submitted						N/A
53-242	Revises provisions relating to electronic forms, signatures, records and transactions.	Department of Administration	Open Meeting, Records, Boards & Elections (O); Property (L)	Withdrawn						N/A
24-268	Revises provisions relating to elections.	Senator Hardy		Submitted						N/A
269	Revises provisions relating to utilities.	Senator Hardy		Submitted						N/A
40-271	Revises provisions regarding health care.	Senator Hardy		Submitted						N/A
32-272	Exempts certain property from taxation.	Senator Kieckhefer		Submitted						N/A
274	Revises provisions governing elections.	Assemblyman Jones		Submitted						N/A
23-275	Revises provisions relating to employment practices.	Assemblywoman Neal		Submitted						N/A
15-276	Revises provisions relating to the use of force in defense of persons and property.	Assemblyman Hambrick		Submitted						N/A
57-288	Revises provisions regarding health care.	Assemblyman Ohrenschall		Submitted						N/A

53-289	Provides for pay equity and fairness in employment practices.	Assemblywoman Spiegel		Submitted						N/A
23-290	Revises provisions governing collective bargaining.	Assemblyman Carrillo		Submitted						N/A
52-291	Revises provisions governing security of personal information.	Assemblyman Flores		Submitted						N/A
18-294	Revises provisions governing local emerging small businesses.	Assemblywoman Bustamante Adams		Submitted						N/A
27-295	Provides for pay equity and fairness in government contracts.	Assemblywoman Spiegel		Submitted						N/A
24-300	Revises provisions relating to elections.	Senator Spearman		Submitted						N/A
32-302	Extends the requirement of quarterly reports by the Office of Economic Development relating to certain economic development incentives.	Assemblyman Hansen		Submitted						N/A
3-307	Revises provisions relating to firearms.	Senator Spearman		Submitted						N/A
308	Revises provisions governing the forfeiture and abandonment of water rights.	Assemblyman Oscarson		Submitted						N/A
309	Revises provisions relating to energy to allow additional energy providers to enter the market in Nevada.	Assemblyman Moore		Submitted						N/A
310	Revises provisions relating to social impact bonds.	Senator Spearman		Submitted						N/A
43-314	Revises provisions governing total loss vehicles.	Assemblyman Paul Anderson		Submitted						N/A
52-316	Provides certain restrictions on employment contracts relating to noncompete provisions.	Assemblyman Carrillo		Submitted						N/A
32-317	Repeals the Commerce Tax.	Assemblyman Hansen		Submitted						N/A
318	Makes certain changes relating to fixed guideway systems.	Senator Manendo		Submitted						N/A
54-319	Revises provisions concerning health care.	Senator Hardy		Submitted						N/A
325	Revises provisions relating to taxation.	Senator Hardy		Submitted						N/A
34-331	Revises provisions relating to the P-20 to Workforce Research Data System.	Legislative Committee on Education (NRS 218E.605)		Submitted						N/A
45-334	Revises provisions relating to pest control.	Legislative Committee on Public Lands (NRS 218E.510)		Submitted						N/A
15-335	Revises provisions relating to fences.	Legislative Committee on Public Lands (NRS 218E.510)		Submitted						N/A
48-336	Makes various changes relating to water.	Legislative Committee on Public Lands (NRS 218E.510)		Submitted						N/A
10-339	Revises provisions governing landlords and tenants.	Assemblyman Elliot Anderson		Submitted						N/A
340	Makes various changes relating to easements.	Assemblyman Elliot Anderson		Submitted						N/A
54-350	Revises provisions relating to health care.	Senator Hardy		Submitted						N/A
351	Enacts certain interstate compacts relating to the provision of health care.	Legislative Committee on Health Care (NRS 439B.200)		Submitted						N/A
30-356	Revises provisions relating to grants for capital improvements to publicly owned water systems.	Legislative Commission's Subcommittee to Study Water (NRS 218E.200)		Submitted						N/A
48-357	Makes various changes relating to water.	Legislative Commission's Subcommittee to Study Water (NRS 218E.200)		Submitted						N/A
48-358	Makes various changes relating to water.	Legislative Commission's Subcommittee to Study Water (NRS 218E.200)		Submitted						N/A
48-359	Revises provisions relating to water.	Legislative Commission's Subcommittee to Study Water (NRS 218E.200)		Submitted						N/A
361	Provides for a Medical Marijuana Patients' Bill of Rights.	Senator Segerblom		Submitted						N/A
48-367	Makes various changes relating to water.	Legislative Commission's Subcommittee to Study Water (NRS 218E.200)		Submitted						N/A
32-422	Revises provisions relating to taxation.	Fernley, City of		Withdrawn						N/A
445	Authorizes de minimus rainwater collection for certain uses.	Assemblywoman Carlton		Requested						N/A
450	Revises provisions relating to elections.	Senate Committee on Legislative Operations and Elections		Submitted						N/A
451	Revises provisions relating to consumer protection.	Senator Farley		Submitted						N/A
24-452	Revises provisions relating to elections.	Senator Farley		Submitted						N/A
53-453	Revises provisions relating to employment.	Senator Farley		Submitted						N/A
57-455	Revises provisions relating to insurance.	Senator Farley		Submitted						N/A
456	Revises provisions to provide expanded opportunities for veterans in public employment.	Assemblyman Moore		Submitted						N/A
458	Revises provisions governing carrying certain concealed weapons.	Assemblyman Moore		Submitted						N/A
460	Revises provisions governing fiscal notes on legislative measures.	Legislative Counsel		Submitted						N/A
57-467	Revises provisions relating to health insurance coverage of certain cancer treatment drugs.	Senator Parks		Requested						N/A
10-470	Revises provisions relating to community managers of common-interest communities.	Senator Harris		Submitted						N/A
10-471	Revises provisions relating to real property.	Senator Harris		Submitted						N/A
473	Revises provisions governing financing of flood management projects.	Assemblyman Sprinkle		Submitted						N/A

7-479	Revises provisions relating to business entities.	Senate Committee on Judiciary		Submitted						N/A
54-481	Revises provisions relating to accountants.	Senator Harris		Submitted						N/A
22-482	Revises provisions relating to energy.	Senate Committee on Commerce, Labor and Energy		Submitted						N/A
54-483	Revises provisions relating to professions.	Senate Committee on Commerce, Labor and Energy		Submitted						N/A
54-484	Makes certain changes relating to professions.	Senate Committee on Commerce, Labor and Energy		Submitted						N/A
53-485	Revises provisions relating to insurance.	Senate Committee on Commerce, Labor and Energy		Submitted						N/A
7-486	Revises provisions relating to professional entities.	Senate Committee on Commerce, Labor and Energy		Submitted						N/A
53-489	Revises provisions governing industrial insurance.	Assembly Committee on Commerce and Labor		Submitted						N/A
491	Makes various changes relating to elections.	Senate Committee on Legislative Operations and Elections		Submitted						N/A
47-492	Revises provisions relating to forestry.	Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218E.555)		Submitted						N/A
S-493	Extends the authority to issue bonds for environmental improvement projects in the Lake Tahoe Basin.	Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218E.555)		Submitted						N/A
S-494	Provides authority for the issuance of general obligation bonds for the Conservation and Resource Protection Grant Program.	Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218E.555)		Submitted						N/A
495	Reorganizes provisions relating to local improvement districts.	Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218E.555)		Submitted						N/A
496	Makes various changes relating to general improvement districts.	Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System (NRS 218E.555)		Submitted						N/A
500	Revises provisions relating to economic development.	Senator Farley		Submitted						N/A
500	Revises provisions relating to economic development.	Senator Farley		Submitted						N/A
S-503	Revises various provisions of the Charter of the City of Sparks.	Senator Ratti		Submitted						N/A
S-503	Revises various provisions of the Charter of the City of Sparks.	Senator Ratti		Submitted						N/A
506	Revises provisions governing the Public Employees' Retirement System.	Senator Ratti		Submitted						N/A
506	Revises provisions governing the Public Employees' Retirement System.	Senator Ratti		Submitted						N/A
507	Revises provisions relating to the State Long-Term Care Ombudsman.	Senator Ratti		Submitted						N/A
507	Revises provisions relating to the State Long-Term Care Ombudsman.	Senator Ratti		Submitted						N/A
508	Revises provisions governing vehicle equipment.	Assemblywoman Woodbury		Submitted						N/A
508	Revises provisions governing vehicle equipment.	Assemblywoman Woodbury		Submitted						N/A
509	Revises provisions relating to privacy.	Senator Harris		Submitted						N/A
509	Revises provisions relating to privacy.	Senator Harris		Submitted						N/A



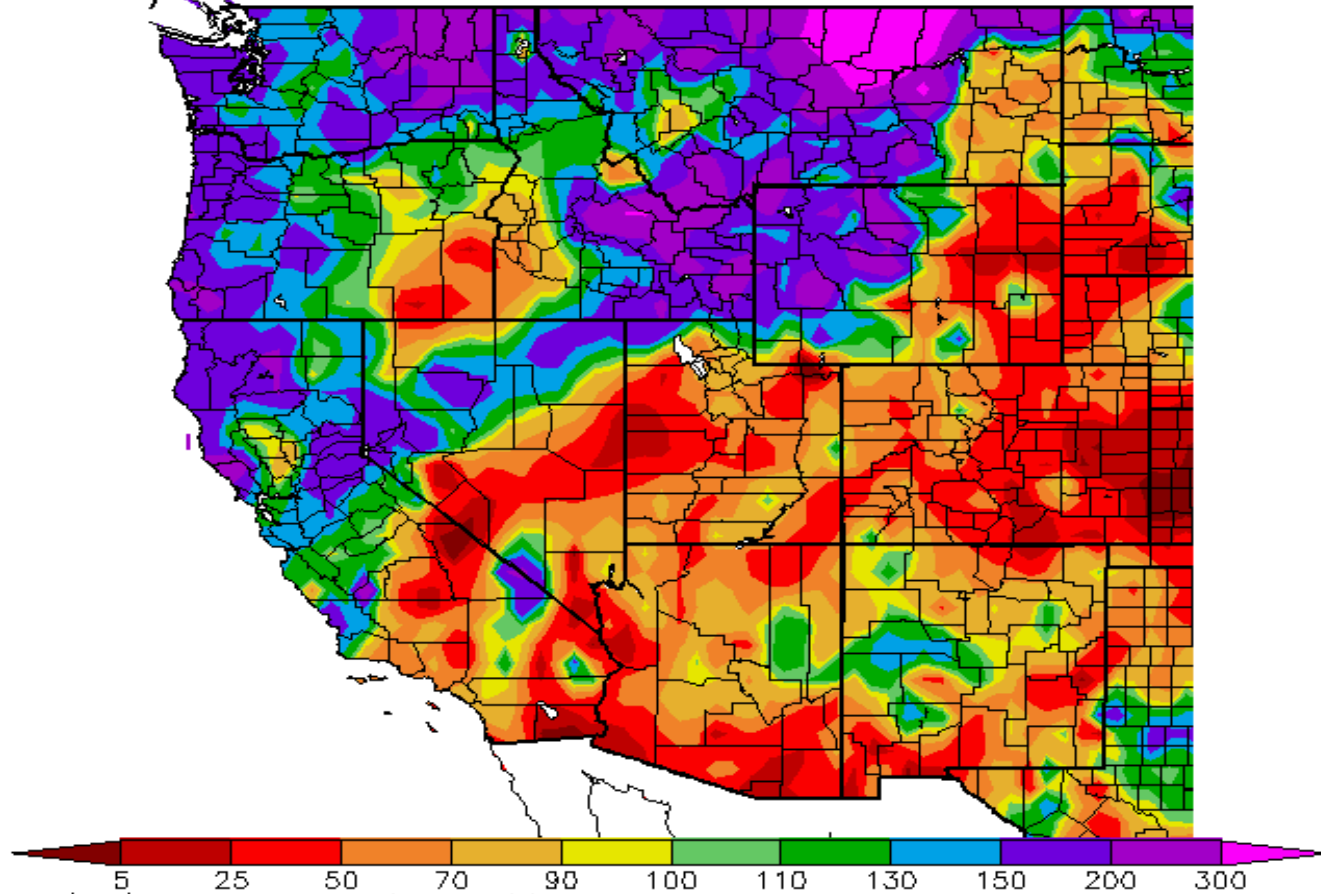
## **Water Supply Update**

Bill Hauck, Senior Hydrologist  
Standing Advisory Committee Meeting

December 6, 2016

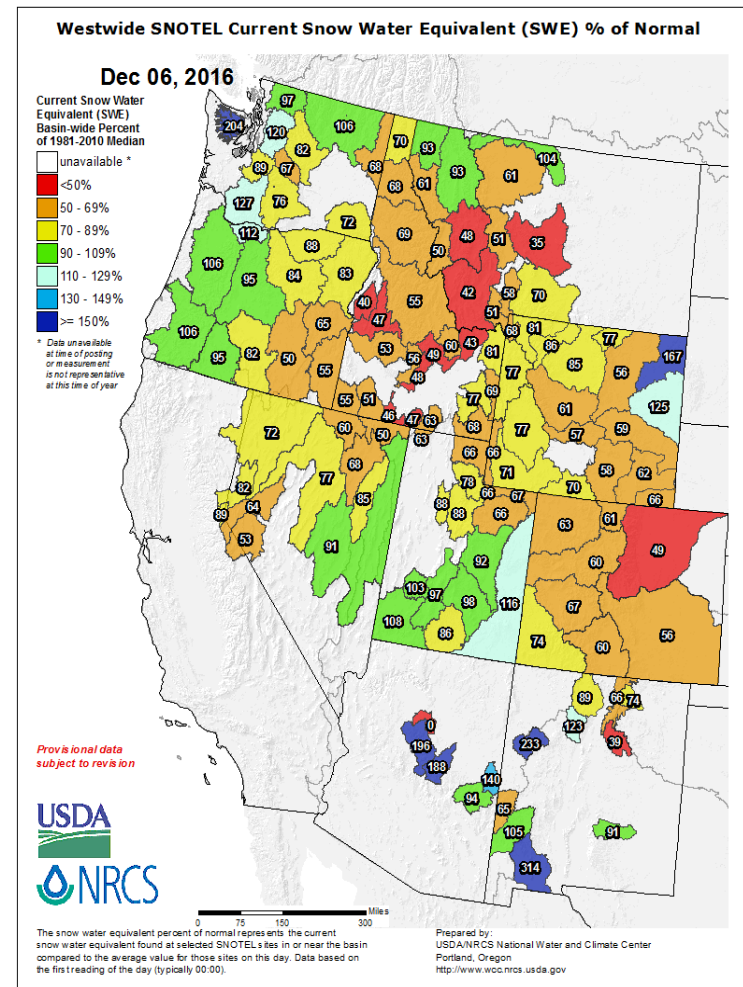
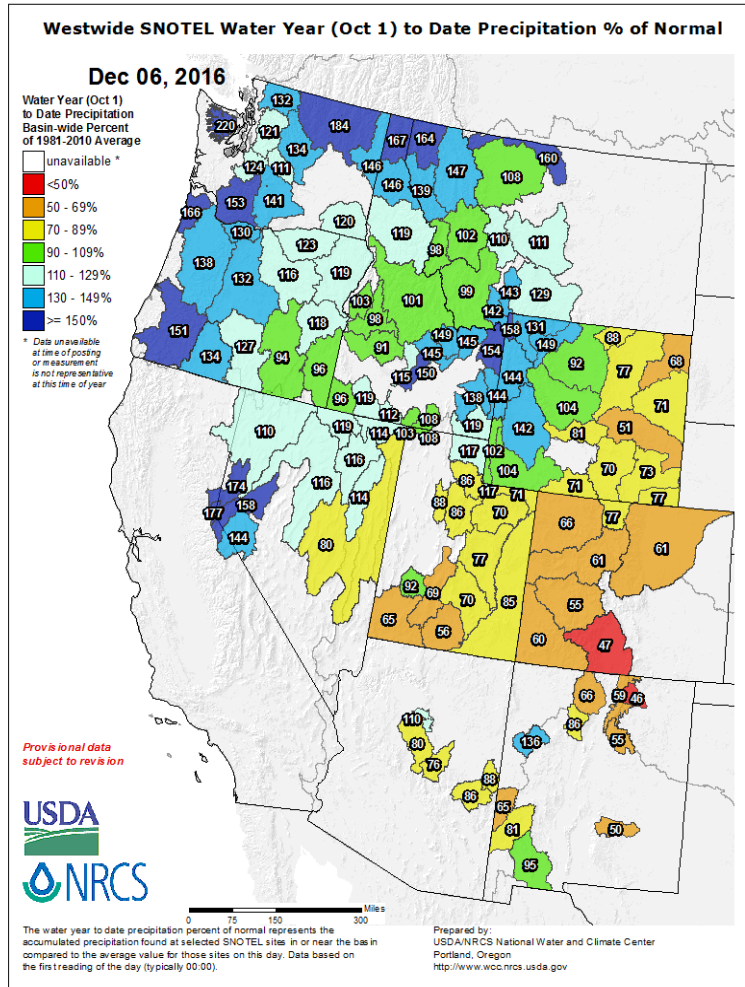


# Percent of Average Precipitation (%) 10/1/2016 – 12/4/2016

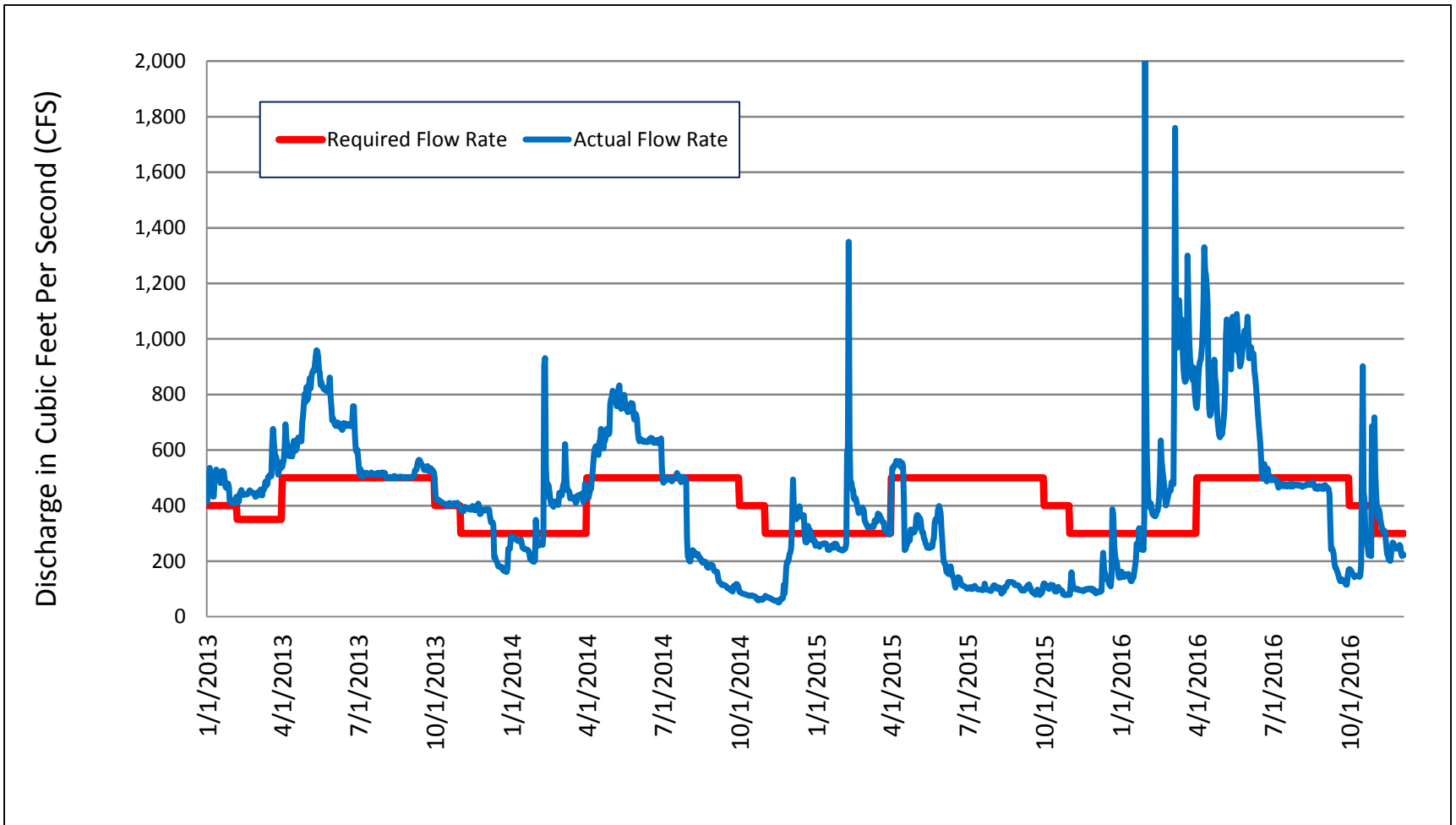


Generated 12/05/2016 at WRCC using provisional data.  
NOAA Regional Climate Centers

# Current Precipitation and Snowpack Status



# Actual vs. Required Truckee River Flows (NV State Line)



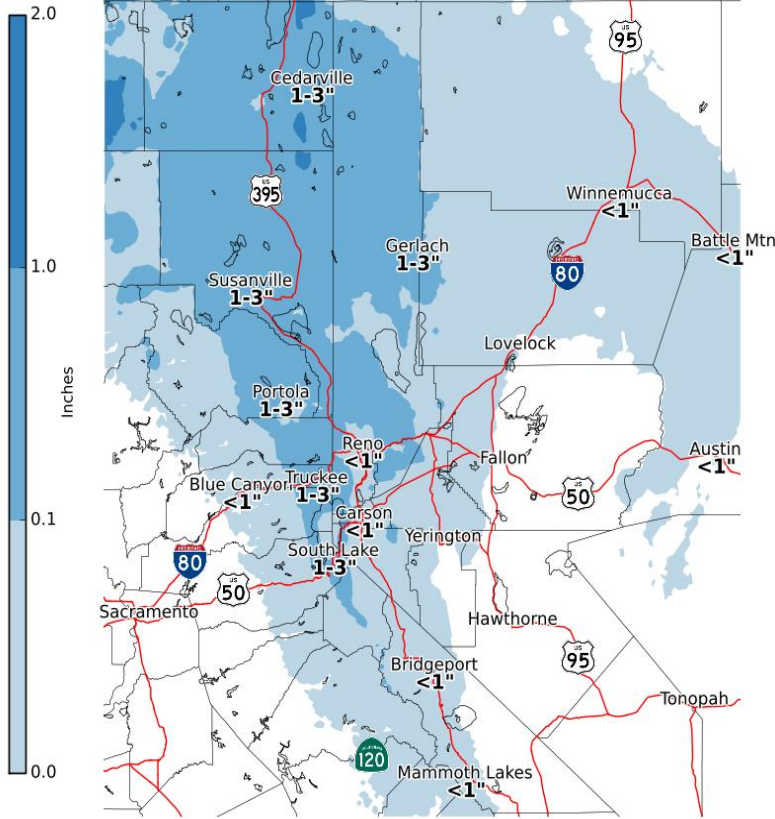
# Lake Tahoe Elevation 2010-2016



# Short Term Weather Outlook

## Snow Potential

Valid: Wednesday Afternoon-Evening

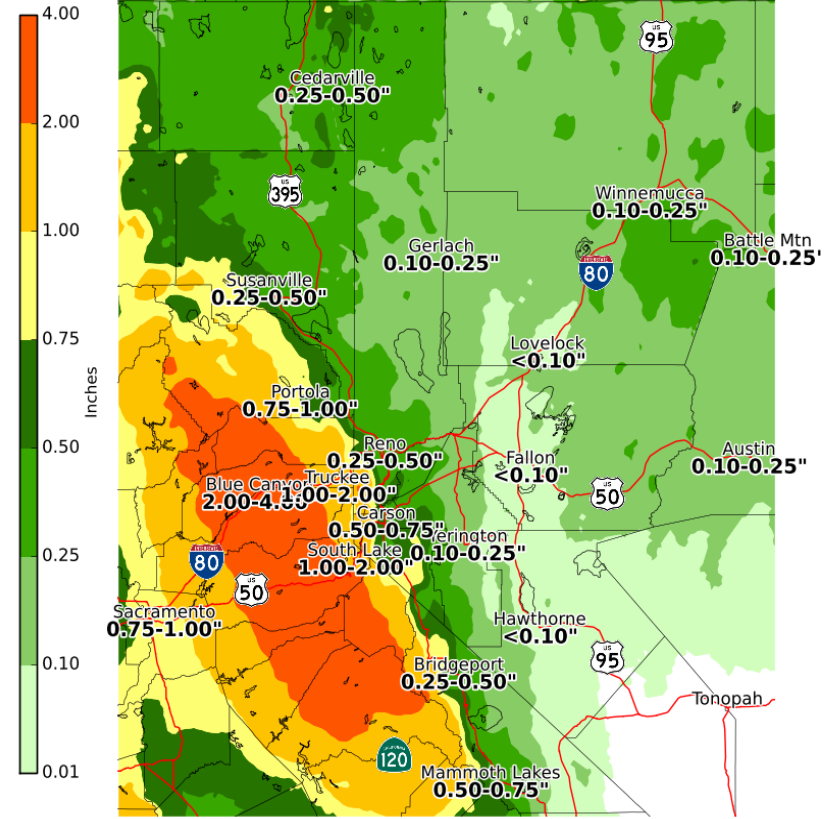


**National Weather Service**  
Reno NV  
12/06/2016 10:23 AM PST

Follow Us:   
weather.gov/Reno/winter

## Precipitation - Middle of the Road Scenario

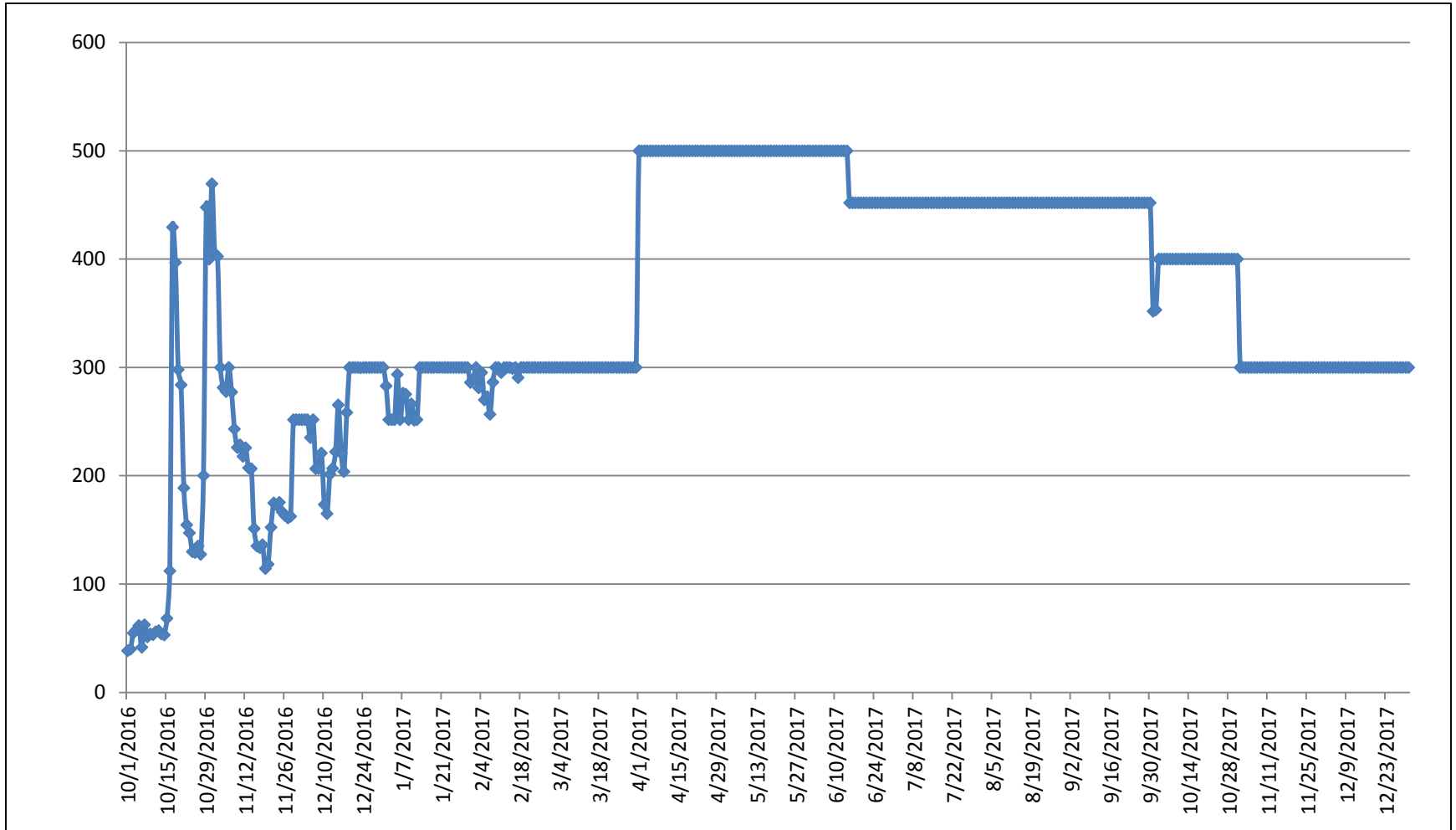
Valid: Thursday into Saturday



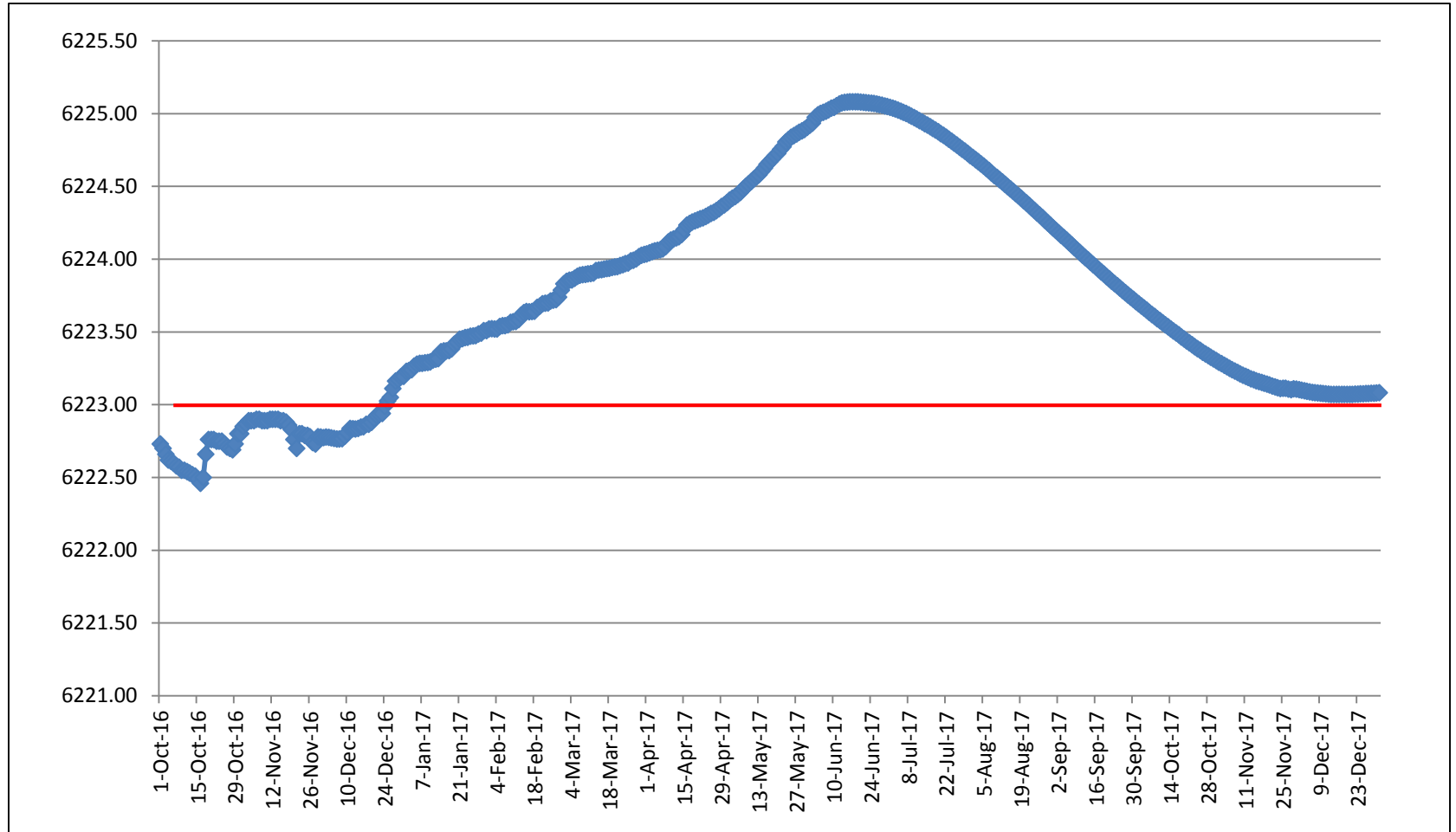
**National Weather Service**  
Reno NV  
12/06/2016 09:49 AM PST

Follow Us:   
weather.gov/Reno

# Projected Truckee River Flows at NV State Line (WY 2017)



# Projected Lake Tahoe Elevation WY 2017



# TMWA Water Storage Account Summary

12/6/2016	
RESERVOIR	TOTAL STORAGE (acre-feet)
<i>Tahoe</i>	0
<i>Donner</i>	3,533
<i>Martis</i>	0
<i>Prosser</i>	0
<i>Boca</i>	3,235
<i>Stampede</i>	16,581
<i>Independence</i>	16,190
<b>Total</b>	<b>39,539</b>
<b>Nov 30, 2015 Value</b>	17,521
<b>Percent of Nov 30, 2015 Value</b>	225.7%



# Water Supply Summary

- Great start to WY 2017
- Precipitation >150% average
- Snowpack slightly below average
- Winter storms forecast for this week and early the following week
- Truckee River flows still slightly below average
- Lake Tahoe 3/10<sup>th</sup> foot below natural outlet elevation
- More drought reserves than ever to be carried over into 2017 despite use in September
- Preliminary runoff forecast shows Tahoe elevation will rise by more than two feet
- Normal Truckee River flows in 2017
- Tahoe back down to rim by end of 2017



**STAFF REPORT**

**TO:** Standing Advisory Committee  
**THRU:** Mark Foree, General Manager  
**FROM:** Shawn Stoddard, Senior Resource Economist  
**DATE:** November 22, 2016  
**SUBJECT:** Estimated revenue impacts of converting from flat to metered water rates.

**Finding**

Converting active flat rate water services to metered water rates decreased revenue by an estimated \$1,856,350. Comparing the water used 12 months prior with the 12 months post conversion, these customers increased their water use by 232 acre feet.

**Discussion**

In October 2015, all active flat rate water services with meters installed were converted to metered water rates. There were 5,741 active flat rate water services with a total billing of \$752,361 per month, which equates to \$9,028,329 in projected annual billings (total monthly billing \* 12 months).

To estimate the impact of converting these water services to metered water rates, actual billing records for these water services from November 2015 to October 2016 were extracted and the total water charges were tabulated by rate class. The total metered billing for these services was \$7,171,979. Accordingly, TMWA estimates that converting to metered water rates (measured as actual billings less projected billings) decreased total billing by \$1,856,350 (See the following table for calculation details).

**Calculations of revenue impacts from flat to metered rate conversions.**

Customer Class	Active Services Sept. 2015	Monthly Flat Rate Bills	Projected Annual Flat Rate Bills (Monthly * 12)	Active Service Oct. 2016	Billed Revenue Nov. 2015 to Oct. 2016	Change in Revenue
SUFR	1,045	\$ 40,961	\$ 491,535	399	\$ 196,835	\$ (294,700)
RFWS	2,860	\$ 331,911	\$ 3,982,928	1	\$ 369	\$ (3,982,559)
RFWD	196	\$ 17,635	\$ 211,620	-	\$ -	\$ (211,620)
MRFS	150	\$ 23,135	\$ 277,621	14	\$ 135,514	\$ (142,107)
MRIS	1,490	\$ 338,719	\$ 4,064,625	129	\$ 2,050,800	\$ (2,013,825)
RMWS					\$ 3,129,813	\$ 3,129,813
RMWD					\$ 133,282	\$ 133,282
MMWS					\$ 1,496,213	\$ 1,496,213
MIS					\$ 26,004	\$ 26,004
GMWS					\$ 3,149	\$ 3,149
<b>Total</b>	<b>5,741</b>	<b>\$ 752,361</b>	<b>\$ 9,028,329</b>	<b>543</b>	<b>\$ 7,171,979</b>	<b>\$ (1,856,350)</b>

To estimate the impact on water use from the conversion to metered rates, total water used for November, 2014 to October, 2015 were extracted and tabulated and then compared with the post conversion period of November, 2015 to October, 2016. The remaining unconverted flat rate services do not have meters, thus, for post conversion their usage is assumed to be unchanged and equal to the average use prior to rate conversions.

Prior to conversion this population of customers used 4,513 acre feet of water. Post conversion their water use was estimated at 4,746 acre feet. This results in an increase of 232 acre feet. As a note, remaining flat rate water services are assumed to have not changed their water usage and are assigned average use. (See the following table calculation details).

**Calculations of water used 12 month prior and 12 months post.**

Customer Class	Active Services Sept. 2015	Total Water Use Prior 12 months	Prior 12 Months Acre Feet	Total Water Use Post 12 Month	Post 12 Months Acre Feet	Change in Water Use Acre Feet
SUFR *	1,045	105,752	325	40,378	124	(201)
RFWS	2,860	834,961	2,562	-	-	(2,562)
RFWD	196	26,299	81	-	-	(81)
MRFS *	150	39,977	123	3,731	11	(111)
MRIS *	1,490	463,703	1,423	40,146	123	(1,300)
RMWS				857,432	2,631	2,631
RMWD				29,335	90	90
MMWS				567,155	1,741	1,741
MIS				7,329	22	22
GMWS				946	3	3
<b>Total</b>	<b>5,741</b>	<b>1,470,692</b>	<b>4,513</b>	<b>1,546,452</b>	<b>4,746</b>	<b>232</b>

\* These remaining flat rate water services do not have meters and thus their average water use is used.



**STAFF REPORT**

**TO:** Chairman and Board Members  
**FROM:** Mark Foree, General Manager  
**DATE:** November 17, 2016  
**SUBJECT:** **Rate Adjustment Proposal – Board Member Questions and Staff’s Answers, Discussion and possible direction to staff**

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**Summary**

Following is a discussion related to some questions posed by Board members related to the rate adjustment proposal presented at the November 16 Board meeting.

**Discussion**

Based on some of the questions posed at the November Board meeting, it is appropriate to reference and review TMWA’s Financial Guidelines Policy adopted by the Board of Directors on September 26, 2001 (**Attachment A**).

Page 1 (Item 2. – last paragraph) of this policy states, “In any equitable water rate structure, consideration must be given to cross-subsidization between customer groups, between customer classes and within customer classes.” Page 2 (Item 2.A. – top of page) goes on to state, “One example of cross-subsidization between major customer groups is existing customers subsidizing construction of new facilities to serve new development. This subsidization shifts the financial responsibility of construction of new capacity to existing customers . . .”. It goes on to state, “To the extent practicable, new development should fund the capital costs required to accommodate growth . . .”

