



NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2020 and 2019

PREPARED BY: Michele Sullivan, CPA
Chief Financial Officer

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November 25, 2020

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, 2020. The purpose of the report is to provide the Board of Directors (Board), 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.

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2020 and 2019. The independent auditor's report 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 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.

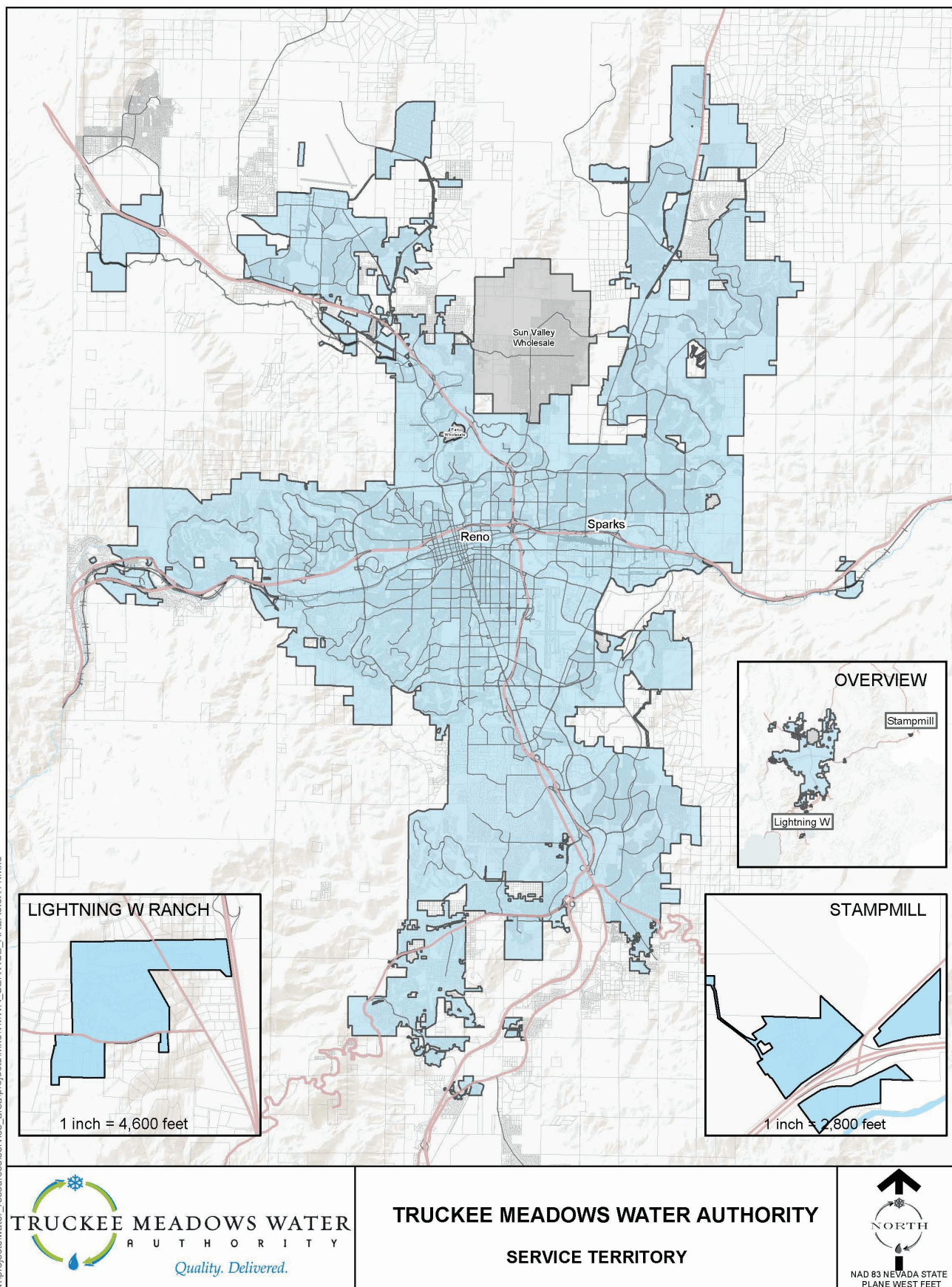
REPORTING ENTITY

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, now known as NV Energy, 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 continuing 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, 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.

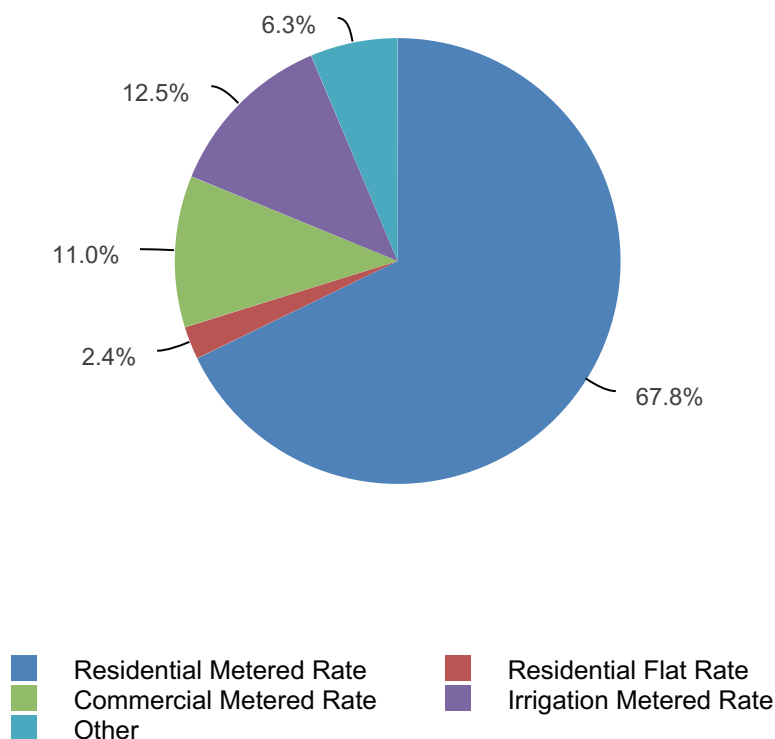
TMWA has over 125,000 service connections and one wholesale customer. TMWA operates within the Truckee Meadows service area. TMWA has only one wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

The map on the following page reflects the TMWA service territory.



The following graph depicts the proportion of operating revenues by class for fiscal year 2020:

TMWA Operating Revenues \$108.1 Million



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. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are less than 275 water services that do not have a meter installed and are billed on a flat rate. These represent problematic services with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining 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 1.82x and with certain developer fees and charges was approximately 2.44x as of June 30, 2020.

ECONOMIC OUTLOOK AND WATER RESOURCES

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 nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of nearly 40% percent.

On March 12, 2020, the Governor of the State of Nevada declared a state of emergency related to the COVID-19 pandemic. Following this initial declaration, from March 15th through March 20th, the Governor issued several Emergency Directives which required the closure of all public schools and non-essential business in the state until further notice to help mitigate the ongoing outbreak of the COVID-19 virus. In the weeks following the shutdown, as the spread of the virus slowed, non-essential businesses were permitted to re-open under certain guidelines including reduced capacity. The re-opening culminated with casinos permitted to resume modified operations on June 4th. The shutdown caused by the pandemic lead to layoffs and increased unemployment in Washoe County and across the state. Although the shutdown was lifted in June, continued restrictions on business operations aimed at limiting the spread of the virus have led to continued unemployment. As of the date of issuance of this CAFR, the pandemic is ongoing and future impacts to TMWA are unknown; however, future implications from the pandemic are not expected to be material to TMWA's financial statements.

Despite the economic hardships resulting from the pandemic, taxable sales in Washoe County continued to grow in fiscal year 2020 with an increase of 13.2 % from the prior year. Prior to fiscal year 2020, Washoe County experienced taxable sales increases of 3.5% and 6.8% in fiscal years 2019 and 2018, respectively. Prior to the COVID-19 pandemic and related shut-downs, unemployment rates had decreased significantly since the recession, from highs in 2011 of over 13% to an unemployment rate of 3.2% in February 2020 (before the economic shutdown).

TMWA's service area also continues to expand. The Board voted in October 2018 to approve annexation of a planned development north of the current service area for retail water service. If the development is completed as planned, it will add over 5,000 service connections. The developer will pay for all water line extensions and infrastructure needed to complete the project. In fiscal year 2019, TMWA completed the acquisition of West Reno Water Company's water system. This expanded TMWA's service area to the west where development is planned for over 3,500 service connections. Developer contributions and federal grants will pay for this expansion.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resources Plan (WRP). In October 2020, the TMWA Board approved the most recent iteration of the WRP for the years 2020-2040. The WRP was previously updated in fiscal year 2016 and covered years 2016-2035. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards and most recently, impacts of climate change. These analyses performed in the most recent WRP 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.

To complement this water resource planning effort, a comprehensive Water Facility Plan (WFP) for the years 2015-2035 was developed and adopted by the TMWA Board in October, 2019. For the first time, this WFP included detailed planning for the water systems formerly operated by Washoe County that were merged into TMWA on January 1, 2015. The original WFP was adopted by the TMWA Board in December 2004 and updated in 2010. The WFP evaluates the infrastructure required to supply, treat and deliver water to customers over the life of the plan and determines infrastructure requirements needed in the Capital Improvement Plan to serve growth based upon population and water demand forecasts in the WRP.

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). 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 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

TMWA owns and operates 27,000 acre-feet of reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both owned and controlled by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federal lakes and reservoirs, including Lake Tahoe. Currently, TMWA has a total of approximately 35,000 acre feet stored in these TMWA owned and federally operated reservoirs. Additionally, in August 2020, the TMWA Board approved a Memorandum of Understanding (MOU) between TMWA, Carson City and Storey County regarding TMWA having access to surplus water resources from the State of Nevada's Marlette Lake Water System. If this MOU results in a definitive agreement it would provide further water storage and resource availability for TMWA.

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 thereby 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. This project was completed in fiscal year 2017.

Since the implementation of TROA, TMWA's Privately Owned Stored Water (POSW) has more than doubled. Higher than average precipitation in Western Nevada during the winter of 2018/2019 allowed for TMWA's reservoirs to fill to near maximum capacity, which essentially guarantees normal river flows and water supply for the next two to three years. 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 is well positioned with regards to drought resiliency.

Advanced Purified Water Program

TMWA is confident in its ability to meet the community's potable water needs for decades to come. Regardless, staff and leadership are dedicated to preparing for potential needs that are currently beyond the horizon. In this spirit, TMWA is participating in a multi-organizational effort to study the feasibility of producing Category A+ Advanced Purified Water (APW). This research collaboration is known as OneWater Nevada and includes TMWA; City of Reno; City of Sparks; Washoe County; the University of Nevada, Reno; Truckee Meadows Water Reclamation Facility; the Western Regional Water Commission, and the Northern Nevada Planning Commission.

The OneWater Nevada Study is evaluating the feasibility of using treated effluent from regional water reclamation facilities and applying a combination of advanced water treatment steps with natural groundwater purification processes to allow for aquifer storage and recovery of the APW. The treatment approach is regulated to rigorous state and federal drinking water standards and may potentially create a future supplemental water supply for potable or other high-quality uses.

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), hydrogeological studies at Bedell Flat and American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. TMWA and City of Reno staff both have received Board direction to move forward with developing a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project. This initial effort is the first step in the demonstration project planning and design process and will further inform Reno and TMWA decision-makers of the overall project feasibility.

Water Resource Sustainability Program

In fiscal year 2019, the TMWA Board established the Water Resource Sustainability Program. This program provides funding for projects benefiting TMWA's water resources. Such projects would include expanded conjunctive use, aquifer storage and recovery, demonstration and validation of exceptional quality reclaimed water uses and any other project that enhances water resource sustainability and drought resiliency. This program is funded by a fee charged to new development of \$1,600 for every acre-foot of new surface water demand, replacing a prior fee (of \$1,830 per acre-foot of demand) formerly used to fund the Water Meter Retrofit Program.

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 natural 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 90 million gallons per day (MGD) Chalk Bluff Water Treatment Plant and the 34.5 MGD Glendale Water Treatment Plant. In order to further diversify the water supply, TMWA is in the process of constructing a 4 MGD surface water treatment plant in the Southern service area. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This prestigious recognition places the Chalk Bluff plant as one of 57 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 has since requalified for this award on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 15,000 samples covering approximately 20,000 constituents at over 270 locations throughout the TMWA water system to insure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

Efficient use of water within the Truckee Meadows extends this vital resource through periods of drought in this high desert climate. Therefore, water conservation has been, and will continually be, a high-priority at TMWA. Not only does conservation promote water-efficient behavior, such efforts also reduce peak-day demand and help defer future investments in costly improvements to infrastructure. The purpose of water conservation at TMWA is to promote smart use of water through several programs. During a drought, TMWA enhances its conservation efforts to ensure drought storage is sufficient over the drought period.

Water-Efficiency Codes

TMWA's Rule 2 provides water-efficiency codes to which customers must adhere. First, customers must not use water excessively (i.e., no waste). Second, TMWA requires that its customers adhere to a three-day-a-week irrigation schedule. This watering restriction helps prevent overwatering, as well as, reduces peak-day demand. Next, TMWA also requires no irrigation on Mondays to allow its system to recharge. Finally, TMWA requires no irrigation between noon and 6 p.m. from Memorial Day to Labor Day. These water-efficiency codes have been successful in managing customer demands over time.

The Water Meter Retrofit Program

Under TMWA's Water Meter Retrofit Program, unmetered services were retrofitted with a meter. Customers without meters pay a flat, monthly water rate: thus, they have no simple way to know their water usage and have less monetary incentive to conserve. Through a charge of \$1,830 for every acre-foot of new surface water demand, developers and others have provided funding for this program. Due to the success of this program, TMWA estimates less than 275 water services do not have a meter installed. In fiscal year 2019, the Water Meter Retrofit Program was replaced by the Water Resource Sustainability Program.

Water Pricing Structure

TMWA has an inverted, tiered-rate billing structure in which customers are charged increasing rates based on the amount of water they use. This billing structure provides a "price signal" to customers who cross into a higher tier, thereby encouraging efficient use of water.

Water Usage Review Program

The Water Usage Review Program assists TMWA customers with issues with their water meter or their water delivery system. When a water usage review is requested, TMWA staff will go onsite to check meter accuracy as well as detect for leaks in the customer's system. If a leak is detected, staff will work with the customer to attempt to identify the leak source. Staff will also review the usage history of the service to determine water usage behavior. Once completed, staff will notify the customer regarding any leaks that were detected, make recommendations on how to reduce water consumption, and teach customers how to check for leaks in the future.

Water Watcher Program

During the irrigation months (April to October), TMWA ramps up its conservation efforts by hiring additional seasonal conservation consultants. These consultants are trained to monitor the TMWA service territory and ensure its water-efficiency codes are being adhered to. They also respond to water waste reports by the public. They provide customers with information about TMWA's water-efficiency codes and identify any leaks or sources of water waste in outdoor irrigation. This program not only promotes efficient use of water, but also facilitates lower monthly bills.

Landscape Retrofit Program

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote replacement of turf grass with drought-tolerant vegetation, tree conservation, and smart landscaping educational programs.

Water Conservation Education Program

TMWA has a strong educational program designed to teach customers about the benefits of conservation and techniques that can help them use water responsibly. Educational initiatives include a free workshop series, direct communication (bill inserts, emails, in-person, etc.), public presentations and events, as well as, a multi-media campaign. TMWA also partners with other local organizations to provide grade school students in the Truckee Meadows with information regarding our water sources, water quality and watershed protection.