In view of this policy, TMWA has always separated the costs that customers pay for monthly service from the costs that new or expanded service (growth) pays for connecting to the system. These two things are separate and distinct. Following are the components of costs attributable to each of these groups:

<u>Group</u>	<u>Costs attributable to group</u>
Existing Customers Service	O & M expenses, Rehabilitative Capital Impr., Debt
New or expanded service charges),	Facility charges (Supply/Treatment, Storage, Area

Will-Serves (water rights required to serve project)

The cost basis related to charges for New or expanded service (Facility Charges and Will-Serves) include:

1. Cost or estimated cost of improvements necessary for growth (Facility Charges) and cost of acquisition of water rights (Will-Serves), plus
2. Administrative costs (i.e. labor and filing fees, etc. related to water rights purchases), plus
3. Carrying cost (interest on prior investment in facilities and water rights), if applicable.

One Board member questioned whether costs charged to new development (facility charges and water will-serves) could be increased beyond their cost basis, with the resulting incremental increase providing revenue for the benefit of existing customers. This suggestion proposes that new or expanded service (growth) customers subsidize existing customers, which would be a departure from the Board adopted financial guidelines as described above. Also, relying on growth to pay a portion of costs typically borne by existing customers is risky in that if development slows (as it did for approximately 5-6 years during the recent recession) that source of revenue goes away.

Based on other questions posed by Board members, attached are supporting staff reports regarding Rule 5 (Water System Facilities – **Attachment B**) and Rule 7 (Dedication of Water Resources and Will-Serve Commitments – **Attachment C**) that describe how these charges are calculated, etc.

Another question asked at the November meeting was – “if we are proposing to adjust customer rates, shouldn’t we also be proposing to adjust facility charges paid by new growth?” As discussed above, these two groups and the costs applicable to each are separate and distinct from one another. Staff analyzes the need for adjustments to monthly customer rates on a routine basis and also analyzes the need for adjustments to facility charges on a routine basis, however, the need to adjust rates or fees does not necessarily coincide with the other. For example, it has been nearly three years since monthly customer rates were last adjusted (February 1, 2014) but all facility charges have been adjusted since that time and some area charges have been adjusted more than once within the past three years. Staff is currently working on an update of the Water Facility Plan and we expect to propose adjustments to facility charges after that plan has been completed (within approximately the next 12 months).

A separate report related to questions about rate design and estimated customer growth is also attached (**Attachment D**).



STATE OF NEVADA,     )  
                                  : ss.  
COUNTY OF WASHOE.    )

On this 17th day of October, 2001, personally appeared before me, a Notary Public in and for said County and State, TONY ARMSTRONG, Chairman of the Truckee Meadows Water Authority, known to me to be the Chairman, who acknowledged to me that he executed the above instrument freely and voluntarily and for the purposes therein mentioned.



Jackie Lewis  
Notary Public

**TRUCKEE MEADOWS WATER AUTHORITY  
FINANCIAL GUIDELINES**

**Policies that Guide the Establishment of Reserves and Cost Recovery of TMWA**

1. The ultimate goal of water rates, associated fees, and other charges is to provide sufficient cash flow to (1) meet the cash operating expenses of Truckee Meadows Water Authority (TMWA), (2) provide for maintenance of certain reserve and fund balances, (3) satisfy debt service payment requirements and associated financial covenants, and (4) fund a portion of new capital for new capacity and existing capacity. All recommendations are consistent with the Flow of Funds section of the legal documents governing the 2001 Series A and 2001 Series B Bonds.
  - A. Operating revenues shall be sufficient to cover the expenses of TMWA including, but not limited to, payroll and operating and maintenance expenses. Revenues should be sufficient to meet scheduled and unscheduled repair and replacement demands (funded depreciation and emergency repairs). Funds for depreciation will be available by maintaining adequate and reasonable reserve funds to maintain stability and flexibility to the utility's financial position. A sixty-day working capital reserve of approximately \$4,600,000 for cash operating and maintenance expenses should be maintained to mitigate seasonal revenue and expense fluctuations. Additional amounts, if any, required to fund the working capital reserve shall be included in the annual budget.
  - B. An emergency repair and replacement reserve should be established to finance the cost of unscheduled repairs and/or major replacements. The minimum target emergency reserve should be \$10,000,000 in accordance with the Authority's bond documents and is consistent with American Water Works Association's guidelines. Additional amounts, if any, required to fund the emergency reserve shall be included in the annual budget. The annual review ensures that the reserve level keeps pace with inflation, and is adequate in light of the Authority's capital improvements program and the condition of its water system. This reserve allows for the funding of major replacement projects without necessarily relying on debt financing.
  - C. The TMWA shall maintain a debt coverage ratio **consistent with bond covenants**. The actual debt service coverage level should not fall below the minimum level required by bond financing documents. All revenues and fees shall be sufficient to meet operating and maintenance expenses in addition to each year's principal and interest payments on outstanding debt, pay-as-you-go capital requirements, and necessary reserve deposit and replenishments. Revenues need to be forecasted based on the most reliable information available and adjusted based upon collection experience.
2. In light of the aforementioned financial reserve requirements, attention must be directed to the recovery of the cost of service. In any equitable water rate structure, consideration must be given to cross-subsidization between customer groups, between customer classes and within customer classes. Any cross subsidization between customer groups, between customer classes and within customer classes should be mitigated as much as possible. Price signals should be developed to address consumption that may stress design criteria of the water system or cause the need for peak production facilities. Also, attention should be directed to address consumption that exceeds water right dedications for a particular service connection.



- A. One example of cross-subsidization between major customer groups is existing customers subsidizing construction of new facilities to serve new development. This subsidization shifts the financial responsibility of construction of new capacity to existing customers, in effect allowing the last customers to connect on the water system at the expense of all prior existing customers. To the extent practicable, new development should fund the capital costs required to accommodate growth, including the possible reimbursement of funding advances made by existing customers.
  - B. Cross-subsidization between customer classes means that certain customer classes subsidize other customer classes. Specifically, residential customers are not allowed to subsidize commercial customers and other major consumers of water. Additionally, metered customers do not subsidize flat rate customers or vice-versa. A well-designed rate structure will allocate the cost of service among these major customer classes of customers based upon a rational and defensible methodology.
  - C. Of particular importance is cross-subsidization within a customer class. A water rate structure should be designed so that the "lifeline customer" does not subsidize the water user that puts a greater demand on the water system. A "lifeline customer" is defined as that customer that uses water only to meet indoor purposes. This class of customer is generally the multi-tenant dweller or individuals with a lifestyle that puts the least per-connection impact on the water system throughout the year. This class of customer is also typical of individuals of less economic means.
  - D. In a well-designed water rate structure, price signals are developed to address consumption patterns that exceed the design criteria of the water system, cause the need for peak production facilities, and/or exceed the total annual water duty allowed through water right dedications. These consumption patterns are indicative of wasteful water use such as not repairing leaks controllable by the customer or wasteful irrigation practices. These price signals are established in such a way to respect lifestyle requirements consistent with water right dedications but also addresses efficient use of the water system.
3. At least annually, the Authority shall conduct a rate review and adjust rates and charges as required to meet all of its financial obligations, whether established by governing bond documents or Authority policy.



## STAFF REPORT

**TO:** Chairman and Board Members  
**FROM:** Scott Estes, Director of Engineering  
**THRU:** Mark Foree, General Manager  
**DATE:** November 17, 2016  
**SUBJECT:** Board Rate Proposal Questions and Answers

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### Summary

Following is a discussion regarding some questions posed by Board members related to TMWA Rule 5 and Water System Facility Charges (Rate Schedule WSF) at the November 16 Board meeting.

### Background

Rule 5 defines cost and other responsibilities for water facilities required to provide new or modified water service. Rate Schedule WSF contains Area Fees and Facility Charges which TMWA collects from new development to reimburse the utility for facility improvements required to meet the demands of new growth. Area Unit Costs, Supply and Treatment Facility Unit Costs, and Storage Facility Unit Costs apply only to developers applying for new or expanded water service, and do not affect the costs or rates to serve existing customers. In other words, pursuant to prior Board direction on customer rates, growth pays for growth.

### Discussion

Area Fees are applied on a geographic basis and are based on the cost to expand the capacity of the water system in specific areas where growth is occurring. Area Fees are normally associated with investment in transmission mains, regional pump stations and some local supply and storage facilities. Supply-Treatment Facility Charges and Storage Facility Charges (STS Charges) generally apply to growth occurring anywhere in the TMWA system. STS Charges are normally associated with investment in treatment plants, wells and raw water delivery improvements. Area Fees and STS Charges (collectively referred to as WSF Charges) are directly tied to the Water Facility Plan (WFP) which is formally updated normally every five years, but is informally reviewed and may be tweaked (primarily concerning the timing of projects) on an annual basis as part of the capital budget process. The current WFP was prepared for the 20-year planning period of 2010-2030 and was approved by the Board in October 2010. It has not been possible to maintain the normal five-year update cycle because of the merger and the need to first complete the Water Resource Plan for the expanded service area containing former County and STMGID water systems. The next formal update of the WFP will be for 2018-2038 and should be brought to the Board within the next 12 months.

WSF Charges are updated or revised from time to time to reflect actual project costs, current construction cost increases or decreases, updated facility plans, fees collected and carrying charges. Table 1 showing the history of updates or revisions to the WSF Charges is attached to this report. The Builders Association of Northern Nevada (BANN) has thoroughly reviewed and has accepted TMWA's methodology and calculation of WSF Charges. TMWA has not changed its methodology and continues to approach the calculation of developer fees as follows:

- Based on the current approved WFP, review where growth is occurring and determine whether the WFP improvements are still applicable.
- Review the rate of growth and determine if adjustments to the schedule of WFP are necessary.
- Review recent historical facility construction costs and determine if revisions to the facility cost estimates are necessary.
- For facilities constructed since the last Fee review cycle, replace/update the estimated costs with actual construction costs.
- Update capacity sold and capacity remaining to be sold for all Areas and for the major water system gravity zones (for STS Fees).
- Update developer fees collected and facility costs remaining for all Areas and for the major water system gravity zones (for STS Fees).
- If a finance or carrying charge was in effect, the total amount of the finance charge collected must be deducted from the developer fees collected to accurately reflect the remaining facility costs.
- Divide facility costs remaining by the capacity remaining to be sold. If facility costs have been undercollected in any Area, divide the undercollected amount by the capacity remaining to be sold and add the finance charge to the calculated fee.

The attached Table 2 shows historical developer fees collected since the inception of TMWA. An example of an Area Fee calculation from the 2013 WSF Fee update is attached as Table 3. Please note that if a water system improvement benefits existing customers and also provides capacity for growth, the costs are allocated to both categories based on maximum day demand.

As part of the public process to update or revise WSF Charges, proposed rate changes are presented to a meeting of the Building and Development Committee of BANN and to TMWA's Standing Advisory Committee (SAC). In addition, staff conducts at least one additional public workshop on the proposed changes at the TMWA corporate offices on a weekday evening. Following the public presentations, a First Reading and Second Reading of the proposed changes are presented at consecutive TMWA Board meetings where additional public input can be received. At the First Reading, the Board can provide input to staff or direct that changes be made in the proposed rates.

**Table 1 – WSF Charge Revision History**

<b>Effective Date</b>	<b>Revision/Comments</b>
2-1-02	Original Area Fees established (feeder mains)
9-15-03	Original STS Fees established (supply-treatment, storage)
3-18-05	All WSF fees updated
11-16-06	All WSF fees updated
3-1-08	All WSF fees updated
7-1-13	All WSF fees updated
1-1-15	Area Fees for former DWR systems established
6-1-15	Area 14 & 15 Fees revised
6-16-16	Consolidated Area 10 created & Fee for Areas 8, 8A, 10, 13 & 13B revised, Storage Fee revised

**Table 2 – WSF Fees Collected History**

<b>FY</b>	<b>WSF Fees Collected</b>
02	\$ 322,398
03	\$ 1,581,427
04	\$ 4,555,372
05	\$13,384,923
06	\$11,423,302
07	\$10,080,441 <sup>(1)</sup>
08	\$13,015,969 <sup>(1)</sup>
09	\$ 8,751,968 <sup>(2)</sup>
10	\$ 535,858
11	\$ 334,885
12	\$ 369,246
13	\$ 1,412,459
14	\$ 1,175,417
15	\$ 3,614,183
16	\$ 4,600,484

Notes:

1. Amounts include \$1,866,768 in FY07 and \$8,497,948 in FY08 paid by DWR for subdivision projects located (at the time) within the DWR service area served by TMWA wholesale supply.
2. Amount includes \$7,591,100 paid in Area 8 and S-T Fees by SVGID for an additional wholesale take point off of the North Virginia system.

**AREA 4 FEE**

Updated Through June 30, 2012

Actual Costs to Date: \$ 9,636,391

**Improvements:**

<u>Project</u>	<u>FY</u>	<u>Total Cost</u>	<u>Exist. Cust.</u>	<u>New Growth</u>	<u>Cost to Growth</u>	<u>Comments</u>
Pyramid PS #2	2006	\$ 2,802,564	0.37	0.21	\$ 588,538	42% paid by County
Spanish Springs #2 Disch.	20xx	\$ 115,800	0	1.00	\$ 115,800	
Pyramid Hwy Parallel Main	20xx	\$ 2,614,200	0	1.00	\$ 2,614,200	
Highland Gravity Mains	20xx	\$ 3,389,600	0	0.38	\$ 1,282,397	
Spanish Springs #2 Cap. Inc.	20xx	\$ 400,000	0	1.00	\$ 400,000	
Pyramid PS Suction Pipe	20xx	\$ 612,000	0	1.00	\$ 612,000	
Wingfield Springs Imp.	20xx	\$ 177,800	0	1.00	\$ 177,800	
Central NES Fdr Mains		\$14,678,879	0	1.00	\$14,678,879	
Northern NES Fdr Mains		\$ 4,708,579	0	1.00	\$ 4,708,579	

**Total Cost of Improvements:** \$ 25,178,193  
**Less Area 4 Fees Collected:** \$ (1,978,471) (thru 6/30/12)  
**Plus Finance Charges Collected:** \$ 16,434  
**Balance Remaining:** \$ 23,216,156

**GPM added since previous fee adjustment:** 249 GPM  
**Finance charges collected since last adjustment:** \$16,434

**Max Day Demands:**  
 2003-2025 WFP Growth 12,607 GPM  
 Area 4 Sales (3,852) (thru 6/30/12)  
 Net Remaining GPM 8,755 GPM

**AREA 4 FEE =  $\frac{\$23,216,156}{8755 \text{ GPM}}$  = \$2652 /GPM**



**STAFF REPORT**

**TO:** Chairman and Board Members  
**THRU:** Mark Foree, General Manager  
**FROM:** John Zimmerman, Manager, Water Resources  
**DATE:** 1 December 2016  
**SUBJECT:** **Water Demand and Will-Serve Commitment Price**

The following summary is provided in response to Board questions regarding the manner in which TMWA is required to calculate water Demand and Will-Serve Commitment price under Rule 7.<sup>1</sup>

**Water Demand**

Rule 7 is intended to assign sufficient water resources for a proposed development or modified use of an existing property. Demand is defined as the “estimated annual quantity of water to be delivered to a Service Property...” and is computed based on the unit type (See Table 1 below).

**Table 1 – Demand Formula<sup>2</sup>**

<b>Unit Type</b>	<b>Demand (Acre-Feet Annually)</b>
Single-family residential lot (0.12 acre-foot minimum)	$\frac{1}{1.1 + (10,000 \div \text{lot sq.ft.})}$
Mobile home park	0.25/space
Apartments, duplexes, condominiums, or townhouse units (excluding outside, utility room, laundry room and/or recreation uses)	0.12/unit
Commercial or Industrial Services	Best available data and estimating procedures as determined by TMWA or estimated average annual Demand as furnished by the Applicant and accepted by TMWA
Irrigation	3.41 acre-feet/acre, or, for drip systems, the Demand as calculated by a landscape architect or other qualified professional and verified by TMWA

<sup>1</sup> Capitalized terms used in this report have the meaning set forth in TMWA’s rules.

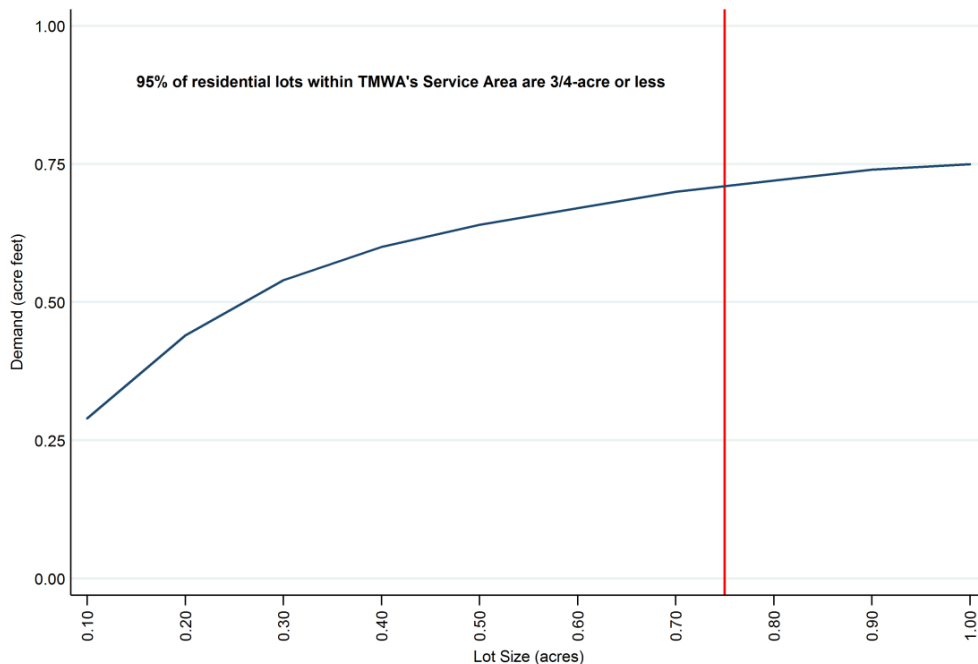
<sup>2</sup> Source: [http://tmwa.com/docs/Custom\\_Services/rules/20150101\\_Rule\\_07.pdf](http://tmwa.com/docs/Custom_Services/rules/20150101_Rule_07.pdf)

Table 2 below lists the calculated Demand for various-sized single-family residential lots.

**Table 2 – Single-Family Residential Lots**

Lot Size		Demand <sup>3</sup>
Acreage	Sq. Ft.	Acre-Feet
0.1	4,356	0.29
0.2	8,712	0.44
0.3	13,068	0.54
0.4	17,424	0.60
0.5	21,780	0.64
0.6	26,136	0.67
0.7	30,492	0.70
0.8	34,848	0.72
0.9	39,204	0.74
1	43,560	0.75
2	87,120	0.82

The following graph shows the change in Demand under Rule 7 as single-family residential lot size increases.



**Figure 1 – Residential Demand under Rule 7**

<sup>3</sup> If Truckee River water rights (the majority of rights in the Inventory) are used to obtain a Will-Serve Commitment, then TROA requires that 1.11 acre-feet of water rights be provided for each acre-foot of demand. Section 4.B.2(b).

### **Will-Serve Commitment Price**

A person may obtain a Will-Serve Commitment by dedicating acceptable water rights to TMWA or, if they do not own water rights, by purchasing an allocation of water resources from TMWA's Will-Serve Inventory. Under Rule 7, the price of water resources (per acre-foot) in the Inventory is based on the weighted average of all direct and indirect costs of acquiring, processing, and maintaining all water rights in the Inventory. These costs include, but are not limited to: actual purchase price of acquired water rights, estimated value of water rights acquired through exchange or trade, TMWA's due diligence costs and State Engineer fees to change any acquired water rights, and an annual carrying charge equal to the interest rate on TMWA's short-term debt. The purpose of this process is to recover all costs associated with the water resources in the Inventory by accounting for such costs when establishing the price of Will-Serve Commitments from the Inventory. The price is updated as required based on purchases and sales. As of the date of this report, the total volume and cost of water resources in the Inventory are approximately 6,500 acre-feet and \$48.5M, respectively. The current Inventory price is \$7,500/acre-foot, which was last updated in January 2016.

TMWA tracks the above-described costs and any changes (i.e. sales, purchases, exchanges) to the Inventory and reports to the Board monthly regarding the Inventory balance and current per acre-foot price of a Will-Serve Commitment. Additionally, as changes occur throughout the month, TMWA determines whether such changes impact the Will-Serve Commitment price and, if so, establishes a new price in accordance with Rule 7(G)(3).

At the last meeting, the Board mentioned increasing the price of water resources in the Inventory as a potential option for reducing a rate increase. This would require Rule 7 to be amended because the Rule does not allow TMWA to increase the price beyond TMWA's actual cost of acquiring and maintaining the water resources in the Inventory. To amend a rule, TMWA must present the proposed change to the Board at two consecutive meetings and seek public input through those meetings and the Standing Advisory Committee and public workshops.

To date in calendar year 2016, TMWA has sold approximately \$5.6M in Will-Serve Commitments from the Inventory. Table 3 below shows the revenue impact of various price increases based on calendar year 2016 Inventory sales to date. A caveat is that this analysis is very simplistic and intended only to show the potential impact of a price increase on revenue using actual sales data and assumes that a price increase would not have decreased sales. The water rights market in TMWA's service territory is a free market environment where the quantity of rights sold takes place between willing sellers and buyers. As set forth in TMWA's 2016-2035 Water Resource Plan, there are potentially over 46,000 acre-feet of water rights that are not owned by TMWA and could be purchased and dedicated to support a Will-Serve Commitment instead of purchasing water resources from the Inventory.

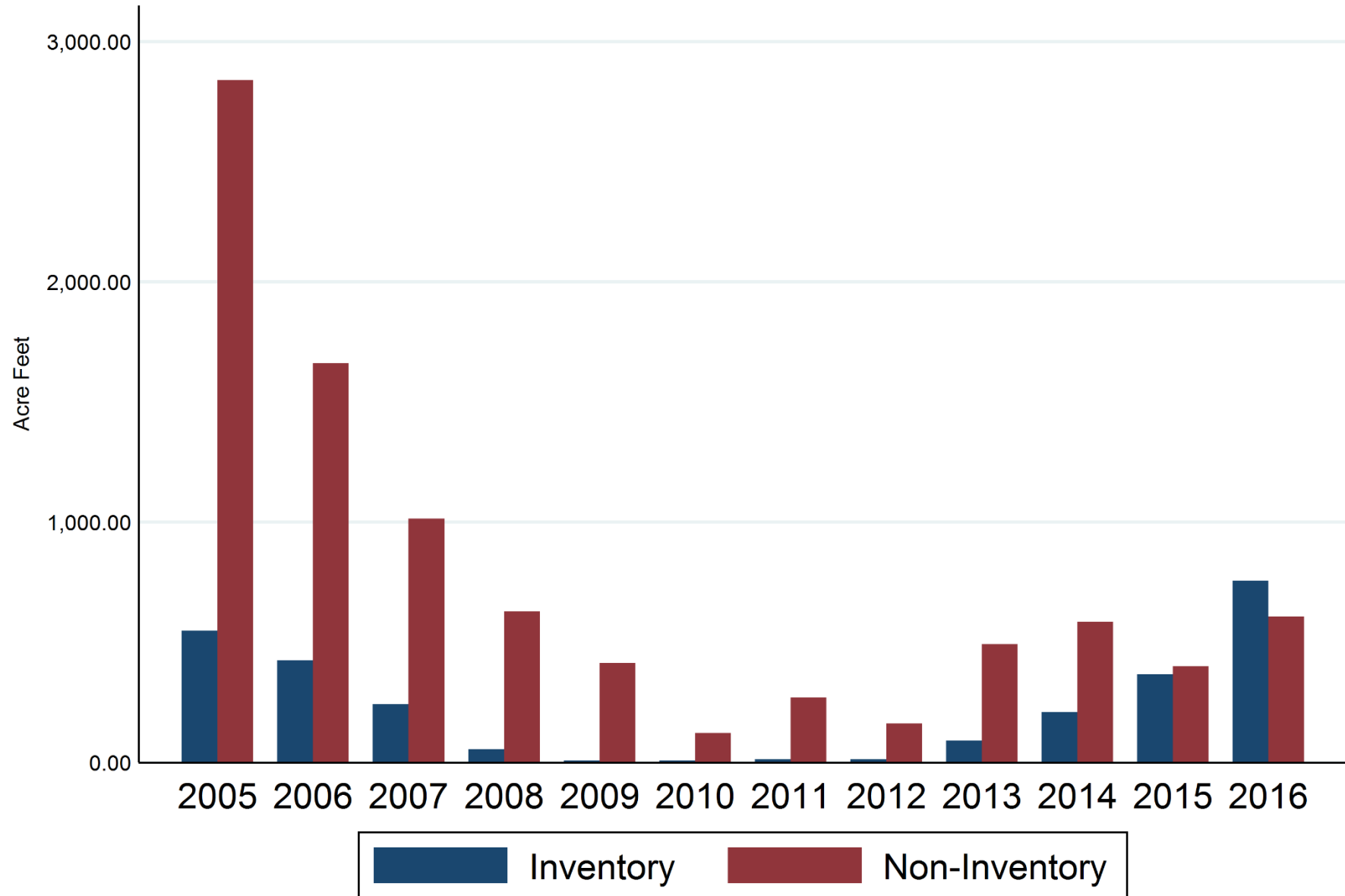


**Table 3 – Estimated Added Revenue from Rule 7 Inventory Price Increase**  
*(Based on calendar year 2016 Inventory sales)*

<b>Rule 7 Increase</b>	<b>Net Increase Above Actual (\$7,500/Acre-Foot)</b>	<b>Total Rule 7 Price/Acre-Foot w/Increase</b>	<b>Total Additional Revenue w/ Increase</b>
5%	\$375	\$7,875	\$280,000
10%	\$750	\$8,250	\$560,000
15%	\$1,125	\$8,625	\$840,000
20%	\$1,500	\$9,000	\$1,120,000

In addition to a Rule 7 change, increasing the price new customers pay for Will-Serve Commitments from the Inventory and using the profit to pay for the cost to provide service to existing customers contradicts TMWA’s financial guidelines policy against cross-subsidization. Lastly, because Will-Serve Commitment sales are variable and somewhat unpredictable, using a price increase to support existing customer costs is unreliable. The attached graph shows annual Will-Serve Commitments issued on Inventory and non-Inventory water resources from 2005-2016.

## Annual Will-Serve Commitments





## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** Mark Foree, General Manager  
**FROM:** Michele Sullivan, CFO  
**DATE:** November 22, 2016  
**SUBJECT:** Board Rate Proposal Questions and Answers

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### Summary

Following is a discussion related to some questions posed by Board Members related to the rate adjustment proposal presented at the November 16th Board meeting.

### Recommendation

Staff and the SAC recommend the following proposal for rate adjustments.

As presented in the funding plan, TMWA can close the funding gap with rate increases of:

- 3% in years 1 & 2
- 2.5% in years 3, 4 & 5

The first two 3% increases being implemented in anticipation of higher debt service beginning in FY2020. After implementation of year 1 & 2 rate adjustments, increases in years 3-5 should be subject to an annual review of TMWA's financial performance to determine if rate increases can be lowered or deferred. This will set TMWA up to meet its debt service requirements, and allows for more time to discern whether customer water usage will continue at current levels.

Staff's recommendation is that monthly customer charges and all commodity tier charges be increased by the same percentage. Applying higher rates to water usage in higher tiers will promote further conservation and demand hardening. It will also be more difficult to explain to customers, and involves calculating and explaining percentages across multiple tier structures. It is also uncertain how this would apply to STMGID historical rate tiers.

Applying a CPI index is becoming a common strategy in long term planning for rate increases. Right now TMWA is trying to close its current funding gap, and but would like to consider a standardized CPI index increase in the future to maintain more level rate adjustments. The proposed rates to close the funding gap allow for flexibility in application over the next five years.

## **Discussion**

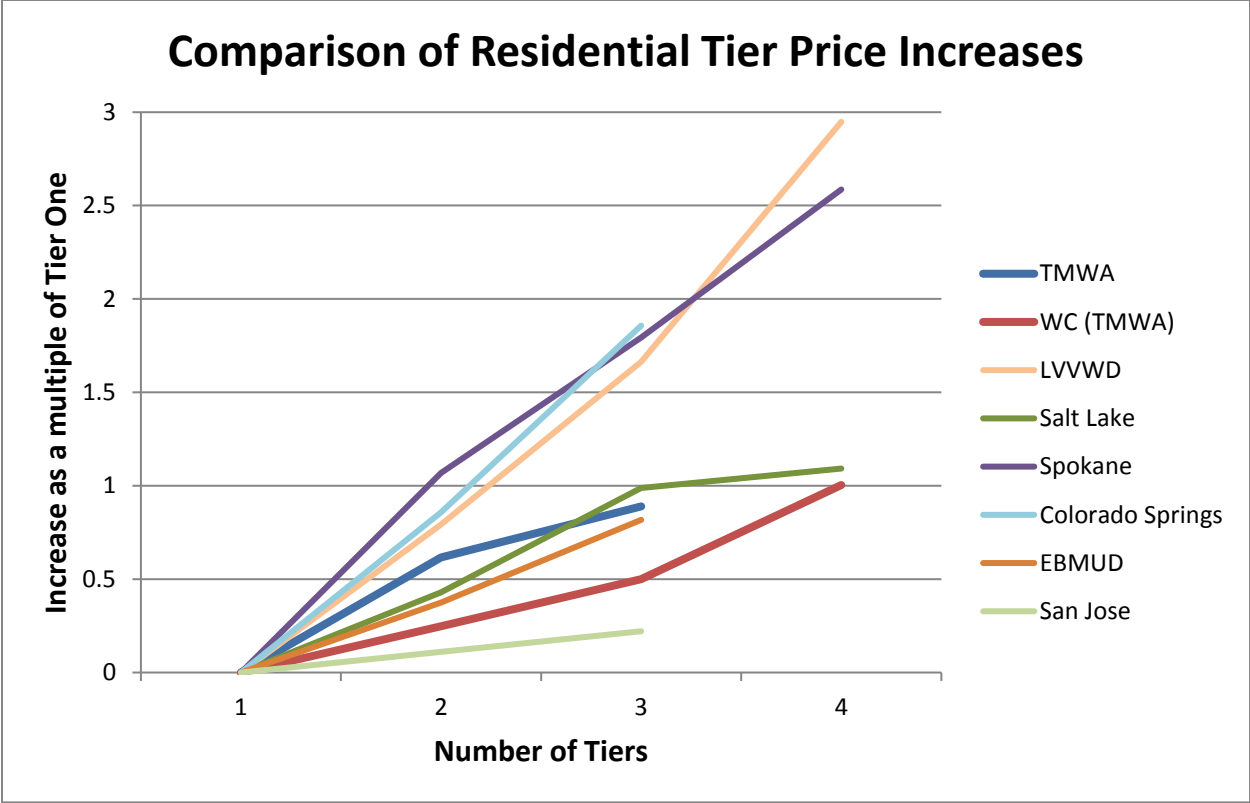
### **Monthly Customer Charge**

The monthly customer charge, sometimes referred to as monthly meter charge, provides 36% of total water sale revenue (all rate classes included). The remaining 64% of water sale revenue comes from the amount of water customers use based on commodity tier charges. Staff's recommendation is that monthly customer charges and all commodity tier charges be increased by the same percentage.

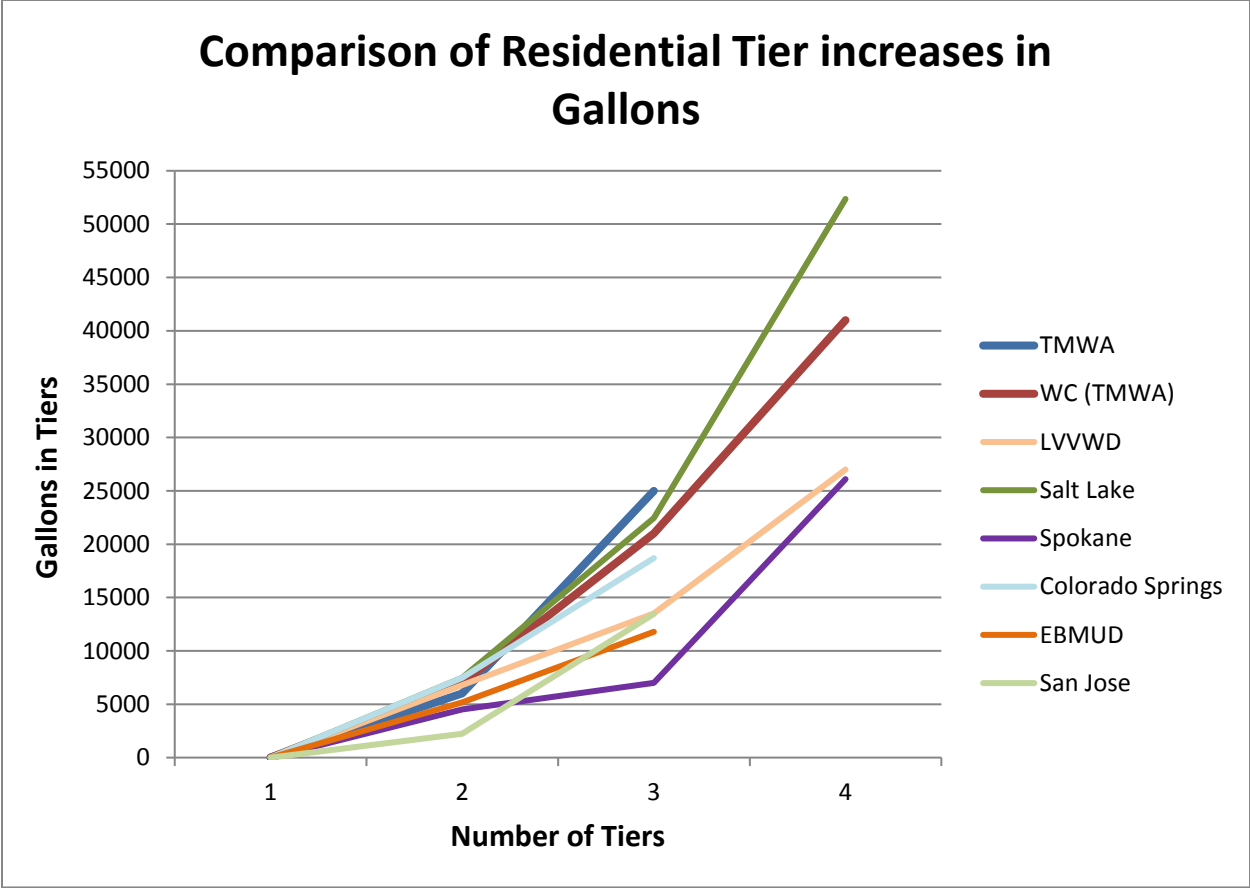
### **TIER STRUCTURE**

Based on several questions from the board related to water commodity charges and tiers, we have compared TMWA's tier structure to several other utilities.

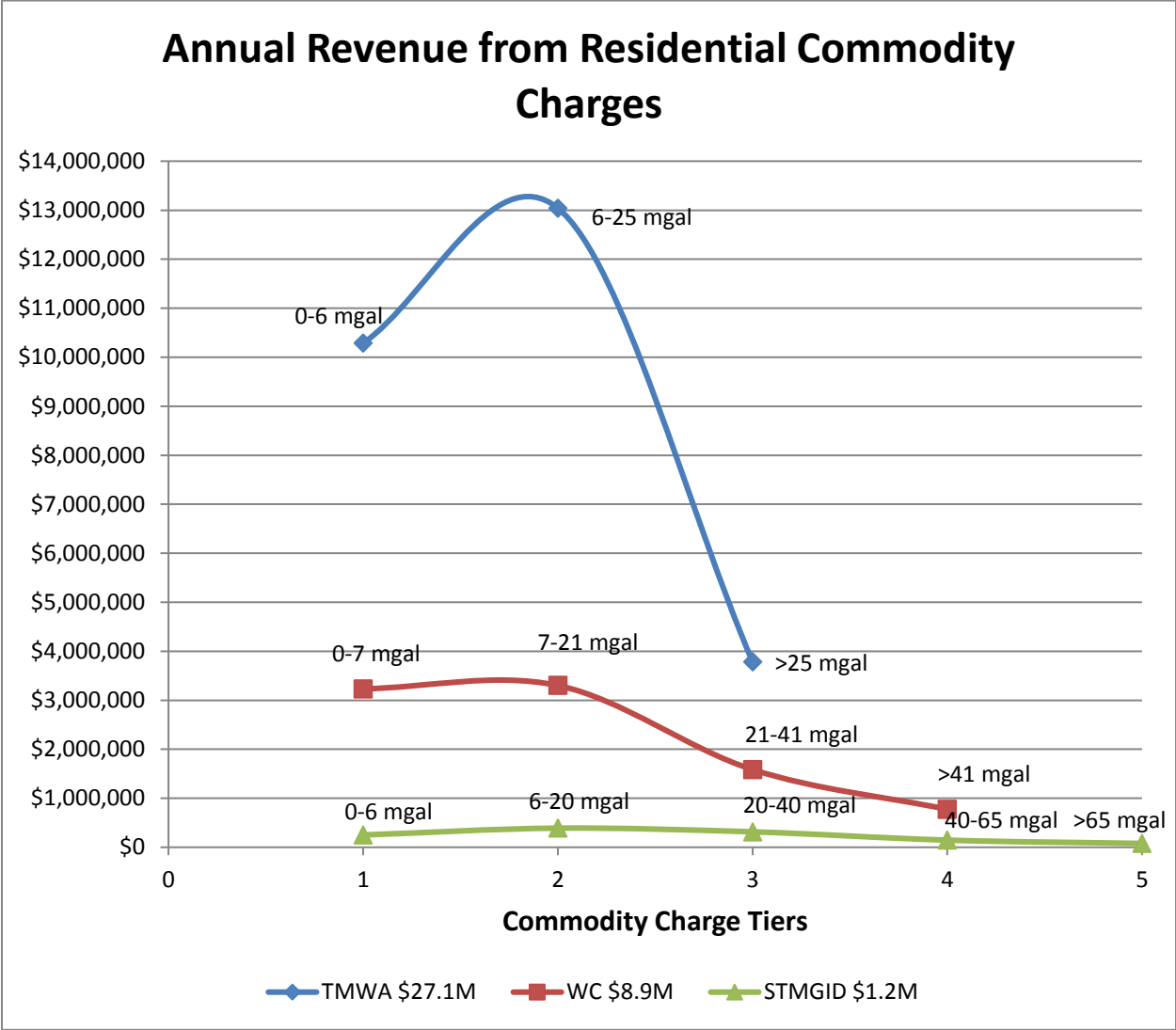
Looking at the graph below, comparable water utilities that apply increased charges for higher water usage have three to four tiers. The increase from the first tier to the last tier in this comparison ranges from a 22% increase in San Jose, to almost a 300% increase in Las Vegas (LVVWD). An item to note is that utilities with the steepest increases in tiers have much lower charges for their tier 1 water sales. TMWA rates increase by 89% in three tiers and TMWA rates related to the former Washoe County service area increase by 100%. While there are only three tiers in the historical TMWA rate structure, the second tier increases by 62%, which is above the midrange when compared to the other utilities. It is also important to note that several utilities selected for comparison had no tiers for their water commodity charge. Those utilities were Contra Costa, Phoenix, and Fresno. Contra Costa charges an energy surcharge based on the zone in which the service connection is located. Phoenix has a seasonal commodity charge, with water being more expensive in the summer months.



The next graph compares the amount of gallons that are allowed in each tier in the same utilities compared above. TMWA allows for 6,000 gallons in tier 1 and up to 25,000 gallons in tier 2, with any usage above that level charged Tier 3 amounts. Tier 1 in the former Washoe County service area allows for 7,000 gallons in tier 1, 21,000 gallons in tier 2, and 41,000 gallons in tier 3 with any usage above that level charged Tier 4 amounts. TMWA's tier cut offs appear comparable to other utilities with tiered commodity charges.



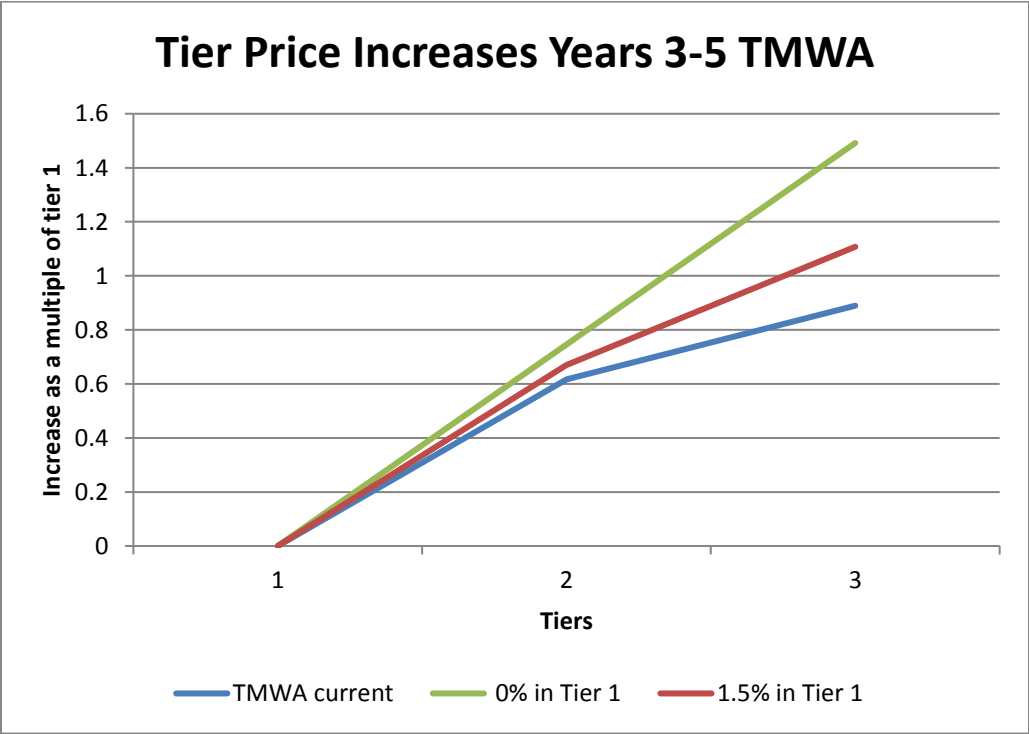
Questions about water used by tier in the TMWA service area were asked at the board meeting in November. The following graph depicts revenue generated by each residential water tier in fiscal year 2016. It is adjusted for the conversion of flat fee customers to meters that were placed in service in October of 2015, and reflects water usage in the first three months of the year based on the 2017 budget. Revenue from tiers one and two make up 82% of total revenue from residential commodity charges.



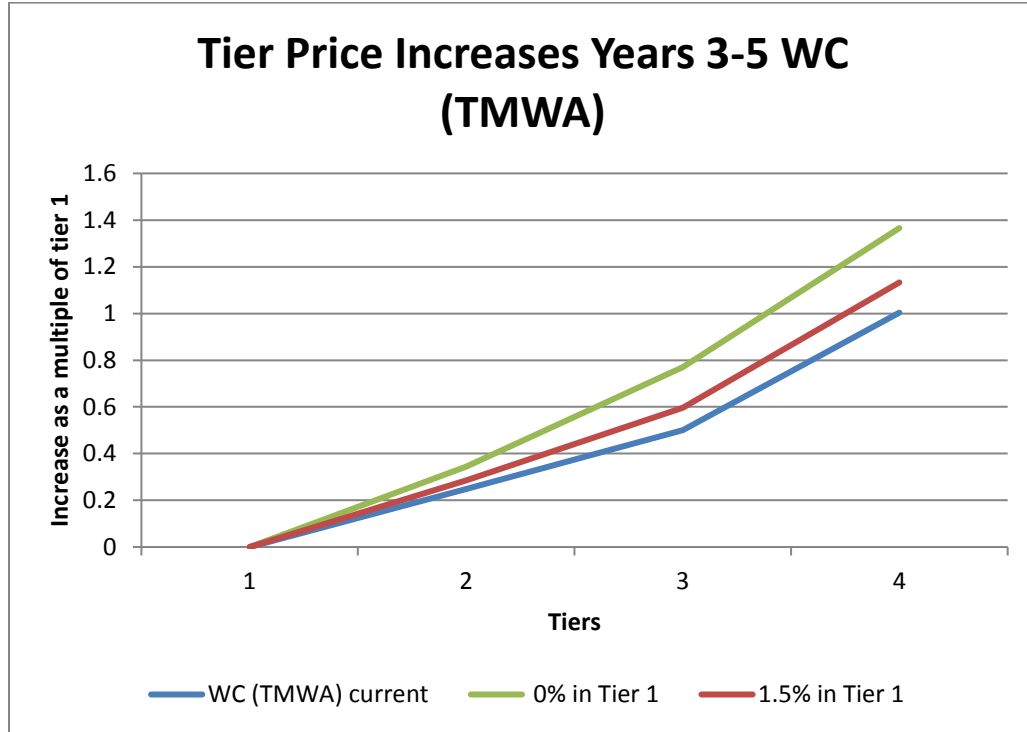
Another request from a board member was to evaluate how much higher tiers would need to be charged if we did not increase rates for the lowest tier. These calculations were made assuming this would be applied beginning in Year 1 or in Year 3. The adjustments required to obtain the revenue needed to close the funding gap are listed below:

YEAR 1 & 2			YEARS 3-5		
TMWA			TMWA		
Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
0.0%	3.0%	11.5%	0.0%	2.5%	9.5%
1.0%	3.0%	8.7%	1.0%	2.5%	6.6%
1.5%	3.0%	7.4%	1.5%	2.5%	5.2%
2.0%	3.0%	6.0%	2.0%	2.5%	3.7%
WC (TMWA)			WC (TMWA)		
Tier 1	Tier 2	Tier 3&4	Tier 1	Tier 2	Tier 3&4
0.0%	3.0%	7.1%	0.0%	2.5%	5.7%
1.0%	3.0%	5.7%	1.0%	2.5%	4.3%
1.5%	3.0%	5.1%	1.5%	2.5%	3.6%
2.0%	3.0%	4.4%	2.0%	2.5%	3.0%

If this methodology were applied to the tiers Year 1-5, TMWA’s tiers would gradually move from a 61.2% increase for tier 2 to anywhere from 67.2% to 84.7% depending on the percentage applied to tier 1. Tier 3 would go from being 89% higher than tier one to anywhere from 114.4% to 208.6% higher. Below are graphs showing the tier price changes as a percentage of tier 1 if the tiers adjust beginning in year 3.







Issues involved with implementing this type of rate adjustment include:

- Encourages further conservation and demand hardening which could cause further revenue loss and require additional rate increases
- Difficult to explain to customers, especially with customers on different rate schedules
- Without significant discrepancies in the percentages applied by tier, there is little effect on the customer
- Uncertainty about how to apply these percentages to the former STMGID rates

Based on the comparable figures shown, TMWA's gallons per tier, and price increases by tier appear reasonable when compared to other water utilities. Due to the issues stated above related to adjusting tiers at different rates, and the low single digit rate increases proposed to close the funding gap, staff would recommend that the tiers be charged equally in any rate adjustment implemented.

#### CPI ESTIMATES

TMWA's last increase was in February of 2014. If the CPI index for the Western United States was applied annually in the years 2015 (1.3%) and 2016 (1.8%) TMWA would have rates almost equal, and actually slightly higher than what TMWA will experience after one year of a 3.0% increase. Estimating that CPI will continue at 1.8% (it is at 2.3% October, 2016 to date, so 1.8% appears conservative), if TMWA had a standard CPI increase in fiscal year 2015 thru fiscal year 2018 rates would be 3.7% higher than rates will be after one year with a 3% increase. We would be

experiencing rates in fiscal year 2018 at 0.7% higher than rates will be after the second 3% increase proposed is implemented in fiscal year 2019.

One of the basic assumptions with using a standard CPI increase is that it is applied consistently and implemented on a long term basis. Not applying the CPI index consistently can result in years when a higher increase in rates is needed. The original plan presented to SAC and the board was for a five year period. If we use the CPI index it is important to consider applying it on a long term basis. In LVVWD’s Citizens Advisory Committee report for 2016, the committee recommends 3% increases for two years, and a CPI increase annually thereafter. The CPI increase is not to exceed 4.5% or fall below 1.5% in any year. This is similar to TMWA’s proposed floor of 1.0% and ceiling of 2.5%. The committee also discussed future rate reviews to ensure that the approved rates perform as modeled.

Using the CPI index instead of projections based on the funding gap is a different, but possible approach for a long term solution to rate setting. TMWA management would recommend a long term approach to applying CPI.

**GROWTH ESTIMATES**

A question was presented as to how growth in the TMWA service area has been applied in the funding plan. The following represents revenue from growth by customer category.

Growth in TMWA Funding Plan							
Customer Type	2017	2018	2019	2020	2021	2022	Total
Single Unit	1,120,814.22	960,276.38	883,503.31	831,056.80	791,687.73	791,687.73	5,379,026.17
Multi Unit	25,294.37	60,761.24	56,175.66	53,175.84	15,383.28	15,383.28	226,173.67
Total Residential	1,146,108.59	1,021,037.61	939,678.96	884,232.64	807,071.01	807,071.01	5,605,199.84
Commercial	98,664.10	125,000.83	83,819.84	53,708.50	41,764.13	41,764.13	444,721.52
Irrigation	64,538.63	101,052.40	77,448.28	53,618.04	34,879.50	34,879.50	366,416.35
Total	1,309,311.32	1,247,090.84	1,100,947.08	991,559.18	883,714.64	883,714.64	6,416,337.71

TMWA experienced \$87.5 million in water sales revenue in fiscal year 2016. By 2022, water revenue will grow to \$93.9, with \$6.4 million in growth. There are other small sources of revenue, and a small increase of 3% in water sales demand projected, but cost of service is estimated at \$111.4 million in 2022. If the funding gap closes early due to growth, or increased demand, or any other change to the assumptions made, the board can decrease, defer, or eliminate rate increases.



To: TMWA Board of Directors  
From: Michele Sullivan, Chief Financial Officer  
Date: November 28, 2016  
Subject: **Presentation on Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016**

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### **Recommendation**

TMWA staff will present the Comprehensive Financial Report (CAFR) to the Board for the fiscal year ended June 30, 2016 for approval by resolution and request direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation within the prescribed extended deadline.

### **Background**

Pursuant to NRS 354.624, Truckee Meadows Water Authority (TMWA) is required to conclude an audit before November 30, 2015, and submit the audit report to the governing body not later than six months after the close of the fiscal year for which the audit is conducted.

The CAFR for the fiscal year ended June 30, 2016, includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules and the compliance section.

The financial statements include the Statement of Net Position (Balance Sheet) of the Truckee Meadows Water Authority as of June 30, 2016 and June 30, 2015 and related Statements of Revenues, Expenses and Changes in Net Position (Income Statement) as well as the Statement of Cash Flows.

Of particular importance to TMWA is the auditor's opinion on the financial statements that TMWA was in compliance with *Generally Accepted Accounting Principles (GAAP)*, and Nevada Revised Statutes for the year ended June 30, 2016. TMWA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 72, *Fair Value Measurement and Application*. Adoption of this standard required addition disclosures in the footnotes to the financial statements for TMWA.

### **Discussion**

This staff report presents a summary of overall financial performance. Complete information is shown in the financial statements and the notes supporting the financial statements. Management's Discussion and Analysis (MD&A) in the financial section provides a detailed discussion of comparative financial performance with fiscal year 2016.

TMWA enjoyed excellent financial performance for the fiscal year ended June 30, 2016 with a positive change in net position for the year of \$21.1 million. Preliminary financial results were provided to the TMWA SAC at the October 4, 2016 meeting which showed a positive change in net position of \$20.6 million. Variances between the final audited financial statements and preliminary are mainly favorable with little change in operating revenues and a slight increase in net position. Cash balances in the final results are unchanged at \$187.0 in total cash.

Total operating revenues were approximately \$91.9 million, 0.08% higher than the revised operating revenue budget. Water sales revenues were \$0.8 million or 0.90% less than the revised consolidated water sales budget. Water sale revenues for FY16 reflected demand shaving which resulted from 2015 conservation efforts. Hydroelectric revenues were \$0.2 million or 24.29% higher than budget. The revised budget anticipated river flows picking up in late March 2016, but there were sufficient river flows to operate hydroelectric facilities by early February 2016. Other miscellaneous water sales were \$0.6 million or 24.83% higher than budget, mainly due to increases in inspection fees for new business activities as residential building activity becomes more robust in the consolidated service area.

Total operating expenses before depreciation were approximately \$48.5 million, \$4.0 million or 7.55% less than the revised consolidated budget. This was an excellent result since the water utility consolidation brings a number of spending uncertainties. Spending on wages and salaries was \$0.1 million or 0.40% less than budget. Lower spending on employee benefits expenses was \$1.8 million or 22.05% lower due to lower than expected benefit spending on retirement plans. Spending on service and supplies was \$2.1 million or 7.56% less than revised budget. Power costs were \$1.9 million less than anticipated. TMWA as a consolidated water utility continues to aggressively manage power expenses. Savings on chemicals was \$0.5 million due to fewer than anticipated issues with water taste and odor. Depreciation expense was \$32.1 million, \$1.1 million or 3.23% less than revised budget.

Net non-operating revenue and expenses were favorable \$11.1 million or 53.84% as compared to the revised budget. A big portion of this variance was due to the sale of \$7.0 million of water rights to the Pyramid Lake Paiute Tribe to finalize and implement the Truckee River Operating Agreement (TROA). Also, as part of the 2016 bond refunding, there was a partial release of a forward delivery agreement with Bank of America. Bank of America will no longer have to provide a 5.5% interest rate on a portion of our debt reserves balance, so they paid TMWA \$4.4 million dollars for the release of this commitment. This settlement was negotiated by our financial advisors at PFM. Offsetting were higher interest expenses of \$0.4 million due to interest expense on 2016 refunding bonds for the last two months of FY16 which was not in the revised budget.

Total capital contributions were \$19.3 million, \$8.2 million or 73.75% greater than planned as a result of greater residential construction activity in the service area. This includes \$8.5 million in developer dedicated infrastructure for the consolidated service area. Included in this \$8.5 million was an adjustment of \$3.1 million for tanks from Washoe County Water Utility (WCWU). Several tanks were not included in the asset values received from the County, and a value has been applied to these tanks based on the date they were built net of any depreciation that would have been recorded through the acquisition date of January 1, 2015.

Spending on capital outlays and construction projects for the fiscal year ended June 30, 2016 was approximately \$49.4 million, \$21.1 million less than \$70.5 million of capital spending projected

in the revised budget. This includes the purchase of the Donner Lake water rights for \$17.4 million. The most significant construction project was the North Valleys Intertie where construction in FY16 totaled \$9.3 million. Construction of the North Valleys Intertie was \$7 million under budget, and main replacements were \$0.3 million under budget. Other projects deferred until FY17 include Stead main replacement phase 2 for \$5.0 million, Double Diamond Well #3 equip \$1.0 million, Mesa Park drainage improvements \$0.8 million and other smaller projects.

Total cash and investments as of June 30, 2016 was approximately \$187.0 million of which approximately \$87.3 million was restricted by bond indenture requirements and conditions of the STMGID water utility consolidation. The remaining balance of \$99.7 million was available to pay for future operating and maintenance expenses, construction spending, future debt payments, and commercial paper redemptions. Unrestricted cash decreased \$5.3 million year over year. This was significantly favorable compared to an expected decrease in cash in the revised budget of \$28.1 million. As noted above, lower than anticipated capital spending of \$20.1 million, additional cash received from higher developer contributions of \$3.8 million, additional cash received as investment income of \$4.4 million, and higher operating cash flow of \$1.2 million, was offset by lower than anticipated draws on the DWSRF loan related to the North Valley's project of \$3.8M.

TMWA's senior lien debt coverage ratio stood at 1.58x without developer fees and 1.75x with developer fees for fiscal year 2016. Bond covenants require a ratio of at least 1.25x. The current debt coverage ratio provides TMWA the necessary financial flexibility to move forward with future debt management opportunities that will be very beneficial to the community and helps support TMWA's AA investment grade credit ratings.





November 29, 2016

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

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, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 15, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TMWA are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72 *Fair Value Measurement and Application*, which enhances disclosures over TMWA's balances that are reported at fair value (i.e. fair value of investments). We noted no transactions entered into by TMWA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Liability and related disclosures for postemployment benefits other than pensions (OPEB)
- Liability and related disclosures for pension benefits
- Receivable for delivered but unbilled water sales revenue
- Allocation of administrative costs to capital assets

Management's estimate of the actuarial accrued liability for other post-employment benefits is based on a third party actuarial valuations. Management's estimate of the pension liability is based on actuarial valuation; which are calculated based on the employee information submitted by TMWA to the Public Employees' Retirement System of the State of Nevada (PERS). Management's estimate of the delivered but unbilled water sales revenue is based upon number of days in the cycle and water usage.

Management's estimate of the allocation of administrative costs to capital assets is based upon the year-to-date construction salaries and wages relative to total construction and indirect salaries and wages. We evaluated the key factors and assumptions used to develop these sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

1. Understatement of depreciation expense and corresponding accumulated depreciation by \$816,636.
2. Understatement of gain on sale of capital assets and overstatement of contributions from others by \$6,988,594.
3. Overstatement of Level 1 fair value measurement classification and corresponding understatement of Level 2 fair value measurement classification by \$17,958,513 disclosed in Note 4 to the financial statements.
4. Overstatement of the annual amortization of net deferred inflows and outflows by a total of \$5,243,754 disclosed in Note 11 to the financial statements.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated November 29, 2016.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to TMWA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as TMWA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, the schedule of funding progress – OPEB, the schedule of TMWA's share of the net pension liability – NV PERS, and the schedule of TMWA contributions – NV PERS, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management



regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of revenues, expenses and changes in net position – budget and actual, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the information and use of Truckee Meadows Water Authority Board of Directors and management of Truckee Meadows Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in dark ink and is positioned in the lower-left area of the page.

Reno, Nevada



**NEVADA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2016**

**PREPARED BY: Michele Sullivan, CPA**  
**Chief Financial Officer**



Truckee Meadows Water Authority  
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June 30, 2016

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November 29, 2016

To the Board of Directors, Our Customers, and Bondholders:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Truckee Meadows Water Authority (TMWA) for the Fiscal Year ended June 30, 2016. The purpose of the report is to provide the Board of Directors, our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the CAFR in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The CAFR consists of four sections:

**Introduction Section** - This section is comprised of the letter of transmittal which contains information relative to TMWA's background, a listing of TMWA's principal officers, organizational chart and other relevant information to assist the reader in understanding TMWA's operations, financial condition, and accomplishments.

**Financial Section** - This section consists of TMWA's basic financial statements, supplementary financial information and independent auditor's report on the basic financial statements. This section also includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

**Statistical Section** - This section is comprised of selected financial, operational and demographic information generally presented annually and includes statistics for the past ten years.

**Compliance Section** - This section consists of information regarding TMWA's compliance with state statutes, in particular conformance with the Local Government Finance Act.

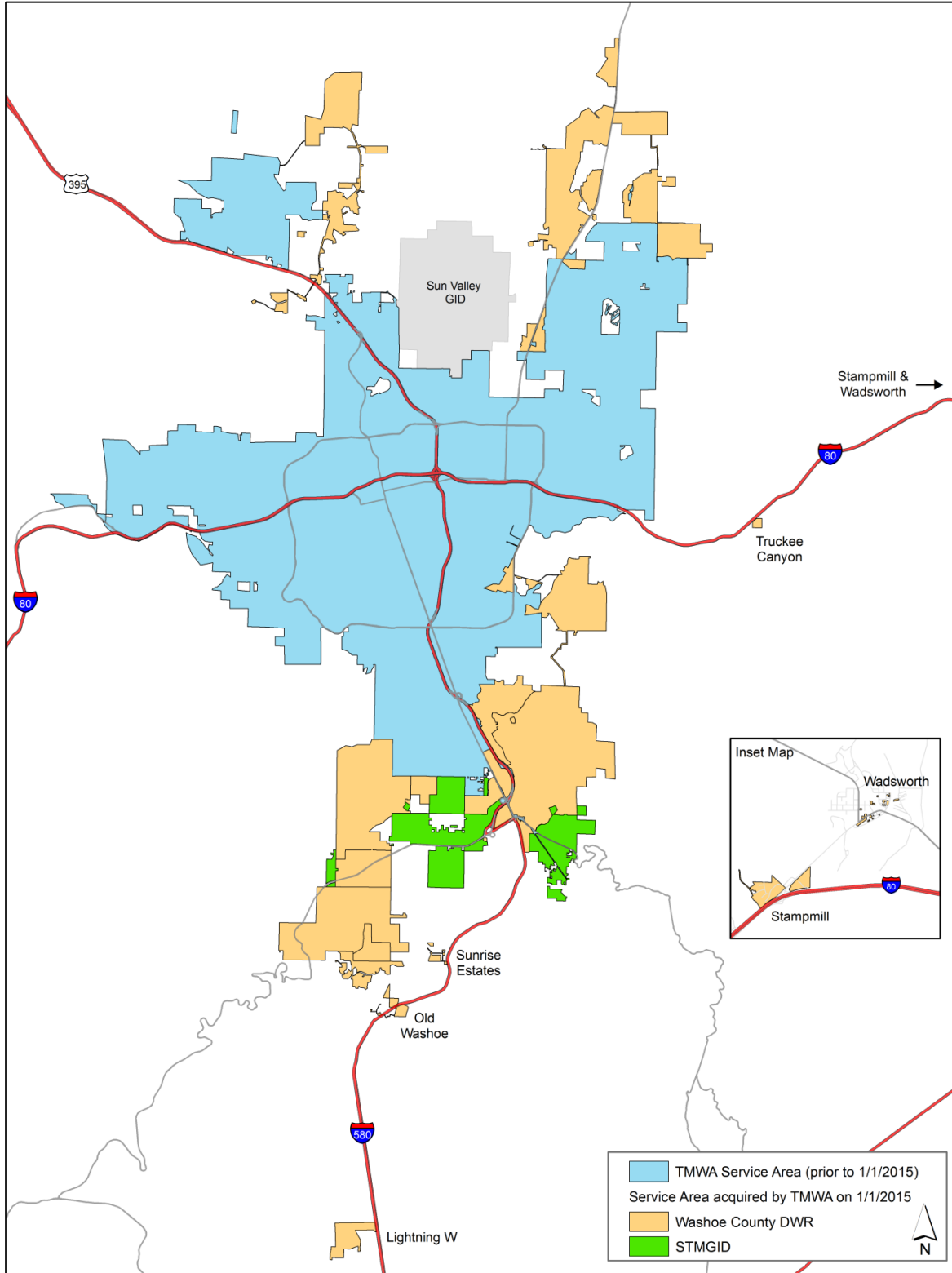
**REPORTING ENTITY**

TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the assets of the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources (“SRP”), now known as NV Energy (NVE), with the goal of retaining local control over the water resources of the area. TMWA took over the water system assets on June 11, 2001. Amendments to the JPA were approved by the Attorney General’s Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County’s water utility and another water utility named South Truckee Meadows General Improvement District (STMGID). The consolidation of the water utilities occurred on January 1, 2015 with TMWA as the surviving entity. There are no component units associated with this financial reporting entity.

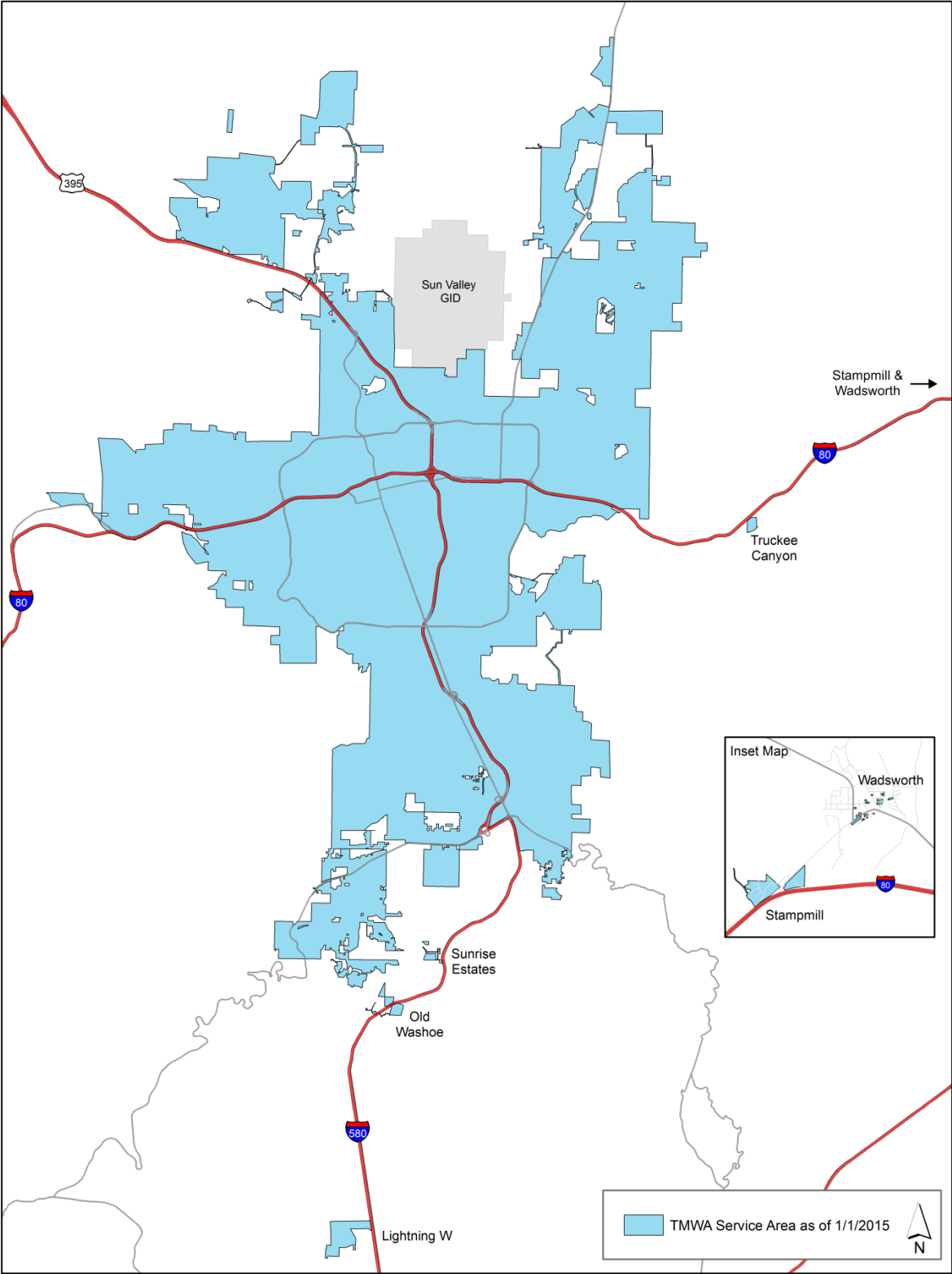
TMWA has no financial interdependence with its member agencies. TMWA has broad powers to finance, construct and operate the water system, for the diversion, treatment, distribution, and sale of treated water to retail and wholesale customers. TMWA has full authority to set water rates for services subject to the approval of the TMWA Board of Directors, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property and sales and use taxes, as well as other state taxes. TMWA pays property taxes in Nevada and Sierra Counties of California for the privilege of storing water in private and federal reservoirs. TMWA has no taxing authority.

TMWA provided treated water formerly to two wholesale customers and had approximately 94,000 residential, commercial, irrigation and fire service connections in the Reno-Sparks metropolitan area prior to the water utility consolidation. Post water utility-consolidation TMWA has over 120,000 service connections and one wholesale customer. TMWA previously operated in a prescribed retail service area as described in the agreement between SPPCo and Washoe County dated June 25, 1996, as amended, but now operates within the Truckee Meadows Service Area (TMSA) after the water utility consolidation. TMWA has only one wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The following maps reflect the water system prior to and after the water utility consolidation.



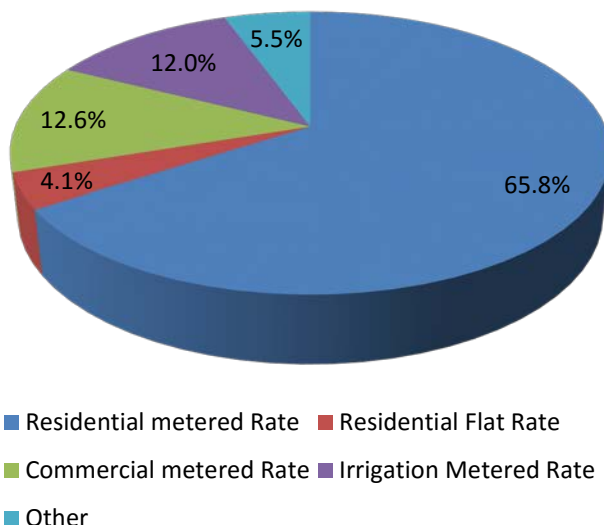




Nevada Revised Statutes require that an independent certified public accounting firm selected by the Board of Directors audit TMWA's financial statements on an annual basis. The independent auditor's report for the fiscal year ended June 30, 2016 is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The following graph depicts the proportion of operating revenues by class for fiscal year 2016:

**TMWA Operating Revenues \$91.9Million**



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. In early fiscal year 2016, there were still approximately 4,300 customers who continued to pay the flat rate, but the TMWA Board mandated that essentially all remaining flat rate customers be converted to a metered rate. TMWA accomplished this goal by the first billing cycle of October 2015. Currently, there are less than 300 water services that remain to have a meter installed, and these primarily represent problematic services with multiple customers on a single service line. TMWA is mindful of the revenue impact from the conversion to metered billing in its financial planning, and also accounts for the changing water demands in its water facility and resource planning efforts. Regardless, it is recognized that any system-wide equity in customer rates can only be achieved when all customers are charged based on the water they use. Also, with drought conditions intermittently facing the region the final conversion of flat rate customers to metered billing was essential.

TMWA honored a commitment to the community that water rates would not be increased during its first two years of operation. In June, 2003, TMWA's Board of Directors adopted facility charges, to collect funds from new development to pay for the construction of storage, supply and treatment facilities for new and/or expanded service. In September 2003,

TMWA's Board of Directors adopted adjusted customer rates designed to increase water sales revenues by \$10 to \$11 million annually, with the rate increase becoming effective on October 1, 2003. In early 2005, the TMWA Board of Directors took under consideration another general water rate increase. The result of that public hearing was board approval of a water rate increase that averaged approximately 3.4% to take effect on March 1, 2005. From that time TMWA had not implemented any retail/wholesale water rate revisions until May of 2009 when a general water rate increase of approximately 4.5%, on average, was approved by the TMWA Board of Directors and implemented on June 1, 2009. A second installment of 4.4%, on average, was put into effect in June 2010. During fiscal year 2012 the Board of Directors approved water rate increases to be phased in over a three year period. The first phase of the approved increases took effect February 1, 2012 and was 3.5% on average. The second phase was approximately 3.4% and implemented in February of 2014 with deferral of the third phase rate increase to a future date. The third rate increase was not implemented. A decision was made to review potential rate adjustments after one year of consolidated water utility operations.

The goal of TMWA, as adopted by the Board in August 2003, is to maintain a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual debt service. This calculation excludes developer facility charges and other fees associated with new development. This coverage target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien coverage (excluding developer fees and charges) was approximately 1.55x and with certain developer fees and charges was approximately 1.72x as of June 30, 2016.

### **ECONOMIC OUTLOOK AND WATER RESOURCES**

TMWA's service area had experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of nearly 18 percent. After five years of sustained 9 to 10 percent annual growth in county-wide taxable sales, those taxable sales dipped significantly in fiscal years 2009 through 2011 when compared to the prior years. Fiscal years 2012 through 2015 saw a slight but accelerating increase in taxable sales when compared to prior years, and taxable sales increased by 10.7% in 2016. The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtured steady growth in the entire region and nearby communities in manufacturing, distribution, warehousing and industrial businesses. A surge in residential housing construction through fiscal year 2006 fueled significant new retail development, including several nationally known retailers, however in fiscal years 2008 through 2013, the region experienced a very challenging recession although there has been a modest improvement in the local economy in fiscal years 2015 and 2016 with the return of meaningful residential construction activity.

To meet water demands in the future, TMWA prepared a very detailed Water Resource Plan (WRP) for the years 2016-2035 during fiscal year 2016. That plan was adopted by the Board in March 2003 and previously updated during fiscal year 2010. This extensive plan document addresses current water resources, future water resources, and water rights availability as well as defined drought standards which conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

Historically, to complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2010-2030 was developed. The original WFP was adopted by the TMWA Board in December of 2004. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements in Capital Improvement Plan needs to serve growth based upon population and water demand forecasts in the WRP. The 2016-2035 WFP is currently being developed based on water demand projections defined in the 2016-2035 WRP. For fiscal year 2016, TMWA's Board approved a 2017-2021 Capital Improvement Plan with a five year spending level of \$157.8 million which focuses spending primarily on water system reconstruction. Spending on the acquisition of water rights has been essentially suspended because TMWA has a sufficient inventory of water rights to issue will-serve commitments for the foreseeable future, although opportunistic purchases will be considered.

TMWA is a very active supporter and participant in the process of negotiating and implementing the Truckee River Operating Agreement (TROA), as are the TMWA member agencies including the cities of Reno and Sparks, and Washoe County. TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and the Federal Government. TROA is intended to provide TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015 remaining related lawsuits were dismissed and TROA became effective December 1, 2015 which provides significant additional drought resources for TMWA's service area and has completed a multi-decade effort.

Additional upstream reserves were acquired when TMWA reached an agreement with the Truckee-Carson Irrigation District (TCID) to purchase TCID's half interest in Donner Lake assets. This purchase grants TMWA 100% interest in Donner Lake water rights and storage rights thus increasing TMWA's rights by 4,750 acre feet. On December 16, 2015 the TMWA Board agreed to purchase TCID's Donner Lake assets for the appraised value of \$17,445,000 less credits for various dam improvements previously performed by TMWA. On March 29, 2016 the final settlement was executed and TMWA paid TCID \$17,187,041 to acquire the rights to Donner Lake assets.

The drought that has affected the Western United States has also affected Western Nevada. TMWA's drought plan anticipates water demand management in these persistent dry periods and asked customers to voluntarily reduce water demand by at least 10% during the entire irrigation season of 2015. The community responded and delivered demand reductions in excess of 10% which has allowed TMWA to hold back the Privately Owned Stored Water (POSW) in Independence Lake. This lake is a major component of drought storage (17,000+ acre feet of water) in TMWA's overall drought plan and this water will be available for future irrigation seasons should drought conditions persist. To further drought resiliency for the community that TMWA serves, TMWA constructed the North Valley's Integration Project which ties in the Fish Springs Ranch infrastructure into TMWA's North Valleys water system providing access to approximately 8,000 acre feet of groundwater resources in the Honey Lake ground water basin which is located approximately 35 miles north of the Reno-Sparks metropolitan area.

When combining TMWA's existing POSW surface water resources, the groundwater resources of the Honey Lake basin, the extensive drought storage benefits of TROA and the expansion of Aquifer Storage and Recovery (ASR) groundwater recharge efforts, the TMWA service area will benefit significantly from a drought resiliency standpoint.

## **WATER QUALITY**

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries to the Truckee River, travels into Nevada through the Reno-Sparks Metropolitan area with the terminus of the river at Pyramid Lake, a distance of approximately 120 miles. The river's water quality is excellent; however additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 84 million gallons per day (MGD) Chalk Bluff Water Treatment Plant (expanded from 69 MGD in 2005) and the 37.5 MGD Glendale Water Treatment Plant which was expanded from a 25 MGD capacity through a series of improvements. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the President's Award from the Partnership for Safe Water. This prestigious recognition places the Chalk Bluff plant as one of 18 surface water treatment plants in the United States that have been so recognized. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers.

TMWA spends nearly \$1 million annually monitoring water quality by analyzing nearly 11,000 samples at over 150+ locations throughout the TMWA water system. TMWA strictly complies with current drinking water standards, including the revised arsenic standards as promulgated by the United States Environmental Protection Agency, and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

## **WATER CONSERVATION**

Water conservation has been and will continually be a high priority at TMWA. Prudent use of the area's water resources extends this vital resource through periods of dry weather patterns in this high desert climate. These conservation efforts also reduce or defer further investments in

expensive new plant infrastructure which moderates the fiscal impact on water rates. The purpose of water conservation at TMWA is to promote wise use of water through a number of initiatives. TMWA's conservation programs were designed to achieve 10% annual water savings as part of the conservation goal agreed to in the 1996 Water Conservation Agreement between TMWA's predecessor SPPCo, the Pyramid Lake Paiute Tribe, and the United States. The backbone of water conservation in the Truckee Meadows has been the Water Meter Retrofit Program. With the success of that program the final conversion of flat rate customers to metered billing occurred in October of 2015 resulting in essentially all TMWA and former Washoe County customers paying for the water they use.

### **The Water Meter Retrofit Program**

In 1995, the conversion of Sierra Pacific's (now TMWA's) 44,651 flat rate services to metered services began. As of June 30, 2015, TMWA estimates that less than 300 small unit residential and multi-unit metering facilities remain to be installed. Developers, through a charge of \$1,830 for every acre-foot of new water demand, provide funding for this project. These funds are considered restricted cash assets as represented on TMWA's statement of net position.

### **Assigned Day Watering**

TMWA implemented a three days a week watering schedule during the summer of 2010 supplanting the twice a week watering schedule which had been in effect for two decades prior. This new program was well received by the community and resulted in no more water usage than the twice a week schedule and a reduced peak day demand on the water system. TMWA's predecessor, SPPCo, initiated this voluntary program in the late 1980's in an effort to avoid investment in new facilities brought on by growing demands. During the 1987 to 1994 period, twice a week watering became mandatory as part of conservation agreement commitments and remained in place until the summer of 2010. The greatest benefit of this is to more evenly distribute the peak demands for water during a summer week, which translates to less peaking demand on facilities.

### **Landscape Efficiency Program**

This program promotes the use of attractive drought tolerant plants for the high desert climate experienced in Western Nevada. The program includes help with landscape augmentation that is available to institutional irrigation customers as well as certain commercial customers participating in an irrigation program based on data supplied by evaporation-transpiration sensing equipment. This equipment controls the amount of irrigation based upon moisture levels in turf areas. Also during periods of wet weather patterns, irrigation is deferred until such time as turf moisture levels indicate irrigation must be applied.

### **Water Audit Program**

This program assists TMWA customers in the evaluation of both indoor and outdoor water use. TMWA water conservation consultants visit residents and businesses to measure the amount of water applied to lawns and landscape. After evaluation of information, recommendations are made to the customer on how to minimize consumption while preserving their landscape. This program also looks for leaks within and outside the home and promotes efficient indoor water use.

## **FINANCIAL INFORMATION**

### **Internal Controls**

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Another purpose of internal controls is to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

### **Budgetary Controls**

TMWA is legally required to prepare, present to the TMWA Board and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Administration of Local Government Finance Act, which stipulates that the Board be presented with a tentative budget by April 15 of each year, with formal adoption of the budget after a public hearing in May of each year. The adopted budget is then filed with the Nevada Department of Taxation.