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. Internal controls are also used 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's 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 years. 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 revenues of \$108.1 million were \$1.6 million or 1.5% below the final budget for fiscal year ended June 30, 2020. Charges for water sales were \$102.5 million or 0.2% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During fiscal year 2020, water sales were lower than budget through the first three quarters due to a mild, cooler summer and fall. However, during the fourth quarter, weather conditions were warmer and dry which led to more water use by customers. Ultimately, fourth quarter water sales made up the deficit from the first three quarters and total water sales ended the year close to budget.

Total operating expenses of \$94.1 million were approximately \$5.6 million under the budget of \$99.8 million. Operating expenses before depreciation were \$5.8 million under budget or approximately 8.8% lower. Salaries and wages and employee benefits were both under budget by \$1.7 million and \$0.8 million or 7.5% and 6.5%, respectively. These were lower primarily due to position vacancies during the year. There were six open positions at the end of the fiscal year. Additionally, TMWA had more labor intensive capital projects ongoing during the year which drove more labor costs (both salaries/wages and benefits) to capital. Service and supplies expenses were \$3.3 million under budget, a variance of 10.7%. This was due to several factors, including two large project related expenses included in the budget. One of these projects was completed during the year but all costs were capitalized in accordance with appropriate accounting standards. The other project's expenses were delayed until fiscal year 2021. Also contributing to lower services and supplies costs were lower chemical and power costs during the year. Power consumption was lower due to continued optimization of TMWA's pump stations and well operations. Chemical costs were lower due to less turbidity events in the Truckee River during the year, which required less chemicals to treat the raw water. Lastly, all essential maintenance was performed, and there were no major unplanned expenses incurred during the year.

Total net nonoperating revenues and expenses were \$3.3 million favorable to budget. This variance was primarily due to higher investment earnings. TMWA maintained higher invested principal during the year due to lower capital spending and lower operating expenses. This gain was offset by losses on disposals of fixed assets.

Capital contributions of \$44.2 million were \$5.3 million above budget. This variance is mostly attributable to non-cash developer contributed assets which were \$4.4 million higher than budget. The remaining \$0.9 million variance was due to higher developer cash contributions related to proceeds for the water resource sustainability program, facility charges and contributions from other governments, offset by lower grant revenue and will-serve sales.

Total capital spending was approximately \$43.9 million for fiscal year 2020, which was approximately \$14.6 million less than the \$58.5 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

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, 2020, TMWA has approximately \$148.7 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2020 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 \$11.1 million as of June 30, 2020. As of June 30, 2020, TMWA retained a \$10.3 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.8 million is included as a reservation of unrestricted net position.

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, 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, 2020**

TMWA Board of Directors

Vaughn Hartung, Washoe County Commissioner, Chairman of the Board

Kristopher Dahir, City of Sparks Council Member, Vice Chairman

Paul Anderson, City of Sparks Council Member

Jeanne Herman, Washoe County Commissioner

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Neoma Jardon, City of Reno 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 Management

Andy Gebhardt, Director of Operations and Water Quality

Pat Nielson, Director of Distribution, Maintenance, and Generation

Michele Sullivan, CPA, Chief Financial Officer

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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 financial statements of Truckee Meadows Water Authority (TMWA), which comprise the statements of net position as of June 30, 2020 and 2019, 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.

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 audits. We conducted our audits 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 TMWA, as of June 30, 2020 and 2019, and the respective changes in its financial position and its cash flows 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 18 through 28, the schedules of changes in net OPEB liability and related ratios on pages 65 through 66, the schedules of contributions - OPEB on pages 67 through 68, the schedules of TMWA's share of net pension liability on page 69, and the schedules of TMWA contributions – Pension on page 70 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 schedules of revenues, expenses and changes in net position – budget and actual are the responsibility of management and were derived from and relates 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 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 25, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 25, 2020

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, 2020, June 30, 2019, and June 30, 2018. 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.

FINANCIAL HIGHLIGHTS

TMWA's Net Position *(in millions)*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Unrestricted Current Assets	\$ 168.7	\$ 171.1	\$ 164.1
Restricted Current Assets	27.7	15.7	13.3
Long-Term Restricted and Other Assets	29.8	29.5	32.9
Net Other Postemployment Benefits Asset	2.3	—	0.2
Capital Assets, net	1,007.7	980.7	952.7
Total Assets	<u>1,236.2</u>	<u>1,197.0</u>	<u>1,163.2</u>
Deferred Outflow of Resources	<u>14.9</u>	<u>14.1</u>	<u>14.5</u>
Total Assets & Deferred Outflow of Resources	<u>1,251.1</u>	<u>1,211.1</u>	<u>1,177.7</u>
Total Current Liabilities	47.9	47.1	56.9
Long Term Debt Outstanding	383.3	401.7	409.2
Net Pension Liability	40.6	37.7	37.3
Net Other Postemployment Benefits Liability	0.7	1.9	0.8
Long Term Compensated Absences	2.2	2.0	2.1
Total Liabilities	<u>474.7</u>	<u>490.4</u>	<u>506.3</u>
Deferred Inflow of Resources	<u>6.7</u>	<u>2.5</u>	<u>3.4</u>
Net Investment in Capital Assets	617.5	573.2	533.1
Restricted	41.7	29.2	30.1
Unrestricted	<u>110.5</u>	<u>115.7</u>	<u>104.9</u>
Total Net Position	<u><u>\$ 769.7</u></u>	<u><u>\$ 718.1</u></u>	<u><u>\$ 668.1</u></u>

Financial Position

Fiscal Year 2020 Summary

In the fiscal year ended June 30, 2020, total net position increased by approximately \$51.6 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$2.4 million from June 30, 2019. Unrestricted cash decreased \$4.4 million due primarily to an increase in restricted cash for current bond debt service related to the upcoming principal payment of \$10.5 million on TMWA's 2017 refunding bonds due in fiscal year 2021. See Note 6 to the financial statements for additional information TMWA's outstanding debt. This decrease was offset by overall net positive cash flows from all of TMWA's operations. See the Statement of Cash Flows for additional information.

In fiscal year 2020, TMWA booked a long-term asset related to its other post-employment benefit (OPEB) plans. This was the result of an actuarial analysis. Additional information on TMWA's OPEB plans can be found in Note 11 to the financial statements.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation increased by \$27.0 million in fiscal year 2020 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$20.1 million. These assets are built to TMWA's standards and specifications. TMWA continued construction of a new treatment plant during fiscal year 2020. The Mt. Rose Water Treatment Plant is expected to be operational in fiscal year 2021. TMWA spent \$12.5 million on the project in fiscal year 2020 and \$23.5 million total through June 30, 2020. Depreciation expense was \$33.3 million.

Total current liabilities increased by \$0.8 million. The primary increase was due to an increase in the current portion of long-term debt for the first principal payment on the 2017 refunding bonds of \$10.5 million due July 1, 2020. Offsetting this increase were decreases due to the pay down of commercial paper of \$7.5 million and a \$2.3 million decrease in short term contracts and retention payable due to timing differences in the accounts payable cycle year over year.

Long term debt decreased \$18.4 million, mainly due to the reclass to current portion of debt discussed above. Additionally, long term debt decreased due to amortization of bond premiums of \$4.9 million and principal payments on debt of \$2.8 million.

Fiscal Year 2019 Summary

In the fiscal year ended June 30, 2019, total net position increased by \$50.0 million, the result of operating income, net nonoperating income and capital contributions.

Unrestricted current assets increased by \$7.0 million from June 30, 2018. Unrestricted cash increased \$5.4 million due to increases in investment income, higher operating revenues, and continued growth in the service area which increases cash contributions from developers. Total cash and investment balances, both restricted and unrestricted increased by \$4.4 million in fiscal year 2019.

During fiscal year 2019, TMWA booked additional liabilities of \$1.4 million related to retirement benefits. These accruals are based on an actuarial analysis. Detailed information about TMWA's postretirement benefits can be found in Notes 10 and 11 to the financial statements.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation increased by \$28.0 million in fiscal year 2019 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$19.1 million. These assets are built to TMWA's standards and specifications. TMWA began construction in fiscal year 2019 on a new treatment plant and spent \$9.1 million on construction. Construction on this project should be complete in fall of 2020. Depreciation expense was \$32.8 million.

Current liabilities payable from unrestricted current assets decreased by \$9.8 million mainly due to decreases in commercial paper. TMWA paid off \$6.5 million of its commercial paper. Other current liabilities, including vendor accounts payable and due to other governments were \$4.8 million lower than prior year due to timing of payments. Offsetting these decreases was an increase of \$0.7 million in contacts and retention payable and an increase of \$0.7 million in interest payable at year end.

Long term debt decreased \$7.5 million, mainly due to amortization of bond premiums of \$4.7 million, and principal payments on debt of \$2.7 million.

TMWA's Changes in Net Position
(in millions)

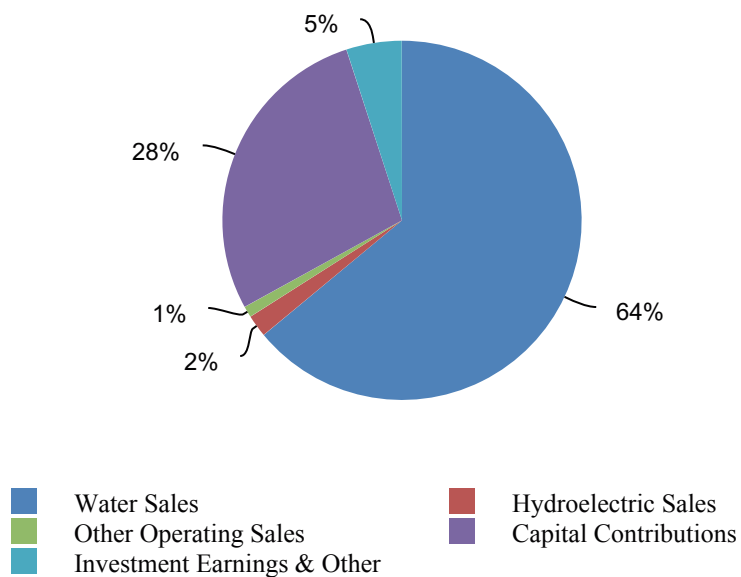
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Revenues	\$ 108.1	\$ 107.1	\$ 101.8
Operating Expenses	94.1	92.5	90.3
Operating Income	<u>14.0</u>	<u>14.6</u>	<u>11.5</u>
Nonoperating Revenues (Expenses) net	<u>(6.6)</u>	<u>(6.7)</u>	<u>(11.2)</u>
Income before Capital Contributions	7.4	7.9	0.3
Capital Contributions	44.2	42.2	37.4
Change in Net Position	<u>51.6</u>	<u>50.1</u>	<u>37.7</u>
Net Position - Beginning of Year	<u>718.1</u>	<u>668.0</u>	<u>630.3</u>
Net Position - End of Year	<u><u>\$ 769.7</u></u>	<u><u>\$ 718.1</u></u>	<u><u>\$ 668.0</u></u>

TMWA's Revenues
(In millions)

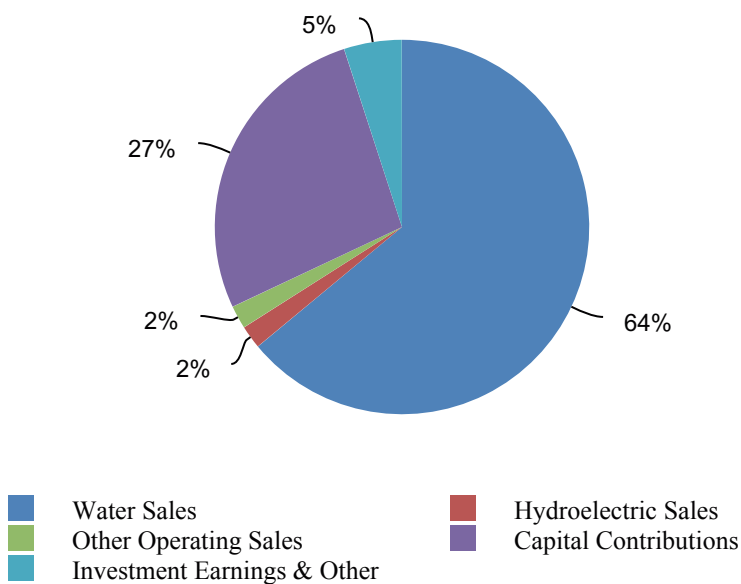
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues			
Operating Revenues			
Water Sales	\$ 102.5	\$ 101.8	\$ 95.5
Hydroelectric Sales	3.3	2.6	3.8
Other Operating Sales	2.3	2.7	2.5
	<u>108.1</u>	<u>107.1</u>	<u>101.8</u>
Nonoperating Revenues			
Investment Earnings	4.1	4.4	2.3
Other	3.4	2.8	0.1
	<u>7.5</u>	<u>7.2</u>	<u>2.4</u>
Capital Contributions	44.2	42.2	37.4
Total Revenues	<u><u>\$ 159.8</u></u>	<u><u>\$ 156.5</u></u>	<u><u>\$ 141.6</u></u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2020, 2019 and 2018:

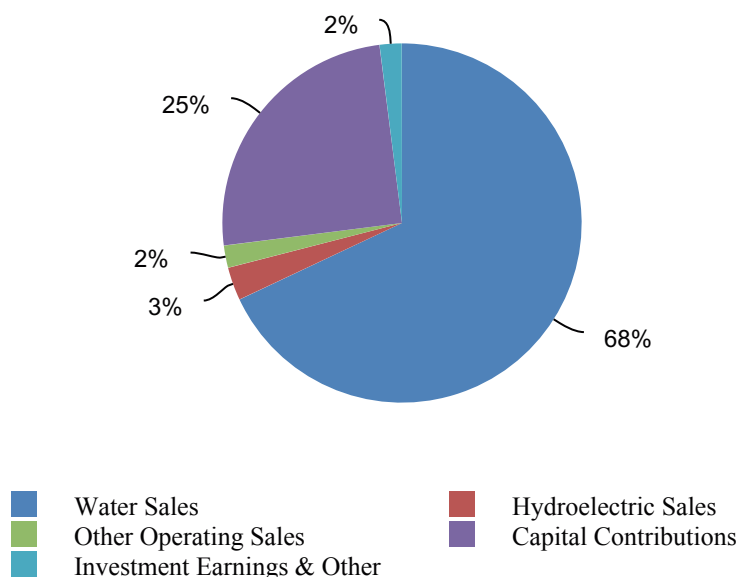
Total Revenues for the Year Ended June 30, 2020



Total Revenues for the Year Ended June 30, 2019



Total Revenues for the Year Ended June 30, 2018



Results of Operations-Revenues

Fiscal Year 2020 Summary

For fiscal year 2020, total operating revenues increased \$1.0 million from fiscal year 2019. Water Sales were \$102.5 million, \$0.7 million or 0.7% greater than in fiscal year 2019. Water sales were higher year over year due to growth in the service area of approximately 2% offset by slightly lower water usage per capita. Hydroelectric Sales were \$0.7 million or 26.9% higher than fiscal year 2019, due to downtime for repairs at the hydroelectric plants in fiscal year 2019. Other operating revenue was \$0.4 million or 14.8% lower than the prior year due to inspection fees and late fee revenue. Inspection fees were lower due primarily to timing, as these fees can fluctuate with larger or smaller developer projects. Late fee revenue was lower due to TMWA stopping late fee assessments during the fourth quarter as a result of the COVID-19 pandemic. The assessment of late fees was continued in fiscal year 2021.

Investment earnings were \$4.1 million in fiscal year 2020, \$0.3 million lower than fiscal year 2019 due to lower invested rates during the year. Other nonoperating revenues increased \$0.6 million due to higher unrealized investment income.