TMWA is also required to prepare a Capital Improvement Plan for review and formal acceptance by the TMWA Board. This plan is a comprehensive compilation of all capital projects and capital outlays expected during the ensuing five fiscal year period. TMWA's Board is kept informed of TMWA's financial performance throughout the fiscal year at scheduled Board meetings. The General Manager, as the chief administrative officer, is authorized to approve all expenses that are within the approved budget. This authority is conferred upon the General Manager by virtue of the TMWA Cooperative Agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA. TMWA routinely prepares five year financial forecasts in conjunction with the Capital Improvement Plan.

## **BUDGET ANALYSIS AND VARIANCES**

Actual total operating water revenues were \$0.1 million or 0.1% above the revised budget for fiscal year ended June 30, 2016. Total operating revenues were \$91.9 million. Charges for water sales were \$0.8 million under budget, while hydroelectric revenues were \$0.2 million above budget. Other operating sales were \$0.6 million above budget. TMWA water sales were mitigated by the board approved drought plan put into effect in May of fiscal year 2015 that promoted water demand controls. Water usage decreased due to conservation efforts by customers. Although we did not have a below average snowpack year in fiscal year 2016, customers continue to practice responsible water use. As a consolidated water utility, charges for water sales have decreased by \$9.7 million and 10% since fiscal year 2014, mainly due to conservation efforts.

Total operating expenses of \$80.6 million were approximately \$5.0 million under the budget of \$85.6 million. Operating expenses before depreciation were \$4.0 million under budget primarily due to lower spending on service and supplies expenses which were \$2.1 million under budget. Electrical expenses, due to operators extended power management practices to the consolidated water systems, and chemical usage to mitigate taste and odor issues were less than expected. Spending on operating salaries and wages was \$0.1 million less than budget, while employee benefit spending was \$1.8 million less than budget. Health care expenses did not increase until halfway through the fiscal year which helped reduce employee benefit costs, in addition to the effects of GASB No. 68 which deferred outflows for higher NV PERS contributions in fiscal year 2016 as compared to fiscal year 2015.

Total net nonoperating revenues and expenses were \$4.1 million favorable to budget. This variance was primarily due to higher investment earnings. As part of the 2016 bond refunding, there was a partial release of a forward delivery agreement with Bank of America. Bank of America will no longer be required to provide a 5.5% interest rate on a portion of our debt reserves balance, so they paid TMWA \$4.4 million dollars for the release of this commitment.

Capital contributions of \$26.3 million were \$15.2 million above budget. Cash contributions from developers were \$6.2 million greater than budget and were attributable to increasing levels of residential construction activity as the local economy improves. Developer infrastructure contributions are not included in the budget, but total \$8.5 million in noncash contributions in fiscal year 2016.

Total revised capital spending was approximately \$49.4 million for fiscal year 2016, which was approximately \$21.1 million less than the \$70.5 million planned in the augmented capital budget.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2016, TMWA has approximately \$99.8 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2016 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$8.7 million as of June 30, 2016. TMWA still retains a \$1.8 million water rate stabilization reserve of which \$0.5 million is restricted and \$1.3 million included as a reservation of unrestricted net position.

### **TMWA MILESTONES**

TMWA, now in its fifteenth year of operation, was successful in obtaining an upgrade in its credit rating with Standard and Poors from AA- to AA, and retaining its credit rating (AA) with Moody's. Both rating agencies continued to maintain a stable outlook for TMWA.

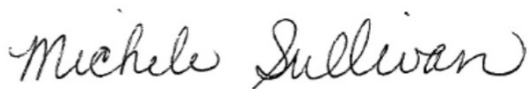


**ACKNOWLEDGEMENTS**

The timely preparation of this report could not be done without the assistance of TMWA finance personnel, the management team and employees of TMWA. We would like to thank the Board of Directors, TMWA customers, and the development community, for their commitment to the long-term operational and financial stewardship of TMWA.



Mark Foree, P.E.  
General Manager



Michele Sullivan, CPA  
Chief Financial Officer

**Truckee Meadows Water Authority  
List of Principal Officials  
June 30, 2016**

**TMWA Board of Directors**

Geno Martini, City of Sparks Mayor, Chairman of the Board

Neoma Jardon, City of Reno Council Member, Vice Chair

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Vaughn Hartung, Washoe County Commissioner

Jeanne Herman, Washoe County Commissioner

Ron Smith, Sparks Council Member

**Management**

Mark Foree, PE, General Manager

Scott Estes, PE, Director of Engineering

Mike Pagni, General Counsel

John Enloe, Director of Natural Resources Planning and Development

Andy Gebhardt, Director of Customer Relations

Michele Sullivan, CPA, Chief Financial Officer



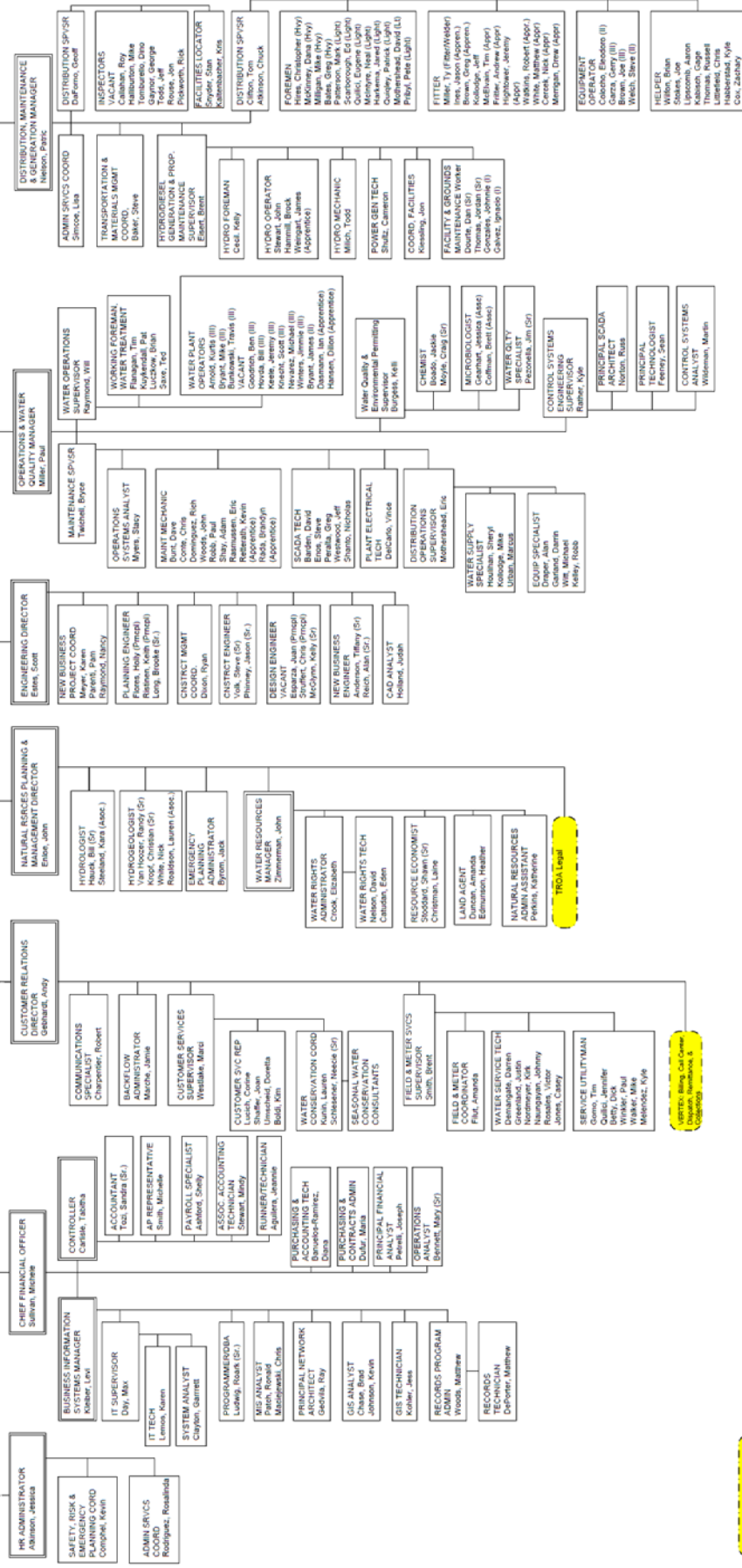
Organization Chart  
October 4, 2016

BOARD OF DIRECTORS

- General Counsel
- TWVA Lobbyists
- Legal Counsel
- Public Relations

GENERAL MANAGER  
Fovea, Mark

EXEC ASSISTANT  
SEC  
Fobson, Sotha



Kubimv201409\_chart.v05 2016-10-03

Controller  
Fovea, Mark



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Truckee Meadows Water Authority**  
**Nevada**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style with a prominent 'J' and 'E'.

Executive Director/CEO

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## Independent Auditor's Report

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

### Report on the Financial Statements

We have audited the accompanying statements of net position of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA), as of and for the years ended June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Truckee Meadows Water Authority, as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19-28 and the schedule of funding progress – other postemployment benefit plans on page 64, the schedule of TMWA's share of net pension liability on page 65, and the schedule of TMWA's contributions on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TMWA's basic financial statements. The introductory section, the schedules of revenues, expenses and changes in net position – budget and actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedules of revenues, expenses and changes in net position – budget and actual and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenses and changes in net position – budget and actual and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.





**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2016, on our consideration of TMWA'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 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 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 TMWA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
November 29, 2016



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Comprehensive Annual Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2016, June 30, 2015, and June 30, 2014. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section. The financial presentation for fiscal years 2016 and 2015 reflect the adoption of Government Accounting Standards Board Statement (GASB) 72, "*Fair Value Measurement and Application*", GASB 68, "*Accounting and Financial Reporting for Pensions*" and the adoption of GASB 69, "*Government Combinations and Disposals of Government Operations*".

The adoption of GASB 72 in fiscal year 2016 resulted in additional disclosures related to the fair value measurement of TMWA's investments in the notes to the financial statements. The adoption of GASB 68 in fiscal year 2015 by TMWA resulted in the recognition of a net pension liability of \$22.3 million as of fiscal year end 2015, which increased to \$26.9 million as of fiscal year end 2016. Associated deferred outflows and inflows of resources are disclosed in the financial statements. Adoption of GASB 69 as a result of the transfer of operations of the Washoe County Water Utility (WCWU) and the merger of the South Truckee Meadows General Improvement District (STMGID) into TMWA in fiscal year 2015, had a material impact on TMWA's financial statements. These financial items are described in this section and also in the notes to the financial statements. The assets and liabilities and net position of the WCWU transfer of operations were measured and incorporated in TMWA's financial statements as of January 1, 2015, with operating and non-operating revenues and expenses accounted for prospectively from that date. The asset, liabilities and net position of the STMGID combination were measured as of July 1, 2014 and the entire fiscal year of operating and non-operating revenues and expenses were accounted for in TMWA's financial statements from that date.

### FINANCIAL HIGHLIGHTS

#### TMWA's Net Position (in millions)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unrestricted Current Assets	\$ 116.0	\$ 130.2	\$ 78.7
Restricted Current Assets	21.5	22.4	22.6
Long-Term Restricted and Other Assets	66.8	69.1	51.5
Capital Assets, net	930.8	905.6	666.8
Total Assets	1,135.1	1,127.3	819.6
Deferred Outflow of Resources	10.2	9.2	7.1
Total Assets & Deferred Outflow of Resources	1,145.3	1,136.5	826.7
Long Term Debt Outstanding	406.7	410.8	415.3
Long Term Liabilities-Other	26.9	22.3	-
Total Current Liabilities	123.1	133.8	99.8
Total Liabilities	556.7	566.9	515.1
Deferred Inflow of Resources	3.6	5.7	-
Net Investment in Capital Assets	478.5	444.4	230.3
Restricted	40.6	42.2	25.2
Unrestricted	65.9	77.3	56.1
Total Net Position	\$ 585.0	\$ 563.9	\$ 311.6

In the fiscal year ended June 30, 2016, total net position increased by approximately \$21.1 million, the result of recording operating income, net nonoperating income and increasing capital contributions. In the fiscal year ended June 30, 2015, total net position increased by approximately \$252.3 million, the result of the additions of the WCWU and STMGID net positions into TMWA's, as well as operating income and capital contributions. Offsetting were decreases from the adoption of GASB 68 which reduced the net position of TMWA by \$24.9 million

At June 30, 2016, total Unrestricted Current Assets decreased by \$14.2 million from June 30, 2015. The overall decrease was mainly due to a decrease in due from other governments by \$10.1 million as a result of final cash balances transferred in fiscal year 2016 related to WCWU and STMGID treasury balances, and a decrease in unrestricted cash by \$5.2 million. Offsetting was an increase in accounts receivable of \$1.0 million due to slightly greater year end water sales. At June 30, 2015, total Unrestricted Current Assets increased by approximately \$51.5 million from fiscal year end 2014. The overall increase was mainly due to an increase in unrestricted cash of \$41.7 million due to the transfer of WCWU cash as a result of the transfer of operations, and a \$9.3 million increase in due from other governments for treasury balances still due from WCWU at year end. Cash flow from operations and increased cash capital contributions were sufficient to cover cash operating expenses, debt service requirements, capital spending and expenses related to the additions of the WCWU and STMGID into TMWA.

At June 30, 2016, total Restricted Current Assets decreased by \$1.0 million from fiscal year end 2015. This overall decrease was mainly due to a decrease in current bond debt service by \$1.3 million due to lower interest payable on refunding obligations, offset by an increase of \$0.3 million in water meter retrofit fund cash. At June 30, 2015, total Restricted Current Assets decreased by \$0.2 million from fiscal year end 2014. This overall decrease was due to a decrease in current bond debt service by \$1.1 million due lower principal payments due on refunding obligations, offset by an increase of \$0.9 million in water meter retrofit fund cash.

At June 30, 2016, Restricted Noncurrent and Other Assets decreased from fiscal year end 2015 by \$2.3 million due to a decrease in restricted renewal and replacement reserve of \$4.6 million mainly due to the use of STMGID reserves for rehabilitation on the former STMGID service area. Offsetting were increases in restricted cash for bond debt service by \$1.6 million and an increase in the operations and maintenance reserve by \$1.2 million due to an increase in the operating expense budget as a result of a full year of merged water utility operations. At June 30, 2015, Restricted Noncurrent and Other Assets increased from fiscal year end 2014 by \$17.5 million. This overall increase was due to an increase in the renewal and replacement reserve of \$15.7 million from the restriction of STMGID cash transferred to TMWA in the merger to be used for rehabilitation on the former STMGID service area. An increase of \$1.2 million in the operations and maintenance reserve was due to an increase in the operating expense budget as a result of merged water utility operations, most of which occurred halfway through the year.

As of June 30, 2016, Deferred Outflow Of Resources increased by \$1.0 million mainly due to \$3.4 million increase in deferred outflows of resources recorded related to pensions, and an increase in deferred outflows of \$3.1 million recorded for the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2016 refunding of its 2006 bonds. Offsetting was amortization to interest expense of the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2006, 2007, 2014, 2015A and 2016 advanced refundings of \$5.5 million. As of June 30, 2015 Deferred Outflow Of Resources increased by \$2.1 million mainly due to \$3.8 million in deferred outflows of resources recorded related to the adoption of GASB 68, offset by the amortization to interest expense of the difference between reacquisition price and net carrying amount of old debt related to TMWA's 2006, 2007, and 2010 advanced refundings of \$1.7 million.

Capital assets net of accumulated depreciation increased by a net \$25.2 million from June 30, 2015 to June 30, 2016. Total net asset additions of \$57.1 million were offset by net increase in accumulated depreciation of \$31.9 million. During the fiscal 2016 year, TMWA purchased water rights in Donner Lake for an appraised value of \$17.4 million, and land of \$0.1 million. TMWA constructed or purchased capital assets in the amount of \$41.9 million and recorded depreciation expense of \$32.1 million. Capital assets net of accumulated depreciation increased by a net \$238.8 million from June 30, 2014 to June 30, 2015. Total net asset additions of \$338.9 million were offset by net increase in accumulated depreciation of \$100.1 million. The change in capital assets is the result of the addition of the WCWU and STMGID, as well as changes in capital assets due to construction activities and capital outlays for the fiscal year end 2015. With respect to the transfer of operations and the merger of the water utilities, a total of \$313.9 million in capital assets were transferred, with related accumulated depreciation of \$75.1 million. WCWU transferred to TMWA \$286.0 million in capital assets and \$60.3 million of related accumulated depreciation. STMGID transferred to TMWA \$27.9 million in capital assets and \$14.8 million in related accumulated depreciation. During the fiscal 2015 year, TMWA constructed or purchased capital assets in the amount of \$29.0 million and recorded depreciation expense of \$27.9 million. Total asset disposals were \$4.0 million, with related accumulated depreciation of \$2.9 million. Of the total capital assets transferred to TMWA as a result of the transfer of operations and the merger, \$8.1 million were capital assets that are not depreciated and constituted land transfers.

At June 30, 2016, total current liabilities decreased \$10.7 million from June 30, 2015. Current liabilities payable from unrestricted assets decreased by \$9.4 million, with current portion of long term debt decreasing by \$6.9 million mainly due to paydown of Commercial Paper by \$7.2 million. Other main decreases were in accounts payable which decreased by \$1.5 million and due to other government decreased by \$0.7 million. Current liabilities payable from restricted assets decreased by \$1.3 million, with decreases in interest payments due by \$2.7 million, offset by higher principal payments due by \$1.4 million. At June 30, 2015, total current liabilities increased \$34.0 million from fiscal year end 2014. Current liabilities payable from restricted assets increased \$35.0 million due to a issuance of \$27.0 million in tax-exempt commercial paper notes to defease the WCWU water bond obligations and an increase of \$0.8 million in short term loan requirements as a result of TMWA assuming the \$9.1 million DWSRF loan from the WCWU. The remaining increase in current liabilities payable from unrestricted assets of \$7.2 million was due to an increase of \$2.9 million in accounts payable, of \$0.9 million in contracts and retention payable, \$1.0 million in accrued liabilities, \$1.0 million in due to other governments, \$0.1 million increase in interest payable and \$1.3 million increase in customer and developer deposits. Increase in accounts payable is due to increasing payment activity due to merged water operations. The increase in contracts and retention payable is due to increased construction activity year over year. The increase in due to other governments is payments due to the cities of Reno and Sparks for construction contracts TMWA participates with and an increase in fees for the Western Regional Water Commission, as a result of adding service connections from the additions of the WCWU and STMGID water utilities. The increase in accrued liabilities is largely due to accrued wages and salaries, due to the increase in staffing as well as associated compensated absences. The increase in interest payable is due to the assumption of the \$9.1 million DWSRF loan from the WCWU. The increase in customer and developer deposits is due to TMWA assuming certain due to developer liabilities from the WCWU and increased customer deposits as a result of adding the service connections from the WCWU and STMGID. Current liabilities payable from restricted assets decreased due to \$0.9 million less principal payments due and \$0.1 million less in interest payments due.

At June 30, 2016, total long term liability – other increased by \$4.6 million from fiscal year end 2015. This liability represents TMWA’s proportionate share of the net pension liability of the Public Employees Retirement System of Nevada (NVPERS), the recording of which is required by GASB 68. At June 30, 2015, total long term pension liability increased \$22.3 million from fiscal year end 2014. This increase was due to the adoption of GASB 68.

### TMWA’s Changes in Net Position

(in millions)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Operating Revenues	\$ 91.9	\$ 90.0	\$ 84.3
Operating Expenses	<u>80.6</u>	<u>70.1</u>	<u>59.3</u>
Operating Income	11.3	19.9	25.0
Nonoperating Revenues (Expenses) net	<u>(16.5)</u>	<u>(23.5)</u>	<u>(20.4)</u>
Income before Capital Contributions	(5.2)	(3.6)	4.6
Capital Contributions	26.3	19.6	5.5
Special Item - WCWU transfer of operations	<u>-</u>	<u>231.5</u>	<u>-</u>
Change in Net Position	<u>21.1</u>	<u>247.5</u>	<u>10.1</u>
Net Position - BOY, as previously reported	563.9	311.6	301.5
Prior period adjustment for GASB 68	-	(24.9)	-
Prior period adjustment for STMGID merger	<u>-</u>	<u>29.7</u>	<u>-</u>
Net Position - BOY, as restated	<u>563.9</u>	<u>316.4</u>	<u>301.5</u>
Net Position - EOY	<u>\$ 585.0</u>	<u>\$ 563.9</u>	<u>\$ 311.6</u>

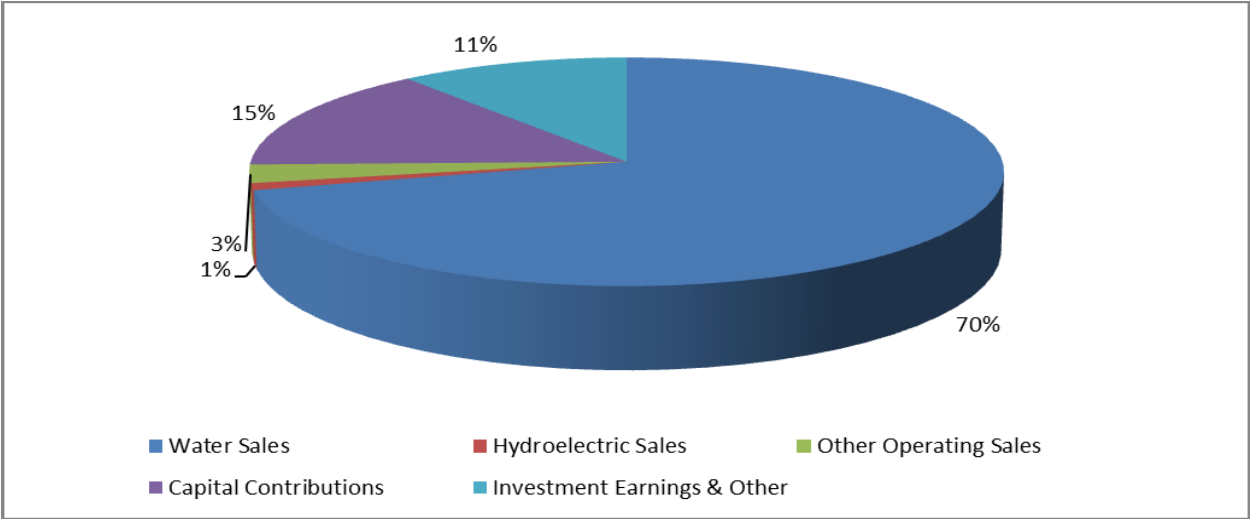
### TMWA’s Revenues

(In millions)

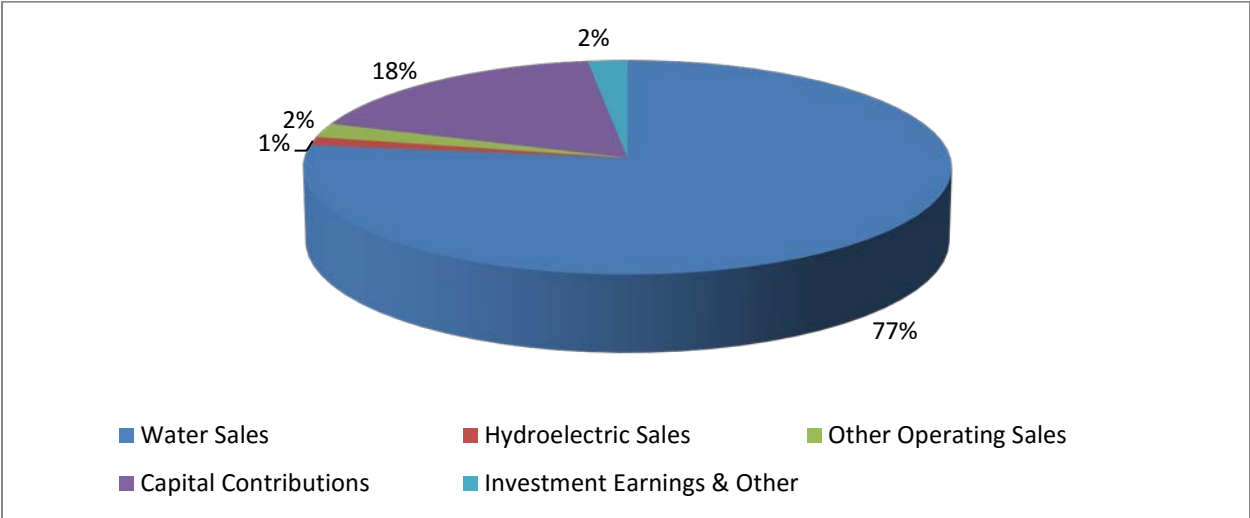
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenues			
Operating Revenues			
Water Sales	\$ 87.5	\$ 86.2	\$ 79.2
Hydroelectric Sales	1.2	1.4	3.0
Other Operating Sales	<u>3.2</u>	<u>2.4</u>	<u>2.1</u>
	<u>91.9</u>	<u>90.0</u>	<u>84.3</u>
Nonoperating Revenues			
Investment Earnings	6.7	2.1	2.1
Other	<u>6.5</u>	<u>0.3</u>	<u>0.1</u>
	<u>13.2</u>	<u>2.4</u>	<u>2.2</u>
Capital Contributions	<u>19.3</u>	<u>19.6</u>	<u>5.5</u>
<b>Total Revenues</b>	<u>\$ 124.4</u>	<u>\$ 112.0</u>	<u>\$ 92.0</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2016, 2015, and 2014.

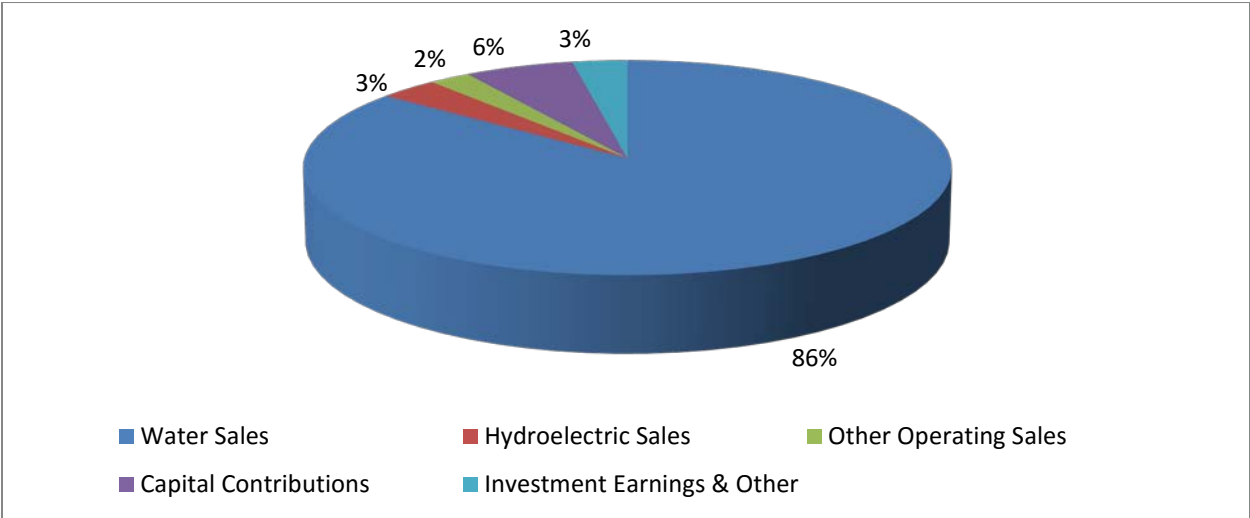
**Total Revenues for the Year Ended June 30, 2016**



**Total Revenues for the Year Ended June 30, 2015**



**Total Revenues for the Year Ended June 30, 2014**





For fiscal year 2016, total operating revenues increased \$1.9 million from fiscal year 2015. Water sales were \$87.5 million, \$1.3 million or 1.56% greater than in fiscal year 2015. Water sales were less than expected from the first full year as a consolidated water utility by \$7.8 million due mainly due to conservation. Hydroelectric sales decreased by \$0.2 million due to lower river levels early in the fiscal year 2016. Other operating sales increased by \$0.8 million due to additional fees collected related to increasing construction activity. Investment earnings were higher by \$4.6 million in fiscal year 2016 due to a payment from Bank of America. As part of the 2016 bond refunding, there was a partial release of a forward delivery agreement with Bank of America, and they will no longer be required to provide a 5.5% interest rate on a portion of TMWA's debt reserves balance. Bank of America paid TMWA \$4.4 million dollars for the release of this commitment. Other nonoperating revenue increased \$6.2 million mainly due to \$7.0 million in water rights sold to the Pyramid Lake Paiute Tribe as part of the implementation of TROA. Offsetting was a \$0.6 million loss on disposal of assets.

For fiscal year 2016, capital contributions decreased by \$0.3 million from fiscal year 2015. This decrease was mainly due to the Farad Hydroelectric Plant river diversion dam settlement payment for \$9.6 million received in fiscal year 2015. Offsetting were developer infrastructure contributions of \$8.5 million, \$5.8 million higher than fiscal year 2015. This is mainly due to increasing residential construction activity. Sales of water (rights) will serves of \$4.4 million, \$2.5 million higher than fiscal year 2015, were also indicative of this construction trend.

For fiscal year 2015, total operating revenues increased \$5.7 million from fiscal year 2014. Water sales were \$86.2 million, \$7.0 million or 8.8% greater than in fiscal year 2014. The addition of \$9.5 million in incremental water sale revenues as a result of merging the WCWU and STMGID into TMWA was offset by less water demands at TMWA which lead to a decrease of approximately \$2.5 million in water sales revenue. This was as a result of instituting conservation measures due to the persistent drought. Hydroelectric revenues decreased to \$1.4 million or \$1.7 million less than the previous year. This decrease was due to extremely low river flows due to persistent drought conditions in light of excellent plant availabilities. Other operating sales were \$0.3 million greater than fiscal year 2014 and are attributable to increased inspection fees on increasing residential construction activity.

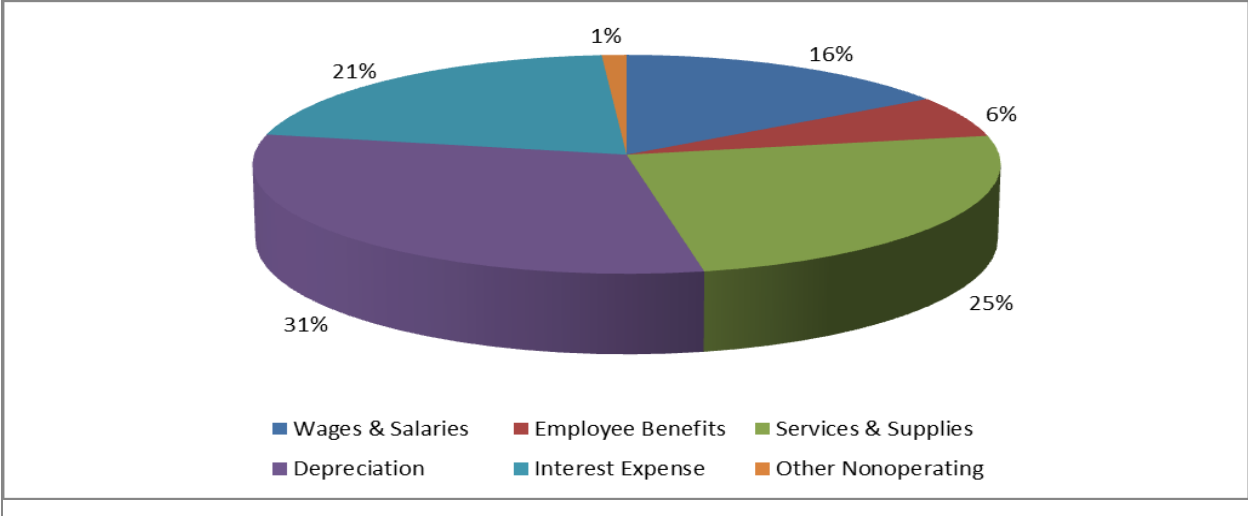
For fiscal year 2015, capital contributions increased by \$14.1 million from fiscal year 2014. This increase was primarily due to a contribution from NV Energy as a result of a partial settlement with their insurers for the reconstruction of the Farad Hydroelectric Plant river diversion dam for \$9.6 million. Various developer connection fees and will serve sales made up the balance of the increase due to more robust residential construction, as the economy improves in the TMWA service area.

**TMWA's Expenses**  
(in millions)

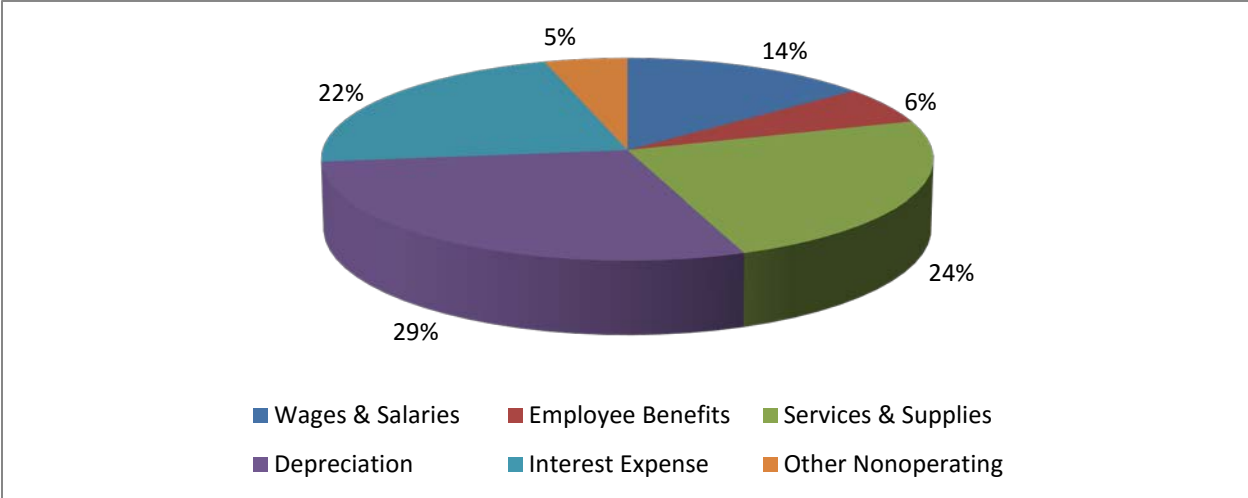
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 16.5	\$ 13.8	\$ 11.9
Employee Benefits	6.4	5.2	5.1
Services & Supplies	25.6	23.2	19.3
Depreciation	32.1	27.9	23.0
	<u>80.6</u>	<u>70.1</u>	<u>59.3</u>
Nonoperating Expenses			
Interest Expense	21.5	21.3	21.3
Other Nonoperating Expenses	1.2	4.6	1.3
	<u>22.7</u>	<u>25.9</u>	<u>22.6</u>
<b>Total Expenses</b>	<u>\$ 103.3</u>	<u>\$ 96.0</u>	<u>\$ 81.9</u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2016, 2015 and 2014:

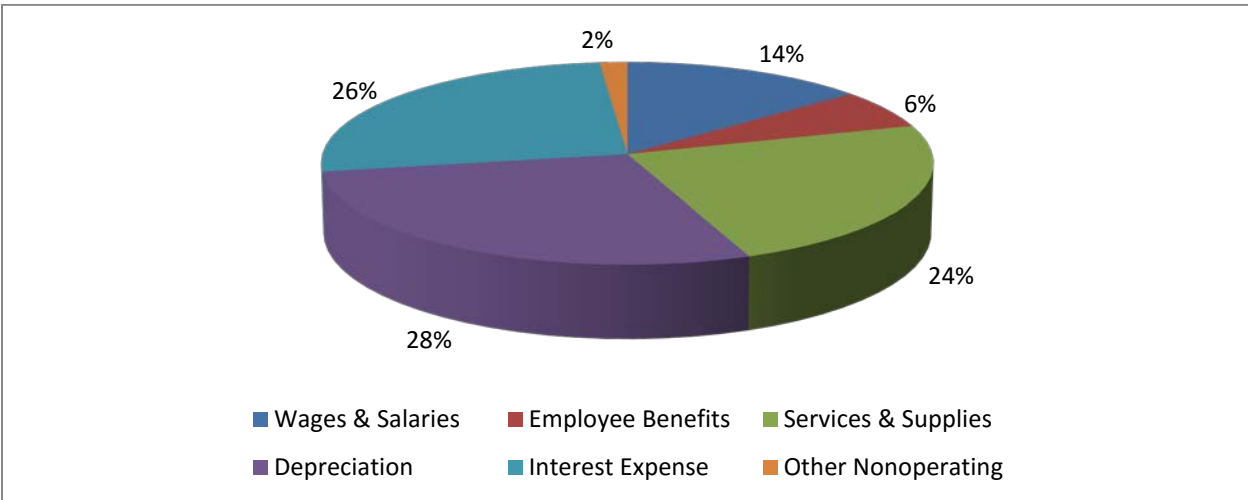
**Total Expenses for the Year Ended June 30, 2016**



**Total Expenses for the Year Ended June 30, 2015**



**Total Expenses for the Year Ended June 30, 2014**



TMWA's operating expenses increased \$10.5 million from fiscal year 2015 to fiscal year 2016. This increase was due to an increase of \$2.8 million in wages and salaries, an increase of \$1.1 million in employee benefits, an increase of \$2.4 million in services and supplies expenses and an increase of \$4.2 million in depreciation expense. The increase in wages and salaries of \$2.8 million is primarily due to the transfer of 25 positions from the WCWU to TMWA, which occurred halfway through fiscal year 2015. In 2016, those employees were with TMWA for a full year. A modest wage increase of approximately 2% added approximately \$0.3 million to total operating wages and salaries. Also, three key directors retired in 2016, and several months of overlapping payroll were required to ensure a smooth transition of duties to new management. Employee benefits increased by \$1.1 million. TMWA's employee health benefits premiums increased by 20% in January of 2016. Health insurance premiums had not changed for three years prior. Services and supplies expense increased \$2.4 million, and depreciation expense increased \$4.2 million and are both directly attributable to the water utility merger.

TMWA's operating expenses increased \$10.8 million from fiscal year 2014 to fiscal year 2015. This increase was due to an increase of \$1.9 million in wages and salaries, an increase \$0.1 million in employee benefits, an increase of \$3.9 million in services and supplies expenses and an increase of \$4.9 million in depreciation expense. The increase in wages and salaries is primarily due to the transfer of 25 positions from the WCWU to TMWA mid year as well as some additional outside hiring. STMGID was contractually operated by the WCWU and had no employees. Also, a modest wage increase of approximately 2% added approximately \$0.3 million to total operating wages and salaries. Employee benefits increased by a modest net amount of \$0.1 million. Actual employee benefits increased by \$0.7 million but was decreased by \$0.6 million as a result of the operating expense impact of adopting GASB 68. Pension expense was \$3.0 million for fiscal year 2015 while contributions to NVPERS was \$3.6 million. Services and supplies expense increased \$3.9 million and is directly attributable to the water utility merger.

Total nonoperating expenses decreased by \$3.2 million to \$22.7 million in fiscal year 2016 from \$25.9 million in fiscal year 2015. The primary reason for the decrease is non-operating expenses related to the merger of \$3.0 million incurred in fiscal year 2015. Offsetting were higher net interest expense of \$0.3 million, and higher amortization of bond/note issuance costs of \$0.2 million year over year.