For fiscal year 2020, capital contributions increased by \$2.0 million. Increased contributions totaling \$3.4 million were recognized from developer infrastructure contributions, area fees, facilities fees, contributions from other governments and an insurance settlement. The developer fee increases were due to continued high volume of projects and increased area fees which were implemented in October 2019. Offsetting these increases were decreases of \$1.4 million from decreased grant revenue, water resource sustainability (2020/2019) / water meter retrofit (2019)

proceeds, and will-serve sales. The decrease in grant revenue is due to the timing of pending FEMA awards and the decrease in resource sustainability/water meter retrofit and will-serve sales are due to a slightly lower volume of water resources sold/dedicated during fiscal year 2020 than the prior year.

Fiscal Year 2019 Summary

For fiscal year 2019, total operating revenues increased \$5.3 million from fiscal year 2018. Water Sales were \$101.8 million, \$6.3 million or 6.6% greater than in fiscal year 2018. Water Sales were higher mainly due to a 3% rate increase implemented in the first billing cycle of May 2018. Growth in the service area and higher usage per customer account for the additional increase. Hydroelectric Sales were \$1.20 million or 31.6% less than fiscal year 2018, due to downtime for repairs at the hydroelectric plants.

Investment earnings were \$4.4 million in fiscal year 2019, \$2.1 million higher than fiscal year 2018. This is mainly due to investments made at higher yields and higher cash balances. Other nonoperating revenues increased \$2.7 million from an increase in fair value of investments of \$2.8 million. In 2018, there was a gain on disposal of assets of \$0.1 million.

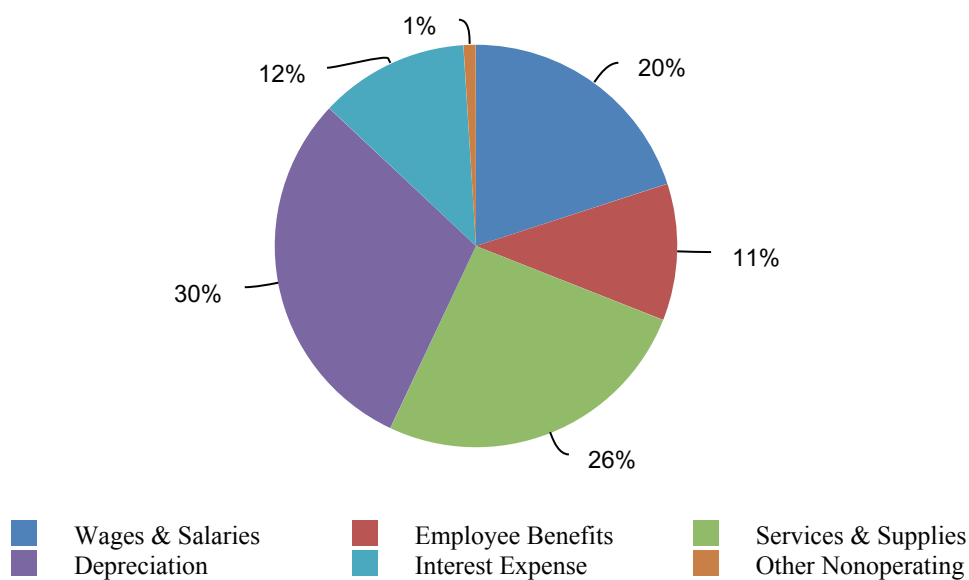
For fiscal year 2019, capital contributions increased by \$4.8 million. Increased developer contributed infrastructure at \$19.1 million, resulted in an increase of \$4.1 million due to a continued upward trend in construction in the service area. Contributions to the water meter retrofit program were \$1.4 million lower than 2018 due to decreased sales of surface water will-serve rights by \$2.0 million, as well as phase out of this fee for a new water sustainability fee implemented in January 2019. This new sustainability fee related to surface water will-serve rights resulted in \$0.7 million in contributions. Contributions from developer facility charges increased \$2.7 million. Grants income increased by \$0.5 million, and other capital contributions increased by \$0.2 million.

TMWA's Expenses
(in millions)

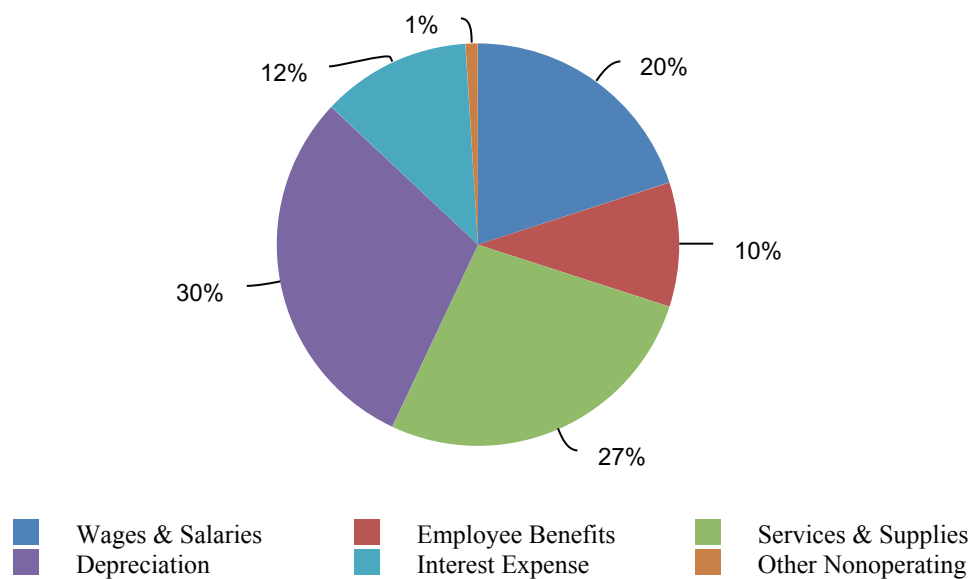
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 21.5	\$ 21.0	\$ 18.7
Employee Benefits	11.5	10.2	12.9
Services & Supplies	27.8	28.5	25.8
Depreciation	33.3	32.8	32.8
	<u>94.1</u>	<u>92.5</u>	<u>90.2</u>
Nonoperating Expenses			
Interest Expense	12.7	13.3	11.7
Other Nonoperating Expenses	1.4	0.7	1.9
	<u>14.1</u>	<u>14.0</u>	<u>13.6</u>
Total Expenses	<u><u>\$ 108.2</u></u>	<u><u>\$ 106.5</u></u>	<u><u>\$ 103.8</u></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, 2020, 2019 and 2018:

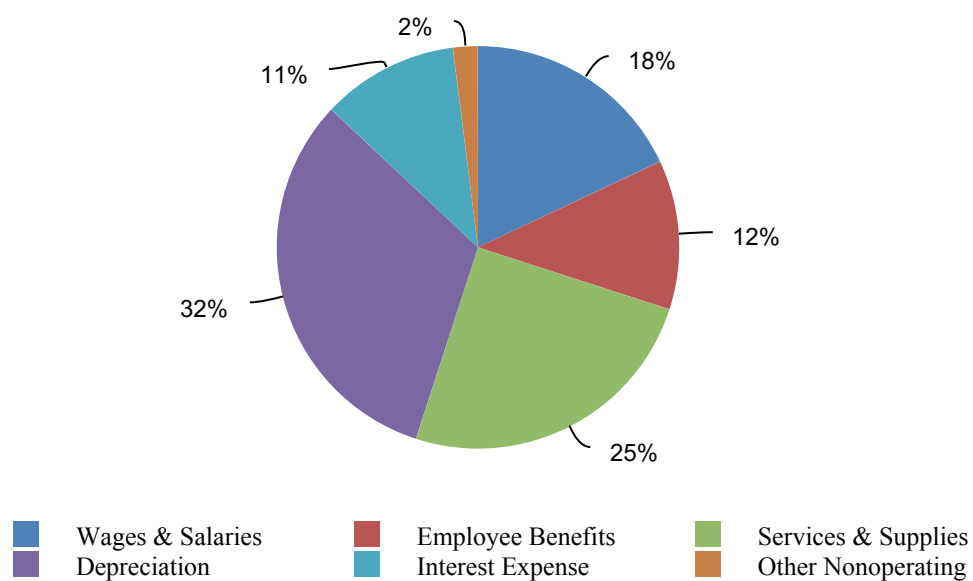
Total Expenses for the Year Ended June 30, 2020



Total Expenses for the Year Ended June 30, 2019



Total Expenses for the Year Ended June 30, 2018



Results of Operations-Expenses

Fiscal Year 2020 Summary

Operating expenses were \$94.1 million, \$1.6 million or 1.7% higher than fiscal year 2019. Spending on salaries and wages was \$0.5 million or 2.4% higher, due to a wage increase of approximately 3%, offset by a higher allocation to capital due to more labor intensive capital projects. Employee benefits were \$1.3 million or 12.7% higher than prior year due mainly to pension expense related to Nevada Public Employees' Retirement System (PERS). Higher pension expense was recognized as a result of prior year deferred outflows being recognized in fiscal year 2020. Spending on services and supplies was \$0.7 million or 2.5% less than prior year due primarily to one-time expenses incurred in fiscal year 2019 related to maintenance at the Donner Lake outlet channel.

Nonoperating expenses were \$0.1 higher compared to prior year. Lower interest expense was offset by higher asset disposal costs as more projects came into service during the year requiring more disposals/demolition of existing assets.

Fiscal Year 2019 Summary

Operating expenses were \$92.5 million, \$2.3 million or 2.5% higher than fiscal year 2018. Spending on salaries and wages was \$2.3 million or 12.3% higher, due to a wage increase of approximately 3%, additional employees of 7%, and promotions. Employee benefits were \$2.7 million or 20.9% lower mainly due to a \$4.6 million adjustment to pension expense related to GASB Statement No. 82 in 2018, offset by higher expenses related to increased headcount and wages. Spending on services and supplies was \$2.7 million or 10.5% more than prior year, mainly due to \$0.7 million in higher chemical costs, \$0.5 million in higher power costs, a \$0.4 million increase in donations to the Truckee River Fund, and general price increases in other operating supplies.

Net nonoperating expenses were unfavorable \$0.4 million as compared to prior year. Higher interest expense in 2019 by \$1.6 million was due to the 2018 bond refunding, which replaced a portion of TMWA's commercial paper with fixed rate bonds. TMWA refunded this commercial paper because bond rates were low, providing an opportunity to fix rates on balances in commercial paper that were not expected to be paid off in the next five years. Other nonoperating expenses were \$1.2 million favorable mainly due to decreases in fair value of investments in 2018 of \$0.9 million, higher amortization expense by \$0.7 million in 2018, offset by a loss on disposal off assets of \$0.2 million in 2019 and a \$0.2 million increase in other nonoperating expenses in 2019.

CAPITAL ASSETS

At June 30, 2020, TMWA's total capital assets were \$1,495.3 million before accumulated depreciation of \$487.6 million, for a net book value of \$1,007.7 million. Included in the total capital assets reported on the Statement of Net Position was \$58.3 million in construction work in progress.

At June 30, 2019, TMWA's total capital assets were \$1,435.0 million before accumulated depreciation of \$454.3 million, for a net book value of \$980.7 million. Included in the total capital assets reported on the Statement of Net Position was \$56.4 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, 2020, TMWA had \$412.8 million in total reported debt outstanding. This amount reflects \$370.3 million in total outstanding principal indebtedness, and \$42.4 million net bond premium. Of the \$370.3 million in total reported debt outstanding, \$29.5 million was due within in one year and is classified as short term indebtedness. Included in short term debt is TMWA's tax exempt commercial paper notes (TECP). TMWA intends to re-market the \$16.0 million in outstanding tax-exempt commercial paper notes as maturities come due, but all the TECP is classified as a short term indebtedness since the TECP notes mature in less than or equal to 270 days.

Total outstanding principal indebtedness of \$370.3 million as of June 30, 2020 reflects a decrease of \$10.3 million or 2.7% from total outstanding principal of \$380.7 million as of June 30, 2019. Total outstanding principal indebtedness of \$380.7 million as of June 30, 2019 reflects a decrease of \$9.2 million or 2.4% from total outstanding principal of \$389.9 million as of June 30, 2018.

During fiscal years 2020 and 2019, TMWA maintained credit ratings from Standard and Poor's of AA+, outlook Stable, from Moody's of Aa2, outlook Stable, and from Fitch of AA-, outlook Positive. Subsequent to year end, in August 2020, Fitch upgraded TMWA's rating to AA, and maintained the outlook Positive.

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

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 89520-3013.

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and investments	\$ 148,700,798	\$ 153,131,648
Accounts receivable, net	14,929,911	14,637,242
Due from others	246,133	332,456
Due from other governments	1,485,566	432,586
Interest receivable	747,174	769,266
Prepaid assets and other assets	2,579,506	1,810,519
	<u>168,689,088</u>	<u>171,113,717</u>
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	5,711,052	5,711,052
Water resource sustainability program	2,173,503	689,060
Current bond debt service	19,845,275	9,283,775
	<u>27,729,830</u>	<u>15,683,887</u>
Total current assets	<u>196,418,918</u>	<u>186,797,604</u>
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,423,505	2,376,329
Operations and maintenance	11,105,627	9,912,052
Renewal and replacement	15,299,289	16,214,654
Water rate stabilization	500,000	500,000
	<u>29,328,421</u>	<u>29,003,035</u>
Noncurrent Assets		
Capital assets, not depreciated	188,470,651	186,576,533
Capital assets, depreciated	819,262,811	794,103,532
Other noncurrent assets	453,757	480,255
Net other postemployment benefits	2,325,419	—
	<u>1,010,512,638</u>	<u>981,160,320</u>
Total noncurrent assets	<u>1,039,841,059</u>	<u>1,010,163,355</u>
Total assets	<u>1,236,259,977</u>	<u>1,196,960,959</u>
Deferred Outflow of Resources		
Bond refundings	2,510,330	2,724,979
Net pension liability	11,881,150	10,546,937
Other postemployment benefits	520,656	791,303
Total deferred outflow of resources	<u>14,912,136</u>	<u>14,063,219</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,251,172,113</u>	<u>\$ 1,211,024,178</u>

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 1,709,684	\$ 1,565,435
Contracts and retention payable	2,605,122	4,874,567
Accrued liabilities	1,608,960	1,612,935
Current portion of compensated absences	434,707	463,562
Due to other governments	1,538,488	1,525,588
Accrued interest payable	240,787	306,226
Current portion of long-term debt	17,955,867	25,404,058
Customer deposits and amounts due to developers	1,975,621	2,021,318
	<u>28,069,236</u>	<u>37,773,689</u>
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	11,505,000	925,000
Interest payable	8,340,275	8,358,775
	<u>19,845,275</u>	<u>9,283,775</u>
Total current liabilities	<u>47,914,511</u>	<u>47,057,464</u>
Noncurrent Liabilities		
Net pension liability	40,582,611	37,658,701
Long-term debt, net of current portion	383,330,622	401,665,043
Net other postemployment benefits liability	660,570	1,882,222
Compensated absences, net of current portion	2,192,761	2,049,776
Total noncurrent liabilities	<u>426,766,564</u>	<u>443,255,742</u>
Total liabilities	<u>474,681,075</u>	<u>490,313,206</u>
Deferred Inflow of Resources		
Net pension liability	3,592,032	2,425,248
Bond refundings	88,047	97,629
Other postemployment benefits	3,067,462	—
Total deferred inflows of resources	<u>6,747,541</u>	<u>2,522,877</u>
Total liabilities and deferred inflow of resources	<u>481,428,616</u>	<u>492,836,083</u>
Net Position		
Net investment in capital assets	617,541,639	573,174,076
Restricted for water meter retrofit program	5,711,052	5,711,052
Restricted for water resource sustainability program	2,173,503	689,060
Restricted for debt service	11,505,000	925,000
Restricted for operations and maintenance reserve	6,505,627	5,312,052
Restricted for renewal and replacement reserve	15,299,289	16,214,654
Restricted for water rate stabilization	500,000	500,000
Unrestricted	110,507,387	115,662,201
Total net position	<u>769,743,497</u>	<u>718,188,095</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,251,172,113</u>	<u>\$ 1,211,024,178</u>

Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Charges for water sales	\$ 102,487,078	\$ 101,776,649
Hydroelectric sales	3,298,850	2,624,285
Other operating sales	2,286,729	2,688,584
Total operating revenues	108,072,657	107,089,518
Operating Expenses		
Salaries and wages	21,455,982	20,973,151
Employee benefits	11,529,749	10,184,189
Services and supplies	27,808,959	28,475,960
Total operating expenses before depreciation	60,794,690	59,633,300
Depreciation	33,327,134	32,833,604
Total operating expenses	94,121,824	92,466,904
Operating Income	13,950,833	14,622,614
Nonoperating Revenues (Expenses)		
Investment earnings	4,119,737	4,409,486
Net increase in fair value of investments	3,410,242	2,843,154
Loss on disposal of assets	(1,189,776)	(225,687)
Debt issuance costs	(216,981)	(218,132)
Interest expense	(12,698,972)	(13,268,153)
Other nonoperating expense	—	(233,494)
Total nonoperating revenues (expenses)	(6,575,750)	(6,692,826)
Income before Capital Contributions	7,375,083	7,929,788
Capital Contributions		
Grants	232,153	831,116
Water meter retrofit program	—	994,706
Water resource sustainability program	1,484,443	689,060
Developer infrastructure contributions	20,145,641	19,112,590
Developer will-serve contributions (net of refunds)	4,082,279	4,663,826
Developer capital contributions-other	7,847,962	6,636,417
Developer facility charges (net of refunds)	9,657,274	9,154,403
Contributions from others	343,630	—
Contributions from other governments	386,937	100,000
Net capital contributions	44,180,319	42,182,118
Change in Net Position	51,555,402	50,111,906
Net Position, Beginning of Year	718,188,095	668,076,189
Net Position, End of Year	<u>\$ 769,743,497</u>	<u>\$ 718,188,095</u>

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Cash received from customers	\$ 107,820,614	\$ 105,272,760
Cash paid to employees	(30,345,059)	(30,024,544)
Cash paid to suppliers	(29,151,610)	(33,218,430)
Net Cash from Operating Activities	48,323,945	42,029,786
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(43,923,104)	(41,281,759)
Interest paid on financing	(17,411,353)	(17,050,980)
Principal paid on financing	(2,829,058)	(2,738,723)
Redemption of commercial paper notes	(7,500,000)	(6,500,000)
Proceeds from capital asset disposal	228,993	38,499
Grants	27,273	582,755
Contributions for water meter retrofit program	—	994,706
Contributions for water resource sustainability program	1,484,443	689,060
Contributions from developers-will-serve letters	4,082,279	4,663,826
Contributions from developers-other	7,847,962	6,636,417
Contributions from developers-facility charges	9,657,274	9,154,403
Contributions from others	343,630	—
Contributions from other governments	286,937	200,000
Bond/note issuance costs	(216,981)	(218,132)
Net Cash used for Capital and Related Financing Activities	(47,921,705)	(44,829,928)
Investing Activities		
Payments received on loan receivables	26,213	24,835
Investment interest/earnings	7,512,026	7,222,281
Net Cash from Investing Activities	7,538,239	7,247,116
Net Change in Cash and Cash Equivalents	7,940,479	4,446,974
Cash and Cash Equivalents, Beginning of Year	197,818,570	193,371,596
Cash and Cash Equivalents, End of Year	\$ 205,759,049	\$ 197,818,570

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income	\$ 13,950,833	\$ 14,622,614
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	33,327,134	32,833,604
Other nonoperating expenses	—	(233,494)
OPEB expense	37,239	295,196
OPEB contributions	(246,201)	(179,325)
Pension expense	5,912,813	3,768,215
Pension contributions	(3,156,332)	(2,865,963)
Changes in assets and liabilities		
Accounts receivable, net	(292,669)	(1,048,437)
Due from others	86,323	(23,364)
Due from other governments	(748,100)	28,729
Prepaid assets	(768,702)	(373,347)
Accounts payable	144,249	(2,808,142)
Accrued liabilities	(3,975)	19,228
Compensated absences	114,130	78,281
Due to other governments	12,900	(1,339,052)
Due to customers and developers	(45,697)	(744,957)
Total adjustments	34,373,112	27,407,172
Net Cash from Operating Activities	<u>\$ 48,323,945</u>	<u>\$ 42,029,786</u>
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,873,553)	\$ (4,693,893)
Amortization of refunding allowances to interest expense	205,067	204,743
Acquisition and construction of capital assets financed by cash	\$ 43,923,104	\$ 41,281,759
Developer infrastructure contributions	20,145,641	19,112,590
Change in contracts and retention payable	(2,269,445)	665,347
Total Acquisition and Construction of Capital Assets	<u>\$ 61,799,300</u>	<u>\$ 61,059,696</u>

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 (Board) appointed by:

- Reno City Council (3 seats)
- Sparks City Council (2 seats)
- Washoe County Commissioners (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 (State) effective February 3, 2010. The amendments were made in anticipation of the consolidation of TMWA and 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.

When both restricted and unrestricted resources are available for use, it is TMWA's policy to use unrestricted resources first, then restricted resources as 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 a tentative budget for the fiscal year commencing the following July 1.
- Public hearings on the tentative budget are held in May.
- Prior to June 1, at the public hearing, the Board 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 GAAP. Appropriations lapse at year-end.
- In accordance with State statute, actual expenses may not exceed the sum of operating and nonoperating appropriations.

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, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

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

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's 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 and water resource sustainability programs adopted under Title II of 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. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

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

	Years		Years
Distribution mains	60-75	Canals	15-50
Plants	15-50	Reservoirs	20-75
Services	15-60	Vehicles	5-10
Pump stations	10-60	Furniture and fixtures	10
Tanks	65-75	Computer hardware and software	3-5
Wells	7-50	Equipment	5-10
Pressure reducing stations	25	Administration buildings	50
Hydroelectric facilities	20-80		

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report 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 and other post-employment benefits.

In addition to liabilities, the Statements of Net Position 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 inflows of resources related to bond refundings, pensions and other post-employment benefits.

Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources, 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.

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

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 current and noncurrent liabilities in the accompanying Statements of Net Position.

Long-Term Debt

Long-term debt is reported at face value, net of any premium or discounts, in the Statements of Net Position. Premiums and discounts are amortized using the effective interest method over the life of the related debt. Debt issuance costs are expensed in the period incurred.

Classification of Revenues

Operating revenues consist of water sales, hydroelectric sales, and miscellaneous fee income. 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.

Net Position

Net Position is displayed in three classifications:

- Net investment in capital assets. This component represents TMWA's net position in its capital assets. It reflects the cost of capital assets, less accumulated depreciation and less the outstanding principal of related debt, excluding unspent proceeds.
- Restricted. This component reflects the carrying value of assets, less related liabilities, that are restricted by law or by other externally imposed restrictions, such as bond covenants. Assets restricted only by TMWA or Board imposed limitations are not included in the calculation.
- Unrestricted. This component represents the remaining net position balance that is available to support TMWA's operations and capital asset acquisition/construction.

Reclassifications

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2019. Earlier application is encouraged. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The implementation of Statement No. 83 in fiscal year ended June 30, 2019 resulted in no impact to TMWA's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2019. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. TMWA does not expect the adoption of Statement No. 84 to have a material affect on TMWA's financial position, results of operation or cash flow.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. TMWA does not expect the adoption of Statement No. 87 to have a material affect on TMWA's financial position, results of operations or cash flow.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, which is effective for fiscal years beginning after December 18, 2019. The primary objective of this Statement is to provide users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations and requiring reporting of certain information about component units of the government. The implementation of Statement No. 90 in fiscal year ended June 30, 2020 resulted in no impact to TMWA's financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2021. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. TMWA does not expect the adoption of Statement No. 91 to have a material affect on TMWA's financial position, results of operations or cash flow.

In March 2020, the GASB issued Statement No. 94, *Public-private and public-public partnerships and availability payment arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning public-private and public-public partnerships by addressing certain accounting issues with these arrangements. TMWA does not expect the adoption of Statement No. 94 to have a material affect on TMWA's financial position, results of operations or cash flow.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning subscription-based information technology arrangements. This Statement will require governments to report such arrangements as intangible assets and corresponding liabilities in their statements of net position. TMWA is evaluating the impact of Statement No. 96, and does expect the adoption to have a material affect on TMWA's financial position, results of operations or cash flow.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Certain aspects of the Statement are effective immediately and other aspects are effective for fiscal years beginning after June 15, 2021. The primary objective of this Statement is to improve reporting and comparability related to fiduciary component units, OPEB and Section 457 deferred compensation retirement plans. TMWA does not expect the adoption of Statement No. 97 to have a material affect on TMWA's financial position, results of operations or cash flow.

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:

	June 30, 2020	June 30, 2019
Billed amounts	\$ 6,264,640	\$ 6,829,381
Earned, but unbilled amounts	9,062,242	8,149,678
	15,326,882	14,979,059
Allowance for uncollectible accounts	(396,971)	(341,817)
Accounts receivable, net	<u>\$ 14,929,911</u>	<u>\$ 14,637,242</u>

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. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

As of June 30, 2020, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 9,303,045	\$ 29,746,300	\$ 4,048,565	\$ 43,097,910
U.S. Agencies	39,960,824	29,996,334	24,111,033	94,068,191
LGIP	2,423,505	—	—	2,423,505
Money Market Mutual Funds	29,054,454	—	—	29,054,454
Certificates of Deposit	1,259,348	7,555,592	2,726,870	11,541,810
Corporate Commercial Paper	2,529,545	—	—	2,529,545
Corporate Notes	—	6,888,544	11,910,845	18,799,389
Total Investments	84,530,721	74,186,770	42,797,313	201,514,804
Total Cash	4,244,245	—	—	4,244,245
Total Cash and Investments	<u>\$ 88,774,966</u>	<u>\$ 74,186,770</u>	<u>\$ 42,797,313</u>	<u>\$ 205,759,049</u>

As of June 30, 2019, TMWA had the following investments and maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 19,236,990	\$ 21,012,120	\$ 12,401,595	\$ 52,650,705
U.S. Agencies	24,293,349	40,159,868	29,499,980	93,953,197
LGIP	2,376,329	—	—	2,376,329
Money Market Mutual Funds	22,617,511	—	—	22,617,511
Certificates of Deposit	2,494,010	3,241,618	10,807,240	16,542,868
Corporate Commercial Paper	7,834,444	—	—	7,834,444
Total Investments	78,852,633	64,413,606	52,708,815	195,975,054
Total Cash	1,843,516	—	—	1,843,516
Total Cash and Investments	<u>\$ 80,696,149</u>	<u>\$ 64,413,606</u>	<u>\$ 52,708,815</u>	<u>\$ 197,818,570</u>

Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada governments. On September 20, 2017, the TMWA Board adopted an investment policy which extended TMWA's investment period from two years to five years. Nevada Revised Statutes and TMWA's investment policy set portfolio component thresholds to further limit its exposure to certain risks as set forth below.

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 five 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 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 130 days at June 30, 2020, and 116 days at June 30, 2019. 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 “A” or better.

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.

At June 30, 2020 and 2019, the following investments by issuer exceeded 5% of TMWA’s total investments:

	June 30, 2020	
U.S. Treasuries	\$ 43,097,910	22 %
Federal Home Loan Bank	31,658,081	16 %
Federal National Mortgage Association	30,960,843	16 %
Federated Hermes Treasury Obligations	20,042,429	10 %
Federal Home Loan Mortgage Corporation	17,278,214	9 %
Federal Farm Credit Bank	10,986,030	6 %
	June 30, 2019	
U.S. Treasuries	\$ 52,650,704	27 %
Federal Home Loan Bank	41,143,051	21 %
Federal National Mortgage Association	17,759,156	9 %
Federal Home Loan Mortgage Corporation	15,843,376	8 %
Federal Farm Credit Bank	15,184,737	8 %

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; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using Level 3 inputs.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

TMWA has the following recurring fair value measurements as of June 30, 2020:

	Fair Value	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	\$ 43,097,910	\$ 43,097,910	\$ —
U.S. Agencies	94,068,191	—	94,068,191
Money Market Mutual Funds	29,054,454	29,054,454	—
Certificates of Deposit	11,541,810	—	11,541,810
Corporate Commercial Paper	2,529,545	—	2,529,545
Corporate Notes	18,799,389	—	18,799,389
	199,091,299	\$ 72,152,364	\$ 126,938,935
LGIP*	2,423,505		
	<u>\$ 201,514,804</u>		

TMWA has the following recurring fair value measurements as of June 30, 2019:

	Fair Value	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	\$ 52,650,705	\$ 52,650,705	\$ —
U.S. Agencies	93,953,197	—	93,953,197
Money Market Mutual Funds	22,617,511	22,617,511	—
Certificates of Deposit	16,542,868	—	16,542,868
Corporate Commercial Paper	7,834,444	—	7,834,444
	193,598,725	\$ 75,268,216	\$ 118,330,509
LGIP*	2,376,329		
	<u>\$ 195,975,054</u>		

*LGIP is reported at Net Asset Value. TMWA is able to withdraw funds on a daily basis and has no outstanding, unfunded commitments as of June 30, 2020 and 2019.

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

U.S. Agencies – Valued using matrix pricing and market corroborated pricing models.

Corporate 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.

Certificates of deposit - Valued using interactive date pricing and reference data.

Corporate Notes - Valued using institutional bond quotes based on various market and industry inputs.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2020 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 56,443,875	\$ 41,207,838	\$ (39,335,765)	\$ 58,315,948
Land	20,426,913	—	—	20,426,913
Water rights	109,705,745	22,045	—	109,727,790
Total capital assets, not being depreciated	186,576,533	41,229,883	(39,335,765)	188,470,651
Capital assets, being depreciated				
Distribution mains	543,663,195	26,184,535	—	569,847,730
Water treatment (plants)	188,054,871	5,825,458	—	193,880,329
Services	151,712,612	7,573,677	—	159,286,289
Pump stations	67,960,625	3,294,227	—	71,254,852
Treated water storage (tanks)	93,691,753	2,108,836	—	95,800,589
Wells	74,905,271	882,343	—	75,787,614
Pressure regulating stations	13,350,871	4,367,207	—	17,718,078
Canals	41,254,883	3,470,611	—	44,725,494
Reservoirs	18,804,258	496,412	—	19,300,670
Vehicles	7,697,907	787,839	(82,368)	8,403,378
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,618,310	341,804	—	3,960,114
Equipment	235,066	17,593	—	252,659
Hydroelectric facilities	28,262,890	3,222,648	(101,775)	31,383,763
Administrative buildings	14,411,790	20,331	—	14,432,121
Total capital assets, being depreciated	1,248,433,052	58,593,521	(184,143)	1,306,842,430
Less accumulated depreciation:				
Distribution mains	(129,743,924)	(10,176,964)	—	(139,920,888)
Water treatment (plants)	(91,724,318)	(5,913,605)	—	(97,637,923)
Services	(107,519,323)	(6,730,400)	—	(114,249,723)
Pump stations	(23,639,884)	(2,123,232)	—	(25,763,116)
Treated water storage (tanks)	(28,639,556)	(2,041,176)	—	(30,680,732)
Wells	(33,190,578)	(1,875,363)	—	(35,065,941)
Pressure regulating stations	(6,654,558)	(574,723)	—	(7,229,281)
Canals	(11,334,202)	(1,030,423)	—	(12,364,625)
Reservoirs	(6,810,500)	(561,731)	—	(7,372,231)
Vehicles	(4,164,671)	(907,384)	71,241	(5,000,814)
Furniture and fixtures	(594,161)	(61,584)	—	(655,745)
Computer hardware and software	(2,373,825)	(290,887)	—	(2,664,712)
Equipment	(155,707)	(24,152)	—	(179,859)
Hydroelectric facilities	(4,698,887)	(598,588)	5,794	(5,291,681)
Administrative buildings	(3,085,426)	(416,922)	—	(3,502,348)
Total accumulated depreciation	(454,329,520)	(33,327,134)	77,035	(487,579,619)
Total capital assets, being depreciated net	794,103,532	25,266,387	(107,108)	819,262,811
Total Capital Assets, Net	\$ 980,680,065	\$ 66,496,270	\$ (39,442,873)	\$ 1,007,733,462

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

Capital asset activity for the year ended June 30, 2019 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 29,199,340	\$ 40,345,726	\$ (13,101,191)	\$ 56,443,875
Land	20,160,383	266,530	—	20,426,913
Water rights	109,705,745	—	—	109,705,745
Total capital assets, not being depreciated	159,065,468	40,612,256	(13,101,191)	186,576,533
Capital assets, being depreciated				
Distribution mains	528,175,088	15,488,107	—	543,663,195
Water treatment (plants)	187,200,554	854,317	—	188,054,871
Services	146,785,819	4,934,818	(8,025)	151,712,612
Pump stations	64,975,905	2,984,720	—	67,960,625
Treated water storage (tanks)	90,236,937	3,454,816	—	93,691,753
Wells	73,067,381	1,837,890	—	74,905,271
Pressure regulating stations	10,650,226	2,731,181	(30,536)	13,350,871
Canals	41,254,883	—	—	41,254,883
Reservoirs	18,804,258	—	—	18,804,258
Vehicles	6,948,935	748,972	—	7,697,907
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,431,412	186,898	—	3,618,310
Equipment	197,578	63,094	(25,606)	235,066
Hydroelectric facilities	28,262,890	—	—	28,262,890
Administrative buildings	14,411,790	—	—	14,411,790
Total capital assets, being depreciated	1,215,212,406	33,284,813	(64,167)	1,248,433,052
Less accumulated depreciation:				
Distribution mains	(119,987,675)	(9,756,249)	—	(129,743,924)
Water treatment (plants)	(86,020,412)	(5,703,906)	—	(91,724,318)
Services	(100,176,556)	(7,350,424)	7,657	(107,519,323)
Pump stations	(21,637,979)	(2,001,905)	—	(23,639,884)
Treated water storage (tanks)	(26,689,852)	(1,949,704)	—	(28,639,556)
Wells	(31,348,819)	(1,841,759)	—	(33,190,578)
Pressure regulating stations	(6,167,406)	(517,688)	30,536	(6,654,558)
Canals	(10,390,074)	(944,128)	—	(11,334,202)
Reservoirs	(6,261,847)	(548,653)	—	(6,810,500)
Vehicles	(3,337,301)	(827,370)	—	(4,164,671)
Furniture and fixtures	(513,573)	(80,588)	—	(594,161)
Computer hardware and software	(2,061,507)	(312,318)	—	(2,373,825)
Equipment	(145,984)	(35,329)	25,606	(155,707)
Hydroelectric facilities	(4,138,759)	(560,128)	—	(4,698,887)
Administrative buildings	(2,681,971)	(403,455)	—	(3,085,426)
Total accumulated depreciation	(421,559,715)	(32,833,604)	63,799	(454,329,520)
Total capital assets, being depreciated net	793,652,691	451,209	(368)	794,103,532
Total Capital Assets, Net	\$ 952,718,159	\$ 41,063,465	\$ (13,101,559)	\$ 980,680,065

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 is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

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. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 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 funds in escrow were distributed to the Washoe County bondholders as of July 1, 2015, the call date of the bonds. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000. On September 5, 2017, TMWA redeemed \$9,200,000, and on May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding (see below). This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000. This left an outstanding balance of \$23,500,000 as of June 30, 2019. On October 2, 2019, TMWA redeemed \$5,000,000. On March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. TMWA intends to pay off this balance over the next three years using proceeds from will-serve sales. Subsequent to fiscal-year end 2020, in the first quarter of fiscal year 2021, TMWA paid off \$1,500,000 of the \$16,000,000 outstanding. TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2020 and 2019. The TECP program is facilitated by a direct pay letter of credit (Liquidity Facility) between TMWA and Wells Fargo Bank. The stated amount of the Liquidity Facility as of June 30, 2020 is \$17,420,274 reduced from \$32,663,014 on March 4, 2020. The average interest rate on the outstanding balance of TECP as of June 30, 2020 was 0.15% and June 30, 2019 was 1.44%. As of June 30, 2020, the total TECP notes outstanding were comprised of three tranches ranging from \$2,000,000 to \$8,318,000 with maturities ranging from 62 to 63 days. As of June 30, 2019, the total TECP notes outstanding were comprised of five tranches ranging from \$412,000 to \$12,870,000 with maturities ranging from 28 to 93 days.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, 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 \$2,401,120. 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 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, 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 System. This loan has a term of 20 years. This loan is subordinate to the, senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. 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. 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. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any 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 the 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 current 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 distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the 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. TMWA made draws on this contract as construction proceeded, totaling \$8,971,562. 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 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

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 current 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.

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances 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 2007 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 \$289,903. 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 current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

On May 15, 2018, TMWA issued \$38,835,000 in Series 2018 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. The proceeds of the bond issue of \$44,601,977 were used to refund or redeem \$44,200,000 in maturities of TECP (see above). This transaction was executed to provide a fixed rate of interest expense over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

The following schedules summarize the changes in long-term obligations as of June 30, 2020:

	Final Maturity Date	Authorized	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due in 2020-2021
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,824,283	\$ —	\$ 280,365	\$ 1,543,918	\$ 289,437
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,298,522	—	123,669	1,174,853	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	3,100,507	—	238,660	2,861,847	246,480
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	5,529,367	—	858,488	4,670,879	882,781
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	8,195,717	—	402,876	7,792,841	413,500
		29,533,298	19,948,396	—	1,904,058	18,044,338	1,955,867
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	26,185,000	—	925,000	25,260,000	970,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	—	147,415,000	10,535,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	337,225,000	—	925,000	336,300,000	11,505,000
Subtotal		369,323,298	357,173,396	—	2,829,058	354,344,338	13,460,867
Plus unamortized net bond premium			47,320,705	—	4,873,554	42,447,151	
Total debt before TECP			404,494,101	—	7,702,612	396,791,489	
TECP		69,600,000	23,500,000	—	7,500,000	16,000,000	16,000,000
Total Debt		<u>\$438,923,298</u>	<u>\$427,994,101</u>	<u>\$ —</u>	<u>\$ 15,202,612</u>	<u>\$412,791,489</u>	<u>\$ 29,460,867</u>

The following schedules summarize the changes in long-term obligations as of June 30, 2019:

	Final Maturity Date	Authorized	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due in 2019-2020
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 2,095,861	\$ —	\$ 271,578	\$ 1,824,283	\$ 280,365
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,422,190	—	123,668	1,298,522	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	3,331,595	—	231,088	3,100,507	238,660
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	6,364,231	—	834,864	5,529,367	858,488
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	8,589,045	—	393,328	8,195,717	402,876
		29,533,298	21,802,922	—	1,854,526	19,948,396	1,904,058
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	27,070,000	—	885,000	26,185,000	925,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	—	147,415,000	—
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	338,110,000	—	885,000	337,225,000	925,000
Subtotal		369,323,298	359,912,922	—	2,739,526	357,173,396	2,829,058
Plus unamortized net bond premium			52,014,598	—	4,693,893	47,320,705	
Total debt before TECP			411,927,520	—	7,433,419	404,494,101	
TECP		77,100,000	30,000,000	—	6,500,000	23,500,000	23,500,000
Total Debt		<u>\$446,423,298</u>	<u>\$441,927,520</u>	<u>\$ —</u>	<u>\$ 13,933,419</u>	<u>\$427,994,101</u>	<u>\$ 26,329,058</u>

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

Year Ending June 30,	Direct Borrowings		Bonds and TECP		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2021	\$ 1,955,868	\$ 464,854	\$ 27,504,999	\$ 16,460,150	\$ 46,385,871
2022	2,009,193	411,528	11,590,001	15,950,000	29,960,722
2023	2,064,081	356,640	12,615,000	15,344,875	30,380,596
2024	2,120,578	300,143	13,245,000	14,698,375	30,364,096
2025	2,178,730	241,991	13,920,000	14,019,250	30,359,971
2026-2030	4,584,917	734,019	79,740,000	58,892,500	143,951,436
2031-2035	2,827,456	247,455	127,175,000	33,713,375	163,963,286
2036-2040	303,515	3,976	66,510,000	7,817,250	74,634,741
Total	<u>\$ 18,044,338</u>	<u>\$ 2,760,606</u>	<u>\$ 352,300,000</u>	<u>\$ 176,895,775</u>	<u>\$ 550,000,719</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.

Restricted for water resource sustainability: Adopted by the TMWA Board in January 2019, this restriction replaced the water meter retrofit program and was created to segregate the portion of net position derived from contributions made by developers to fund certain projects that are intended to benefit TMWA's long-term water resources sustainability.

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 c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$5,299,289 and \$6,214,654 as of June 30, 2020 and 2019, respectively, is included in the amount restricted for renewal and replacement.

Board Designation

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$9,764,911 and \$9,544,274 as of June 30, 2020 and 2019, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

Note 8 - Contingent Liabilities

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.

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 - Defined Benefit Pension Plan 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 and July 1, 2015. 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. Members entering PERS on or after July 1, 2015 have a 2.25% 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 entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten 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 ten years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and a third 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. TMWA contributes under the employer-pay option.

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 actuarial 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.

The employer-pay contribution (EPC) rate was 29.25% and 28.00% for fiscal years June 30, 2020 and 2019, respectively.

TMWA's contributions were \$3,156,332 and \$2,865,963 for the years ended June 30, 2020 and 2019, 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 PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2019:

	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2018:

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

Net Pension Liability

At June 30, 2020, TMWA reported a liability for its proportionate share of the net pension liability of \$40,582,611. The net pension liability was measured as of June 30, 2019, 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, 2019, TMWA reported a liability for its proportionate share of the net pension liability of \$37,658,701. The net pension liability was measured as of June 30, 2018, 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, 2019 and 2018, TMWA's proportion was 0.2976 and 0.2761 percent, respectively, representing an increase of 0.0215 percent and a decrease of 0.0045 percent from its proportion measured at June 30, 2018 and 2017, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2019 and 2018, calculated using the discount rate of 7.50% and what TMWA's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year's valuation:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Decrease in Discount Rate (8.50%)
Net Pension Liability, June 30, 2019	\$ 62,837,262	\$ 40,582,611	\$ 22,083,349
	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Decrease in Discount Rate (8.50%)
Net Pension Liability, June 30, 2018	\$ 57,427,995	\$ 37,658,701	\$ 21,231,569

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, www.nvpers.org.

Actuarial Assumptions

TMWA's June 30, 2020 net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was measured as of June 30, 2018, 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, 2019	June 30, 2018
Inflation Rate	2.75%	2.75%
Payroll Growth	5.50% including inflation	5.00% including inflation
Investment Rate of Return	7.50%	7.50%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases
Consumer Price Index	2.75%	2.75%
Other Assumptions	Same as those used in the June 30, 2019 funding actuarial valuation	Same as those used in the June 30, 2018 funding actuarial valuation

Mortality rates for non-disabled regular members were based on the RP-2014 Combined Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of the experience review issued October 16, 2017.

The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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, 2019 and June 30, 2018.

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

For the years ended June 30, 2020 and 2019, TMWA recognized pension expense of \$9,031,335 and \$6,571,967, respectively.

At June 30, 2020, 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	\$ 1,521,853	\$ 1,170,593
Changes in assumptions or other inputs	1,651,600	—
Net difference between projected and actual earnings on pension plan investments	—	2,018,907
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	5,551,365	402,532
TMWA contributions subsequent to the measurement date	3,156,332	—
	<u>\$ 11,881,150</u>	<u>\$ 3,592,032</u>

Deferred outflows of resources of \$3,156,332 resulted from TMWA contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

At June 30, 2019, 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	\$ 1,179,759	\$ 1,748,035
Changes in assumptions or other inputs	1,984,404	—
Net difference between projected and actual earnings on pension plan investments	—	179,295
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	4,516,811	497,918
TMWA contributions subsequent to the measurement date	2,865,963	—
	<u>\$ 10,546,937</u>	<u>\$ 2,425,248</u>

Deferred outflows of resources of \$2,865,963 resulted from TMWA contributions subsequent to the measurement date, and was recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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, 2018 (the beginning of the measurement period ended June 30, 2019) is 6.18 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2020 will be recognized in pension expense as follows:

Year ending June 30,

2021	\$ 1,935,972
2022	831,224
2023	1,212,376
2024	526,989
2025	522,880
Thereafter	103,345

Additional Information

The PERS Comprehensive Annual Financial Report is available on the PERS website at 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. For the years ended June 30, 2020 and June 30, 2019, TMWA had matching contributions totaling \$1,408,776, and \$1,322,978, respectively.

Note 11 - Other Post-Employment Benefit (OPEB) Plans

TMWA has two Other Post-Employment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all new hires. The §115 Plan plan was formed to provide post-employment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections that the plans were formed under. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2020 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	45	6
Retirees entitled to, but not yet receiving benefits	1	—
Active plan members	187	16
Total	233	22

Census data as of June 30, 2019 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	40	6
Retirees entitled to, but not yet receiving benefits	1	—
Active plan members	197	16
Total	238	22

Plan Descriptions, Eligibility Information and Funding Policies

§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, 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. Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. 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 hired prior to December 13, 2018. 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 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 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 age 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.

Funding Policy. 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 funds the plan based on the actuarially determined contribution (ADC) each year.

§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. 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 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 §115 Plan 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 §115 Plan 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 §115 Plan will be 100% of the premium for coverage of such retiree under the benefit plans.

For Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage and the §115 Plan 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 retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as 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 Insurance 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 §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

For Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive benefits equal to 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. 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.

Funding Policy. The plan funds retiree benefits through an irrevocable trust for funding of the post-employment health benefits. TMWA funds the §115 Plan based on the ADC each year.

OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2020 and 2019 is below:

	§501(c)(9) Plan	§115 Plan	Total
2020	\$ (82,879)	\$ 87,384	\$ 4,505
2019	\$ 362,331	\$ 133,768	\$ 496,099

Changes in Net Position for each plan for the measurement period ended December 31, 2019 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2019	\$ 11,283,691	\$ 10,344,365	\$ 939,326	\$ 1,961,246	\$ 1,018,350	\$ 942,896
<i>Measurement Date - December 31, 2018</i>						
Changes During the Period:						
Service Cost	307,252	—	307,252	59,239	—	59,239
Interest Cost	682,186	—	682,186	119,591	—	119,591
Expected Investment Income	—	614,617	(614,617)	—	62,616	(62,616)
Employer Contributions	—	258,430	(258,430)	—	121,798	(121,798)
Auditing Fees	—	(12,600)	12,600	—	(12,100)	12,100
Investment & Administrative Fees	—	(3,206)	3,206	—	(315)	315
Legal Fees	—	(1,750)	1,750	—	(4,288)	4,288
Retiree Contributions In	—	103,249	(103,249)	—	21,302	(21,302)
Retiree Contributions Out	—	(103,249)	103,249	—	(21,302)	21,302
Benefit Payments	(442,363)	(442,363)	—	(54,605)	(54,605)	—
Assumption Changes	301,774	—	301,774	44,279	—	44,279
Plan Experience	(2,013,876)	—	(2,013,876)	(179,517)	—	(179,517)
Investment Experience	—	1,686,590	(1,686,590)	—	158,207	(158,207)
Net Changes	(1,165,027)	2,099,718	(3,264,745)	(11,013)	271,313	(282,326)
Balance at Fiscal Year Ending June 30, 2020	\$ 10,118,664	\$ 12,444,083	\$ (2,325,419)	\$ 1,950,233	\$ 1,289,663	\$ 660,570
<i>Measurement Date - December 31, 2019</i>						

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

Changes in Net Position for each plan for the measurement period ended December 31, 2018 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2018	\$ 10,694,671	\$ 10,926,894	\$ (232,223)	\$ 1,826,373	\$ 999,831	\$ 826,542
<i>Measurement Date - December 31, 2017</i>						
Changes During the Period:						
Service Cost	295,437	—	295,437	56,960	—	56,960
Interest Cost	648,751	—	648,751	111,978	—	111,978
Expected Investment Income	—	653,877	(653,877)	—	61,939	(61,939)
Employer Contributions	—	324,529	(324,529)	—	119,366	(119,366)
Auditing Fees	—	(18,545)	18,545	—	(13,690)	13,690
Investment & Administrative Fees	—	(3,441)	3,441	—	(770)	770
Legal Fees	—	(5,250)	5,250	—	(5,864)	5,864
Retiree Contributions In	—	117,015	(117,015)	—	5,244	(5,244)
Retiree Contributions Out	—	(117,015)	117,015	—	(5,244)	5,244
Benefit Payments	(355,168)	(355,168)	—	(34,065)	(34,065)	—
Investment Experience	—	(1,178,531)	1,178,531	—	(108,397)	108,397
Net Changes	589,020	(582,529)	1,171,549	134,873	18,519	116,354
Balance at Fiscal Year Ending June 30, 2019	<u>\$ 11,283,691</u>	<u>\$ 10,344,365</u>	<u>\$ 939,326</u>	<u>\$ 1,961,246</u>	<u>\$ 1,018,350</u>	<u>\$ 942,896</u>
<i>Measurement Date - December 31, 2018</i>						

A schedule of the plans' deferred resources as of June 30, 2020 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 269,568	\$ —	\$ 37,621	\$ —
Differences Between Expected and Actual Experience	—	1,798,948	—	152,522
Net Difference Between Projected and Actual Earnings on Investments	—	1,023,996	—	91,996
Contributions Made Subsequent to the Measurement Date	127,724	—	85,743	—
Total	<u>\$ 397,292</u>	<u>\$ 2,822,944</u>	<u>\$ 123,364</u>	<u>\$ 244,518</u>

A schedule of the plans' deferred resources as of June 30, 2019 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Investments	\$ 370,060	\$ —	\$ 41,015	\$ —
Contributions Made Subsequent to the Measurement Date	258,430	—	121,798	—
Total	<u>\$ 628,490</u>	<u>\$ —</u>	<u>\$ 162,813</u>	<u>\$ —</u>

TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2020 is shown below.

Year ended June 30,	§501(c)(9) Plan	§115 Plan
	Deferred Inflows Recognized in OPEB Expense	Deferred Inflows Recognized in OPEB Expense
2021	\$ 475,256	\$ 45,533
2022	475,255	45,534
2023	284,333	30,297
2024	520,040	51,980
2025	182,722	20,337
Thereafter	615,770	13,216

Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2019 was determined using the following actuarial assumptions.

Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.0%
2021	7.0%	2054-2059	4.9%
2022	6.5%	2060-2066	4.8%
2023	6.0%	2067	4.7%
2024	5.9%	2068	4.6%
2025	5.8%	2069	4.5%
2026	5.6%	2070-2071	4.4%
2027	5.5%	2072	4.3%
2028	5.4%	2073-2074	4.2%
2029-2046	5.3%	2075	4.1%
2047	5.2%	2076	4.0%
2048-2049	5.1%	Thereafter	4.0%

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2019	December 31, 2019
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets	Market value of assets
Mortality	<p><i>Non-disabled life rates for Regular & Safety employees: Males and Females:</i> Headcount-weighted RP-2014 Healthy Annuitant Table set forward 1 year.</p> <p><i>Pre-retirement life rates for Regular & Safety employees: Males and Females:</i> Headcount-weighted RP-2014 Employee Table.</p> <p>The mortality rates above were adjusted to anticipate future mortality improvements by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.</p>	<p><i>Non-disabled life rates for Regular & Safety employees: Males and Females:</i> Headcount-weighted RP-2014 Healthy Annuitant Table set forward 1 year.</p> <p><i>Pre-retirement life rates for Regular & Safety employees: Males and Females:</i> Headcount-weighted RP-2014 Employee Table.</p> <p>The mortality rates above were adjusted to anticipate future mortality improvements by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.</p>
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment expenses and including inflation	6.0% net of plan investment expenses and including inflation
Participants Valued	Only current active employees and retired participants and covered dependents are valued, excluding those who transferred to TMWA from Washoe County. No future entrants are considered in this valuation.	Only current active employees and retired participants who transferred to TMWA from Washoe County and covered dependents are valued. This plan is closed to new members.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	All individuals are assumed to be eligible for Medicare Parts A and B at age 65.	All individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

GASB Statement No. 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2020
Measurement Date	December 31, 2019
Measurement Period	December 31, 2018 to December 31, 2019
Valuation Date	December 31, 2019

The discount rates used for the measurement periods ended December 31, 2019 and 2018 is 6.0%. Medical Cost Inflation was assumed to start at 7.0% and grade down to 4.0% for years 2076 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the charts below for the two measurement periods.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2020 and 2019

Measurement Date - December 31, 2019

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,317,631	\$ 10,118,664	\$ 9,100,177	\$ 9,274,689	\$ 10,118,664	\$ 11,127,000
Net OPEB Liability (Asset)	\$ (1,126,452)	\$ (2,325,419)	\$ (3,343,906)	\$ (3,169,394)	\$ (2,325,419)	\$ (1,317,083)
§115 Plan						
	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	-1%	Discount Rate	+1%	-1%	Medical Trend	+1%
Total OPEB Liability	\$ 2,234,476	\$ 1,950,233	\$ 1,715,811	\$ 1,701,710	\$ 1,950,233	\$ 2,257,104
Net OPEB Liability (Asset)	\$ 944,813	\$ 660,570	\$ 426,148	\$ 412,047	\$ 660,570	\$ 967,441

Measurement Date - December 31, 2018

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 12,547,968	\$ 11,283,691	\$ 10,199,752	\$ 10,132,109	\$ 11,283,691	\$ 12,794,928
Net OPEB Liability (Asset)	\$ 2,203,603	\$ 939,326	\$ (144,613)	\$ (212,256)	\$ 939,326	\$ 2,450,563
§115 Plan						
	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 2,237,539	\$ 1,961,246	\$ 1,731,316	\$ 1,670,402	\$ 1,961,246	\$ 2,347,587
Net OPEB Liability (Asset)	\$ 1,219,189	\$ 942,896	\$ 712,966	\$ 652,052	\$ 942,896	\$ 1,329,237

OPEB Plans Fiduciary Net Position

Detailed information about the OPEB plans fiduciary net position are available in separately issued financial statements and can be requested by contacting TMWA's Finance Department at P.O. Box 30013, Reno, NV 89509-3013.

Note 12 - Commitments

TMWA has committed \$650,000 as a contribution 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. This payment was made in July 2020.

Note 13 - Subsequent Events

In August 2020, TMWA reduced its outstanding commercial paper balance from \$16,000,000 to \$14,500,000 with a payment from unrestricted cash of \$1,500,000.

Required Supplementary Information
Truckee Meadows Water Authority

Truckee Meadows Water Authority
Schedules of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	2020	2019	2018	2017
§501(c)(9) Plan				
Total OPEB Liability				
Service Cost	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	682,186	648,751	612,850	576,050
Changes of benefit terms ⁽¹⁾	—	—	—	—
Differences between expected and actual experience	(2,013,876)	—	—	—
Changes of assumptions ⁽²⁾	301,774	—	—	—
Benefit payments	(442,363)	(355,168)	(264,699)	(228,880)
Total OPEB Liability - Beginning	11,283,691	10,694,671	10,062,447	9,442,131
Total OPEB Liability - Ending	\$ 10,118,664	\$ 11,283,691	\$ 10,694,671	\$ 10,062,447
Plan Fiduciary Net Position				
Contributions - employer	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	103,249	117,015	93,172	90,145
Retiree contributions out	(103,249)	(117,015)	(93,172)	(90,145)
Net change in plan fiduciary net position	2,099,718	(582,529)	1,658,015	535,359
Plan fiduciary net position - beginning	10,344,365	10,926,894	9,268,879	8,733,520
Plan fiduciary net position - ending	\$ 12,444,083	\$ 10,344,365	\$ 10,926,894	\$ 9,268,879
Net OPEB liability - ending	\$ (2,325,419)	\$ 939,326	\$ (232,223)	\$ 793,568
Plan fiduciary net position as a percentage of total OPEB liability	123.0 %	91.7 %	102.2 %	92.1 %
Covered-employee payroll, as of 12/31 measurement date	\$ 21,658,320	\$ 20,674,304	\$ 18,517,678	\$ 17,467,908
Net OPEB liability as a percentage of covered-employee payroll	(10.7)%	4.5 %	(1.3)%	4.5 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

⁽¹⁾ Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired on or after December 13, 2018.

⁽²⁾ In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority
Schedules of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

	2020	2019	2018	2017
§115 Plan				
Total OPEB Liability				
Service Cost	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	119,591	111,978	103,644	94,941
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	(179,517)	—	—	—
Changes of assumptions ⁽¹⁾	44,279	—	—	—
Benefit payments	(54,605)	(34,065)	(9,334)	—
Total OPEB Liability - Beginning	1,961,246	1,826,373	1,677,294	1,529,690
Total OPEB Liability - Ending	\$ 1,950,233	\$ 1,961,246	\$ 1,826,373	\$ 1,677,294
Plan Fiduciary Net Position				
Contributions - employer	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	220,823	(46,458)	126,004	35,423
Benefit payments	(54,605)	(34,065)	(9,334)	—
Auditing fees	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(315)	(770)	(780)	(675)
Legal fees	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	21,302	5,244	930	—
Retiree contributions out	(21,302)	(5,244)	(930)	—
Net change in plan fiduciary net position	271,313	18,519	212,543	175,886
Plan fiduciary net position - beginning	1,018,350	999,831	787,288	611,402
Plan fiduciary net position - ending	\$ 1,289,663	\$ 1,018,350	\$ 999,831	\$ 787,288
Net OPEB liability - ending	\$ 660,570	\$ 942,896	\$ 826,542	\$ 890,006
Plan fiduciary net position as a percentage of total OPEB liability	66.1 %	51.9 %	54.7 %	46.9 %
Covered-employee payroll, as of 12/31 measurement date	\$ 1,688,340	\$ 1,954,488	\$ 1,951,733	\$ 1,992,447
Net OPEB liability as a percentage of covered-employee payroll	39.1 %	48.2 %	42.3 %	44.7 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

⁽¹⁾ In 2020, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018; and the medical trend model was updated from combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends, to the Getzen healthcare trend model.

Truckee Meadows Water Authority
Schedules of Contributions
Last Ten Fiscal Years*

	2020	2019	2018	2017
§501(c)(9) Plan				
Actuarially Determined Contribution	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	127,724	258,430	324,529	445,063
Contribution deficiency (excess)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	21,402,817	21,538,008	19,282,157	17,924,948
Contributions as a percentage of covered employee payroll	0.6 %	1.2 %	1.7 %	2.5 %
§115 Plan				
Actuarially Determined Contribution	85,743	121,798	119,366	103,441
Contributions in relation to the actuarially determined contribution	70,921	121,798	119,366	103,441
Contribution deficiency (excess)	14,822	—	—	—
Covered-employee payroll	1,714,076	1,841,575	1,955,987	1,965,933
Contributions as a percentage of covered employee payroll	4.1 %	6.6 %	6.1 %	5.3 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs are assumed to increase at the following rates:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.0%
2021	7.0%	2054-2059	4.9%
2022	6.5%	2060-2066	4.8%
2023	6.0%	2067	4.7%
2024	5.9%	2068	4.6%
2025	5.8%	2069	4.5%
2026	5.6%	2070-2071	4.4%
2027	5.5%	2072	4.3%
2028	5.4%	2073-2074	4.2%
2029-2046	5.3%	2075	4.1%
2047	5.2%	2076	4.0%
2048-2049	5.1%	Thereafter	4.0%

Truckee Meadows Water Authority
Schedules of Contributions
Last Ten Fiscal Years*

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2019	December 31, 2019
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets	Market value of assets
Mortality	Non-disabled life rates for Regular & Safety employees: Males and Females: Headcount-weighted RP-2014 Healthy Annuitant Table set forward 1 year. Pre-retirement life rates for Regular & Safety employees: Males and Females: Headcount-weighted RP-2014 Employee Table. The mortality rates above were adjusted to anticipate future mortality improvements by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	Non-disabled life rates for Regular & Safety employees: Males and Females: Headcount-weighted RP-2014 Healthy Annuitant Table set forward 1 year. Pre-retirement life rates for Regular & Safety employees: Males and Females: Headcount-weighted RP-2014 Employee Table. The mortality rates above were adjusted to anticipate future mortality improvements by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment expenses and including inflation	6.0% net of plan investment expenses and including inflation
Participants Valued	Only current active employees and retired participants and covered dependents are valued, excluding those who transferred to TMWA from Washoe County. No future entrants are considered in this valuation.	Only current active employees and retired participants who transferred to TMWA from Washoe County and covered dependents are valued. This plan is closed to new members.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	All individuals are assumed to be eligible for Medicare Parts A and B at age 65.	All individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Employer Cost Sharing	IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement. MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.	Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.
Other Information	In the 2018 and 2017 actuarial valuation, mortality rates were based on the MacLeod Watts Scale 2017 and the healthcare cost trend rates for medical were based on combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends.	In the 2018 and 2017 actuarial valuation, mortality rates were based on the MacLeod Watts Scale 2017 and the healthcare cost trend rates for medical were based on combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends.

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

	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995	\$12,573,558
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	75.24 %	75.24 %	74.42 %	72.23 %	75.13 %	76.30 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

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

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contributions in relation to the statutorily required contribution	\$3,156,332	\$2,865,963	\$2,562,356	\$5,037,877	\$4,534,811	\$3,629,441
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
Contributions as a percentage of covered payroll	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %	25.78 %

Notes to Schedule

*Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be disclosed up to 10 years as information becomes available.

Beginning in 2018, contributions reflect employer-paid contributions only due to GASB Statement No. 82, which classifies contributions as member contributions for the purposes of GASB Statement No. 68 if they are made by an employer to satisfy what are actually deemed to be member contribution requirements.