Total nonoperating expenses increased by \$3.3 million to \$25.9 million in fiscal year 2015 from \$22.6 million in fiscal year 2014. The primary reason for the increase are non-operating expenses related to the merger of \$3.0 million and \$0.6 million in loss on disposal of assets also related to the merger. Net interest expense changed minimally year over year. The merger related expense included \$0.9 million for cost incurred for the merger, \$1.9 million in cash refunds to former STMGID customers that was negotiated in the merger, and \$0.2 million in cash holdback from the WCWU for non-potable water operations retained by the WCWU that reside in the WCWU water operations. By virtue of the Cooperative Agreement, TMWA cannot operate non-potable water systems.

### **CAPITAL ASSETS**

At June 30, 2016, TMWA's total capital assets were \$1,288.1 million before accumulated depreciation of \$357.3 million, for a net book value of \$930.8 million. Included in the total capital assets reported on the Statement of Net Position was \$17.7 million in construction work in progress.

At June 30, 2015, TMWA's total capital assets were \$1,231.0 million before accumulated depreciation of \$325.4 million, for a net book value of \$905.6 million. Included in the total capital assets reported on the Statement of Net Position was \$11.4 million in construction work in progress.

At June 30, 2014, TMWA's total capital assets were \$892.0 million before accumulated depreciation of \$225.3 million, for a net book value of \$666.7 million. Included in the total capital assets was \$7.2 million in construction work in progress.

Detailed information about TMWA's capital assets can be found in Note 5 to TMWA's financial statements.

### **LONG-TERM DEBT**

At June 30, 2016, TMWA had \$508.7 million in total reported debt outstanding. This amount reflects \$480.3 million in total outstanding principal indebtedness, and \$28.4 million net bond premium. Of the \$508.7 million in total reported debt outstanding, \$102.0 million was due within in one year and is classified as short term indebtedness. The total outstanding indebtedness was made up of eleven series of bonds, loans and short term notes. The first reported indebtedness was a \$4.7 million Series 2005 Drinking Water State Revolving Fund (DWSRF) loan provided by the State of Nevada to fund the Arsenic Mitigation Project. In November 2005, TMWA sold \$40.0 million in water revenue bonds, the Series 2005A Bonds, to fund construction projects in the North Virginia corridor. In May 2006, TMWA issued \$150.7 million in refunding bonds to refinance \$146.0 million of outstanding maturities of the Series 2001A bonds. In January 2007, TMWA issued \$219.0 million in refunding bonds to refinance \$212.3 million of outstanding maturities of the Series 2001A bonds. During fiscal year 2009 TMWA obtained another DWSRF loan funded by American Recovery and Reinvestment Act stimulus funding from the federal government. The final loan amount was \$2.4 million. In 2010, TMWA issued \$28.2 million of 2010 Refunding Bonds to refinance \$29.5 million of certain Series 2001A maturities. Also in fiscal year 2010 TMWA entered into another DWSRF loan arrangement authorized for \$8.5 million and drew only \$4.4 million. TMWA inaugurated a Tax-Exempt Commercial Paper (TECP) program in August 2006. TMWA sold in two sales an aggregate of \$43.0 million in TECP notes in fiscal year 2007, and another \$25.0 million in fiscal year 2008. TMWA issued another \$11.4 million on June 28, 2011 for purposes of redeeming the remaining outstanding 2001A bonds to reduce interest expenses. The \$11.4 million issued on June 28, 2011 was redeemed on December 10, 2012. During fiscal year 2015 TMWA issued \$28.8 million in Series 2015A refunding bonds to refinance \$33.0 million of outstanding maturities of the Series 2005A bonds. Also during fiscal year 2015, TMWA entered into the 2014 DWSRF loan as a result of the water utility transfer of operations. The loan balance of \$9.1 million was transferred from Washoe County to TMWA and was originally used to fund the Longley Lane Water Treatment Facility. During fiscal year 2016 TMWA entered into another DWSRF loan arrangement authorized for \$15.0 million and drew \$8.2 million as of year end 2016 to fund the North Valleys Integration Project. TMWA does not expect to draw the full \$15.0 million. Also in fiscal year 2016 TMWA issued \$124.8 million in Series 2016 refunding bonds to refinance \$148.0 million of outstanding maturities of the Series 2006 bonds.

As a result of the transfer of operations of WCWU, TMWA issued \$27.0 million in tax-exempt commercial paper notes in fiscal year 2015, under an expanded liquidity facility, to defease the \$26.1 million in Washoe County water obligations bringing the total outstanding tax-exempt commercial paper notes to \$95.0 million. In fiscal year 2016 TMWA paid down \$7.2 million of commercial paper bringing the total outstanding tax-exempt commercial paper notes to \$87.8 million TMWA intends to re-market the remaining \$87.8 million in outstanding tax-exempt commercial paper notes as maturities come due and all the TECP is classified as a short term indebtedness since the TECP notes mature equal to or less than 270 days.

Detailed information about TMWA's indebtedness can be found in Note 6 to TMWA's financial statements.

**CURRENTLY KNOWN FACTS**

As a result of the merger customer service connection base increased from approximately 94,000 connections to approximately 120,000 service connections.

**CONTACTING TMWA's FINANCIAL MANAGEMENT**

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Comprehensive Annual Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89509-3013.

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and investments	\$ 99,764,684	\$ 104,979,502
Accounts receivable, net	13,580,981	12,616,237
Due from others	313,955	19,566
Due from other governments	45,969	10,096,844
Interest receivable	1,048,498	1,304,308
Prepaid assets and other assets	1,243,125	1,186,025
	115,997,212	130,202,482
Restricted current assets		
Cash and investments		
Water meter retrofit program	2,084,980	1,754,197
Current bond debt service	19,395,405	20,675,394
	21,480,385	22,429,591
Total current assets	137,477,597	152,632,073
Restricted noncurrent assets		
Cash and investments		
Future bond debt service	35,390,010	33,824,151
Operations and maintenance	8,739,954	7,563,710
Renewal and replacement	21,160,870	25,720,896
Water rate stabilization	500,000	500,000
	65,790,834	67,608,757
Noncurrent assets		
Capital assets, not depreciated	147,064,145	123,234,464
Capital assets, depreciated	783,728,106	782,339,301
Prepaid bond insurance and other assets	1,013,985	1,448,867
	931,806,236	907,022,632
Total noncurrent assets	997,597,070	974,631,389
Total assets	1,135,074,667	1,127,263,462
Deferred Outflow of Resources		
Deferred amount on bond refundings	3,053,052	5,470,546
Deferred amount on net pension liability	7,156,688	3,768,872
Total deferred outflow of resources	10,209,740	9,239,418
Total Assets and Deferred Outflow of Resources	\$1,145,284,407	\$1,136,502,880

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2016 and 2015

	2016	2015
<b>Liabilities</b>		
Current liabilities payable from unrestricted current assets		
Accounts payable	\$ 2,909,126	\$ 4,429,632
Contracts and retention payable	2,185,872	2,492,543
Accrued liabilities	4,000,137	3,954,938
Due to other governments	2,137,679	2,866,886
Accrued interest payable	315,707	248,179
Current portion of long-term debt	89,414,845	96,348,107
Customer deposits and amounts due to developers	2,757,239	2,806,156
	<u>103,720,605</u>	<u>113,146,441</u>
Current liabilities payable from restricted current assets		
Current portion of long-term debt	12,620,000	11,220,000
Interest payable	6,775,405	9,455,394
	<u>19,395,405</u>	<u>20,675,394</u>
Total current liabilities	<u>123,116,010</u>	<u>133,821,835</u>
Noncurrent liabilities		
Net pension liability	26,869,406	22,293,306
Long-term debt, net of current portion	406,696,538	410,764,241
Total noncurrent liabilities	<u>433,565,944</u>	<u>433,057,547</u>
Total liabilities	556,681,954	566,879,382
Deferred Inflow of Resources		
Deferred amount on net pension liability	3,486,191	5,749,364
Deferred amount on bond refundings	133,948	-
Total deferred inflows of resources	<u>3,620,139</u>	<u>5,749,364</u>
Total liabilities and deferred inflow of resources	<u>560,302,093</u>	<u>572,628,746</u>
<b>Net Position</b>		
Net investment in capital assets	478,543,111	444,402,572
Restricted for water meter retrofit program	2,084,980	1,754,197
Restricted for debt service	12,620,000	11,220,000
Restricted for operations and maintenance reserve	4,139,954	2,963,710
Restricted for renewal and replacement reserve	21,160,870	25,720,896
Restricted for water rate stabilization	500,000	500,000
Unrestricted	65,933,399	77,312,759
Total net position	<u>584,982,314</u>	<u>563,874,134</u>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<u>\$1,145,284,407</u>	<u>\$1,136,502,880</u>

**Truckee Meadows Water Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2016 and 2015**

	2016	2015
Operating Revenues		
Charges for water sales	\$ 87,534,332	\$ 86,186,698
Hydroelectric sales	1,175,195	1,366,786
Other operating sales	3,219,416	2,475,832
Total operating revenues	<u>91,928,943</u>	<u>90,029,316</u>
Operating Expenses		
Salaries and wages	16,541,811	13,763,006
Employee benefits	6,364,279	5,271,735
Services and supplies	25,575,227	23,180,670
Total operating expenses before depreciation	<u>48,481,317</u>	<u>42,215,411</u>
Depreciation	<u>32,134,190</u>	<u>27,899,449</u>
Total operating expenses	<u>80,615,507</u>	<u>70,114,860</u>
Operating Income	<u>11,313,436</u>	<u>19,914,456</u>
Nonoperating Revenues (Expenses)		
Investment earnings	6,737,745	2,127,009
Net increase in fair value of investments	80,042	15,970
Gain (loss) on disposal of assets	6,460,373	(653,698)
Amortization of bond/note issuance costs	(1,219,746)	(1,004,685)
Interest expense	(21,549,864)	(21,281,117)
Other nonoperating revenue	-	300,000
Other nonoperating expense	-	(3,029,859)
Total nonoperating revenues (expenses)	<u>(9,491,450)</u>	<u>(23,526,380)</u>
Gain (Loss) before Capital Contributions	<u>1,821,986</u>	<u>(3,611,924)</u>
Capital Contributions		
Grants	224,138	276,260
Water meter retrofit program	482,081	1,013,896
Developer infrastructure contributions	8,454,980	2,703,092
Developer will-serve contributions (net of refunds)	4,363,692	1,864,446
Developer capital contributions-other	2,473,163	1,588,158
Developer facility charges (net of refunds)	2,931,940	2,494,434
Contributions from others	356,200	9,698,535
Net capital contributions	<u>19,286,194</u>	<u>19,638,821</u>
Special Item		
Washoe County Water Utility Transfer of Operations	-	231,516,024
Change in Net Position	21,108,180	247,542,921
Net Position, Beginning of Year	<u>563,874,134</u>	<u>316,331,213</u>
Net Position, End of Year	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>



Truckee Meadows Water Authority  
Statements of Cash Flows  
Years Ended June 30, 2016 and 2015

	2016	2015
Operating Activities		
Cash received from customers	\$ 90,753,299	\$ 88,890,996
Cash paid to employees	(24,132,183)	(18,951,287)
Cash paid to suppliers	(26,198,864)	(21,137,019)
Net Cash from Operating Activities	<u>40,422,252</u>	<u>48,802,690</u>
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(49,416,333)	(25,350,434)
Interest paid on financing	(18,904,799)	(19,166,395)
Principal paid on financing	(12,568,107)	(13,071,845)
Proceeds from refunding bonds	149,354,337	33,290,154
Issuance of commercial paper notes	-	27,000,000
Redemption of commercial paper notes	(7,200,000)	-
Proceeds transferred to refunding escrow	(151,026,620)	(61,190,336)
Proceeds from capital debt issuance	8,239,034	-
Proceeds from capital asset disposal	6,460,373	13,945
Contributions for water meter retrofit program	482,081	1,013,896
Contributions from developers-will-serve letters	4,363,692	1,864,446
Contributions from developers-other	2,473,163	1,588,158
Contributions from developers-facility charges	2,931,940	2,494,434
Contributions from others	356,200	9,698,535
Grants	253,131	547,296
Bond/note issuance costs	(1,298,798)	(876,615)
Net Cash used for Capital and Related Financing Activities	<u>(65,500,706)</u>	<u>(42,144,761)</u>
Investing Activities		
Cash received in connection with WCWU transfer of operations	9,678,076	33,682,594
Cash received from STMGID subsequent to merger	162,770	-
Verdi business park receivable	-	(635,000)
Payments received on verdi business park receivable	22,244	55,873
Interest received	7,233,417	2,634,410
Net Cash from Investing Activities	<u>17,096,507</u>	<u>35,737,877</u>
Net Change in Cash and Cash Equivalents	(7,981,947)	42,395,806
Cash and Cash Equivalents, Beginning of Year (including \$90,038,348 in restricted accounts)	<u>195,017,850</u>	<u>152,622,044</u>
Cash and Cash Equivalents, End of Year (including \$87,271,219 in restricted accounts)	<u>\$ 187,035,903</u>	<u>\$ 195,017,850</u>

Truckee Meadows Water Authority  
Statements of Cash Flows  
Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 11,313,436	\$ 19,914,456
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	32,134,190	27,899,449
Other nonoperating revenues	-	480,000
Other nonoperating expenses	-	(3,029,858)
Pension expense	3,459,922	2,944,177
Pension contributions	(4,534,811)	(3,629,441)
Changes in assets and liabilities		
Accounts receivable, net	(964,744)	(278,840)
Due from others	(294,389)	385,003
Due from other governments	132,406	106,812
Prepaid assets	(62,219)	(312,738)
Accounts payable	(738,224)	2,889,250
Accrued liabilities	45,199	954,956
Due to customers and developers	(48,917)	155,677
Due to other governments	(19,597)	323,787
Total adjustments	29,108,816	28,888,234
Net Cash from Operating Activities	\$ 40,422,252	\$ 48,802,690
Non-Cash Capital and Related Financing Activities		
Developer infrastructure contributions	\$ 8,454,980	\$ 2,703,092
Amortization of bond insurance expenses	417,757	60,555
Amortization of net bond premium	(486,796)	(625,608)
Amortization of refunding allowances to interest expense	2,735,233	3,006,885
Supplemental Cash Flows Information		
Capitalization of interest expense	486,001	269,461
Capitalization of interest revenue	165,059	85,885
Net capital assets from WCWU transfer of operations	-	225,193,242
Net capital assets from STMGID merger	-	12,746,685
Developer obligations assumed from WCWU transfer of operations	-	1,137,887

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Truckee Meadows Water Authority (TMWA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. A summary of the more significant accounting policies applied in the preparation of the accompanying basic financial statements follows.

**Reporting Entity and Purpose**

TMWA is a Joint Powers Authority (JPA) formed in November 2000 under the Joint Powers Legislation of the State of Nevada, pursuant to a Cooperative Agreement among the City of Reno, Nevada, the City of Sparks, Nevada, and Washoe County, Nevada. TMWA was formed to purchase water assets (the Water System), undertake the water utility operations and to develop, manage and maintain supplies of water for the benefit of the Truckee Meadows communities. TMWA purchased the existing water system originally operated by Sierra Pacific Power Company (SPPCo), now known as NV Energy, Inc.

TMWA is governed by a seven member Board of Directors appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County (2 seats)

The cities and county representatives are not required to be elected officials. Modifications to the JPA were approved by the governing bodies in December 2009 which changed the at-large seat into a second seat for Washoe County. The amendments to the JPA were approved by the Attorney General's Office of the State of Nevada effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA, Washoe County's Community Services Department's water utility (WCWU) and the merger of another water utility named South Truckee Meadows General Improvement District (STMGID). The transfer of operations of WCWU and the merger of STMGID occurred on January 1, 2015 with TMWA as the continuing entity.

**Basis of Accounting**

TMWA's activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of the governmental entity. Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet its operating objectives. The financial statements for TMWA are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from an exchange transaction such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues and nonoperating expenses result from nonexchange transactions or ancillary services.

TMWA applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for proprietary activities.

**Truckee Meadows Water Authority**  
Notes to Financial Statements  
June 30, 2016 and 2015

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When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, and then restricted resources as they are required.

### **Budgets and Budgetary Accounting**

TMWA adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada. The Act and TMWA policy include the following major procedures to establish budgetary data:

- On or before April 15, the General Manager of TMWA submits to the Board of Directors a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held on the third Thursday in May.
- Prior to June 1, at a public hearing, the Board of Directors indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget must then be forwarded to the Nevada Department of Taxation for final approval.
- Any revisions that alter total appropriations must be approved in advance by the Board. Formal budgetary integration is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Appropriations lapse at year end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

The budget reflected in the financial statements has been amended from the original amounts in accordance with State statute for the year ended June 30, 2016 and 2015. This presentation for fiscal years 2016 and 2015 is included as Supplementary Information. The presentation for fiscal year 2015 reflects the transfer of operations and merger of the aforementioned water utilities with TMWA as the continuing water utility.

### **Cash and Investments**

Cash balances are, to the extent practical, invested as permitted by law. Monies that are not required for immediate obligations are invested.

Investments authorized by state statutes and TMWA's bond resolutions include, but are not limited to, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP), an external investment pool which is administered by the State Treasurer with oversight by the Board of Finance of the State of Nevada. Investments are reported at fair value, including the investment with LGIP in which the value is the same as the value of the pool shares. Exceptions to the fair valuation of investments are the guaranteed investment contracts which are valued at cost.

Restricted cash and investments are monies that are restricted by legal or contractual requirements.

Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2016 and 2015

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**Cash Equivalents**

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes of value. Based on the nature of the investment policies, all amounts are available on demand and are, therefore, classified as cash equivalents on the Statements of Cash Flows.

**Accounts Receivable**

Accounts receivable is comprised of amounts due from TMWA's customers, net of an allowance for uncollectible accounts. Amounts due from TMWA customers are comprised of amounts billed and an estimate of amounts earned but unbilled for water deliveries prior to fiscal year end.

**Restricted Assets**

Certain proceeds of TMWA's water revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statements of Net Position because their use is limited by applicable bond covenants as follows:

- Current bond debt service - used to segregate resources accumulated for debt service payments over the next twelve months.
- Future bond debt service - used to report resources set aside to make up potential future deficiencies in the current bond debt service.
- Operations and maintenance - used to report resources set aside to subsidize potential deficiencies from TMWA's operation that could adversely affect debt service payments.
- Renewal and replacement - used to report resources set aside to subsidize potential deficiencies in cash flow for replacement of water facilities.
- Water rate stabilization - used to report resources set aside to stabilize customer rates if significant water revenue fluctuations occur.

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit program as mandated by Public Law 101-618.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items have been classified as current.

**Capital Assets**

All purchased property, plant and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Interest cost incurred during the construction phase of the asset is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Developer contributed capital assets are recorded at estimated fair value at the date of contribution to TMWA.

**Truckee Meadows Water Authority**  
Notes to Financial Statements  
June 30, 2016 and 2015

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Depreciation is computed using the straight-line method over the assets' estimated useful lives (in years) as follows:

	<u>Years</u>		<u>Years</u>
Distribution mains	60-75	Hydroelectric facilities	20-80
Plants	15-50	Canals	15-50
Services	15-60	Reservoirs	20-75
Pump stations	15-50	Vehicles	5-10
Tanks	65-75	Furniture and fixtures	10
Wells	15-50	Computer hardware and software	3-5
Pressure reducing stations	25	Lab equipment	5
		Administration buildings	50

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources is its deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, TMWA has deferred outflows of resources related to pensions.

In addition to liabilities, the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflow of resources related to bond refundings and pensions.

### **Pensions**

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Compensated Absences**

Under contract, employees are permitted to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences is accrued as amounts are earned by employees to the extent it is likely TMWA will ultimately pay those benefits. The liability is included in accrued liabilities in the accompanying Statements of Net Position.

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### Classification of Revenues

Operating revenues consist of water sales, hydroelectric sales, miscellaneous fee income and various reimbursements of operating expenses. Nonoperating revenues consist essentially of income derived from investments, and reimbursement for nonoperating activities. Developer facility charges, will-serve contributions and other contributions reflect payments primarily for water service. Developer infrastructure contributions are an estimation of the value of infrastructure built by developers and permanently dedicated to TMWA.

### Implementation of GASB Statement No. 72

As of July 1, 2015, TMWA adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The implementation of these standards requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments are required to organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). Disclosures required by this standard are included in Note 4.

### Note 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code

TMWA conformed to all significant statutory constraints on its financial administration during the year.

### Note 3 - Accounts Receivable, Net

Accounts receivable, net consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Billed amounts	\$ 5,142,543	\$ 5,073,689
Earned, but unbilled amounts	<u>8,675,516</u>	<u>7,807,431</u>
	13,818,059	12,881,120
Allowance for uncollectibles	<u>(237,078)</u>	<u>(264,883)</u>
Accounts receivable, net	<u><u>\$ 13,580,981</u></u>	<u><u>\$ 12,616,237</u></u>

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#### Note 4 - Cash and Investments

In accordance with state statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. At June 30, 2016, the carrying amount of TMWA's deposits of \$1,564,692 was greater than the respective bank balance of \$963,018 by \$601,674. At June 30, 2015, the carrying amount of TMWA's deposits of \$1,301,581 was greater than the respective bank balance of \$1,286,447 by \$15,134. The difference between the carrying amount and bank balance results from outstanding checks and deposits not yet reflected in the bank's records.

As of June 30, 2016, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	\$ 2,156,094	\$ -	\$ 2,156,094
U.S. Agencies	43,470,850	21,664,724	65,135,574
Guaranteed Investment Contracts	29,752,798	-	29,752,798
LGIP	3,219,035	-	3,219,035
Money Market Mutual Funds	67,793,723	-	67,793,723
Corporate Notes	2,376,328	15,021,300	17,397,628
	<u>\$ 148,768,828</u>	<u>\$ 36,686,023</u>	<u>\$ 185,454,851</u>

As of June 30, 2015, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	Total
Investments			
U.S. Treasuries	\$ 11,785,441	\$ 2,203,555	\$ 13,988,996
U.S. Agencies	19,976,476	50,729,618	70,706,094
Guaranteed Investment Contracts	34,356,465	-	34,356,465
LGIP	1,710,247	-	1,710,247
Money Market Mutual Funds	54,079,628	-	54,079,628
Corporate Notes	13,875,124	-	13,875,124
Corporate Commercial Paper	4,999,500	-	4,999,500
	<u>\$ 140,782,881</u>	<u>\$ 52,933,173</u>	<u>\$ 193,716,054</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On July 7, 2005 the TMWA Board adopted an investment policy which further limited its investment choices. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below. TMWA's investment policy does not allow for investment in asset backed securities even though such investments are permitted under state law.



**Interest Rate Risk**

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be mitigated by diversification of durations of fixed rate investments held in the investment portfolio. As a means of limiting TMWA's exposure to this risk, TMWA constantly monitors the bond futures market and ladders investments accordingly to maximize investment returns while balancing the investment maturities with spending requirements. TMWA follows state statute limits of investment in obligations of an agency of the United States or a corporation sponsored by the United States government to those maturing within ten years from the date of purchase.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows state statute for reducing exposure to investment credit risk by investing in guaranteed investment contracts, U.S. Agencies securities; "AAA" rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 142 days at June 30, 2016, and 108 days at June 30, 2015. In addition, guaranteed investment contracts in which TMWA invests are unrated. Investments in U.S. Agencies are rated "AAA" and when investments are made in corporate commercial paper these investments are rated "A-1+"/"P-1". Investments in corporate notes are rated "AAA".

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Securities held by TMWA or by TMWA's custodians are diversified to eliminate risk of loss from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

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At June 30, 2016 and 2015, the following investments by issuer, exceeded 5% of TMWA's total investments:

	June 30, 2016	
Federal Home Loan Bank	\$ 28,229,498	15.09%
Bank of America Guaranteed Investment Contract	29,752,798	15.91%
Federal National Mortgage Association	13,912,523	7.44%
	June 30, 2015	
Federal Home Loan Bank	\$ 47,083,890	24.13%
Bank of America Guaranteed Investment Contract	29,752,798	15.25%
Federal National Mortgage Association	23,622,204	12.11%

### Investments Measured at Fair Value

TMWA 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. TMWA does not have any investments that are measured using level 3 inputs.

TMWA has the following recurring fair value measurements as of June 30, 2016:

	Fair Value June 30, 2016	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 2,156,094	\$ 2,156,094	\$ -
U.S. Agencies	65,135,574	-	65,135,574
LGIP	3,219,035	-	3,219,035
Money Market Mutual Funds	67,793,723	67,793,723	-
Corporate Notes	17,397,628	-	17,397,628
	\$ 155,702,054	\$ 69,949,817	\$ 85,752,237

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TMWA has the following recurring fair value measurements as of June 30, 2015:

	Fair Value June 30, 2015	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 13,988,996	\$ 13,988,996	\$ -
U.S. Agencies	70,706,094	-	70,706,094
LGIP	1,710,247	-	1,710,247
Money Market Mutual Funds	54,079,628	54,079,628	-
Corporate Notes	13,875,124	-	13,875,124
Corporate Commercial Paper	4,999,500	-	4,999,500
	<u>\$ 159,359,589</u>	<u>\$ 68,068,624</u>	<u>\$ 91,290,965</u>

The following is a description of the valuation methodologies used by TMWA for its Level 2 assets:

US agencies – Valued using matrix pricing and market corroborated pricing models.

Corporate notes and commercial paper – Valued based on cash flow models that maximize the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings.

LGIP are State of Nevada Local Government Investment Pool in which TMWA is a voluntary participant. LGIP has regulatory oversight from the Board of Finance of the State of Nevada. TMWA's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. Fair value is determined based on the observable market prices of the underlying assets held by the pool less its liabilities.

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## Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2016 follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 11,419,506	\$ 30,051,945	\$ (23,804,488)	\$ 17,666,963
Land	19,686,804	134,947	(391)	19,821,360
Water rights	92,128,154	17,448,241	(573)	109,575,822
	<u>123,234,464</u>	<u>47,635,133</u>	<u>(23,805,452)</u>	<u>147,064,145</u>
Total capital assets, not being depreciated				
Capital assets, being depreciated				
Distribution mains	477,529,680	10,761,079	(192,293)	488,098,466
Water treatment (plants)	179,849,523	2,232,703	(9,252)	182,072,974
Services	134,919,335	3,636,147	(36,602)	138,518,880
Pump stations	61,382,245	2,856,539	(259,470)	63,979,314
Treated water storage (tanks)	85,293,141	5,270,228	(990,888)	89,572,481
Wells	62,507,165	2,273,706	(157,966)	64,622,905
Pressure regulating stations	8,671,021	175,116	-	8,846,137
Canals	40,087,788	602,016	-	40,689,804
Reservoirs	13,434,262	5,130,513	-	18,564,775
Vehicles	4,007,826	1,619,662	(637,871)	4,989,617
Furniture and fixtures	603,066	17,268	(17,268)	603,066
Computer hardware and software	2,405,854	269,963	(101,126)	2,574,691
Lab equipment	197,578	-	-	197,578
Hydroelectric facilities	24,804,788	185,208	-	24,989,996
Administrative buildings	12,042,500	677,935	-	12,720,435
	<u>1,107,735,771</u>	<u>35,708,083</u>	<u>(2,402,735)</u>	<u>1,141,041,118</u>
Total capital assets, being depreciated				
Less accumulated depreciation:				
Distribution mains	(92,169,125)	(9,048,671)	-	(101,217,796)
Water treatment (plants)	(68,919,145)	(5,686,918)	-	(74,606,063)
Services	(78,131,960)	(7,217,854)	-	(85,349,814)
Pump stations	(15,868,711)	(2,002,930)	198,647	(17,672,994)
Treated water storage (tanks)	(21,043,199)	(2,081,357)	-	(23,124,556)
Wells	(24,849,481)	(2,378,421)	-	(27,227,902)
Pressure regulating stations	(4,998,801)	(404,577)	-	(5,403,378)
Canals	(7,514,604)	(956,872)	-	(8,471,476)
Reservoirs	(4,634,181)	(534,313)	-	(5,168,494)
Vehicles	(1,740,904)	(449,705)	-	(2,190,609)
Furniture and fixtures	(324,746)	(73,530)	-	(398,276)
Computer hardware and software	(808,744)	(464,100)	19,000	(1,253,844)
Lab equipment	(42,802)	(34,394)	-	(77,197)
Hydroelectric facilities	(2,556,391)	(505,594)	-	(3,061,985)
Administrative buildings	(1,793,675)	(294,953)	-	(2,088,627)
	<u>(325,396,470)</u>	<u>(32,134,190)</u>	<u>217,647</u>	<u>(357,313,012)</u>
Total accumulated depreciation				
Total capital assets, being depreciated, net	<u>782,339,301</u>	<u>3,573,893</u>	<u>(2,185,088)</u>	<u>783,728,106</u>
Total Capital Assets, Net	<u>\$ 905,573,765</u>	<u>\$ 51,209,027</u>	<u>\$ (25,990,541)</u>	<u>\$ 930,792,251</u>

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Capital asset activity for the year ended June 30, 2015 follows:

	TMWA July 1, 2014 Balance	STMGID July 1, 2014 Balance	TMWA & STMGID Combined July 1, 2014 Balance	Washoe County Water Utility January 1, 2015 Transferred Balances	FY 15 Increases	FY 15 Decreases	TMWA June 30, 2015 Balance
<b>Capital assets, not being depreciated</b>							
Construction in progress	\$ 7,175,936	\$ -	\$ 7,175,936	\$ 948,239	\$ 24,138,459	\$ (20,843,128)	\$ 11,419,506
Land	12,454,349	824,758	13,279,107	6,314,221	94,783	(1,307)	19,686,804
Water rights	92,128,154	-	92,128,154	-	-	-	92,128,154
<b>Total capital assets, not being depreciated</b>	<b>111,758,439</b>	<b>824,758</b>	<b>112,583,197</b>	<b>7,262,460</b>	<b>24,233,242</b>	<b>(20,844,435)</b>	<b>123,234,464</b>
<b>Capital assets, being depreciated</b>							
Distribution mains	294,270,553	13,912,205	308,182,758	166,866,080	3,300,483	(819,641)	477,529,680
Water treatment (plants)	162,101,563	157,312	162,258,875	15,590,135	2,093,639	(93,126)	179,849,523
Services	109,054,663	3,792,147	112,846,810	18,309,552	3,762,973	-	134,919,335
Pump stations	38,601,818	410,056	39,011,874	22,305,183	253,439	(188,251)	61,382,245
Treated water storage (tanks)	58,760,909	2,881,621	61,642,530	23,296,558	354,053	-	85,293,141
Wells	28,082,334	5,331,943	33,414,277	30,394,940	513,202	(1,815,254)	62,507,165
Pressure regulating stations	5,587,339	620,584	6,207,923	1,971,500	497,178	(5,581)	8,671,021
Canals	40,143,917	-	40,143,917	-	-	(56,129)	40,087,788
Reservoirs	10,989,693	-	10,989,693	-	2,479,453	(34,884)	13,434,262
Vehicles	3,224,177	-	3,224,177	-	1,729,509	(945,860)	4,007,826
Furniture and fixtures	646,329	-	646,329	-	27,714	(70,976)	603,066
Computer hardware and software	2,017,400	-	2,017,400	19,000	675,823	(306,369)	2,405,854
Lab equipment	25,606	-	25,606	-	171,972	-	197,578
Hydroelectric facilities	16,770,581	-	16,770,581	-	8,092,705	(58,498)	24,804,788
Administrative buildings	10,003,842	-	10,003,842	-	2,050,332	(11,674)	12,042,500
<b>Total capital assets, being depreciated</b>	<b>780,280,724</b>	<b>27,105,868</b>	<b>807,386,592</b>	<b>278,752,947</b>	<b>26,002,473</b>	<b>(4,406,242)</b>	<b>1,107,735,771</b>
<b>Less accumulated depreciation:</b>							
Distribution mains	(52,978,909)	(7,063,256)	(60,042,165)	(25,091,291)	(7,304,896)	269,229	(92,169,125)
Water treatment (plants)	(58,650,804)	(136,453)	(58,787,257)	(4,875,173)	(5,326,725)	70,010	(68,919,145)
Services	(55,960,113)	(2,835,279)	(58,795,392)	(12,675,810)	(6,660,758)	-	(78,131,960)
Pump stations	(11,470,571)	(397,769)	(11,868,340)	(2,409,749)	(1,712,793)	122,171	(15,868,711)
Treated water storage (tanks)	(12,391,298)	(1,675,264)	(14,066,562)	(5,302,776)	(1,673,861)	-	(21,043,199)
Wells	(12,744,022)	(2,282,631)	(15,026,653)	(8,838,584)	(1,946,254)	962,010	(24,849,481)
Pressure regulating stations	(3,119,544)	(376,893)	(3,496,437)	(1,116,045)	(389,667)	3,348	(4,998,801)
Canals	(6,630,098)	-	(6,630,098)	-	(940,635)	56,129	(7,514,604)
Reservoirs	(4,248,513)	-	(4,248,513)	-	(385,668)	-	(4,634,181)
Vehicles	(2,422,611)	-	(2,422,611)	-	(263,864)	945,571	(1,740,904)
Furniture and fixtures	(319,098)	-	(319,098)	-	(76,624)	70,976	(324,746)
Computer hardware and software	(653,065)	-	(653,065)	(19,000)	(348,912)	212,233	(808,744)
Lab equipment	(20,484)	-	(20,484)	-	(22,318)	-	(42,802)
Hydroelectric facilities	(2,151,351)	-	(2,151,351)	-	(405,040)	-	(2,556,391)
Administrative buildings	(1,548,838)	-	(1,548,838)	-	(244,837)	-	(1,793,675)
<b>Total accumulated depreciation</b>	<b>(225,309,320)</b>	<b>(14,767,545)</b>	<b>(240,076,865)</b>	<b>(60,328,428)</b>	<b>(27,702,853)</b>	<b>2,711,677</b>	<b>(325,396,470)</b>
<b>Total capital assets, being depreciated, net</b>	<b>554,971,404</b>	<b>12,338,323</b>	<b>567,309,727</b>	<b>218,424,519</b>	<b>(1,700,379)</b>	<b>(1,694,565)</b>	<b>782,339,301</b>
<b>Total Capital Assets, Net</b>	<b>\$ 666,729,843</b>	<b>\$ 13,163,081</b>	<b>\$ 679,892,924</b>	<b>\$ (225,686,978)</b>	<b>\$ 22,532,863</b>	<b>\$ (22,539,000)</b>	<b>\$ 905,573,765</b>

**Note 6 - Long-Term Debt**

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan was subordinate to the 2006 Refunding Bonds, 2007 Refunding Bonds, 2010 Refunding Bonds 2015A Refunding Bonds, and 2016 Refunding Bonds, as well as to any future senior lien bonds.

On November 15, 2005, TMWA issued \$40,000,000 in Series 2005A water revenue bonds which constitute special limited obligations of TMWA. The principal and interest are payable solely from, and secured by an irrevocable pledge of the net revenues derived by TMWA from the operation of the Water System. The bonds do not constitute a general obligation of TMWA, and do not constitute a general obligation of the City of Reno, the City of Sparks, Washoe County, or the State of Nevada. The bonds have a term of 30 years. On May 14, 2015, \$33,050,000 of the bonds were refunded with the Series 2015A Refunding Bonds (see below) on a current basis, with the remaining balance of \$890,000 paid on July 1, 2015.

On May 3, 2006, TMWA issued \$150,745,000 in Series 2006 Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$145,970,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability was removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,901,299. The unamortized balance is being amortized as a component of interest expense over the remaining life of the newly issued debt, which has a shorter remaining life than the original life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over 27 years by \$10,016,065 and resulted in an economic gain of \$5,152,424. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds. On April 12, 2016, \$148,015,000 of the bonds were refunded with the Series 2016 Refunding Bonds (see below) on a current basis, with the remaining balance \$400,000 payable on July 1, 2016.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. After \$11,400,000 of redemptions, total authorized issuance stands at \$148,600,000 in TECP notes. Of the total authorization, TMWA has outstanding \$87,800,000 as of June 30, 2016 and \$95,000,000 as of June 30, 2015. The first draw was on August 16, 2006 for \$30,000,000, a second draw was on December 5, 2006 for \$13,000,000, a third draw was made on February 15, 2008 for \$25,000,000, and a fourth draw was made on June 28, 2011 for \$11,400,000, for a total issuance of \$79,400,000. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012 and issued a fifth draw for \$27,000,000 on December 17, 2014. TMWA has remaining authorization to issue \$53.6 million as of June 30, 2016 and 2015, respectively. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. The third draw was to fund certain construction projects on an interim basis; the fourth draw was for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. The fifth draw was to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The TECP program is facilitated by a direct pay letter of credit (Liquidity Facility) between TMWA and the Bank of Tokyo-Mitsubishi UFJ. The stated amount of the

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Liquidity Facility is \$103,432,878. The average interest rate on the outstanding balance of TECP as of June 30, 2016 was 0.48% and June 30, 2015 was 0.11%. As of June 30, 2016 the total TECP notes outstanding were comprised of 6 tranches ranging from \$6,150,000 to \$23,150,000 with maturities ranging from 30 to 129 days. As of June 30, 2015 the total TECP notes outstanding were comprised of 5 tranches ranging from \$6,750,000 to \$34,000,000 with maturities ranging from 93 and 180 days.

On January 17, 2007, TMWA issued \$218,975,000 in Series 2007 Refunding Bonds, which constitute special limited obligations of TMWA. These bonds were sold to refund \$212,275,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$15,284,819. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over 24 years by \$18,192,500, and resulted in an economic gain of \$10,439,350. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds.

On July 25, 2009, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,309,945. An additional draw was made in fiscal year 2011 for \$91,175 which brought the total draws on the loan balance to \$2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2007 Refunding Bonds, the 2015A Refunding Bonds, and the 2016 Refunding Bonds as well as future senior lien bonds.

On January 28, 2010, TMWA issued \$28,240,000 in Series 2010 Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$29,515,000 in maturities of the Series 2001A Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2001A Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,657,234. The unamortized balance is being amortized as a component of interest expense over the remaining life of the old and new debt, which has the same remaining life. This advance refunding was undertaken to reduce total debt service payments over approximately 3.5 years by \$2,332,160, and resulted in an economic gain of \$1,947,941. The funds in the irrevocable trust were distributed to 2001A bondholders as of July 1, 2011, the call date of the 2001A Bonds.

On February 11, 2010, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water

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System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2007 Refunding Bonds, the 2015A Refunding Bonds, and the 2016 Refunding Bonds as well as future senior lien bonds.

In connection with the transfer of operations to TMWA of the Washoe County Water utility during fiscal year 2015, TMWA assumed the Washoe County 2005 Water Bond obligation of \$26,100,000. Upon transfer of the obligation, TMWA refunded the 2005 Washoe County Water bonds in an advance refunding utilizing TMWA's Tax-Exempt Commercial Paper Program. As discussed above, \$27,000,000 in commercial paper was issued by TMWA, the proceeds of which were placed in irrevocable trust for the future debt service payments on the Washoe County 2005 Water bonds. Accordingly, the refunded bonds are considered defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$728,084. The unamortized balance is being amortized as a component of interest expense over the original life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over 16 years and resulted in an economic gain of \$19,525,248. The funds in the irrevocable trust were \$0 on June 30, 2016 and \$27,357,502 on June 30, 2015.

On December 31, 2014, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) the 2014 DWSRF Loan, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA as a result of the water utility transfer of operations during fiscal year 2015. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. This loan has remaining term of 10 years. This loan is subordinate to the senior lien 2007 Refunding Bonds, the 2015A Refunding Bonds, and the 2016 Refunding Bonds as well as future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease that callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This advance refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were \$0 and \$33,832,834 at June 30, 2016 and 2015, respectively.