Supplementary Information
June 30, 2020 and 2019

Truckee Meadows Water Authority

Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Year Ended June 30, 2020

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 102,706,086	\$ 102,487,078	\$ (219,008)
Hydroelectric sales	3,664,180	3,298,850	(365,330)
Other operating sales	3,320,950	2,286,729	(1,034,221)
Total operating revenues	109,691,216	108,072,657	(1,618,559)
Operating Expenses			
Salaries and wages	23,183,489	21,455,982	1,727,507
Employee benefits	12,324,771	11,529,749	795,022
Services and supplies	31,125,499	27,808,959	3,316,540
Total operating expenses before depreciation	66,633,759	60,794,690	5,839,069
Depreciation	33,136,228	33,327,134	(190,906)
Total operating expenses	99,769,987	94,121,824	5,648,163
Operating Income	9,921,229	13,950,833	4,029,604
Nonoperating Revenues (Expenses)			
Investment earnings	3,409,815	4,119,737	709,922
Net change in fair value of investments	—	3,410,242	3,410,242
Loss on disposal of assets	—	(1,189,776)	(1,189,776)
Bond/note issue costs and amortization of bond insurance	(190,800)	(216,981)	(26,181)
Interest expense	(13,052,442)	(12,698,972)	353,470
Total nonoperating revenues (expenses)	(9,833,427)	(6,575,750)	3,257,677
Income (Loss) before Capital Contributions	87,802	7,375,083	7,287,281
Capital Contributions			
Grants	1,937,500	232,153	(1,705,347)
Water resource sustainability program	926,425	1,484,443	558,018
Developer infrastructure contributions	15,768,318	20,145,641	4,377,323
Developer will-serve contributions (net of refunds)	5,067,536	4,082,279	(985,257)
Developer capital contributions-other	6,697,000	7,847,962	1,150,962
Developer facility charges (net of refunds)	8,517,248	9,657,274	1,140,026
Contributions from others	—	343,630	343,630
Contributions from other governments	—	386,937	386,937
Net capital contributions	38,914,027	44,180,319	5,266,292
Change in Net Position	\$ 39,001,829	\$ 51,555,402	\$ 12,553,573

Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Year Ended June 30, 2019

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 100,626,513	\$ 101,776,649	\$ 1,150,136
Hydroelectric sales	2,812,568	2,624,285	(188,283)
Other operating sales	3,404,500	2,688,584	(715,916)
Total operating revenues	106,843,581	107,089,518	245,937
Operating Expenses			
Salaries and wages	21,078,271	20,973,151	105,120
Employee benefits	10,125,919	10,184,189	(58,270)
Services and supplies	28,268,124	28,475,960	(207,836)
Total operating expenses before depreciation	59,472,314	59,633,300	(160,986)
Depreciation	33,862,476	32,833,604	1,028,872
Total operating expenses	93,334,790	92,466,904	867,886
Operating Income	13,508,791	14,622,614	1,113,823
Nonoperating Revenues (Expenses)			
Investment earnings	2,833,548	4,409,486	1,575,938
Net change in fair value of investments	—	2,843,154	2,843,154
Loss on disposal of assets	—	(225,687)	(225,687)
Bond/note issue costs and amortization of bond insurance	(215,748)	(218,132)	(2,384)
Interest expense	(13,436,520)	(13,268,153)	168,367
Other nonoperating expense	—	(233,494)	(233,494)
Total nonoperating revenues (expenses)	(10,818,720)	(6,692,826)	4,125,894
Income (Loss) before Capital Contributions	2,690,071	7,929,788	5,239,717
Capital Contributions			
Grants	1,700,000	831,116	(868,884)
Water meter retrofit program	676,020	994,706	318,686
Water resource sustainability program	—	689,060	689,060
Developer infrastructure contributions	—	19,112,590	19,112,590
Developer will-serve contributions (net of refunds)	3,470,232	4,663,826	1,193,594
Developer capital contributions-other	5,922,000	6,636,417	714,417
Developer facility charges (net of refunds)	4,950,708	9,154,403	4,203,695
Contributions from other governments	—	100,000	100,000
Net capital contributions	16,718,960	42,182,118	25,463,158
Change in Net Position	\$ 19,409,031	\$ 50,111,906	\$ 30,702,875

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 TMWA's overall financial health.

<u>Section Contents</u>	<u>Schedule No.</u>
Financial Trends These schedules contain trend information to help the reader understand how TMWA's financial performance and well-being have changed over time.	1-6
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the TMWA's ability to generate its water sales and other revenues.	7-8
Debt Capacity These schedules present information to help the reader assess the affordability of the TMWA's current levels of outstanding debt, and its ability to issue additional future debt.	9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the TMWA's financial activities take place and to help make comparisons over time and with other utilities.	10-12
Operating Information These schedules contain information about the TMWA's operations and resources to help the reader understand how the TMWA's financial information relates to the services it provides and the activities it performs.	13-17
Debt Ratios These schedules contain information about changes in the TMWA's debt and its debt in relation to service connections.	18-19

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

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

	Fiscal Year									
	2020	2019	2018	Restated 2017	2016	2015*	2014	2013	2012	2011
Net Position										
Net investment in capital assets	\$ 617,541,639	\$ 573,174,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785	\$ 227,319,870	\$ 222,418,497	\$ 223,410,534
Restricted	41,694,471	29,351,818	30,123,412	28,589,861	40,505,804	42,158,803	25,198,683	22,644,404	13,678,852	22,873,643
Unrestricted	<u>110,507,387</u>	<u>115,662,201</u>	<u>104,893,903</u>	<u>95,037,226</u>	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>	<u>51,471,349</u>	<u>57,107,888</u>	<u>41,907,040</u>
Total Net Position	<u>\$ 769,743,497</u>	<u>\$ 718,188,095</u>	<u>\$ 668,076,189</u>	<u>\$ 630,327,559</u>	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>	<u>\$ 301,435,623</u>	<u>\$ 293,205,237</u>	<u>\$ 288,191,217</u>

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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
2020	\$108,072,657	\$ 94,121,824	\$ 13,950,833	\$ (6,575,750)	\$ 7,375,083	\$ 44,180,319	\$ —	\$ 51,555,402
2019	107,089,518	92,466,904	14,622,614	(6,692,826)	7,929,788	42,182,118	—	50,111,906
2018	101,812,092	90,311,622	11,500,470	(11,162,667)	337,803	37,410,827		37,748,630
2017	97,268,183	82,339,194	14,928,989	(11,684,303)	3,244,686	43,351,171		46,595,857
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

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Revenues from water sales										
Residential unmetered water sales	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811	\$ 10,288,324	\$ 10,899,330	\$ 11,611,351
Residential metered water sales	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033	43,957,551	41,476,536	37,636,859
Commercial metered water sales	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824	10,885,539	10,473,659	10,214,401
Irrigation metered & fire protection	13,457,574	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156	11,031,924	10,129,233	9,007,523
Wholesale sales	1,273,982	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593	3,748,276	3,473,100	2,938,106
Total water sales	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417	79,911,614	76,451,858	71,408,240
Hydroelectric revenue	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147	3,557,965	3,519,897	3,079,158
Other operating revenues	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826	2,107,528	1,818,744	1,759,035
Total operating revenues	<u>\$ 108,072,657</u>	<u>\$ 107,089,518</u>	<u>\$ 101,812,092</u>	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>	<u>\$ 85,577,107</u>	<u>\$ 81,790,499</u>	<u>\$ 76,246,433</u>

* Fiscal Year 2015 reflect changes as a result of the water utility consolidation discussed in Note 1 of the financial statements.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Salaries and wages	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022	\$ 11,128,162	\$ 11,049,337	\$ 11,180,101
Employee benefits	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922	4,819,187	4,537,531	4,378,347
Contract services	9,169,895	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066	4,868,532	5,090,741	5,488,432
Utilities/power	5,693,594	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312	4,571,453	4,432,932	6,639,620
Prof services (general/legal/media/leg)	2,406,428	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097	1,610,614	1,254,751	1,909,575
Supplies	2,534,762	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763	1,522,106	1,155,351	1,112,419
Chemicals	1,873,444	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824	1,333,002	1,361,144	1,653,424
Insurance and claims	978,791	847,844	675,430	719,604	742,006	684,021	501,300	534,577	608,352	647,983
Leases and rentals	143,604	256,836	104,243	146,999	96,290	79,640	70,196	74,596	84,844	69,472
Other expenses	5,008,441	5,457,815	4,225,193	4,829,445	4,998,323	3,387,273	3,802,687	3,810,821	3,645,078	3,318,784
Total operating expenses before depreciation	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189	34,273,049	33,220,059	36,398,157
Depreciation	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885	22,349,225	22,322,217	21,990,618
Total Operating Expenses	<u>\$ 94,121,824</u>	<u>\$ 92,466,904</u>	<u>\$ 90,311,622</u>	<u>\$ 82,339,194</u>	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>	<u>\$ 56,622,274</u>	<u>\$ 55,542,276</u>	<u>\$ 58,388,775</u>

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

Fiscal Year	Investment Earnings	Interest Expense	Gain/(Loss) on Disposal of Assets	Other Revenue or Expenses	Total Nonoperating Expenses
2020	\$ 4,119,737	\$ (12,698,972)	\$ (1,189,776)	\$ 3,193,261	\$ (6,575,750)
2019	4,409,486	(13,268,153)	(225,687)	2,391,528	(6,692,826)
2018	2,313,513	(11,720,356)	133,972	(1,889,796)	(11,162,667)
2017	7,209,113	(16,968,911)	(155,722)	(1,768,783)	(11,684,303)
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)	(611,086)	305,640	(19,814,823)
2011	2,322,169	(22,431,967)	(4,705)	(1,963,275)	(22,077,778)

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

Fiscal Year	Developer Water Rights/ Will Serves	Developer Infrastructure	Developer Other	Water Meter Retrofit Program	Developer Facility Charges	Grants	Water Resource Sustainability Program	From Others	Total
2020	\$ 4,082,279	\$ 20,145,641	\$ 7,847,962	\$ —	\$ 9,657,274	\$ 232,153	\$ 1,484,443	\$ 730,567	\$ 44,180,319
2019	4,663,826	19,112,590	6,636,417	994,706	9,154,403	831,116	689,060	100,000	42,182,118
2018	6,652,819	15,017,446	6,448,549	2,379,206	6,464,559	348,248	—	100,000	37,410,827
2017	7,950,666	10,797,854	6,062,247	341,074	5,116,956	1,226,863	—	11,855,511	43,351,171
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	791,773	—	82,556	1,900,835
2011	125,123	507,970	126,899	170,201	252,748	274,837	—	150,000	1,607,778

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

Category	2020		2019	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,571,216	—	\$ 2,558,779
Residential Metered	17,111,305	73,295,343	16,970,042	71,651,437
Commercial	3,952,196	11,888,963	4,315,407	12,807,427
Other (2)	2,896,243	13,457,574	2,974,110	13,509,567
Wholesale	606,627	1,273,982	619,928	1,249,439
Total	24,566,371	\$ 102,487,078	24,879,487	\$ 101,776,649

	2018		2017	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,505,172	—	\$ 2,446,145
Residential Metered	16,335,308	67,393,672	16,487,693	65,829,634
Commercial	4,232,836	12,238,940	4,277,917	11,887,395
Other (2)	2,698,977	12,169,406	2,749,795	11,369,179
Wholesale	591,624	1,165,607	613,051	1,154,907
Total	23,858,745	\$ 95,472,797	24,128,456	\$ 92,687,260

	2016		2015*	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 3,725,916	—	\$ 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 (2)	2,579,408	11,554,063	2,913,757	11,123,168
Wholesale	542,875	1,029,954	1,598,995	2,560,399
Total	21,841,659	\$ 87,534,332	24,015,050	\$ 86,186,698

	2014		2013	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 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 (2)	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
Total	20,253,396	\$ 79,190,417	20,799,458	\$ 79,911,614

	2012		2011	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 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 (2)	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
Total	19,354,313	\$ 76,451,858	18,011,521	\$ 71,408,240

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

(2) These accounts include irrigation and non metered 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, 2020

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	606,627	\$ 1,215,965	1.2 %
2. Washoe County School District	329,598	1,038,233	1.0 %
3. City of Reno	261,011	937,478	0.9 %
4. City of Sparks	135,985	491,722	0.5 %
5. Washoe County	152,639	489,108	0.5 %
6. Somersett HOA	109,926	398,410	0.4 %
7. University of Nevada, Reno	133,787	356,734	0.4 %
8. Nevada Properties, Peppermill	124,628	353,156	0.3 %
9. Renown System	97,376	298,692	0.3 %
10. GSR Holdings, LLC	124,707	231,182	0.2 %
Totals	2,076,284	\$ 5,810,680	5.7 %

City of Reno includes the Reno Housing Authority.

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

	Fiscal Year (in millions)									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Operating revenues ⁽¹⁾	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912	\$ 76,452	\$ 71,408
Nonoperating revenues ⁽²⁾	9,705	9,722	8,653	11,790	11,132	5,970	7,176	7,672	7,643	7,253
Gross revenues	112,192	111,499	104,126	104,477	98,666	92,157	86,366	87,584	84,095	78,661
Operation and maintenance expenses ⁽³⁾	60,076	58,955	57,021	50,958	48,030	41,772	35,850	36,672	33,851	32,802
Taxes other than income taxes ⁽⁴⁾	719	678	470	462	451	443	440	429	422	418
Total expenses	60,795	59,633	57,491	51,420	48,481	42,215	36,290	37,101	34,273	33,220
Net Revenues	<u>\$ 51,398</u>	<u>\$ 51,866</u>	<u>\$ 46,635</u>	<u>\$ 53,057</u>	<u>\$ 50,185</u>	<u>\$ 49,942</u>	<u>\$ 50,076</u>	<u>\$ 50,483</u>	<u>\$ 49,822</u>	<u>\$ 45,441</u>
Senior Lien Annual Debt Service ⁽⁵⁾	<u>\$ 28,186</u>	<u>\$ 17,891</u>	<u>\$ 15,696</u>	<u>\$ 18,916</u>	<u>\$ 31,780</u>	<u>\$ 29,955</u>	<u>\$ 31,285</u>	<u>\$ 29,672</u>	<u>\$ 21,295</u>	<u>\$ 31,191</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.82</u>	<u>2.90</u>	<u>2.97</u>	<u>2.80</u>	<u>1.58</u>	<u>1.67</u>	<u>1.60</u>	<u>1.70</u>	<u>2.34</u>	<u>1.46</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048	\$ 263	\$ 253
Developer capital contributions - other	7,848	6,636	6,449	6,062	2,473	1,588	410	470	153	127
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	<u>2.44</u>	<u>3.78</u>	<u>3.79</u>	<u>3.40</u>	<u>1.75</u>	<u>1.80</u>	<u>1.64</u>	<u>1.75</u>	<u>2.36</u>	<u>1.47</u>

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

⁽²⁾ Reflects hydroelectric revenues, other miscellaneous operating revenues from fees and charges, as well as gross investment income.

⁽³⁾ Includes water supply, treatment, distribution, hydroelectric power plant maintenance, customer service, water resource planning, conservation programs, administration, and inspection services. Wages and salaries, employee benefits, and services and supplies comprise these expenses.

⁽⁴⁾ The Authority is required to pay property taxes on water rights and storage facilities located in California. During the reported fiscal years TMWA paid various counties in California for hydroelectric facilities, and water storage rights in California.

⁽⁵⁾ This schedule does not include the payments on the DWSRF loan or the tax-exempt commercial paper, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

⁽⁶⁾ TMWA's bond covenants require a minimum coverage of 1.25x total principal and interest payments. In fiscal year 2012, TMWA defeased the remaining 2001-A bonds. This resulted in a one-time increase in the senior lien debt coverage ratio. Without this defeasance, the senior lien debt coverage ratio would be 1.52x. In fiscal years 2017, 2018 and 2019, TMWA deferred principal payments on debt which increased the debt coverage ratio.

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

Fiscal Year	Washoe County	City of Reno	City of Sparks
2020	4,194	— ⁽¹⁾	4,103
2019	4,307	4,709	3,890
2018	4,241	6,096	3,935
2017	2,615	5,399	3,636
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

Source: As reported by each local governmental entity.