On July 30, 2015, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. Total amount authorized was \$15,000,000. Total construction costs are expected to be \$9,135,000. By June 30, 2016, a total of \$8,239,034 have been drawn and used. The loan will be finalized in fiscal year 2017. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2007 Refunding Bonds, the 2015A Refunding Bonds, and the 2016 Refunding Bonds as well as future senior lien bonds.



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On April 12, 2016, TMWA issued \$124,790,000 in Series 2016 Water Revenue Refunding Bonds, which constitute special limited obligations of TMWA. These bonds were sold to refund \$148,015,000 in maturities of the Series 2006 Bonds. The proceeds of the refunding bond issue were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2006 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statements of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,092,808. The unamortized balance is being amortized as a component of interest expense over the original life of the old debt, which has a shorter remaining life in comparison to the remaining life of the refunding bonds. This advance refunding was undertaken to reduce total debt service payments over 22 years by \$4,332,501, and resulted in an economic gain of \$15,025,124. The funds in the irrevocable trust were distributed to 2006 bondholders as of July 1, 2016, the call date of the 2006 Bonds.

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The following schedules summarize the changes in long-term obligations as of June 30, 2016:

	Final Maturity Date	Authorized	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due in 2016-2017
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 2,860,578	\$ -	\$ 246,834	\$ 2,613,744	\$ 254,810
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	890,000	-	890,000	-	-
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	148,415,000	-	148,015,000	400,000	400,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,800,000	-	510,000	214,290,000	11,390,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,793,196	-	123,669	1,669,527	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	9,435,000	-	9,435,000	-	-
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,981,798	-	209,785	3,772,013	216,659
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	8,733,487	-	767,820	7,965,667	789,547
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	28,750,000	-	-	28,750,000	830,000
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	1/1/2035	15,000,000	-	8,239,034	-	8,239,034	230,150
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	<u>124,790,000</u>	<u>-</u>	<u>124,790,000</u>	<u>-</u>	<u>124,790,000</u>	<u>-</u>
Subtotal		627,061,736	419,659,059	133,029,034	160,198,108	392,489,985	14,234,835
Plus unamortized net bond premium			<u>3,673,290</u>	<u>24,564,337</u>	<u>203,772</u>	<u>28,441,399</u>	
Total debt before tax exempt commercial paper			423,332,349	108,464,697	160,401,880	420,931,384	
TMWA Tax-Exempt Commercial Paper		<u>148,600,000</u>	<u>95,000,000</u>	<u>-</u>	<u>7,200,000</u>	<u>87,800,000</u>	<u>87,800,000</u>
Total Debt		<u>\$ 775,661,736</u>	<u>\$ 518,332,349</u>	<u>\$108,464,697</u>	<u>\$ 167,601,880</u>	<u>\$ 508,731,384</u>	<u>\$ 102,034,835</u>

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The following schedules summarize the changes in long-term obligations as of June 30, 2015:

	Final Maturity Date	Authorized	Balance July 1,2014	Additions	Deletions	Balance June 30,2015	Due in 2015-2016
Supported by User Charges:							
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 3,099,675	\$ -	\$ 239,097	\$ 2,860,578	\$ 246,833
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	34,795,000	-	33,905,000	890,000	890,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	148,785,000	-	370,000	148,415,000	385,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	215,285,000	-	485,000	214,800,000	510,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,916,865	-	123,669	1,793,196	123,669
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	19,855,000	-	10,420,000	9,435,000	9,435,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	4,184,928	-	203,130	3,981,798	209,785
2005 Washoe County Water <sup>1</sup> Bonds 3.25%	1/1/2035	N/A	-	26,100,000	26,100,000	-	-
2014 Water Revenue <sup>2</sup> DWSRF (Tax Exempt) Bonds 2.82%	1/1/2025	9,109,437	-	9,109,437	375,950	8,733,487	767,820
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	-	28,750,000	-	28,750,000	-
Subtotal		487,271,736	427,921,468	63,959,437	72,221,846	419,659,059	12,568,107
Plus unamortized net bond premium			35,590	4,540,154	(902,454)	3,673,290	
Total debt before tax exempt commercial paper			427,957,058	59,419,283	71,319,392	423,332,349	
TMWA Tax-Exempt Commercial Paper <sup>1</sup>		148,600,000	68,000,000	27,000,000	-	95,000,000	95,000,000
Total Debt		\$ 635,871,736	\$ 495,957,058	\$ 86,419,283	\$ 71,319,392	\$ 518,332,349	\$ 107,568,107

<sup>1</sup> TMWA issued \$27.0 million in tax-exempt commercial paper notes to defease \$26.1 million in Washoe County water obligations as a result of the water utility merger

<sup>2</sup> TMWA assumed the remaining balance of \$9.1 million in Washoe county DWSRF Water obligations as a result of the water utility merger

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Annual debt service requirements to maturity for TMWA's bonds and commercial paper are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Debt Service</u>
2017	\$ 102,034,845	\$ 15,641,782	\$ 117,676,627
2018	3,027,521	17,019,896	20,047,417
2019	3,381,970	16,917,930	20,299,900
2020	3,350,676	16,807,223	20,157,899
2021	17,605,814	16,403,854	34,009,668
2022-2026	96,954,899	70,419,307	167,374,206
2027-2031	114,951,284	47,704,460	162,655,744
2032-2036	120,545,468	18,086,773	138,632,241
2037-2038	18,437,508	868,064	19,305,572
Total	<u>\$ 480,289,985</u>	<u>\$ 219,869,289</u>	<u>\$ 700,159,274</u>

Because commercial paper notes have a maturity of less than 270 days, they are presented as maturing in the current year. It is the intent of TMWA that as TECP matures, the interest and principal will be remarketed into new commercial paper notes.

## Note 7 - Net Position

### Restricted Net Position

TMWA records the following restrictions of net position:

Restricted in accordance with bond covenants: TMWA's bond covenants require certain restrictions of TMWA's net position for operations and maintenance, debt service, renewal and replacement, and water rate stabilization.

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program as mandated by Public Law 101-618.

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$11,160,870 and \$15,720,896 as of June 30, 2016 and 2015, respectively, is included in the amount restricted for renewal and replacement.

### Board Designation

The TMWA Board of Directors has designated \$1,300,000 for water rate stabilization. This designation is not reflected as restricted net position, but is considered a designated portion of unrestricted net position.

**Note 8 - Contingent Liabilities**

TMWA was a co-defendant with others, in lawsuits with the Pyramid Lake Paiute Tribe. Those lawsuits have been dismissed as a result of finalization of a water agreement stemming from Public Law 101-618, and the Truckee River Operating Agreement (TROA).

**Boca Dam and Reservoir:** The Truckee Storage Project was constructed to provide a supplemental supply of irrigation water to approximately 29,000 acres of land in the Truckee Meadows surrounding Reno and Sparks, Nevada. Boca Dam and Reservoir (the "Boca Dam"), the major feature of the Truckee Storage Project, was constructed by the United States and is operated by the Washoe County Water Conservation District (the "Conservation District"). As part of the Safety of Dams retrofit being conducted by the Bureau of Reclamation (the "BOR"), the BOR is currently working on conceptual designs for a seismic retrofit project at the base of Boca Dam. Under the safety of dams act, the beneficiary of the authorized purposes of the structure must pay 15% of the reimbursable project cost. Given the complexities of TROA and other matters which complicate identifying who is the beneficiary of the authorized purposes of the structures, the Conservation District is in negotiations with the BOR as to how that 15% will be allocated between irrigation and municipal uses and among beneficiaries of the structure. Cost allocation issues have yet to be resolved. Based upon information received by the Authority, BOR is estimating that the reimbursable project costs may be in the range of \$4.5 million, and that 100% of such costs will be allocated to the Conservation District and assessed to payors of the Conservation District. The Authority currently expects its portion of assessments from the Conservation District for Safety of Dams expenditures may range from \$0.6 million to above \$2.8 million based on cost estimates at this time. As of August 30, 2016, the BOR had spent approximately \$5.3 million in design and engineering costs on the project.

**Mt. Rose Fan Domestic Well Program:** As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan. In addition, TMWA's 2016-2020 Capital Improvement Plan list several major construction projects to move surface water into the affected area during certain times of the year to mitigate adverse effects on groundwater levels.

**Note 9 - Risk Management**

TMWA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. TMWA is responsible for group health insurance premiums payable to the City of Reno for coverage in the City's self-funded health insurance program. All other risks are covered by commercial insurance purchased from independent third parties. There have been no settlements in excess of insurance coverage for the past three years.

**Note 10 - Pensions and Other Employee Benefits****Defined Benefit Pension Plan***Plan Description*

TMWA contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

*Benefits Provided*

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

*Vesting*

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

*Contributions*

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

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PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2015 and June 30, 2016 the Statutory Employer/employee matching rate was 13.25%. The Employer-pay contribution (EPC) rate was 28% and 25.75% for fiscal years June 30, 2016 and 2015, respectively.

TMWA's contributions were \$4,534,811 and \$3,629,411 for the years ended June 30, 2016 and 2015, respectively.

*PERS Investment Policy*

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2015 and 2014:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2015 and 2014, PERS' long-term inflation assumption was 3.5%.

*Net Pension Liability*

At June 30, 2016, TMWA reported a liability for its proportionate share of the net pension liability of \$26,869,406. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, TMWA reported a liability for its proportionate share of the net pension liability of \$22,293,306. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2015 and 2014, TMWA's proportion was .2351 and .2139 percent, respectively.

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*Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of TMWA as of June 30, 2015 and 2014, calculated using the discount rate of 8.00%, as well as what TMWA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current discount rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability, June 30, 2015	\$ 41,058,088	\$ 26,869,406	\$ 15,208,145
Net Pension Liability, June 30, 2014	34,669,529	22,293,306	12,006,345

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

*Actuarial Assumptions*

TMWA's June 30, 2016 net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA's June 30, 2015 net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2015	June 30, 2014
Inflation Rate	3.50%	3.50%
Payroll Growth	5.00% including inflation	5.00% including inflation
Investment Rate of Return	8.00%	8.00%
Productivity Pay Increase	0.75%	0.75%
Projected Salary Increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases	4.60% to 9.75%, depending on service. Rates include inflation and productivity increases
Consumer Price Index	3.50%	3.50%
Other Assumptions	Same as those used in the June 30, 2014 funding actuarial valuation	Same as those used in the June 30, 2013 funding actuarial valuation

Mortality rates for non-disabled male members were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. Mortality rates for non-disabled female members were based on the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. The mortality table used in the actuarial valuation to project mortality rates for all disabled members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of the experience review completed in 2013.



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The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015 and June 30, 2014. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2015 and 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015 and June 30, 2014.

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

For the year ended June 30, 2016, TMWA recognized pension expense of \$3,459,922. At June 30, 2016, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,026,696
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,459,495
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	2,621,877	-
TMWA contributions subsequent to the measurement date	<u>4,534,811</u>	<u>-</u>
	<u>\$ 7,156,688</u>	<u>\$ 3,486,191</u>

\$4,534,811 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

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For the year ended June 30, 2015, TMWA recognized pension expense of \$2,944,177. At June 30, 2015, TMWA 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
Differences between expected and actual experience	\$ -	\$ 1,066,857
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,682,507
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	139,431	-
TMWA contributions subsequent to the measurement date	3,629,441	-
	\$ 3,768,872	\$ 5,749,364

\$3,629,441 reported as deferred outflows of resources related to pensions resulting from TMWA contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 6.55 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2016 will be recognized in pension expense as follows:

Year Ending June 30:

2017	\$ (607,090)
2018	(607,090)
2019	(607,090)
2020	679,683
2021	133,858
Thereafter	143,415

### *Additional Information*

The PERS Comprehensive Annual Financial Report (CAFR) is available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

### **Deferred Compensation Plans**

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. As of June 30, 2016 TMWA had matching contributions totaling \$1,007,308, and \$830,391 as of June 30, 2015.

### **Other Post-Employment Benefit Plans (OPEB)**

TMWA has two “Other Post –Employment Benefit Plans”, (OPEB). The first plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all new hires. The second plan was formed to provide post-employment benefits for benefitted employees who transferred from Washoe County as a result of the water utility consolidation. The first plan is referred to as the §501-c-9 Plan and the second plan is referred to as the §115 Plan. Both Plans reference the Internal Revenue Code sections that the plans were formed under.

#### **§501-c-9 Plan**

Plan Description. The §501-c-9 plan known as The Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (Plan), is a single-employer defined benefit OPEB plan that was established to provide eligible TMWA employees with post-employment health benefits. The Plan was amended to provide post-retirement life insurance benefits in July 2011. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, the Plan is governed by not less than three, but not more than five trustees. Four trustees were appointed by the TMWA Board of Directors, two from non-represented employees and two from represented employees. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel regardless of date of hire. Eligibility requirements benefit levels, employee contributions and employer contributions are amended through TMWA’s collective bargaining agreements for its represented employees and by the TMWA Board of Directors with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group dependents are also covered. The post-December 31, 1997 group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period. For MPAT employees, the annual

Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2016

subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes 62. There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

The number of active participants and retirees as of July 1, 2014, the effective date of the OPEB valuation was 153 and 23, respectively. As of June 30, 2016 and 2015 there were 29 and 26 retirees, respectively, receiving benefits from the Plan.

Funding Policy, Annual OPEB Cost and Net OPEB Obligation. Beginning in fiscal year 2011, the Plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the post-employment health benefits.

TMWA's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 244,429	\$ 244,429	100%	\$ -
2015	244,429	244,429	100%	-
2014	216,956	216,956	100%	-

The net OPEB obligation as of June 30, 2016 and 2015 was calculated as follows:

	<u>2016</u>	<u>2015</u>
Normal cost	\$ 303,827	\$ 303,827
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	<u>(59,398)</u>	<u>(59,398)</u>
Annual OPEB Cost (ARC)	244,429	244,429
Total Contributions	<u>(244,429)</u>	<u>(244,429)</u>
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	<u>-</u>	<u>-</u>
Net OPEB Obligation, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2016

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Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (July 1, 2014) was as follows:

Actuarial Accrued Liability (AAL) (a)	\$ 8,196,010
Actuarial Value of Plan Assets (b)	8,443,923
Unfunded/(Overfunded) Actuarial Accrued Liability (UAAL) (a-b)	\$ (247,913)
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	103.02%
Covered Payroll (c)	\$ 12,941,448
UAAL as a Percentage of Covered Payroll [(a-b)]/(c)	-1.92%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides current year information and multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

### **§115 Plan**

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. Twenty-five employees transferred from Washoe County to TMWA, of which two had no post-employment benefits, and were subsequently enrolled in the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust (§501-c-9 Plan). Of the remaining 23 transferred employees, one left the employment of

Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2016

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TMWA to work for another public agency, which disqualified the individual from future benefits from the §115 Plan, resulting in 22 remaining transferred employees that are entitled to benefits as of June 30, 2015. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this Plan.

Eligibility. There are two employee classifications eligible for benefits in this Plan: Tier I and Tier II classifications.

For Tier I employees/retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA the maximum benefits payable by the Trust will be 100% of the premium for coverage of such retiree under the benefit plans. Tier I employees who have attained the Medicare Eligibility Age during a Trust Plan Year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage and TMWA will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II employees/retirees the maximum benefits to be paid by the Trust who have not attained the age of 65 is to be the same amount of the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree’s behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the Trust towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

For Tier II employees/retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive the equivalent of the State of Nevada’s Medicare Exchange Retiree HRA contribution subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. Medicare then becomes the primary carrier, and the Benefits Plans funded by the Trust are to become secondary. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

In order to receive the benefits described the Tier II employee must be an employee of TMWA immediately prior to drawing their retirement benefits.

The number of active participants and retirees as of January 1, 2015, the effective date of the OPEB valuation was 22 and 0. As of June 30, 2016 and 2015 there were no retirees receiving benefits from the Plan.

Truckee Meadows Water Authority  
Notes to Financial Statements  
June 30, 2016

The net OPEB obligation as of June 30, 2016 and 2015 was calculated as follows:

	2016	2015
Normal cost	\$ 45,592	\$ 45,592
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	29,997	29,997
Annual OPEB Cost (ARC)	75,589	75,589
Total Contributions	(75,589)	(75,589)
Change in net OPEB obligation	-	-
Net OPEB Obligation, Beginning of Year	-	-
Net OPEB Obligation, End of Year	\$ -	\$ -

Funded Status and Funding Progress. The funded status of the Plan as of the most recent actuarial valuation (January 1, 2015) was as follows:

Actuarial Accrued Liability (AAL) (a)	\$ 1,357,972
Actuarial Value of Plan Assets (b)	546,873
Unfunded Actuarial Accrued Liability (UAAL) (a-b)	\$ 811,099
Funded Ratio (Actuarial Value of Plan Assets/AAL) (b/a)	40.27%
Covered Payroll (c)	\$ 1,612,906
UAAL as a Percentage of Covered Payroll [(a-b)/(c)]	50.29%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point in time. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Investment rate of return	6.00%
Projected salary increases	3.00%
Healthcare inflation rate	5.00%

**Note 11 - Commitments**

TMWA has committed \$1,400,000 to further enhancement of the Truckee River as mitigation for operation of the Farad hydroelectric plant, which has yet to be transferred.

TMWA has committed a maximum of 1.5% of its combined operating expense budget and total annual debt service in fiscal year 2016 as a contribution in fiscal year 2016 to the Truckee River Fund of the Community Foundation of Western Nevada, for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA.



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Required Supplementary Information  
**Truckee Meadows Water Authority**

**Truckee Meadows Water Authority**  
**Schedule of Funding Progress – Other Postemployment Benefit Plans**  
**June 30, 2016**

Plan	Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll [(a-b)/c]
501c9 Plan	July 1, 2014	\$ 8,196,010	\$ 8,443,923	\$ (247,913)	103.02%	\$12,941,448	-1.92%
115 Plan	January 1, 2015	1,357,972	546,873	811,099	40.27%	1,612,906	50.29%
		<u>\$ 9,553,982</u>	<u>\$ 8,990,796</u>	<u>\$ 563,186</u>	<u>94.11%</u>	<u>\$14,554,354</u>	<u>3.87%</u>
501c9 Plan	July 1, 2012	<u>\$ 6,228,631</u>	<u>\$ 6,181,506</u>	<u>\$ 47,125</u>	<u>99.24%</u>	<u>\$11,618,408</u>	<u>0.41%</u>
501c9 Plan	March 1, 2010	<u>\$ 4,615,337</u>	<u>\$ 4,967,671</u>	<u>\$ (352,334)</u>	<u>107.63%</u>	<u>\$11,738,368</u>	<u>-3.00%</u>

The July 1, 2014 Actuarial Valuation for the 501c9 Plan reflected a reduced discount rate assumption from 6.5% to 6%, which is the primary reason for the increase in the Actuarial Accrued Liability (AAL) from the July 1, 2012 valuation. The discount rate assumption was reduced from 8% to 6.5% in the July 1, 2012 valuation which is the primary reason for the increase in the Actuarial Accrued Liability (AAL) from the March 1, 2010 valuation.

The 115 Plan was created in December 2014, thus multi-year information on funding progress will be presented when available.

**Truckee Meadows Water Authority**  
**Schedule of TMWA's Share of Net Pension Liability**  
**Public Employees' Retirement System of Nevada (PERS)**  
**Last Ten Fiscal Years\***

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	<u>2015</u>	<u>2014</u>
TMWA's portion of net the pension liability	0.2345%	0.2139%
TMWA's proportionate share of the net pension liability	\$ 26,869,406	\$ 22,293,306
TMWA's covered-employee payroll	\$ 14,077,995	\$ 12,573,558
TMWA's proportional share of the net pension liability as a percentage of its covered-employee payroll	190.86%	177.30%
Plan fiduciary net position as a percentage of the total pension liability	75.13%	76.30%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, TMWA will present information for only those years for which information is available.

Truckee Meadows Water Authority  
Schedule of TMWA Contributions  
Public Employees' Retirement System of Nevada (PERS)  
Last Ten Fiscal Years\*

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	2016	2015
Statutorily required contribution	\$ 4,534,811	\$ 3,629,441
Contributions in relation to the statutorily required contribution	\$ 4,534,811	\$ 3,629,441
Contribution (deficiency) excess	\$ -	\$ -
Employer's covered-employee payroll	\$ 16,314,669	\$ 14,077,995
Contributions as a percentage of covered-employee payroll	27.80%	25.78%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, TMWA will present information for only those years for which information is available.



Supplementary Information  
June 30, 2016 and 2015

# Truckee Meadows Water Authority

**Truckee Meadows Water Authority**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual**  
**Year Ended June 30, 2016**

	Final Budget	Actual	Variance
<b>Operating Revenues</b>			
Charges for water sales	\$ 88,328,024	\$ 87,534,332	\$ (793,692)
Hydroelectric sales	945,552	1,175,195	229,643
Other operating sales	2,580,867	3,219,416	638,549
<b>Total operating revenues</b>	<b>91,854,443</b>	<b>91,928,943</b>	<b>74,500</b>
<b>Operating Expenses</b>			
Salaries and wages	16,609,056	16,541,811	67,245
Employee benefits	8,164,236	6,364,279	1,799,957
Services and supplies	27,666,431	25,575,227	2,091,204
<b>Total operating expenses before depreciation</b>	<b>52,439,723</b>	<b>48,481,317</b>	<b>3,958,406</b>
<b>Depreciation</b>	<b>33,207,312</b>	<b>32,134,190</b>	<b>1,073,122</b>
<b>Total operating expenses</b>	<b>85,647,035</b>	<b>80,615,507</b>	<b>5,031,528</b>
<b>Operating Income</b>	<b>6,207,408</b>	<b>11,313,436</b>	<b>5,106,028</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	2,357,604	6,737,745	4,380,141
Net change in fair value of investments	-	80,042	80,042
Gain (loss) on disposal of assets	(625,000)	6,460,373	7,085,373
Bond/note issue costs and amortization of bond insurance	(1,105,128)	(1,219,746)	(114,618)
Interest expense	(21,191,268)	(21,549,864)	(358,596)
<b>Total nonoperating revenues (expenses)</b>	<b>(20,563,792)</b>	<b>(9,491,450)</b>	<b>11,072,342</b>
<b>Income (Loss) before Capital Contributions</b>	<b>(14,356,384)</b>	<b>1,821,986</b>	<b>16,178,370</b>
<b>Capital Contributions</b>			
Grants	-	224,138	224,138
Water meter retrofit program	540,684	482,081	(58,603)
Developer infrastructure contributions	-	8,454,980	8,454,980
Developer will-serve contributions (net of refunds)	1,152,288	4,363,692	3,211,404
Developer capital contributions-other	906,612	2,473,163	1,566,551
Developer facility charges (net of refunds)	1,505,652	2,931,940	1,426,288
Contributions from others	6,995,000	356,200	(6,638,800)
<b>Net capital contributions</b>	<b>11,100,236</b>	<b>19,286,194</b>	<b>8,185,958</b>
<b>Change in Net Position</b>	<b>\$ (3,256,148)</b>	<b>21,108,180</b>	<b>\$ 24,364,328</b>
<b>Net Position, Beginning of Year</b>		<b>563,874,134</b>	
<b>Net Position, End of Year</b>		<b>\$ 584,982,314</b>	

**Truckee Meadows Water Authority**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual**  
**Year Ended June 30, 2015**

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 85,695,423	\$ 86,186,698	\$ 491,275
Hydroelectric sales	2,251,551	1,366,786	(884,765)
Other operating sales	2,250,675	2,475,832	225,157
<b>Total operating revenues</b>	<b>90,197,649</b>	<b>90,029,316</b>	<b>(168,333)</b>
Operating Expenses			
Salaries and wages	14,682,962	13,763,006	919,956
Employee benefits	6,764,173	5,271,735	1,492,438
Services and supplies	23,935,127	23,180,670	754,457
<b>Total operating expenses before depreciation</b>	<b>45,382,262</b>	<b>42,215,411</b>	<b>3,166,851</b>
Depreciation	30,675,488	27,899,449	2,776,039
<b>Total operating expenses</b>	<b>76,057,750</b>	<b>70,114,860</b>	<b>5,942,890</b>
Operating Income	14,139,899	19,914,456	5,774,557
Nonoperating Revenues (Expenses)			
Investment earnings	2,474,087	2,127,009	(347,078)
Net change in fair value of investments	-	15,970	15,970
Gain (loss) on disposal of assets	-	(653,698)	(653,698)
Bond/note issue costs and amortization of bond insurance	(920,714)	(1,004,685)	(83,971)
Interest expense	(21,573,822)	(21,281,117)	292,705
Other nonoperating revenue	300,000	300,000	-
Other nonoperating expense	(900,000)	(3,029,859)	(2,129,859)
<b>Total nonoperating revenues (expenses)</b>	<b>(20,620,449)</b>	<b>(23,526,380)</b>	<b>(2,905,931)</b>
Income (Loss) before Capital Contributions	(6,480,550)	(3,611,924)	2,868,626
Capital Contributions			
Grants	-	276,260	276,260
Water meter retrofit program	656,892	1,013,896	357,004
Developer infrastructure contributions	1,189,188	2,703,092	1,513,904
Developer will-serve contributions (net of refunds)	272,004	1,864,446	1,592,442
Developer capital contributions-other	520,980	1,588,158	1,067,178
Developer facility charges (net of refunds)	1,532,965	2,494,434	961,469
Contributions from others	9,605,400	9,698,535	93,135
<b>Net capital contributions</b>	<b>13,777,429</b>	<b>19,638,821</b>	<b>5,861,392</b>
Special Item			
Washoe County Utility Transfer of Operations	-	231,516,024	231,516,024
Change in Net Position	<u>\$ 7,296,879</u>	247,542,921	<u>\$ 240,246,042</u>
Net Position, Beginning of Year (as restated)		316,331,213	
Net Position, End of Year		<u>\$ 563,874,134</u>	



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Statistical Section  
**Truckee Meadows Water Authority**



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.

<b><u>Section Contents</u></b>	<b><u>Section No.</u></b>
<p><b>Financial Trends</b>            These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</p>	<b>1-6</b>
<p><b>Revenue Capacity</b>            These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its water sales and other revenues.</p>	<b>7-8</b>
<p><b>Debt Capacity</b>            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.</p>	<b>9</b>
<p><b>Demographic and Economic Information</b>            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.</p>	<b>10-12</b>
<p><b>Operating Information</b>            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.</p>	<b>13-17</b>
<p><b>Debt Ratios</b>            These schedules contain information about changes in the Authority's debt and its debt in relation to service connections.</p>	<b>18-19</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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	Fiscal Year			
	<u>2016*</u>	<u>2015*</u>	<u>2014</u>	<u>2013</u>
Net Position				
Net investment in capital assets	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785	\$ 227,319,870
Restricted	40,505,804	42,158,803	25,198,683	22,644,404
Unrestricted	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>	<u>51,471,349</u>
Total Net Position	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>	<u>\$ 301,435,623</u>

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

Truckee Meadows Water Authority  
Schedule No. 1 – Net Position by Component  
Last Ten Fiscal Years

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Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 222,418,497	\$ 223,410,534	\$ 220,473,195	\$ 204,972,595	\$ 177,972,803	\$ 152,295,208
13,678,852	22,873,643	23,515,136	23,947,116	16,387,385	15,707,241
57,107,888	41,907,040	43,968,725	56,186,497	87,278,594	87,347,874
<u>\$ 293,205,237</u>	<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>

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Truckee Meadows Water Authority  
Schedule No. 2 – Changes in Net Position  
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Special Item	Change in Net Position
2016*	\$ 91,928,943	\$ 80,615,507	\$ 11,313,436	\$ (9,491,450)	\$ 1,821,986	\$ 19,286,194	-	\$ 21,108,180
2015*	90,029,316	70,114,860	19,914,456	(23,526,380)	(3,611,924)	19,638,821	231,516,024	247,542,921
2014	84,315,390	59,317,860	24,997,530	(20,386,339)	4,611,191	5,516,204	-	10,127,395
2013	85,577,107	59,619,074	25,958,033	(20,675,251)	5,282,782	2,947,604	-	8,230,386
2012	81,790,499	56,622,273	25,168,226	(19,023,050)	6,145,176	1,109,062	-	7,254,238
2011	76,246,433	55,542,274	20,704,159	(21,802,941)	(1,098,782)	1,332,941	-	234,159
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

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.



	Fiscal Year			
	2016*	2015*	2014	2013
Operating Revenues				
Revenues from water sales				
Residential unmetered water sales	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811	\$ 10,288,324
Residential metered water sales	60,198,267	51,796,871	44,137,033	43,957,551
Commercial metered water sales	11,026,132	11,339,953	10,755,824	10,885,539
Irrigation metered & fire protection	11,554,063	11,123,168	10,720,156	11,031,924
Wholesale sales	1,029,954	2,560,399	3,845,593	3,748,276
Total water sales	87,534,332	86,186,698	79,190,417	79,911,614
Hydroelectric revenue	1,175,195	1,366,786	3,045,147	3,557,965
Other operating revenues	3,219,416	2,475,832	2,079,826	2,107,528
Total operating revenues	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>	<u>\$ 85,577,107</u>

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

Truckee Meadows Water Authority  
 Schedule No. 3 – Operating Revenues by Customer Class  
 Last Ten Fiscal Years

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 10,899,330	\$ 11,611,351	\$ 13,115,143	\$ 14,216,666	\$ 15,310,296	\$ 16,612,010
41,476,536	37,636,859	35,962,518	34,646,185	34,940,141	35,085,859
10,473,659	10,214,401	10,112,854	9,812,718	10,326,007	10,415,049
10,129,233	9,007,523	8,894,110	8,716,187	8,880,817	9,076,013
3,473,100	2,938,106	3,136,081	2,833,330	3,228,785	3,083,877
76,451,858	71,408,240	71,220,706	70,225,086	72,686,046	74,272,808
3,519,897	3,079,158	2,577,660	2,769,918	2,836,521	3,136,806
1,818,744	1,759,035	1,869,482	2,018,822	2,697,601	3,610,675
<u>\$ 81,790,499</u>	<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>

	Fiscal Year			
	2016*	2015*	2014	2013
Salaries and wages	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022	\$ 11,128,162
Employee benefits	6,364,279	5,271,735	5,045,922	4,819,187
Contract services	7,335,521	6,321,061	4,826,066	4,868,532
Utilities/power	5,386,413	5,449,347	5,189,312	4,571,453
Prof services (general/legal/media/leg)	2,512,154	3,132,132	2,538,097	1,610,614
Supplies	2,700,906	2,572,699	1,736,763	1,522,106
Chemicals	1,803,614	1,554,496	1,383,824	1,333,002
Insurance and claims	742,006	684,021	501,300	534,577
Leases and rentals	96,290	79,640	70,196	74,596
Other expenses	4,998,323	3,387,273	3,802,687	3,810,820
Total operating expenses before depreciation	48,481,317	42,215,411	37,101,189	34,273,048
Depreciation	32,134,190	27,899,449	22,517,885	22,349,225
Total Operating Expenses	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>	<u>\$ 56,622,273</u>

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

Truckee Meadows Water Authority  
 Schedule No. 4 – Operating Expenses  
 Last Ten Fiscal Years

		Fiscal Year									
		2012	2011	2010	2009	2008	2007				
\$	11,049,337	\$	11,180,101	\$	11,619,701	\$	11,665,974	\$	10,083,912	\$	9,852,372
	4,537,531		4,378,347		4,429,266		4,528,891		3,967,687		3,868,295
	5,090,741		5,488,432		6,623,576		5,848,255		5,489,563		6,054,308
	4,432,932		6,639,620		7,384,879		7,292,830		7,055,167		5,763,686
	1,254,751		1,909,575		2,751,236		2,755,823		2,331,511		2,591,223
	1,155,351		1,112,419		1,319,905		1,496,065		1,427,467		1,456,754
	1,361,144		1,653,424		1,443,177		1,231,681		1,165,321		1,295,165
	608,352		647,983		611,405		644,638		645,064		584,651
	84,844		69,472		124,563		-		58,181		189,674
	3,645,076		3,318,784		3,754,603		4,310,112		4,087,764		3,665,756
	33,220,057		36,398,157		40,062,310		39,774,269		36,311,637		35,321,884
	22,322,217		21,990,618		22,153,951		20,817,485		19,241,869		16,932,768
\$	<u>55,542,274</u>	\$	<u>58,388,775</u>	\$	<u>62,216,261</u>	\$	<u>60,591,754</u>	\$	<u>55,553,506</u>	\$	<u>52,254,652</u>

**Truckee Meadows Water Authority**  
**Schedule No. 5 – Nonoperating Revenues and Expenses**  
**Last Ten Fiscal Years**

Fiscal Year	Investment Earnings	Interest Expense	Grants	Gain/(Loss) on Disposal of Assets	Other Revenue or Expenses	Total Nonoperating Expenses
2016*	\$ 6,737,745	\$ (21,549,864)	\$ -	\$ 6,460,373	\$ (1,139,704)	\$ (9,491,450)
2015*	2,127,009	(21,281,117)	-	(653,698)	(3,718,574)	(23,526,380)
2014	2,051,156	(21,282,412)	-	(136,300)	(1,018,783)	(20,386,339)
2013	2,007,375	(21,791,975)	-	(21,463)	(869,188)	(20,675,251)
2012	2,277,298	(21,786,675)	791,773	(611,086)	305,640	(19,023,050)
2011	2,322,169	(22,431,967)	274,837	(4,705)	(1,963,275)	(21,802,941)
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)

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

**Truckee Meadows Water Authority**  
**Schedule No. 6 – Capital Contributions by Source**  
**Last Ten Fiscal Years**

<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>
2016*	\$4,363,692	\$ 8,454,980	\$2,473,163	\$ 482,081	\$ 2,931,940	\$ 224,138	\$ 356,200	\$ 19,286,194
2015*	1,864,446	2,703,092	1,588,158	1,013,896	2,494,434	276,260	9,698,535	19,638,821
2014	1,529,129	1,723,023	410,447	479,488	963,660	343,628	66,829	5,516,204
2013	201,871	702,699	469,732	174,698	1,047,715	208,227	142,662	2,947,604
2012	173,599	263,249	153,475	173,094	263,089	-	82,556	1,109,062
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

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

**Truckee Meadows Water Authority**  
**Schedule No. 7 – Gallons of Water Sold and Revenues by Category**  
**Last Ten Fiscal Years**

Category	2016*		2015*	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	--(1)	\$ 3,725,916	--(1)	\$ 9,366,307
Residential Metered	14,633,319	60,198,267	15,151,881	51,796,871
Commercial	4,086,057	11,026,132	4,350,417	11,339,953
Other <sup>(2)</sup>	2,579,408	11,554,063	2,913,757	11,123,168
Wholesale	542,875	1,029,954	1,598,995	2,560,399
<b>Total</b>	<b>21,841,659</b>	<b>\$ 87,534,332</b>	<b>24,015,050</b>	<b>\$ 86,186,698</b>
	2014		2013	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	--	\$ 9,731,811	--	\$ 10,288,324
Residential Metered	11,581,326	44,137,033	11,916,455	43,957,551
Commercial	3,913,088	10,755,824	4,083,972	10,885,539
Other <sup>(2)</sup>	2,688,389	10,720,156	2,816,474	11,031,924
Wholesale	2,070,593	3,845,593	1,982,557	3,748,276
<b>Total</b>	<b>20,253,396</b>	<b>\$ 79,190,417</b>	<b>20,799,458</b>	<b>\$ 79,911,614</b>
	2012		2011	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	--	\$ 10,899,330	--	\$ 11,611,351
Residential Metered	11,077,177	41,476,536	10,233,494	37,636,859
Commercial	3,902,183	10,473,659	3,925,081	10,214,401
Other <sup>(2)</sup>	2,543,132	10,129,233	2,279,226	9,007,523
Wholesale	1,831,821	3,473,100	1,573,720	2,938,106
<b>Total</b>	<b>19,354,313</b>	<b>\$ 76,451,858</b>	<b>18,011,521</b>	<b>\$ 71,408,240</b>
	2010		2009	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	--	\$ 13,115,143	--	\$ 14,216,666
Residential Metered	9,940,587	35,962,518	11,319,330	34,646,185
Commercial	4,642,286	10,112,854	3,051,746	9,812,718
Other <sup>(2)</sup>	1,858,589	8,894,110	3,059,335	8,716,187
Wholesale	1,284,293	3,136,081	1,659,709	2,833,330
<b>Total</b>	<b>17,725,755</b>	<b>\$ 71,220,706</b>	<b>19,090,120</b>	<b>\$ 70,225,086</b>
	2008		2007	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered <sup>(1)</sup>	--	\$ 15,310,296	--	\$ 16,612,010
Residential Metered	10,385,949	34,940,141	10,219,912	35,085,859
Commercial	4,547,882	10,326,007	4,397,648	10,415,049
Other <sup>(2)</sup>	2,677,005	8,880,817	2,665,330	9,076,013
Wholesale	1,763,412	3,228,785	1,773,874	3,083,877
<b>Total</b>	<b>19,374,248</b>	<b>\$ 72,686,046</b>	<b>19,056,764</b>	<b>\$ 74,272,808</b>

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

<sup>(1)</sup> Complete consumption information is not available for unmetered customers.

<sup>(2)</sup> These accounts include irrigation and fire protection/sprinkler systems located on the premises of residential and commercial customers.

Truckee Meadows Water Authority  
 Schedule No. 8 – Ten Largest Customers  
 June 30, 2016

<u>Customer Name</u>	<u>Water Used (000s Gallons)</u>	<u>Total Revenue</u>	<u>% of Total Water Sales</u>
1 Sun Valley Water	542,875	\$ 997,072	1.1%
2 Washoe County School District	335,471	979,152	1.1%
3 City of Reno	241,871	825,485	0.9%
4 Washoe County	177,797	529,417	0.6%
5 City of Sparks	116,630	401,553	0.5%
6 Nevada Properties (Peppermill)	162,809	391,694	0.4%
7 University of Nevada Reno	137,419	341,121	0.4%
8 Somerset HOA	94,487	321,226	0.4%
9 GSR Holdings, LLC	160,593	290,629	0.3%
10 Renown System	100,476	259,301	0.3%
Totals	<u>2,070,428</u>	<u>\$ 5,336,650</u>	<u>6.1%</u>

City of Reno includes the Reno Housing Authority.



	Fiscal Year			
	2016*	2015*	2014	2013
Operating revenues <sup>(1)</sup>	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912
Nonoperating revenues <sup>(2)</sup>	11,132	5,970	7,176	7,672
Gross revenues	98,666	92,157	86,366	87,584
Operation and maintenance expenses <sup>(3)</sup>	48,030	41,875	35,850	36,672
Contribution to water rate stabilization	-	-	-	-
Taxes other than income taxes <sup>(4)</sup>	451	443	440	429
Total expenses	48,481	42,318	36,290	37,101
Net Revenues	\$ 50,185	\$ 49,839	\$ 50,076	\$ 50,483
Senior Lien Annual Debt Service <sup>(5)</sup>	\$ 31,780	\$ 29,955	\$ 31,285	\$ 29,672
Senior Lien Debt Coverage excluding SDCs	1.58	1.66	1.60	1.70
System Development Charges (SDCs):				
Developer facility charges	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048
Developer capital contributions - other	2,473	1,588	410	470
Senior Lien Debt Coverage including SDCs <sup>(6)</sup>	1.75	1.80	1.64	1.75

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

<sup>(1)</sup> Includes retail residential, commercial, irrigation water sales and wholesale water sales net of bad debt expense.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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 2001A 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.

<sup>(6)</sup> TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001A bonds. This resulted in a one time increase in senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x.

Truckee Meadows Water Authority  
 Schedule No. 9 – Debt Service Coverage Ratios  
 Last Ten Fiscal Years

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 76,452	\$ 71,408	\$ 71,221	\$ 70,225	\$ 72,686	\$ 74,272
7,643	7,253	6,669	9,197	13,822	14,451
<u>84,095</u>	<u>78,661</u>	<u>77,890</u>	<u>79,422</u>	<u>86,508</u>	<u>88,723</u>
33,851	32,802	35,979	39,646	39,342	35,855
-	-	-	-	-	-
422	418	419	416	432	457
<u>34,273</u>	<u>33,220</u>	<u>36,398</u>	<u>40,062</u>	<u>39,774</u>	<u>36,312</u>
<u>\$ 49,822</u>	<u>\$ 45,441</u>	<u>\$ 41,492</u>	<u>\$ 39,360</u>	<u>\$ 46,734</u>	<u>\$ 52,411</u>
<u>\$ 21,295</u>	<u>\$ 31,191</u>	<u>\$ 31,124</u>	<u>\$ 31,420</u>	<u>\$ 31,427</u>	<u>\$ 33,525</u>
<u>2.34</u>	<u>1.46</u>	<u>1.33</u>	<u>1.25</u>	<u>1.49</u>	<u>1.56</u>
\$ 263	\$ 253	\$ 438	\$ 774	\$ 3,412	\$ 5,684
153	127	185	541	2,401	5,802
<u>2.36</u>	<u>1.47</u>	<u>1.35</u>	<u>1.29</u>	<u>1.67</u>	<u>1.91</u>

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Truckee Meadows Water Authority  
 Schedule No. 10 – Schedule of Total Building Permits Issued  
 By Jurisdiction/Member Entity  
 Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Washoe County</u>	<u>City of Reno</u>	<u>City of Sparks</u>
2016	2,121	5,144	3,712
2015	1,807	4,792	3,581
2014	1,669	4,316	2,579
2013	1,516	3,214	2,393
2012	1,578	2,917	2,463
2011	1,272	2,919	1,763
2010	1,279	3,030	2,007
2009	1,586	3,592	2,579
2008	2,222	4,744	3,636
2007	2,829	6,737	4,544

Source: As reported by each local governmental entity.

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Fiscal Year	Population <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Total Personal Income <sup>(2)</sup>	Unemployment Rate (Percent) <sup>(5)</sup>
2016	451,248	\$ 51	37.5	63,670	\$ 20,165,000	5.90%
2015	441,165	48	37.4	63,108	19,077,000	6.40%
2014	436,647	48	37.6	62,986	18,833,000	7.20%
2013	434,120	47	37.6	62,424	18,284,145	9.80%
2012	427,704	45	37.4	62,323	17,849,009	12.3%
2011	421,593	49	37.2	62,324	17,944,975	13.2%
2010	417,379	47	37.0	62,452	17,421,365	13.6%
2009	416,632	45	36.4	63,310	18,550,337	11.7%
2008	423,833	46	36.5	63,635	19,392,856	6.8%
2007	406,335	44	34.5	63,044	18,378,021	4.5%

## Sources:

<sup>(1)</sup> Nevada Workforce Informer, Data Analysis, 2007, US Census-Nevada, 2008 - 2012.  
Washoe County Community Development, 2013 - 2016.

<sup>(2)</sup> Washoe County Community Development Demographic Information.

<sup>(3)</sup> Nevada State Demographer 2007; Center for Regional Studies, UNR, 2008-2016.

<sup>(4)</sup> Washoe County School District.

<sup>(5)</sup> State Department of Employment, Training and Rehabilitation (DETR).

<sup>(6)</sup> Washoe County Building and Safety Department.

<sup>(7)</sup> Nevada State Department of Taxation.

<sup>(8)</sup> Nevada State Gaming Control Board.

<sup>(9)</sup> Reno/Tahoe International Airport.

**Truckee Meadows Water Authority**  
**Schedule No. 11 – Selected Demographic and Economic Statistics**  
**For Washoe County**  
**Last Ten Fiscal Years**

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Total Labor Force <sup>(5)</sup>	Construction Activity Total Value <sup>(6)</sup>	Number of New Family Units <sup>(6)</sup>	Taxable Sales <sup>(7)</sup>	Gross Income Gaming Revenue <sup>(8)</sup>	Total Passenger Air Traffic <sup>(9)</sup>
231,570	\$ 231,741,537	320	\$ 7,550,466,734	\$ 789,359,000	3,563,818
228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
222,607	225,096,997	198	6,370,684,534	744,962,250	3,312,839
219,607	126,468,377	159	5,824,726,136	741,038,030	3,514,421
221,764	95,875,949	83	5,522,605,351	738,151,877	3,561,557
212,480	67,721,019	55	5,282,935,192	751,466,957	3,795,421
221,954	55,952,010	35	5,176,981,699	788,545,658	3,777,701
224,089	85,657,662	103	5,707,791,051	867,202,273	3,979,015
221,785	202,519,159	240	6,823,701,000	996,615,975	4,841,257
222,610	225,084,828	557	7,202,640,557	1,069,608,365	5,014,382

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Truckee Meadows Water Authority  
Schedule No. 12 – Principal Employers  
Current and Nine Years Ago

Employer	June 30, 2016			June 30, 2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	4.34%	8,250	1	3.78%
University of Nevada - Reno	4,750	2	2.36%	4,750	2	2.18%
Renown Regional Medical Center	2,750	3	1.36%	2,750	6	1.26%
Washoe County	2,750	4	1.36%	3,250	3	1.26%
Peppermill Hotel-Casino	2,250	5	1.12%	1,750	8	1.03%
International Game Technology	1,750	6	0.87%	2,750	5	1.03%
Silver Legacy Resort Casino	1,750	7	0.87%	2,250	7	0.80%
Grand Sierra Resort and Casino	1,750	8	0.87%	-	-	0.80%
Atlantis Casino Resort	1,750	9	0.87%	1,750	10	0.80%
St Mary's	1,250	10	0.62%	-	-	0.80%
Integrity Staffing Solutions	-	-	-	3,250	4	0.80%
City of Reno	-	-	-	1,750	9	-
Total Washoe Covered Employment	<u>201,601</u>			<u>218,300</u>		

## Source:

Each of the years reflect respective 4th quarter information. Nevada Revised Statute Chapter 612 stipulates that actual employment for individual employers may not be published. The number of employees are estimated using the midpoint.



Customers by Category as of June 30, 2016*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	2,062	1.7%	\$ 3,725,916	4.3%
Residential Metered	106,730	89.9%	60,198,267	68.8%
Commercial and Irrigation	9,873	8.3%	11,026,132	12.6%
Other <sup>(2)</sup>	3	0.0%	11,554,063	13.2%
Wholesale	1	0.0%	1,029,954	1.2%
<b>Total</b>	<b>118,669</b>	<b>100.0%</b>	<b>\$ 87,534,332</b>	<b>100.0%</b>
Customers by Category as of June 30, 2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	6,224	5.2%	\$ 9,366,307	10.7%
Residential Metered	100,446	84.6%	51,796,871	59.2%
Commercial and Irrigation	9,648	8.1%	11,339,953	13.0%
Other <sup>(2)</sup>	4,528	3.8%	11,123,168	12.7%
Wholesale	2	0.0%	2,560,399	2.9%
<b>Total</b>	<b>120,848</b>	<b>101.8%</b>	<b>\$ 86,186,698</b>	<b>98.5%</b>
Customers by Category as of June 30, 2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	6,379	6.7%	\$ 9,731,811	12.3%
Residential Metered	76,422	80.0%	44,137,033	55.7%
Commercial and Irrigation	8,743	9.1%	10,755,824	13.6%
Other <sup>(2)</sup>	4,008	4.3%	10,720,156	13.5%
Wholesale	2	0.0%	3,845,593	4.9%
<b>Total</b>	<b>95,554</b>	<b>100.0%</b>	<b>\$ 79,190,417</b>	<b>100.0%</b>
Customers by Category as of June 30, 2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	6,927	7.3%	\$ 10,288,324	12.9%
Residential Metered	75,113	79.3%	43,957,551	55.0%
Commercial and Irrigation	8,702	9.2%	10,885,539	13.6%
Other <sup>(2)</sup>	3,965	4.2%	11,031,924	13.8%
Wholesale	2	0.0%	3,748,276	4.7%
<b>Total</b>	<b>94,709</b>	<b>100.0%</b>	<b>\$ 79,911,614</b>	<b>100.0%</b>
Customers by Category as of June 30, 2012				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	7,699	8.2%	\$ 10,899,330	14.3%
Residential Metered	73,836	78.3%	41,476,536	54.3%
Commercial and Irrigation	8,695	9.2%	19,245,940	25.2%
Other <sup>(2)</sup>	4,088	4.3%	1,356,952	1.8%
Wholesale	2	0.0%	3,473,100	4.5%
<b>Total</b>	<b>94,320</b>	<b>100.0%</b>	<b>\$ 76,451,858</b>	<b>100.0%</b>

**Truckee Meadows Water Authority**  
**Schedule No. 13 – Customer and Water Sales by Category**  
**Last Ten Fiscal Years**

Customers by Category as of June 30, 2011				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
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%	17,921,409	25.1%
Other <sup>(2)</sup>	4,078	4.3%	1,300,515	1.8%
Wholesale	2	0.0%	2,938,106	4.1%
<b>Total</b>	<b>93,786</b>	<b>100.0%</b>	<b>\$ 71,408,240</b>	<b>100.0%</b>
Customers by Category as of June 30, 2010				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
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 <sup>(2)</sup>	3,943	4.2%	1,134,786	1.6%
Wholesale	7	0.0%	3,136,081	4.4%
<b>Total</b>	<b>93,374</b>	<b>100.0%</b>	<b>\$ 71,220,706</b>	<b>100.0%</b>
Customers by Category as of June 30, 2009				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
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 <sup>(2)</sup>	3,808	4.1%	955,394	1.4%
Wholesale	7	0.0%	2,833,330	4.0%
<b>Total</b>	<b>93,359</b>	<b>100.0%</b>	<b>\$ 70,225,086</b>	<b>100.0%</b>
Customers by Category as of June 30, 2008				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
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 <sup>(2)</sup>	3,595	3.9%	900,937	1.2%
Wholesale	7	0.0%	3,228,785	4.4%
<b>Total</b>	<b>93,225</b>	<b>100.0%</b>	<b>\$ 72,686,046</b>	<b>100.0%</b>
Customers by Category as of June 30, 2007				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential-Unmetered	15,488	16.7%	\$ 16,612,010	22.4%
Residential Metered	65,749	70.9%	35,085,859	47.2%
Commercial and Irrigation	7,966	8.6%	18,602,007	25.0%
Other <sup>(2)</sup>	3,469	3.7%	889,055	1.2%
Wholesale	7	0.0%	3,083,877	4.2%
<b>Total</b>	<b>92,679</b>	<b>100.0%</b>	<b>\$ 74,272,808</b>	<b>100.0%</b>

\* Fiscal Year 2015 and reflects changes as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes private fire protection services located on the premises of commercial and some residential customers

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Truckee Meadows Water Authority  
Schedule No. 14 – Schedule of Insurance Coverage  
June 30, 2016

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2016 to 6/11/2017	Blanket limit of \$355,178,242 per occurrence with sub-limits of \$50,000,000 for earthquake for Earth Movement (excluding CA properties) and \$10,000,000 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	6/11/2016 to 6/11/2017	First \$1,000,000 in liability limits. Inland Marine \$834,750. General Liability Aggregate limit of \$3,000,000. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000. First Layer Excess Liability limit of \$10,000,000
Excess Umbrella Liability Policy	Travelers Insurance Company	6/11/2016 to 6/11/2017	Second Layer Excess Liability Limit of \$10,000,000
Workers' Compensation	Employer's Insurance Company of Nevada	6/11/2016 to 6/11/2017	Fully insured for statutory limits under Workers' Compensation 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	6/11/2016 to 6/11/2017	Varies by plan selected.
Commercial Crime	Zurich / Fidelity & Deposit Company of Maryland	6/11/2016 to 6/11/2017	Employee Theft / Forgery or Alteration \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance, Telephone Toll \$1,000,000. Fraudulent Impersonation \$250,000
Commercial Crime - Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2017	Death or Dismemberment \$250,000, Disappearance \$100,000, Hostage Crisis \$500,000, Threat \$100,000
Network Security	Travelers Insurance Company	6/11/2016 to 6/11/2017	Network Information, Communications and Media, Regulatory Defense \$3,000,000

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	Fiscal Year			
	2016*	2015*	2014	2013
Administration/IT	28	22	20	18
Supply/Treatment Operations	32	30	31	26
Distribution Maintenance	63	62	48	45
Hydroelectric	6	6	6	7
Customer Service/Conservation	25	24	20	26
Water Planning/Resources	19	19	13	15
Engineering/Construction	24	23	14	15
Total Authorized Employees	<u>197</u>	<u>186</u>	<u>152</u>	<u>152</u>

\* Fiscal Year 2015 and 2016 reflects changes as a result of the water utility consolidation as discussed in MD&A and notes to financials.

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

Truckee Meadows Water Authority  
Schedule No. 15 – Number of Employees by Identifiable Activity  
Last Ten Fiscal Years

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Fiscal Year					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007**</u>
20	22	22	25	23	15
27	28	28	32	28	32
44	42	45	45	45	44
8	7	5	6	7	7
33	28	41	42	39	33
12	13	14	11	10	11
11	14	15	17	22	27
<u>155</u>	<u>154</u>	<u>170</u>	<u>178</u>	<u>174</u>	<u>169</u>

Customer Charges By Meter Size	Fiscal Year					
	2016*			2015*		
	TMWA	WC	STMGID	TMWA	WC	STMGID
3/4"	\$ 18.54	\$ 17.43	\$ 9.49	\$ 18.54	\$ 17.43	\$ 9.49
1"	20.40	22.42	11.61	20.40	22.42	11.61
1 1/2"	23.20	32.07	16.47	23.20	32.07	16.47
2"	26.90	42.76	n/a	26.90	42.76	n/a
3"	30.60	68.85	n/a	30.60	68.85	n/a
4"	35.20	100.84	n/a	35.20	100.84	n/a
6"	40.80	183.85	n/a	40.80	183.85	n/a

Commodity Charge (all meter sizes)

TMWA Tier 1	1.72			1.72		
TMWA Tier 2	2.78			2.78		
TMWA Tier 3	3.25			3.25		
WC Tier 1		2.62			2.62	
WC Tier 1		3.27			3.27	
WC Tier 1		3.93			3.93	
WC Tier 1		5.25			5.25	
STMGID Tier 1			1.36			1.36
STMGID Tier 2			1.80			1.80
STMGID Tier 3			2.21			2.21
STMGID Tier 4			2.58			2.58
STMGID Tier 5			2.73			2.73

Above rates are for metered single family residential service.

Monthly Base Rates (Meter Size)

3/4"	\$ 100.63	\$ 89.82	\$ 44.91	\$ 100.63	\$ 89.82	\$ 44.91
1"	144.90	90.18	44.91	144.90	90.18	44.91
1 1/2"	262.60	92.12	44.91	262.60	92.12	44.91
2"	374.30	93.55	44.91	374.30	93.55	44.91
3"	469.90	94.96	44.91	469.90	94.96	44.91
4"	595.70	99.18	44.91	595.70	99.18	44.91
6"	n/a	n/a	n/a	n/a	n/a	n/a

Above rates are for unmetered single family residential service.

\*TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, and February 2014.

\*2015 and 2016 rates reflect differences in charges between TMWA and the former Washoe County and South Truckee Meadows General Improvement District customers after consolidation.

Truckee Meadows Water Authority  
 Schedule No. 16 – Current and Historical Water Rates  
 Last Ten Fiscal Years

		Fiscal Year													
		2014	2013	2012	2011	2010	2009	2008	2007						
\$	18.54	\$	17.12	\$	17.12	\$	15.70	\$	15.70	\$	15.70	\$	15.70	\$	15.70
	20.40		18.80		18.80		17.30		17.30		17.30		17.20		17.20
	23.20		21.40		21.40		19.60		19.60		19.60		19.60		19.60
	26.90		24.80		24.80		22.80		22.80		22.80		22.80		22.80
	30.60		28.20		28.20		25.90		25.90		25.90		25.90		25.90
	35.20		32.50		32.50		29.80		29.80		29.80		29.80		29.80
	40.80		37.70		37.70		34.50		34.50		34.50		34.50		34.50
	1.72		1.72		1.72		1.72		1.72		1.63		1.58		1.58
	2.78		2.78		2.78		2.78		2.78		2.64		2.50		2.50
	3.25		3.25		3.25		3.25		3.25		3.05		2.91		2.91
\$	100.63	\$	94.10	\$	94.10	\$	86.30	\$	86.30	\$	84.20	\$	74.90	\$	74.90
	144.90		135.50		135.50		124.30		124.30		121.20		106.20		106.20
	262.60		245.60		245.60		225.20		225.20		219.80		184.90		184.90
	374.30		350.10		350.10		321.00		321.00		313.20		264.10		264.10
	469.90		439.40		439.40		403.00		403.00		393.20		331.90		331.90
	595.70		557.10		557.10		510.00		510.00		498.50		420.30		420.30
	n/a		n/a		n/a		n/a		n/a		n/a		n/a		n/a



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	Fiscal Year			
	2016*	2015*	2014	2013
Miles of water mains	1,940	1,915	1,341	1,337
Number of storage tanks	93	93	42	42
Number of Finished Water Storage	2	2	2	2
Number of pump stations	121	112	93	94
Number of wells	79	86	32	32
Treatment capacity (millions of gallons/day)				
Glendale Plant	34.5	37.5	37.5	37.5
Chalk Bluff	90	95	95	95
Longley Lane	3.6	4		

\*Fiscal year 2015 and reflects additions as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

MGD = millions of gallons per day

Truckee Meadows Water Authority  
Schedule No. 17 – Selected Operating and Capital Indicators  
Last Ten Fiscal Years

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Fiscal Year						
2012	2011	2010	2009	2008	2007	
1,352	1,339	1,332	1,330	1,310	1,258	
42	42	42	42	38	37	
2	2	2	2	2	2	
95	94	96	108	96	97	
32	32	32	32	32	33	
37.5	25	25	25	25	25	
95	95	95	89	89	89	

	<u>Final Maturity Date</u>	<u>Authorized</u>	<u>Balance June 30, 2016</u>	<u>Balance June 30, 2015</u>	<u>Balance June 30, 2014</u>
2001 A Water Revenue (Tax Exempt) Bonds, 3.70%-5.5%	7/1/2034	\$ 448,810,000	\$ -	\$ -	\$ -
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	4,669,565	2,613,744	2,860,578	3,099,675
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	-	890,000	34,795,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	400,000	148,415,000	148,785,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	214,290,000	214,800,000	215,285,000
2009 Water Revenue DWSRF ARRA (Tax Exempt Bonds 0.00%	7/1/2029	2,401,120	1,669,527	1,793,197	1,916,866
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	-	9,435,000	19,855,000
2010 Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	3,772,013	3,981,798	4,184,928
2014 Water Revenue DWSRF (Tax Exempt) Bonds	1/1/2025	9,109,437	7,965,667	8,733,487	-
2015 Water Revenue (Tax Exempt) Refunding Bonds	7/1/2036	28,750,000	28,750,000	28,750,000	-
2015 B Water Revenue (DWSRF) Tax Exempt Bonds 2.62%	1/1/2035	15,000,000	8,239,034	-	-
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	124,790,000	124,790,000	-	-
Subtotal			392,489,985	419,659,060	427,921,468
Less unamortized net bond discount (premium)			(28,441,399)	(3,673,290)	(35,590)
Total debt before tax exempt commercial paper			420,931,384	423,332,350	427,957,058
Tax-Exempt Commercial Paper		148,600,000	87,800,000	95,000,000	68,000,000
Total Debt			<u>\$ 508,731,384</u>	<u>\$ 518,332,350</u>	<u>\$ 495,957,058</u>

**Truckee Meadows Water Authority**  
**Schedule No. 18 – Schedule of Changes in Debt**  
**Last Ten Fiscal Years**

<u>Balance</u> <u>June 30, 2013</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>
\$ -	\$ -	\$ 8,810,000	\$ 28,590,000	\$ 66,035,000	\$ 73,600,000	\$ 80,795,000
3,331,277	3,555,620	3,772,931	3,983,431	4,187,333	4,384,844	4,576,165
35,620,000	36,415,000	37,180,000	37,920,000	38,635,000	39,330,000	40,000,000
149,140,000	149,485,000	149,815,000	150,135,000	150,445,000	150,745,000	150,745,000
215,745,000	216,185,000	216,605,000	217,005,000	217,385,000	217,745,000	218,975,000
2,040,534	2,164,202	2,282,661	2,309,945	-	-	-
28,240,000	28,240,000	28,240,000	28,240,000	-	-	-
4,381,614	4,381,614	3,921,904	201,110	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
438,498,425	440,426,436	450,627,496	468,384,486	476,687,333	485,804,844	495,091,165
(661,198)	(1,286,806)	(3,440,321)	(4,371,510)	(2,267,963)	(2,672,587)	(3,077,212)
439,159,623	441,713,242	454,067,817	472,755,996	478,955,296	488,477,431	498,168,377
68,000,000	79,400,000	79,400,000	68,000,000	68,000,000	68,000,000	43,000,000
<u>\$ 507,159,623</u>	<u>\$ 521,113,242</u>	<u>\$ 533,467,817</u>	<u>\$ 540,755,996</u>	<u>\$ 546,955,296</u>	<u>\$ 556,477,431</u>	<u>\$ 541,168,377</u>

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	Fiscal Year			
	2016*	2015*	2014	2013
Total Debt	\$ 480,289,985	\$ 514,659,060	\$ 495,921,468	\$ 506,498,425
Total Service Connections	122,613	114,529	89,070	88,268
Debt per Service Connection	\$ 3,917	\$ 4,494	\$ 5,568	\$ 5,738

Note: Service Connections include residential and commercial connections only. Irrigation, fire protection and wholesale connections have been excluded.

\*2015 and 2016 Service Connections reflect the increase as a result of the water utility consolidation as discussed in MD&A and the notes to financials.

Truckee Meadows Water Authority  
Schedule No. 19 – Debt by Service Connection  
Last Ten Fiscal Years

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Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 519,826,436	\$ 530,027,496	\$ 536,384,486	\$ 544,687,333	\$ 553,804,844	\$ 538,091,165
87,464	87,013	86,781	86,948	87,163	86,986
\$ 5,943	\$ 6,091	\$ 6,181	\$ 6,265	\$ 6,354	\$ 6,186

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Compliance Section  
**Truckee Meadows Water Authority**







**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  
Truckee Meadows Water Authority  
Reno, Nevada

We have audited, in accordance with the 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, the financial statements of the Truckee Meadows Water Authority, a Joint Powers Authority, (TMWA) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 29, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of TMWA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as finding 2016-A, to be a material weakness.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TMWA's financial statements are free from 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*.

**TMWA's Response to Finding**

TMWA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. TMWA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
November 29, 2016





## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

### **Report on Compliance for Each Major Federal Program**

We have audited Truckee Meadows Water Authority's (TMWA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on TMWA's major federal program for the year ended June 30, 2016. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance of TMWA's major federal program based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 on compliance for the major federal program. However, our audit does not provide a legal determination of TMWA's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, TMWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.



**Report on Internal Control over Compliance**

Management of TMWA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered TMWA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *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.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada  
November 29, 2016





Truckee Meadows Water Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Program Title/Cluster/Pass-through Grantor	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Payments to Subrecipients
<b>U.S. Department of the Interior</b>				
Direct Award				
Bureau of Reclamation				
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	\$ 215,858	\$ -
Reclamation States Emergency Drought Relief Drought Contingency Plan Update	15.514	R15AC00077	8,280	-
<b>Total U.S. Department of the Interior</b>			<u>224,138</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Pass-through from State of Nevada				
Department of Conservation and Natural Resources - Division of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Funds - North Valleys Integration Project	66.468	DW1601	3,740,459	-
<b>Total U.S. Environmental Protection Agency</b>			<u>3,740,459</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 3,964,597</u>	<u>\$ -</u>

**Notes to the Schedule of Expenditures of Federal Awards****Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the TMWA, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. TMWA received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

**Note B - Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. TMWA's summary of significant accounting policies is presented in Note 1 in TMWA's basic financial statements. The organization has not elected to use the 10% de minimis cost rate.

Truckee Meadows Water Authority  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2016

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies not considered to be material weaknesses?	None reported
Noncompliance material to financial statements notes?	No

**Federal Awards**

Internal control over major program: Material weaknesses identified?	No
Significant deficiencies not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	No

**Identification of major programs:**

Name of Federal Program or Cluster	CFDA Number
Capitalization Grants for Drinking Water State Revolving Funds	66.468
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

Truckee Meadows Water Authority  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2016

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## Section II – Financial Statement Findings

### 2016-A      **Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles** **Material Weakness**

<i>Criteria</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is having the capability to prepare full disclosure financial statements in accordance with accounting principles generally accepted in the United States (GAAP).
<i>Condition</i>	During our audit, we noted material errors in the presentation and classification of the financial statements and related footnote disclosures prepared by management and provided for audit.
<i>Cause</i>	Inadequate knowledge of the unique reporting requirements of governmental accounting and financial reporting.
<i>Effect</i>	The financial statements and related disclosures provided for audit, required material corrections in order for presentation and classification of the financial statements and related financial statement disclosures to be in accordance with generally accepted accounting principles in all material respects.
<i>Recommendation</i>	We recommend the TMWA personnel and management responsible for financial reporting, continue to obtain training in the preparation of full disclosure governmental financial statements in order to gain sufficient knowledge to accurately prepare TMWA's financial statements in all material respects.
<i>Views of Responsible Officials</i>	Management partially agrees with this finding.

## Section III – Federal Award Findings and Questioned Costs

None reported in the current year.

Truckee Meadows Water Authority  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2016

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**2015-A      Preparation of Financial Statements  
                 Significant Deficiency**

Initial Fiscal year  
Finding Occurred:                      2015

*Finding Summary:*                      TMWA does not have an internal control system designed to accurately prepare financial statements and related financial statement disclosures in all material respects. In conjunction with the audit we were requested to assist with sections of the financial statement preparation surrounding the complexities of financial reporting for government combinations under GASB Statement No. 69. In addition, certain corrections were necessary to the financial statements and related disclosures in order for them to be in accordance with generally accepted accounting principles. The deficiency appeared to be the result of a lack of secondary review of the financial statements and related disclosures, along with sufficient training in the unique and complex aspects of financial reporting for governmental entities.

*Status:*    Partially corrected. See finding 2016-A in the current year Schedule of Findings and Questioned Costs.



### **Auditor's Comments**

To the Board of Directors  
Truckee Meadows Water Authority  
Reno, Nevada

In connection with our audit of the financial statements of the Truckee Meadows Water Authority (TMWA) as of and for the year ended June 30, 2016, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

#### **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, 2015.

#### **Prior Year Recommendations**

See the Summary Schedule of Prior Year Audit Year Findings.

#### **Current Year Recommendations**

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

*Eide Bailly LLP*

Reno, Nevada  
November 29, 2016



## STAFF REPORT

TO: Standing Advisory Committee  
 FROM: Sonia Folsom, TMWA SAC Liaison  
 DATE: December 1, 2016  
 SUBJECT: **Presentation of applications to fill the two at-large vacancies, the Irrigation Customer Class Alternate vacancy and other possible vacancies, and possible recommendation to the Board**

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### **Recommendation**

Staff is presenting to the Standing Advisory Committee (SAC) for its review, and possible recommendation to the Board, applications submitted by local residents for the two at-large vacancies and the irrigation customer class alternate vacancy and other possible vacancies.

### **Background**

The SAC was created in 2005 to review budgets, rate proposals and other matters as directed by the Board. The committee currently consists of Board-appointed representatives of eight customer classes and four other seats held by representatives of community-interest groups (Attachment 1). However, at its September meeting, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocacy and replace those with two at-large positions. During the month of November staff recruited for three vacant positions on the SAC. The vacancies were for the two at-large, and irrigation customer class alternate positions. In the midst of recruitment, one other position became vacant, the residential 1 alternate position, which also needs to be filled. Recruitment methods included the use of our bill insert, public notices, press releases and social media.

### **Discussion**

A total of twenty (20) applications were received for the four vacant positions:

- Residential 1 Alternate – One (1) Vacancy; 14 Applicants
- At-Large – Two (2) Vacancies; \*20 Applicants (All applicants qualify for At-Large)
- Irrigation Alternate – One (1) Vacancy; 1 Applicant

The applicants are summarized in the table below and applications submitted are compiled in Attachment 2. In addition, Attachment 3 is a map showing locations of all current SAC members, as

well as all applicants. The summary of pertinent experience for each applicant is derived from statements made in the applicant's application.

APPLICANT NAME	CITY	CUSTOMER CLASS	PERTINENT EXPERIENCE
Victor Buick	Reno or Sparks	At-Large	<ul style="list-style-type: none"> <li>• Metered rate residential customer</li> <li>• Owns rental property in Sparks</li> <li>• Fiscal auditing and financial management experience on many board &amp; subcommittee</li> <li>• Successfully managed federally funded (Title IIC) program</li> <li>• Owns a water filtration equipment company that builds mechanical systems in commercial and industrial facilities</li> <li>• Volunteer experience</li> <li>• Can represent property owners, commercial water users, community groups</li> </ul>
Ken McNeil	Reno	At-Large	<ul style="list-style-type: none"> <li>• Metered rate residential customer</li> <li>• Current TMWA SAC Residential 3 Customer Class Alternate</li> <li>• Currently serves on the Somerset Owners Association West Park Committee</li> <li>• Served on the Sierra Canyon HOA Board of Directors &amp; San Antonio Water Company Board of Directors</li> <li>• Strong supporter of TMWA, its staff and how they serve their customers</li> <li>• Retired from Rancho Cucamonga Fire Department</li> <li>• Experience in decision-making on protecting historic water rights, increasing water rates, maintaining water quality and comprehensive master plan</li> </ul>
Michael Pidlypchak	Reno	At-Large	<ul style="list-style-type: none"> <li>• Current TMWA SAC Residential 2 Customer Class Alternate</li> <li>• Retired from NV Energy</li> <li>• Extensive knowledge in utility rules and regulations, government affairs, budgets, engineering and construction practices</li> <li>• Understands TMWA's operations and budgets, rate-making decisions, water reserves, TROA and operations of the SAC</li> </ul>
Jonnie Pullman	Reno	At-Large	<ul style="list-style-type: none"> <li>• Current TMWA SAC Multi-Family Customer Class, Primary Representative</li> <li>• Can bring different perspectives to the At-Large position: single-family rate payer, senior, owner of a residential 4-plex and experience on the SAC for the past 4-years</li> <li>• More than 25 yrs experience in local government: Deputy City Manager (Sparks) and Budget Manager (Reno)</li> </ul>



			<ul style="list-style-type: none"> <li>• Experience in governmental budgeting implementation of TROA, multi-government projects and cooperative agreements and customer appeals</li> </ul>
Fred Arndt	Reno	Residential	<ul style="list-style-type: none"> <li>• Experience serving on boards</li> <li>• Knowledge in building/defending budgets; reviewing /approving revenue plans and operational planning</li> <li>• Used to sell water meters to municipalities and commercial water companies</li> <li>• Desire to assist TMWA in protecting precious resource</li> </ul>
Kenneth Becker	Reno	Residential	<ul style="list-style-type: none"> <li>• Experience in accounting and finance</li> <li>• Has been involved in the community</li> <li>• Certified Management &amp; Public Accountant</li> <li>• Planning Commissioner of municipality for many years</li> <li>• Participated on municipal Financial Policy Advisory Board recommending water rates</li> <li>• Member of neighborhood association board in Minnesota, Oregon, and Washington</li> </ul>
Chris Bruch	Reno or Sparks	Residential or Commercial	<ul style="list-style-type: none"> <li>• Metered rate residential customer</li> <li>• Owns a water treatment business in Sparks</li> <li>• 20+ years experience in the bottled water industry</li> <li>• 20+ years in water treatment</li> </ul>
James Cleary	Reno	Residential	<ul style="list-style-type: none"> <li>• Experienced in the hospitality industry</li> <li>• Financial experience: budgeting, analysis and projection</li> <li>• Experience in overseeing operations of water treatment facility and waste water treatment plant</li> </ul>
Petra Gonsalves	Reno	Residential	<ul style="list-style-type: none"> <li>• Strategic planning and marketing experience</li> <li>• Developed multi-million dollar budgets</li> <li>• Publisher – Smart Energy Universe</li> <li>• Knowledge in ramifications of drought and how to protect water supplies</li> <li>• Graduate degree in chemistry</li> <li>• Would like to give back to the community and believes her background and experience would benefit the community on the SAC</li> </ul>
Bob Hammond	Reno	Residential	<ul style="list-style-type: none"> <li>• Retired Hydrologist after 35 year at USGS, Water Resources Division</li> <li>• Experience in surface water, groundwater, and water quality projects – data acquisition, managing and interpreting data</li> <li>• Has worked for the USGS in California, Idaho, Virginia, New Hampshire and Vermont</li> <li>• New to the area and is interested in contributing to the community and learning more about TMWA, its operations and water resources</li> </ul>
Jordan Hastings	Reno	Residential	<ul style="list-style-type: none"> <li>• Longtime Reno resident</li> <li>• Visiting lecturer at UNR Economics Department</li> </ul>

			<ul style="list-style-type: none"> <li>• Research area is water security in the Middle East and North Africa</li> <li>• Has participated in U.S. federal flood modeling and mitigation activities</li> <li>• Interested in management and politics of freshwater in human activities</li> <li>• Strong technical background</li> </ul>
Steve Jaffe	Reno	Residential	<ul style="list-style-type: none"> <li>• Retired after 43 years from Sierra Pacific Power Company (SPP)/NV Energy</li> <li>• Experience in purchasing, distribution, supply chain, accounts payable and IT</li> <li>• Worked on labor and equipment acquisitions for both new construction and maintenance at SPP for the water system before TMWA was formed</li> </ul>
John J. Kadlic	Reno	Residential	<ul style="list-style-type: none"> <li>• Retired attorney</li> <li>• Experience in the public service in various capacities</li> </ul>
M. Donald Kowitz	Reno	Residential	<ul style="list-style-type: none"> <li>• CPA for 12 years and 30 years in executive financial and management positions in the health industry</li> <li>• Experienced in analyzing budgets, rates and business proposals</li> <li>• Has served on a variety of not-for-profits and public boards and commissions</li> <li>• Longtime resident; wants to contribute to benefit the community</li> </ul>
Ray Mason	Reno	Residential	<ul style="list-style-type: none"> <li>• Professional in Informational Technology</li> <li>• Experienced in technical operations and delivery of managed services</li> <li>• New to the area and would like to contribute to the community</li> </ul>
Scot Munns	Reno	Residential	<ul style="list-style-type: none"> <li>• Metered rate residential customer</li> <li>• Longtime Reno resident</li> <li>• Retired Sergeant from Washoe County Sheriff's Office</li> <li>• Concerned with availability of water and usage in the Truckee Meadows due to limited supply</li> <li>• Wants to improve understanding of water availability and allocation process</li> <li>• Believes will be able to provide valuable citizen/user input serving on the SAC</li> </ul>
Bob Pohl	Sparks	Residential	<ul style="list-style-type: none"> <li>• Metered rate residential customer</li> <li>• Believes the cost of providing water services should be appropriately priced for TMWA customers, both old and new</li> <li>• Retired CPA</li> <li>• 30 years at Sierra Pacific Power (SPP) Tax Department</li> <li>• Experience in various rate cases relating to tax issues, electric, gas and water rates</li> </ul>

			<ul style="list-style-type: none"> <li>• Understanding of property taxes and franchise fees</li> <li>• Part of the SPP team for the sale of TMWA out of SPP and the transition post-sale</li> </ul>
Dale Sanderson	Sparks	Residential	<ul style="list-style-type: none"> <li>• BS in civil engineering and MBA</li> <li>• Experience in project engineering on large infrastructure projects</li> <li>• Participated in the site work for the Glendale water treatment plant and Farad flume and foreby hydroelectric plant</li> <li>• Facilitated the acquisition of WCSD locations for TMWA well sites</li> <li>• Retired from WCSD as Director of Facilities for the District; responsible for facility operations and capital improvement plans (i.e. bond issues)</li> <li>• Retired from CLEAResult Consulting managing the Energy Smart Schools program for NV Energy</li> </ul>
Ed Tilzey	Sparks	Residential	<ul style="list-style-type: none"> <li>• 40-year resident of Sparks</li> <li>• Graduate of US Army Command &amp; General Staff College, and Air Force War College</li> <li>• Biologist and project manager, BLM – retired</li> <li>• Past experience with project and agency budget processes</li> <li>• Consultant on environmental and water issues</li> <li>• Experience in water issues, water and utility projects</li> <li>• Current board member of Sierra Nevada Military Officers Association of America and Nevada Waterfowl Association</li> </ul>
Gerry Tomac	Reno	Residential or Irrigation or Commercial	<ul style="list-style-type: none"> <li>• Has accounting and financial experience</li> <li>• Owned his own business for 23 years</li> <li>• Owns commercial property</li> <li>• A director on the Board of Caughlin Ranch HOA</li> </ul>

Staff is pleased to have such skilled and diverse applicants express interest in representing customer issues to the TMWA Board as part of the SAC. With three recruited customer vacancies at this time and many interested customers, the SAC may make a recommendation to the Board to create new vacancies, or other action that the SAC may deem appropriate to recommend to the Board.

**TMWA Standing Advisory Committee**  
Term Appointments  
2016 Membership List

<b>Customer Class</b>	<b>Primary Representative</b>	<b>Member Since</b>	<b>Term Ends</b>	<b>Alternate Representative</b>	<b>Member Since</b>	<b>Term Ends</b>
Wholesale (Sun Valley)	Fred Schmidt	2005	12/31/2017	N/A		
Irrigation	Neil McGuire	2005	12/31/2016	Mike Heffner	2011	12/31/2016
Multi-family Residential	Jonnie Pullman	2012	12/31/2017	Mike Shulewitch	2013	12/31/2016
Commercial	Kevin Haddock	2011	12/31/2016	Pat Martinez	2011	12/31/2016
Senior Citizen	Robert Chambers	2005	12/31/2016	Karl Katt	2013	12/31/2016
At-Large 1						
At-Large 2						
<b>Residential:</b>						
Representative 1	Carol Litster	2014	12/31/2016	Vacant		
Representative 2	Harry Culbert	2006	12/31/2016	Mike Pidlypchak	2013	12/31/2016
Representative 3	Jerry Wager	2014	12/31/2016	Ken McNeil	2013	12/31/2016
<b>Appointments:</b>						
BANN	Colin Hayes	2010	12/31/2017	Jim Smith	2010	12/31/2017
Reno-Sparks Chamber	Bruce Gescheider	2009	12/31/2017	Bill Hughes	2016	12/31/2017

November 21, 2016

Good morning Sonia,

My name is Victor Buick, and I am interested in filling one of the at large volunteer positions on the TMWA Oversight Committee.

My wife and I have a home in Reno and we recently purchased a rental property in Sparks. I found your information post while looking through the TMWA website for service connection info. Please accept this email as my application and informal resume for one of the available seats on this committee.

This opening has a broad range of appeal to myself, and I truly believe that because of my availability and ability to serve, coupled with my knowledge, resources, and education, I offer a broad range of benefits to this program, while providing a valuable service to our community.

Currently, I am a self employed entrepreneur with a degree in Finance from the California State University of Sacramento. I have a broad range of work experience with several years of fiscal auditing and financial management experience in both the private and non-profit sectors. Among my many qualifications, I have direct work experience with many boards of directors and sub-committees, and have successfully managed a federally funded (Title IIIC) program with monthly, quarterly and annual compliance demands and reporting obligations to County and State agencies.