⁽¹⁾ Entity was unable to provide data.

Truckee Meadows Water Authority
Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Total Personal Income (1)	Unemployment rate (Percent) (5)	Total Labor Force (5)	Construction Activity Total Value (6)	Number of New Family Units (6)	Taxable Sales (7)	Gross Income Gaming Revenue (8)	Total Passenger Air Traffic (9)
2020	472,069	\$ 60	38.1	66,913	\$ 27,776,003	3.2 %	255,915	\$ 450,868,000	617	\$9,250,416,000	\$ 630,862,000	3,378,405
2019	464,630	55	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	49	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	48	37.5	63,919	21,265,000	4.0 %	232,719	240,534,583	394	7,989,009,111	805,557,000	3,819,896
2016	451,248	51	37.5	63,670	20,165,000	5.9 %	231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
2015	441,165	48	37.4	63,108	19,077,000	6.4 %	228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
2014	436,647	48	37.6	62,986	18,833,000	7.2 %	222,607	225,096,997	198	6,370,684,534	744,962,250	3,312,839
2013	434,120	47	37.6	62,424	18,284,145	9.8 %	219,607	126,468,377	159	5,824,726,136	741,038,030	3,514,421
2012	427,704	45	37.4	62,323	17,849,009	12.3 %	221,764	95,875,949	83	5,522,605,351	738,151,877	3,561,557
2011	421,593	49	37.2	62,324	17,944,975	13.2 %	212,480	67,721,019	55	5,282,935,192	751,466,957	3,795,421

Sources:

- (1) US Census-Nevada, 2011 - 2012. Washoe County Community Development, 2013 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020
- (2) U.S. Department of Commerce, 2008. Washoe County Community Demographic Information 2009 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020
- (3) Center for Regional Studies, University of Nevada, Reno 2011 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020
- (4) Washoe County School District. Washoe County Schedule 4.1, 2018, 2019, 2020
- (5) State Department of Employment, Training and Rehabilitation (DETR). Washoe County Schedule 4.1, 2018, 2019, 2020
- (6) Washoe County Building and Safety. Department. Washoe County Schedule 4.1, 2018, 2019, 2020
- (7) Nevada State Department of Taxation. Washoe County Schedule 4.1, 2018, 2019, 2020
- (8) Nevada State Gaming Control Board. Washoe County Schedule 4.1, 2018, 2019, 2020
- (9) Reno/Tahoe International Airport. (RTIA) Washoe County Schedule 4.1, 2018, 2019, 2020

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

Employer	December, 2019			December, 2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.47 %	7,750	1	4.22 %
Renown Medical Center	7,500	2	1.88 %	4,750	2	2.58 %
University of Nevada - Reno	4,750	3	2.97 %	2,250	4	1.22 %
Peppermill Hotel Casino - Reno	3,000	4	1.19 %	2,250	5	1.22 %
Grand Sierra Resort	3,000	5	1.19 %	1,750	9	0.95 %
Silver Legacy Resort Casino	3,000	6	1.19 %	1,750	7	0.95 %
Harrahs	3,000	7	1.19 %	—	—	—
Eldorado Hotel & Casino	3,000	8	1.19 %	—	—	—
St. Mary's	3,000	9	1.19 %	1,750	10	0.95 %
Washoe County	2,800	10	1.11 %	2,750	3	1.50 %
Atlantis Casino Resort	—	—	—	1,750	8	0.95 %
International Game Technology PLC2	—	—	—	2,250	6	1.22 %
Total Washoe Covered Employment	<u>252,484</u>			<u>183,850</u>		

Note: Each of the years reflect respective 4th quarter calendar year information. Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup. Infogroup publishes employee counts in ranges of 5000. The number of employees are estimated using the midpoint.

Source: Nevadaworkforce.com

Nevada Employment and Unemployment Data (DES and Laus)

Washoe County Schedule 4.2

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

2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.41 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other ⁽²⁾	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
Total	127,022	100.00 %	\$ 102,487,078	100.00 %
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.33 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other ⁽²⁾	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
Total	124,762	100.00 %	\$ 101,776,649	100.00 %
2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other ⁽²⁾	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	100.00 %
2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other ⁽²⁾	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential metered	106,730	89.94 %	60,198,267	68.76 %
Commercial metered	9,873	8.32 %	11,026,132	12.60 %
Other ⁽²⁾	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %

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

2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential metered	100,446	83.12 %	51,796,871	60.09 %
Commercial metered	9,648	7.98 %	11,339,953	13.16 %
Other ⁽²⁾	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	120,848	100.00 %	\$ 86,186,698	100.00 %
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial metered	8,743	9.15 %	10,755,824	13.58 %
Other ⁽²⁾	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
Total	95,554	100.00 %	\$ 79,190,417	100.00 %
2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	6,927	7.31 %	\$ 10,288,324	12.87 %
Residential Metered	75,113	79.31 %	43,957,551	55.01 %
Commercial and Irrigation	8,702	9.19 %	10,885,539	13.62 %
Other ⁽²⁾	3,965	4.19 %	11,031,924	13.81 %
Wholesale	2	— %	3,748,276	4.69 %
Total	94,709	100.00 %	\$ 79,911,614	100.00 %
2012				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	7,699	8.16 %	\$ 10,899,330	14.26 %
Residential metered	73,836	78.29 %	41,476,536	54.25 %
Commercial metered	8,695	9.22 %	10,473,659	13.70 %
Other ⁽²⁾	4,088	4.33 %	10,129,233	13.25 %
Wholesale	2	— %	3,473,100	4.54 %
Total	94,320	100.00 %	\$ 76,451,858	100.00 %
2011				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	8,685	9.26 %	\$ 11,611,351	16.26 %
Residential metered	72,457	77.26 %	37,636,859	52.72 %
Commercial metered	8,564	9.13 %	10,214,401	14.30 %
Other ⁽²⁾	4,078	4.35 %	9,007,523	12.61 %
Wholesale	2	— %	2,938,106	4.11 %
Total	93,786	100.00 %	\$ 71,408,240	100.00 %

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

⁽¹⁾ Water Revenues are revenues that are billed and estimated for the fiscal year periods. Estimated revenues are revenues for water deliveries just prior to fiscal year end that are unbilled until July of the next fiscal year.

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

Truckee Meadows Water Authority
Schedule No. 14 - Schedule of Insurance Coverage
June 30, 2020

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2017 to 6/11/2020	Blanket limit of \$370,444,139 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. 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	Philadelphia Indemnity Insurance Company	6/11/2019 to 6/11/2020	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000 Inland Marine Physical Damage \$1,014,750. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2019 to 6/11/2020	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2019 to 6/11/2020	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Employer's Insurance Company of Nevada	6/11/2019 to 6/11/2020	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	6/11/2019 to 6/11/2020	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2019 to 6/11/2020	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$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.
	Zurich		Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Ace American Insurance Company	6/11/2019 to 6/11/2020	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$3,000,000. Crisis Management Expenses \$1,000,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2022	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

Truckee Meadows Water Authority
 Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department ⁽¹⁾
 Last Ten Fiscal Years ⁽²⁾

	Fiscal Year									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Administration/IT	33	30	28	25	28	22	20	18	20	22
Supply/Treatment Operations	48	44	40	40	32	30	31	26	27	28
Distribution Maintenance	71	71	65	65	63	62	48	45	44	42
Hydroelectric	8	7	7	7	6	6	6	7	8	7
Customer Service/Conservation	26	23	23	25	25	24	20	26	33	28
Water Planning/Resources	15	15	15	17	19	19	13	15	12	13
Engineering/Construction	30	31	28	25	24	23	14	15	11	14
Total Authorized Employees	<u>231</u>	<u>221</u>	<u>206</u>	<u>204</u>	<u>197</u>	<u>186</u>	<u>152</u>	<u>152</u>	<u>155</u>	<u>154</u>

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

⁽¹⁾ Source - Truckee Meadows Water Authority Budget

⁽²⁾ The number of employees shown are approved full-time equivalent positions. Actual employee numbers may be less if there are vacant positions at year end.

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

Fiscal Year																					
2020			2019			2018			2017			2016			2015*			2014	2013	2012	2011
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID				

Customer Charges by Meter Size

3/4"	19.67	18.49	10.07	19.67	18.49	10.07	19.67	18.49	10.07	19.10	17.95	9.77	18.54	17.43	9.49	18.54	17.43	9.49	18.54	17.12	17.12	15.70
1"	21.64	23.79	12.32	21.64	23.79	12.32	21.64	23.79	12.32	21.01	23.09	11.96	20.40	22.42	11.61	20.40	22.42	11.61	20.40	18.80	18.80	17.30
1 1/2"	24.61	34.02	17.47	24.61	34.02	17.47	24.61	34.02	17.47	23.90	33.03	16.96	23.20	32.07	16.47	23.20	32.07	16.47	23.20	21.40	21.40	19.60
2"	28.54	45.36	n/a	28.54	45.36	n/a	28.54	45.36	n/a	27.71	44.04	n/a	26.90	42.76	n/a	26.90	42.76	n/a	26.90	24.80	24.80	22.80
3"	32.46	73.04	n/a	32.46	73.04	n/a	32.46	73.04	n/a	31.52	70.92	n/a	30.60	68.85	n/a	30.60	68.85	n/a	30.60	28.20	28.20	25.90
4"	37.34	106.98	n/a	37.34	106.98	n/a	37.34	106.98	n/a	36.26	103.87	n/a	35.20	100.84	n/a	35.20	100.84	n/a	35.20	32.50	32.50	29.80
6"	43.28	195.05	n/a	43.28	195.05	n/a	43.28	195.05	n/a	42.02	189.37	n/a	40.80	183.85	n/a	40.80	183.85	n/a	40.80	37.70	37.70	34.50

Commodity Charge (all meter sizes)

TMWA Tier 1	1.82			1.82			1.82			1.77			1.72			1.72			1.72	1.72	1.72	1.72
TMWA Tier 2	2.95			2.95			2.95			2.86			2.78			2.78			2.78	2.78	2.78	2.78
TMWA Tier 3	3.45			3.45			3.45			3.35			3.25			3.25			3.25	3.25	3.25	3.25

WC Tier 1		2.78			2.78			2.78			2.70			2.62			2.62					
WC Tier 2		3.47			3.47			3.47			3.37			3.27			3.27					
WC Tier 3		4.17			4.17			4.17			4.05			3.93			3.93					
WC Tier 4		5.57			5.57			5.57			5.41			5.25			5.25					

STMGID Tier 1			1.44			1.44			1.44			1.40			1.36			1.36				
STMGID Tier 2			1.91			1.91			1.91			1.85			1.80			1.80				
STMGID Tier 3			2.34			2.34			2.34			2.28			2.21			2.21				
STMGID Tier 4			2.74			2.74			2.74			2.66			2.58			2.58				
STMGID Tier 5			2.90			2.90			2.90			2.81			2.73			2.73				

Above rates are for metered single family residential service.

Monthly Base Rates (Meter Size)

3/4"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	100.63	89.82	44.91	n/a	n/a	46.26	100.63	94.10	94.10	86.30
1"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	144.90	90.18	44.91	n/a	n/a	46.26	144.90	135.50	135.50	124.30
1 1/2"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	262.60	92.12	44.91	n/a	n/a	46.26	262.60	245.60	245.60	225.20
2"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	374.30	93.55	44.91	n/a	n/a	46.26	374.30	350.10	350.10	321.00
3"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	469.90	94.96	44.91	n/a	n/a	46.26	469.90	439.40	439.40	403.00
4"	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	595.70	99.18	44.91	n/a	n/a	46.26	595.70	557.10	557.10	510.00
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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, February 2014, June 2016, May 2017, and May 2018

** Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.*

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Miles of water mains	2,048	2,019	1,986	1,961	1,940	1,915	1,341	1,337	1,352	1,339
Number of storage tanks	95	95	93	93	93	93	42	42	42	42
Number of Finished Water Storage	2	2	2	2	2	2	2	2	2	2
Number of pump stations	115	114	113	113	121	112	93	94	95	94
Number of wells	99	100	82	81	79	86	32	32	32	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	37.5	37.5	37.5	37.5	25.0
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	95.0	95.0	95.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	—	—	—	—	—	—

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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

	Final Maturity Date	Authorized	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018	Balance June 30, 2017	Balance June 30, 2016	Balance June 30, 2015	Balance June 30, 2014	Balance June 30, 2013	Balance June 30, 2012	Balance June 30, 2011
2001 A Water Revenue (Tax Exempt) Bonds 3.70%-5.50%	7/1/2034	\$ 448,810,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,810,000
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	4,669,565	1,543,918	1,824,283	2,095,861	2,358,926	2,613,744	2,860,578	3,099,675	3,331,277	3,555,620	3,772,931
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	890,000	34,795,000	35,620,000	36,415,000	37,180,000
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	149,140,000	149,485,000	149,815,000
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	215,745,000	216,185,000	216,605,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866	2,040,534	2,164,202	2,282,661
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	9,435,000	19,855,000	28,240,000	28,240,000	28,240,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928	4,381,614	4,381,614	3,921,904
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667	8,733,487	—	—	—	—
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000	28,750,000	—	—	—	—
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	1/1/2035	15,000,000	7,792,841	8,195,717	8,589,045	8,971,562	8,239,034	—	—	—	—	—
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	1/1/2025	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	—	—	—	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	1/1/2025	147,415,000	147,415,000	147,415,000	147,415,000	147,415,000	—	—	—	—	—	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	38,835,000	38,835,000	—	—	—	—	—	—	—
Subtotal			354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,468	438,498,425	440,426,436	450,627,496
Less unamortized net bond discount (premium)			(42,447,151)	(47,320,705)	(52,014,598)	(51,182,862)	(28,441,399)	(3,673,290)	(35,590)	(661,198)	(1,286,806)	(3,440,321)
Total debt before tax exempt commercial paper			396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,058	439,159,623	441,713,242	454,067,817
Tax-Exempt Commercial Paper		\$ 69,600,000	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000	68,000,000	79,400,000	79,400,000
Total Debt			<u>\$ 412,791,489</u>	<u>\$ 427,994,101</u>	<u>\$ 441,927,520</u>	<u>\$ 458,315,682</u>	<u>\$ 508,731,384</u>	<u>\$ 518,332,349</u>	<u>\$ 495,957,058</u>	<u>\$ 507,159,623</u>	<u>\$ 521,113,242</u>	<u>\$ 533,467,817</u>

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015*	2014	2013	2012	2011
Total Debt	\$ 354,344,338	\$ 357,173,396	\$ 359,912,922	\$ 323,732,820	\$ 392,489,985	\$ 419,659,060	\$ 427,921,468	\$ 438,498,425	\$ 440,426,436	\$ 450,627,496
Total Service Connections	127,977	125,911	123,845	121,572	119,772	114,529	89,070	88,268	87,464	87,013
Debt per Service Connection	<u>\$ 2,769</u>	<u>\$ 2,837</u>	<u>\$ 2,906</u>	<u>\$ 2,663</u>	<u>\$ 3,277</u>	<u>\$ 3,664</u>	<u>\$ 4,804</u>	<u>\$ 4,968</u>	<u>\$ 5,036</u>	<u>\$ 5,179</u>

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

* Fiscal Year 2015 reflects the first year of the water utility consolidation as discussed in Note 1 of the Financial Statements.

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 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 (TMWA), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 25, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statements. 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*.

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 results 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 25, 2020



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, 2020, 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

There were no potential statute violations reported in the June 30, 2019 audit report.

Prior Year Recommendations

There were no findings for the year ended June 30, 2019.

Current Year Recommendations

We noted no material weaknesses and reported no significant deficiencies in internal control for the current year.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Reno, Nevada
November 25, 2020