Aside from our residential property investments, my current businesses also include a water filtration equipment company that builds systems for mechanical systems in commercial and industrial facilities, and a specialty foods business that sells packaged sauces, condiments, and seasonings.

In my spare time I am a volunteer at the church where my wife and I attend in several of their community programs, I volunteer as a mentor at Vaughn Middle School that helps at-risk boys through their Community In Schools Program (CIS of NV), and also enjoy working in our garden, winter sports activities, and fishing.

As with all the other volunteer work that I provide, my interests in this position are for the benefit of the community. Being passionate about our community, I believe that it is my duty to help out wherever and whenever my skills would be a valuable asset, and with all due respect, I represent and will represent property owners, commercial water users, community groups, and the preservation societies of our area. If you would like to speak directly with me regarding this position and the selection process, or to have a general conversation about the program and the responsibilities, please contact me by email reply or by phone.

References and my official resume are available by request.

Thank you for taking the time to read this letter, and have a wonderful Thanksgiving,

Sincerely,

Victor Buick  
[REDACTED]  
[REDACTED]

November 19, 2016

Sonia Folsom  
Truckee Meadows Water Authority  
P.O. Box 30013  
Reno, Nevada 89520

Dear Ms. Folsom,

I am currently serving on the TMWA Standing Advisory Committee as a residential alternate representative. I would like to be considered for one of the newly created primary at-large positions.

It has been my pleasure and honor to have served on the TMWA Standing Advisory Committee as an alternate for over 3 years, and I have enjoyed participating in the Standing Advisory Committee process. TMWA SAC meetings have taught me a great deal, and have given me a greater understanding and knowledge of the challenges TMWA faces in providing water to its customers.

I am a strong supporter of TMWA. TMWA's professional and, at the same time, personal approach to running TMWA is to be admired. People are important in any organization, and I am impressed that TMWA staff members respect each other and the customers they serve. That is something hard to achieve, especially in a large agency like TMWA.

I retired from the Rancho Cucamonga Fire Department, an urban fire department on the western edge of San Bernardino County, in 2006. I enjoyed working for "Rancho Fire" and in retirement, I coordinate lunch gatherings 3 times a year for the retired fire department employees. Working for the Fire Department also provided me with some basic knowledge about water systems.

From 1988 to 2001, I served on the San Antonio Water Company Board of Directors, first as an auditing member of the Board, and after a couple of years I became a regular Board member eventually serving as Secretary-Treasurer and Vice-President. The San Antonio Water Company is a non-profit mutual benefit water company in Southern California. The San Antonio Water Company is a historic water company founded in 1882 to supply water for citrus groves as well as businesses and homes.

Current customers of the San Antonio Water Company include the Cities of Upland and Ontario, Monte Vista Water District, the Cucamonga Water District, two golf courses, a large rock company operation, and 1,250 domestic customers. I enjoyed serving on the San Antonio Water Board, and during my tenure on the Board a number of major decisions were made. Some of those decisions included protecting the Company's historic water rights, increasing water rates to meet projected expenses, a comprehensive master plan, and ensuring water quality.

Sonia Folsom  
Truckee Meadows Water Authority  
P.O. Box 30013  
Reno, Nevada 89520  
Page Two of Two

Since moving to Reno I have served on the Sierra Canyon Homeowners Association Board of Directors, and am considering serving again in 2017-18. I currently serve on the Somerset Owners Association West Park Committee which is working on the plans for the new park in Somerset. My interest in the new park is incorporating a community garden into the park plans. After much debate and discussion, the community garden is now included in the park plans.

I believe in maintaining TMWA's high water quality standards, and having a water distribution system which is reliable. I also believe in paying down the debt load of TMWA. I support reasonable and fair water rate increases to make sure TMWA continues to operate with adequate income to pay down its debt, and to make sure TMWA's water system is adequate to meet the water demands of TMWA customers.

Thank you for your consideration of my application for one of the primary at-large positions.

Kenneth J. McNeil

[REDACTED]  
Reno, Nevada 89523-3805

[REDACTED]  
[REDACTED]

November 16, 2017

Michael Pidlypchak

[REDACTED]  
Reno, NV 89523

Home Phone: [REDACTED]

Cell Phone: [REDACTED]

Email: [REDACTED]

I would like to represent the Primary At Large seat currently open.

I am retired from NV Energy after nearly 44 years. I acquired extensive knowledge in utility rules and regulations, government affairs, budgets, engineering, and construction practices. I have been on TMWA's Standing Advisory Committee for nearly 4 years as the Residential 2 Alternate and have gained extensive knowledge with TMWA's operations and budgets, rate making decisions, TROA, its water reserves, and the workings of the SAC. With this knowledge and experience I feel I would make an excellent Primary At Large representative.

Thank you for considering this application.

Mike Pidlypchak



December 5, 2016

Sonia, I am interested in applying for the At-Large position on TMWA's Standing Advisory Committee.

I currently serve on the SAC as the representative for Multi-family customers, and have since 2012. I believe I have been a contributing and conscientious member, and wish to continue serving. I do believe, however, that if I move to an at-large member position, then perhaps the SAC could fill the multi-family position with someone who had a broader field of experience in that area, such as ownership of larger housing complexes.

I am qualified as an at-large member because I bring the perspectives of a single-family rate-payer, a senior, and owner of a residential 4-plex within the City of Reno boundaries. During the last four years of service on the SAC I have gained an increased understanding of the workings of TMWA, the role of the Standing Advisory Committee and the impact of TMWA's services on residents and rate-payers in the Truckee Meadows.

Some of my education and experiences that enable me to contribute to TMWA and the SAC are as follows:

More than **25 years of local government experience**, including **Deputy City Manager** (City of Sparks), **Budget Manager** (City of Reno), and Management Analyst for 2 California counties (Solano and Kern). These provide knowledge and experience in governmental budgeting, implementation of TROA, operations of irrigation districts, multi-government projects and cooperative agreements, and customer appeals.

Executive Director of the **Affordable Housing** Resource Council, a non-profit corporation dedicated to the development of affordable housing, primarily in northern Nevada. Knowledge of water rights and service are an integral part of development, and can be a significant barrier.

**Trustee**, Washoe County School District. As an **elected official** for 12 years, I gained an increased appreciation for the interaction of governmental agencies and the need for clear communication with the public. I served as the liaison to the Regional Planning Governing Board, and on the Washoe County Debt Management Commission in my capacity as a Trustee.

Other professional and volunteer activities in the community have included participation in the Chamber of Commerce, Rotary International, United Way and various boards and commissions.

I've tried to keep this brief, and would be happy to answer any questions or provide more information, perhaps in a more traditional linear format.

Thank you, Sonia.

November 30, 2016

Sonia,

I am submitting my application for the above and am providing the requested information:

Fred Arndt; [REDACTED] Reno NV; 89519

Email: [REDACTED]

Phone: [REDACTED]

Cell [REDACTED]

Customer Represented: single family residence

My interest in serving on the committee stems from a desire first, to serve the community in a meaningful way, but more importantly to assist the Authority in maintaining a precious resource in the most cost effective and judicious way possible. Having lived in water starved western states for the past 30 years has raised my level of concern and interest in making certain citizens enjoy all the amenities water brings, recreation, commerce and a healthy ecosystem.

Experience: Having served in managerial and executive capacities as well as board membership, I have been responsible for building and defending budgets; reviewing and approving revenue plans as well as operational planning both short and long term. While not being formally financially trained I understand balance sheets, income statements and budget planning processes. Finally, in my early career I sold water meters to municipalities and commercial water companies. This allowed me to gain unique insight into opportunities and problems facing the management of these entities fiscally and environmentally.

Thank you for allowing me to submit this application. I look forward to participating in the endeavor if selected. Even if I am not chosen, I plan as a citizen to support the TMWA's mission in any way possible.

Should you have follow-up questions please feel free to contact via email, text or phone.

Sincerely,

Fred Arndt

[REDACTED]

November 29, 2016

████████████████████  
Reno NV 89523  
November 29, 2016

Truckee Meadows Water Authority  
Attn.: Sonia Folsom  
PO Box 30013  
Reno NV 89520

Please consider this my application for a position on the Standing Advisory Committee of Truckee Meadows Water Authority.

- Name and contact information: Kenneth M. Becker, ██████████, ██████████, Reno NV 89523, ██████████.
- Type of customer group represented: single-family residential.
- Statement of interest in serving on the SAC: I am very interested in water issues in the area in which I live, and bring a background of career experience in accounting and finance as well as a record of community involvement in several locations.
- Pertinent experience:
  - Certified Management Accountant (CMA), and Certified Public Accountant (CPA) in Washington State and formerly in Minnesota.
  - Planning Commissioner of municipality for several years
  - Member of municipal Financial Policy Advisory Board recommending water rates
  - Member of neighborhood association Board in Minnesota, Oregon, and Washington (Seattle and Vancouver).

Sincerely,

Kenneth M. Becker

**KENNETH M. BECKER, C.M.A., M.B.A.**

██████████  
Reno, Nevada 89523

Telephone: ██████████  
██████████

**PROFILE**

Highly experienced and trained Accountant with entrepreneurial focus from business startup experience, and people orientation gained from supervisory responsibilities in a wide diversity of industries and types of organization.

**CERTIFICATIONS AND EDUCATION**

Certified Management Accountant, and C. P. A. (Washington state)  
B.A. and M.B.A. degrees both with emphasis in Accounting

**ACCOMPLISHMENTS**

Managed all Finance and Accounting functions over 15 years, including Financial Statement preparation, Budgets and Forecasts, General Ledger, Payroll, Accounts Payable, Accounts Receivable, Collections, Bank Relations, Borrowing and Investments, Bank and Account Reconciliations, and Audit coordination.

Supervised 15+ employees in Accounting, Administration, Information Technology, & Operations, including starting multi-state operations.

Directed HR and Information Technology 15+ years.

Experienced in accounting for Manufacturing, Retail, Professional Service, Publishing, Non-Profit organizations, and Financial Institutions.

Co-founded company, managing Operations and Administration while firm grew in 8 years to 100 employees and world's largest in its market niche achieving margins of 25% and averaging 18% while industry margins were 4%.

**COMPUTER SKILLS**

Selected, Installed, and Operated many Accounting Systems including Q.Books, MAS200/MAS90, J.D. Edwards, ACCPAC, and Dynamics. Proficient in Microsoft Excel and Word, with additional use of Access and Word Perfect.

**KENNETH M. BECKER, C.P.A., C.M.A.**

**EMPLOYMENT HISTORY**

**CHIEF FINANCIAL OFFICER– Portland Nursery Company, Portland OR - 2006-2016.**  
Managed accounting, payroll, benefits and H. R. for chain of retail garden centers.

**CONTROLLER AND H. R. DIRECTOR – B. V. Resources, Portland OR - 2004-2005.**  
Brought finances and HR area current and within GAAP for potential firm sale.

**FIRM ADMINISTRATOR – Benson & McLaughlin CPA Firm, Seattle WA -1992-1998.**  
Automated internal finances, reduced space needs, and developed evaluation system.

**VICE PRESIDENT – Rockwood Research Corporation, Saint Paul MN - 1983-1992.**  
Co-founded firm and managed operations while firm grew to over 100 employees with margin averaging 18% and reaching 25% versus industry average of 4%.

**CONTROLLER/OFC. MGR. – Miller Publ. Div. of ABC, Minneapolis MN - 1979-1983.**  
Promoted from Assistant Controller, and managed accounting automation.

**CONTRACT AND SHORT-TERM ASSIGNMENTS – Eugene to Seattle – 1998-2004:**

**STOCK ANALYST/REVIEWER – Bates Private Capital, Lake Oswego OR.**  
Contract job in litigation support regarding stockbroker relations with investors.

**VICE PRESIDENT - FINANCE – Amfit Manufacturing, Vancouver WA.**  
Relocation of established firm from California, reducing space and labor cost.

**INTERIM CONTROLLER – Oregon Community Credit Union, Eugene OR.**  
Contract job Reporting and Budgeting for multi-county non-profit in merger talks.

**FINANCIAL REPORTING MANAGER – U. of O. Foundation, Eugene OR.**  
Contract job preparing statements for audit during vacancy in all accountant positions.

**CONTROLLER & DIR. OF ACCOUNTING – Maps Credit Union, Salem OR.**  
Reorganized Credit Card and Accounting Departments in 8-branch financial institution.

**DIRECTOR OF FINANCE – Integrative Therapeutics, Inc., Wilsonville OR.**  
Established Accounting, while absorbing 3 established supplement manufacturers.

**CHIEF FINANCIAL OFFICER – Puentes Brothers Manufacturing, Salem OR.**  
Developed unified Accounting for multi-state manufacturer, and began cost accounting.

**CONTROLLER – Adams and Associates employment agency, Seattle WA.**  
Completed complex conversion of Accounting software, and initiation of new school.

**PROFESSIONAL AND CIVIC ACTIVITIES**

Finance Committee member overseeing funds, and Commissioner of Planning Commission, municipality. Ethics Committee member, and Community Responsibility Committee member, state societies of CPAs. Neighborhood Association officer in Oregon and Minnesota; Regional District President in Seattle. Government Relations Committee and PAC member, Oregon Assoc. of Nurseries and Washington CPAs

November 10, 2016

I would like to serve on the SAC committee. Chris Bruch [REDACTED] Reno, Nv 89502 I am a residential and commercial customer and own a water treatment business Water Unlimited 405 s18th St Sparks, Nv 89431 so I am very interested in the treatment and quality of the water that TMWA produces. I can give a perspective as a customer, and I interact all day long with people wishing to improve their water quality. I have an AA degree in business, and have 20 years in the bottled water industry and 20 years in water treatment. Cell [REDACTED] work [REDACTED]. Let me know if you think I would be a good fit. Thanks, Chris

December 2, 2016

Ms. Folsom,

Please accept this correspondence as my formal submission and expression of interest in serving on the Truckee Meadows Water Authority's Standing Advisory Committee (SAC). I am excited by this opportunity and the responsibility of "reviewing budgets, rates, proposals, and other items; read reports and provide feedback from the customer perspective. The prospect of serving on the SAC is extremely appealing.

I am an accomplished executive with exceptional experience and demonstrated success in the hospitality industry. I have worked in many different markets, for different chains and independent operators, and have experience working the different segments of the hotel business. In each position, I have had financial responsibility to include budgeting, review, analysis, projection, etc. Additionally, my recent position of Senior Vice President also included responsibility for oversight of our water treatment facility and waste water treatment plant.

I am currently a TMWA single-family residential customer. A current resume is attached.

Thank you for your consideration.

James Cleary

[REDACTED]  
Reno, NV 89511

[REDACTED]  
[REDACTED]

December 1, 2016

To: Sonia Folsom  
[sfolsom@tmwa.com](mailto:sfolsom@tmwa.com)

Re: SAC Volunteer Committee

I just got the notice from the Truckee Meadows Water Authority that the Standing Advisory Committee (SAC) is looking for volunteers – on reading this, the first thing that came to mind is that I should volunteer to work with the committee as my background can be of help to the committee.

From my current work I know that Water Management, in an era of climate change and looming global water shortages, is going to one of the important issues of our time; as a Reno resident I think it is my civic duty to offer to assist in Reno's planning in this area.

I live in a single family house, but that does not make me unmindful of the responsibility of the Water Authority to all groups in Reno

*Background:*

Publisher –Smart Energy Universe, international circulation

Publication covers “smart energy” *issues including the increasing emphasis on the ramifications of the drought and what measures are required to ensure that precious water supplies remain available*

*Budgets and resource development* : Have worked in strategic planning at both Sun and Novell ( working in Eric Schmidt’s group) developing multi million dollar budgets and marketing strategies for new product lines.

*Education:* Graduate degrees in chemistry.

Contact information:

Name: Petra Gonsalves

Tel: [REDACTED]

Email: [REDACTED]

Address: [REDACTED]

Sincerely

Petra Gonsalves



December 1, 2016

Volunteer application for TMWA Standing Advisory Committee:

Robert Hammond, [REDACTED] Reno NV 89509

Type of customer - single-family residential

I'm a retired Hydrologist for 35 years with the USGS, Water Resources Div. and now a resident of Reno and a user of water provided by TMWA. I'm interested in where the water resources used by TMWA are located, what methods used to measure quantity, water quality, treatment, and managing the resources, both as a user and as a hydrologist.

During my working years I was involved in surface water, ground water, and quality water projects, involving data acquisition, managing data, and data interpreting. Starting with the USGS in California then transferred to Idaho, Headquarters in Sterling VA, and final in New Hampshire and Vermont. My moving to Reno was due requested Grand parenting duties.

Robert (Bob) Hammond

**JORDAN T. HASTINGS, PhD**



22 November 2016

Truckee Meadows Water Authority  
P.O. Box 30013  
Reno, NV 89520

Attn: Sonia Folsom

*via eMail:* sfolsom@tmwa.com

**RE: Standing Advisory Committee**

To Whom It May Concern:

Please accept my application to serve on the SAC in 2017. I am a single-family residential customer of TMWA in NW Reno (street address above).

As a geographer, I have long been interested in the management and politics of fresh-water in human activities. Ultimately water shapes what we do, all we can do. My current research concerns water security in the Middle East and North Africa. I also participate in U.S. federal flood modeling and mitigation activities, and advise graduate students in those topics.

I believe this background prepares me sufficiently to serve on the SAC. Undoubtedly, I would learn much more about local water issues in the Truckee Meadows. It would be an honor to serve the community where I have lived for 20+ years.

I am a broad-ranging problem solver with both strong technical background and solid communication skills. I can also prepare maps, including Web maps, if needed.

As of January 2017, I will be re-appointed as Visiting Lecturer at UNR/Economics, in addition to my online teaching appointment at UCSB/Geography. If a class conflicts with a SAC meeting, I have the flexibility to reschedule class.

I plan to attend the SAC meeting on Tue 6<sup>th</sup> December.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hastings".

Hello Sonia:

My name is Stephen Jaffe and I'm submitting this email to you to request consideration for serving as a volunteer on the TMWA Standing Advisory Committee. I'm friends with Mike Pidlypchak who indicated that you're looking for new members to serve on this committee. I would be looking to serve as a representative for single family residential home owners.

As background information, I am now retired after a 43 year career with Sierra Pacific Power Company / NV Energy. During my years with the power company I held a number of management and staff positions that I think give me a broad background to serve effectively in an advisory role such as this. Specifically, I spent 18 years in Purchasing first as a Buyer, then Supervising Buyer, and finally 6 years as the corporate Purchasing Manager. Other relevant responsibilities I had during my career included 3 years as Supervisor of Distribution Electric Standards, Supervisor of Supply Chain applications for the PeopleSoft enterprise implementation project, 3 years as Supervisor of Accounts Payable, and 8 years as a Business Systems Analyst in Information Technology.

Being retired, I'm looking for new challenges and opportunities to stay engaged and participating on your advisory committee would be one way for me to continue putting my relevant work experiences and background to good use. Prior to when the water system was sold by Sierra Pacific to TWMA, I worked extensively with the engineering and operations group on a wide range of labor and equipment acquisitions for both new construction and maintenance, so I'm quite familiar with the terminology, equipment specifications, and contracting requirements.

My contact information is as follows:

Stephen Jaffe

[REDACTED]

Reno, NV 89502

Phone: [REDACTED]

Cell: [REDACTED]

Feel free to contact me at your convenience. Thank you in advance for your consideration.

Steve Jaffe

November 23, 2016

I am interested in serving on the Standing Advisory Committee.

John J. Kadlic

██████████ (home)

██████████ (cell)

I am a single-family residential user.

I am a retired attorney. Most of my legal career was spent in public service. I have the time to participate in meetings and to review material.

My pertinent experience is having been an attorney in public service in various capacities.

John J. Kadlic

December 2, 2016

Ms. Folsom, my name is M. Donald Kowitz and this email serves as my application to the Standing Advisory Committee (SAC) of the Truckee Meadows Water Authority (TMWA). My contact information is below.

I am a single family residential customer and have lived in the Truckee Meadows for almost 20 years. I serve on a variety of not for profit and public boards and committees, and have an abiding interest in helping to insure a vibrant and stable future for the citizens of the Truckee Meadows. I am interested in serving on the SAC because I believe that the continued availability of a high quality water supply is critical to the quality of life of the current residents of the Truckee Meadows, and for supporting the population growth that is forecast. My professional experience includes 12 years as a CPA and over 30 years in executive financial and management positions in health care and health insurance. My financial, business and analytical background would be useful in reviewing and analyzing budgets, rates, business proposals and other documents that the SAC may be asked to consider. And through both my professional and community board experiences I have developed the ability to provide useful insight and practical suggestions and solutions to problems and opportunities that have been faced by the organizations I have served.

Please refer to my attached resume for more information about my background and the boards and committees on which I serve.

I appreciate the opportunity to be considered for a position on the SAC and hope that you will find my background beneficial to TMWA.

Thank you.

M. Donald Kowitz

[REDACTED]  
[REDACTED]  
[REDACTED]

Reno NV 89509

**M. Donald Kowitz**

██████████ Reno NV 89509  
██████████ ██████████

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**SUMMARY**

- Senior health care executive with over 30 years of experience in provider and payer environments
- Extensive experience in executive consulting; management; strategy; operations; and finance
- Former CPA

**PROFESSIONAL EXPERIENCE**

*Melody Health Insurance Company* - June 2016 to present

**President - Western Markets**

- Responsible for licensing and initiation of operations in Nevada and other Western states

*Executive Consulting* - May 2014 to June 2016

- Assisted multiple clients with business development, contracting and other health insurance initiatives

*Saint Mary's Regional Medical Center* - August 1997 to May 2014

**President and Chief Executive Officer, Health Plans:** November 2007 to May 2014

- Oversaw the development and implementation of key business strategies
- Initiated the development of new products, cost containment and marketing strategies
- Expanded the geographic area of the plans to Las Vegas
- Orchestrated the sale of the plans to a national health system

**Senior Vice President and Chief Financial Officer:** 2004 to 2007

- Responsible for all financial and managed care functions of \$300 million regional healthcare system
- Profit responsibility for \$100 million health plans division
- Inherited \$20 million annual system operating loss; integral part of team that returned system to breakeven operations in 2006
- Successfully negotiated waivers of bond covenant violations despite major losses
- Oversaw implementation of major clinical information systems on time and within budget

**Senior Vice President and Chief Operating Officer, Health Plans:** 1997 to 2004

- Turned division from a steady string of losses to profitability in 2002
- Grew revenues from \$25 million to over \$100 million and membership from 14,000 to over 70,000
- Achieved NCQA accreditation becoming the first health plan in Nevada rated excellent by NCQA
- Maintained uninterrupted operations after a major fire completely destroyed the administrative offices
- Developed and licensed an indemnity insurance company

*Executive Consulting* - 1995 to 1997

- Developed health plans in selected markets for a major Minnesota health plan
- Created a business development strategy for a medical information company

*John Alden Financial Corporation* - 1992 to 1995

**Senior Area Vice President**

- Complete profit responsibility for Western Division of national health insurance company with annual division revenues in excess of \$275 million
- Grew membership at an annual rate of over 8% to 215,000

- Developed strategies to transform indemnity business to managed care
- Acquired a 50,000 member PPO; developed and licensed an HMO
- Conducted high level negotiations and developed “partnerships” with integrated delivery systems

***HealthCare COMPARE/AFFORDABLE*** - 1990 to 1992

**Vice President of Operations**

- Operational responsibility for rapidly growing national PPO with annual revenue in excess of \$50 million
- Directed 300 employees in functional areas of network administration; provider relations; claims pricing; information systems; data analysis and reporting; and office administration
- Restructured operations to accommodate 200% annual growth; reduced direct operating costs by 40%
- Upgraded information systems to provide electronic claims pricing, claims adjustment and provider information to clients
- Opened new 40 person claims pricing office within 4 months

***Stone August Baker Communications Companies*** - 1988 to 1990

**Senior Vice President and Chief Financial Officer**

***Executive Consulting*** - 1986 to 1988

***Independence Health Plan, Inc.*** - 1984 to 1986

**President and Chief Executive Officer:** 1985 to 1986

**President and Chief Operating Officer:** 1984 to 1985

**Vice President and Chief Financial Officer:** 1984

- Complete operating and profit responsibility for publicly owned HMO with over 170,000 members and annual revenues in excess of \$100 million
- Achieved 40% growth in revenues and membership and doubled the size of the health plan
- Rebuilt executive management team after departure of founder/owner group

***Arthur Andersen & Co.*** - 1971 to 1983

**Audit Manager:** 1976 to 1983; **Audit Senior:** 1973 to 1976; **Audit Staff Assistant:** 1971 to 1973

**EDUCATION**

**Michigan State University** - Bachelor of Science, with high honors – Mathematics; Minor in Accounting.  
**Licensed as CPA** - 1972 through 1990

**COMMUNITY INVOLVEMENT**

**Board Member and Past Chairman of the Board, KNPB** - regional public television station

**Board Member, HealthInsight Nevada** - multi-state healthcare quality improvement organization

**Board Member, Access to Healthcare Network** - provides healthcare access for low income individuals in NV

**Board Member, Community Health Alliance Foundation** - supports local federally qualified health center

**Board Member, Financial Advisory Board of the City of Reno**

December 1, 2016

Sonia, I would like to reach out and convey my interest in serving on the SAC. I recently moved from the SF Bay Area with my family and currently live in Sparks. I am a professional in the IT Technology field with 25+ years of relevant business experience. My area of expertise is around technical operations and the delivery of managed services. I feel that I would bring a rational approach to project management, a clear concise demeanor, and a voice that would be passionate, but reasonable to work with. I would certainly like to become more involved in the community, and given that water is life, this is a great place to start.

Please feel free to contact me if you have any questions.

Sincerely,

Ray Mason

Home: [REDACTED]

Cell: [REDACTED]



November 12, 2016

Truckee Meadows Water Authority  
Standing Advisory Committee

C/O Ms. Sonia Folsom  
Truckee Meadows Water Authority  
Standing Advisory Committee Liaison  
1355 Capital Blvd. I  
Reno, NV 89502

RE: Letter of interest for open position on the Standing Advisory Committee (SAC)

Dear Ms. Folsom,

Regarding letters of interest for the SAC, please refer to my information below for my interest in participation.

Name and information:

Scot A. Munns

Residence:

[REDACTED]

Reno, NV 89509

Mailing:

[REDACTED]

Reno, NV 89511

Email:

[REDACTED]

Cell:

[REDACTED]

Type of TMWA customer:

Single Family Residence

Interest:

As a longtime resident of the Truckee Meadows, I have come to use TMWA services since moving to Reno in 1965. My interest in water issues in this area has increased as I am now retired and have time to further gain insight on issues in this metropolitan area. Water availability and usage in the Truckee Meadows is even more important with the limited supply from the Sierra Nevada Mountains. The re-development of the area from the economic crash of 2008, and the anticipated housing

and business growth in the Truckee Meadows Valley from the impact of Tesla factory and "Tesla Effect" will increase water usage and tax resources. Being part of the SAC will improve my understanding of the water availability and allocation process throughout the area. With this knowledge, I will be able to provide valuable citizen/user input for the SAC.

Experience:

Washoe County Sheriff's Office, Sergeant (Retired)  
Patrol, Internal Affairs, Detention, Training and Compliance


Contractor / Police Advisor (2004-2009)  
MPRI on contract to US Department of Justice-ICITAP, Afghanistan

Contractor / Police Advisor (2009-2013)  
PRO-Telligent, LLC on contract to US-Department of State-INL, Pakistan

Currently enjoying retirement and available to provide time and experience to the discussion.

Please advise if you require any further information or clarification and I will be happy to do so. Thank you for your time and consideration.

Sincerely,



Scot A. Munns  
Reno, NV

**Application to Serve on the Standing Advisory Committee**

**Name:** Robert (Bob) Pohl

**Address:** [REDACTED] Sparks, Nevada 89436

**Phone:** [REDACTED] (Home)

[REDACTED] ( Cell)

**E-mail:** [REDACTED]

**Customer Group:** Single-Family Residential

**Statement of interest in serving:**

I am interested in serving as a way to give back to my community that has been so giving to me and my family. I feel that this is an important time in our community's life as we try to deal with the growth that is expected to occur in the next few years. We need to be sure that we have all of the resources to serve both the current business and residences but also be able to accommodate the new residents and business. I also feel that the cost of providing the water services must be appropriately priced to TMWA customers both old and new. I feel that my life experiences (see below) make me a good candidate to serve on this important committee.

**Experience:**

- 61 Year resident of Truckee Meadows
- Retired CPA in the state of Nevada
- Worked 30 years at Sierra Pacific Power in the tax Department
- Work duties included working on various rate cases relating to both tax issues but all areas of the rate cases for electric gas and water rates.
- As part of duties at Sierra was in charge of property taxes and franchise fees paid to municipalities
- Was part of Sierra Pacific Power team for the sale to TMWA and the transition after the sale

I would appreciate the opportunity to become a member of this body.

**Standing Advisory Committee (SAC) Volunteer Application**

Name and Contact Information

Name: Dale Sanderson, P.E. (retired)  
Address: [REDACTED] Sparks, NV 89431  
Telephone: [REDACTED] [REDACTED]  
Email: [REDACTED]

Group Represented – single-family residential

Statement of Interest

I am a native of Sparks, as is my wife, and I have a deep interest in quality of life and environmental issues for our communities, state and nation. Water quality and supply play major roles for each of these issues. I have been involved with energy efficiency and conservation and believe that water resources are as important, or more important for the west, as energy. For that reason, I am interested in learning as much about water resources as I can in order to bring an intelligent perspective to the issues the SAC reviews.

Experience

I have a BS degree in civil engineering from Stanford University and an MBA from UNR and am a registered civil engineer (retired) in Nevada. Following graduation I spent five years (1973-78) in construction project engineering on large infrastructure projects in the Truckee Meadows and the Truckee/Lake Tahoe area. I worked for Teichert Construction on the site work for the Glendale water treatment plant and for Holcomb Construction on the Farad flume and forebay hydroelectric plant, the Fallon Rattlesnake Mountain water tank and the Glendale bridge.

In 1978 I went to work for the Washoe County School District (WCSD) as Supervisor of Maintenance and in 1983 became the Director of Facilities for the District, a position I held until 2008. As Director, I was responsible for all facility operations and capital improvement programs (i.e. bond issues). During my tenure I implemented a utility consumption tracking and conservation program, a facility condition index data base program and a team cleaning custodial program. I had the responsibility to implement and manage four capital improvement programs which built 38 of WCSD's schools and support facilities. At the request of TMWA staff, I facilitated the acquisition of District locations for TMWA well sites.

Upon retirement from WCSD in 2008, I went to work for CLEAResult Consulting, the contractor managing the Energy Smart Schools program for NV Energy, as a Senior Consultant. I worked with all of the Nevada school districts in NV Energy's service territory providing them with technical information on electrical conservation and efficiency measures, performing mini-energy audits, calculating KWh savings, and issuing rebate incentive checks. I held this position until March, 2016 at which time I retired.

I am a member of the Board of Trustees of the Sparks United Methodist Church. I worked with TMWA staff to sell a portion of the Church property to TMWA for a well site.

Ed Tilzey

[REDACTED] Sparks, NV. 89436

Phone—([REDACTED])

[REDACTED]

I would like to be considered as a volunteer for the TMWA Standing Advisory Committee (SAC).

I have followed and worked on water issues in the Truckee Meadows and Western Nevada for years and am interested in being further involved.

- 40 Year resident of Sparks
- A TMWA customer, single-family residential
- B.S., University of Montana
- Graduate of the US Army Command & General Staff College
- Graduate of the US Air Force War College
- Biologist & Project Manager, BLM – Retired
- US Army LT. Col. – Retired
- Consultant on Environmental and Water issues
- Past experience in water issues and water and utility projects
- Past Board member of: Washoe Co. Wildlife Advisory Board, Wingfield Springs Community Assoc., Lahontan Audubon Society, and the National Public Lands Foundation
- Current Board member of: Sierra Nevada Military Officers Association of America (1<sup>st</sup> Vice Pres.) and the Nevada Waterfowl Association
- Past experience with project and agency budget processes

November 25, 2016

My name is Gerry Tomac

I would like to submit my application for your volunteer on your Advisory Committee..

I am both a residential and commercial customer.

I have been a business owner for over twenty three years, and most recently sold my business.  
Before business ownership I was in the accounting and financial field.

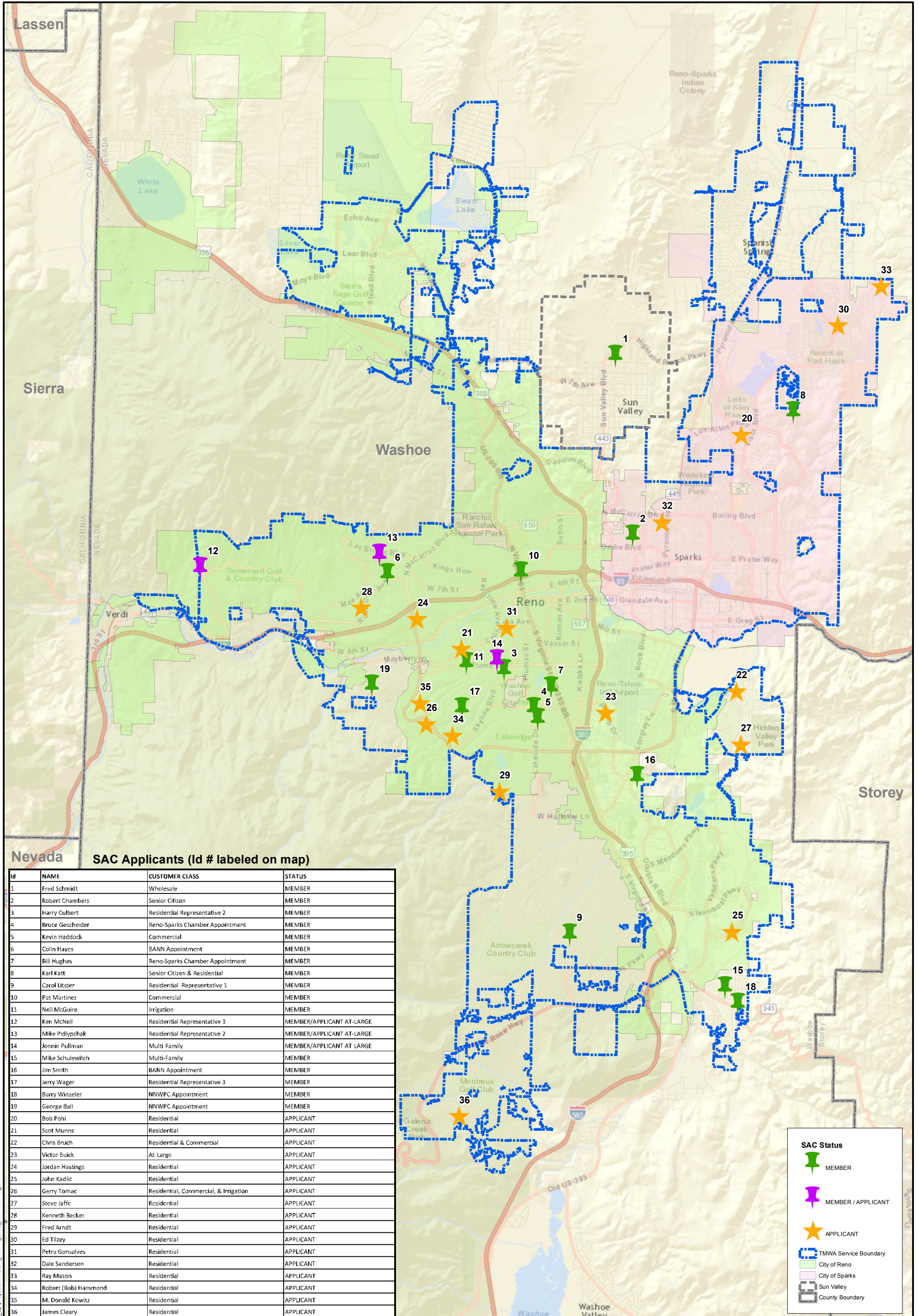
I bring some skills and background that may be of value to your committee.

Currently I serve as a director on the board of Caughlin Ranch HOA.

If there is interest or you need more information you can contact me by my e-mail address.

Thank you

Gerry Tomac



Nevada SAC Applicants (Id # labeled on map)

Id	NAME	CUSTOMER CLASS	STATUS
1	Fred Schmidt	Wholesale	MEMBER
2	Robert Chambers	Senior Citizen	MEMBER
3	Harry Culbert	Residential Representative 2	MEMBER
4	Bruce Gescheider	Reno-Sparks Chamber Appointment	MEMBER
5	Kevin Haddock	Commercial	MEMBER
6	Colin Hayes	BANN Appointment	MEMBER
7	Bill Hughes	Reno-Sparks Chamber Appointment	MEMBER
8	Karl Katt	Senior Citizen & Residential	MEMBER
9	Carol Utster	Residential Representative 1	MEMBER
10	Pat Martinez	Commercial	MEMBER
11	Neil McGuire	Irrigation	MEMBER
12	Ken McNeil	Residential Representative 3	MEMBER/APPLICANT AT-LARGE
13	Mike Pidlypchak	Residential Representative 2	MEMBER/APPLICANT AT-LARGE
14	Jonnie Pullman	Multi Family	MEMBER/APPLICANT AT LARGE
15	Mike Schulewitsch	Multi-Family	MEMBER
16	Jim Smith	BANN Appointment	MEMBER
17	Jerry Wager	Residential Representative 3	MEMBER
18	Barry Wenzler	NNWPC Appointment	MEMBER
19	George Ball	NNWPC Appointment	MEMBER
20	Bob Pohl	Residential	APPLICANT
21	Scot Munns	Residential	APPLICANT
22	Chris Bruch	Residential & Commercial	APPLICANT
23	Victor Buick	At Large	APPLICANT
24	Jordan Hastings	Residential	APPLICANT
25	John Kadlic	Residential	APPLICANT
26	Gerry Tomac	Residential, Commercial, & Irrigation	APPLICANT
27	Steve Jaffe	Residential	APPLICANT
28	Kenneth Becker	Residential	APPLICANT
29	Fred Arndt	Residential	APPLICANT
30	Ed Tilzey	Residential	APPLICANT
31	Petra Gonsalves	Residential	APPLICANT
32	Dale Sanderson	Residential	APPLICANT
33	Ray Mason	Residential	APPLICANT
34	Robert (Bob) Hammond	Residential	APPLICANT
35	M. Donald Kowitz	Residential	APPLICANT
36	James Cleary	Residential	APPLICANT

**SAC Status**

- MEMBER
- MEMBER / APPLICANT
- APPLICANT
- TMWA Service Boundary
- City of Reno
- City of Sparks
- Sun Valley
- County Boundary

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**Distribution of SAC Members & Applicants**

DATE 12/6/2016  
MAP BY: JAK  
REQUESTED BY: SF  
SCALE: 1 in = 2 miles





## STAFF REPORT

TO: Standing Advisory Committee  
FROM: Sonia Folsom, SAC Liaison  
DATE: November 28, 2016  
SUBJECT: **Presentation of 2017 meeting schedule**

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The TMWA Standing Advisory Committee meets the first Tuesday of each month at 3:00 p.m. The schedule of proposed meeting dates for 2017 is:

- Tuesday, January 3
- Tuesday, February 7
- Tuesday, March 7
- Tuesday, April 4
- Tuesday, May 2
- Tuesday, June 6
- ***Tuesday, July 4*** – Independence Day, TMWA Holiday, No meeting
- Tuesday, August 1
- Tuesday, September 5
- Tuesday, October 3
- Tuesday, November 7
- Tuesday, December 5

Meetings that appear on this schedule may be cancelled or changed due to lack of agenda items or other considerations.