



STANDING ADVISORY COMMITTEE AGENDA

Tuesday, February 1, 2022 at 3:00 p.m.
Truckee Meadows Water Authority
Virtual Meeting Only

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.
NO PHYSICAL LOCATION IS BEING PROVIDED FOR THIS MEETING
(be sure to keep your phones on mute, and do not place the call on hold)

Please click the link below to join the meeting:

<https://tmwa.zoom.us/j/89080137117?pwd=WW12RWRuL1lrQVV0QnhVdDg1UGhIQT09>

Passcode: 288697

Or call:

Phone: (888) 788-0099

Meeting ID: 890 8013 7117

NOTES:

1. Pursuant to NRS 241.020(11) and 241.023, this meeting will be held using a remote technology system only and no physical location will be provided.
2. The announcement of this meeting has been electronically posted in compliance with NRS 241.020(3), (4) and (11) at <http://www.tmwa.com>, and NRS 232.2175 at <https://notice.nv.gov/>.
3. Pursuant to NRS 241.020 Staff reports and supporting material for the meeting are available on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(11).
4. The Committee may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
5. Asterisks (*) denote non-action items.
6. Live public comment, whether on action items or general public comment, may be made during the meeting by clicking on the "Reactions" icon at the bottom of your screen and selecting the "raise hand icon and unmuting yourself to speak when your name is called. Or if you are calling in, press *9 to "raise your hand" and *6 to unmute your phone when your name is called. Public comment, may be provided by submitting written comments online on TMWA's Public Comment Form (tmwa.com/PublicComment) or by email sent to boardclerk@tmwa.com prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. the day before the scheduled meeting. Voicemail messages received will be noted during the meeting and summarized for entry into the record. Public comment is limited to three minutes and is allowed during the public comment periods. The Board may elect to receive public comment only during the two public comment periods rather than each action item.
7. In the event the Chairman and Vice-Chairman are absent, the remaining SAC members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda (**For Possible Action**)

4. Approval of the minutes of October 5, 2021 meeting (**For Possible Action**)
5. Water Supply Update — Bill Hauck*
6. Presentation on the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021 — Matt Bowman*
7. Presentation of TMWA's 2021 Popular Annual Financial Report (PAFR) — Matt Bowman*
8. Presentation of Fiscal Year 2022 Q1 year to date financial results — Matt Bowman*
9. Informational report on watershed protection planning activities and projects — Stef Morris and Kara Steeland*
10. Discussion and possible direction to staff regarding agenda items for future meetings (**For Possible Action**)
11. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
12. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
13. Public Comment — limited to no more than three minutes per speaker*
14. Adjournment (**For Possible Action**)



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

October 5, 2021

The Standing Advisory Committee (SAC) met via ZOOM. Chair McGuire called the meeting to order at 3:03 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Kristine Brown, Jordan Hastings, Colin Hayes, Don Kowitz, *Carol Litster, Neil McGuire, Ken McNeil, Chris Melton, **Jonnie Pullman, and Jerry Wager.

Alternates Present: Fred Arndt, Ken Becker, Susan Hoog, John Krmpotic, Kevin Ryan, Dale Sanderson, and Jim Smith.

Primary Members and Alternates Absent: Robert Chambers, Harry Culbert, Karl Katt, Ann Silver, and Alex Talmant.

Staff Present: John Enloe, Scott Estes, Sonia Folsom, Mark Foree, Andy Gebhardt, Bill Hauck, Stef Morris, Michele Sullivan, John Zimmerman, and Legal Counsel Michael Pagni (McDonald Carano).

**Member Litster arrived at 3:29 p.m.*

***Member Pullman left at 4:18 p.m.*

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion duly made by Member Pullman, and seconded by Member Melton, and carried by unanimous consent of the members present, the Committee approved the agenda.

4. APPROVAL OF THE MINUTES OF THE JUNE 1, 2021 MEETING

Upon motion duly made by Member Hayes and seconded by Member Hastings, and carried by unanimous consent of the members present, the Committee approved the June 1, 2021 meeting minutes.

5. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Administrator, updated the Committee on the current water supply status: Aug 18 was the last day of full or normal Truckee River flows; there is about two inches of water stored behind the dam at Lake Tahoe; as of Aug 19 we have used 5,500 acre feet (AF) of storage and there is still about 45,000 AF stored upstream; Lake Tahoe is projected to go below the rim by the end of the month; the expectation is going into this winter with no carryover storage in any of the reservoirs except in TMWA's privately owned reservoirs; and Truckee River flows for 2022 will be entirely dependent on rainfall and snowpack, which is unknown at this time.

Member McNeil asked if staff had any long range forecast about the winter storms and if staff knows whether this will be a good winter. Mr. Hauck replied they are able to track storms seven days out, but it is too early to predict long-term and will probably know by February if the reservoirs are full.

Member Krmpotic asked about the projections. Mr. Hauck replied they are the required rates of flow at California-Nevada state line.

6. DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD REGARDING PROPOSED AMENDMENTS TO TMWA WATER SYSTEM FACILITY CHARGES (WSF) AND BUSINESS SERVICE FEES (BSF) RATE SCHEDULES

Scott Estes, TWMA Director of Engineering, presented the proposed amendments to TMWA's Water System Facility (WSF) charges and Business Service Fees (BSF) rate schedules with the proposed effective date of January 31, 2022. Michele Sullivan, TMWA Chief Financial Officer, added the BSF mainly covers all TMWA employee costs related to new business, and we would like to raise them annually by the same amount as TMWA salaries increase.

At this time Members of the Committee inquired when fees are collected (when the plans are approved and the Water Service Agreement is executed, but single family residential projects can defer WSF fees until the first Certificate of Occupancy is issued); if the development has a Special Assessment District, how are the fees collected (from TMWA's standpoint, collection does not change; from the developer's standpoint it's complex, but part of the construction costs are collected through property taxes); and if these fees do not include water rights (correct, these fees do not include water rights).

Member Hayes confirmed the Builders Association of Northern Nevada (BANN) has not responded to TMWA staff regarding their request to schedule a presentation and if so, he will try to do so. Mr. Estes replied yes and thanked Member Hayes for his assistance.

Member McNeil asked for clarification on the increased BSF charges. Ms. Sullivan replied there are three different departments involved (Engineering, Inspection and Water Rights).

Vice Chair Hastings asked how the fees are paid to TMWA. Ms. Sullivan replied they are paid when they submit their plans or make a request for annexation or research on a property. Mr. Estes added some fees are also paid when developers submit an application for new service.

Chair McGuire appreciated staff's efforts to maintain costs at a reasonable level to ensure customer rates don't get inflated.

Upon motion duly made by Member Krmpotic and seconded by Member Melton and carried by unanimous consent of the members present, the Committee recommended to the Board to adopt the proposed amendments to TMWA Water System Facility Charges (WSF) and Business Service Fees (BSF) rate schedules.

7. PRESENTATION OF TMWA'S PRELIMINARY, UNAUDITED FINANCIAL PERFORMANCE FOR FISCAL YEAR ENDED JUNE 30, 2021

Ms. Sullivan presented the financial results for fiscal year ended June 30, 2021.

Chair McGuire inquired about the salaries and wages. Ms. Sullivan replied it is an increase in head count and not overtime hours.

Member McNeil asked about grant funding and if TMWA received the funds from extending the Verdi pipeline. Ms. Sullivan replied the grant funding was related to the Glendale Diversion project related to the 2017 flooding event and yes, \$500k was received in FY2020 for the Verdi project.

8. PRESENTATION OF PRELIMINARY FUNDING PLAN FOR FISCAL YEARS 2022 THROUGH 2026, DISCUSSION AND POSSIBLE RECOMMENDATION TO THE BOARD

Ms. Sullivan presented the five-year funding plan for fiscal years 2022-2026 and reminded the Committee that in April 2017 the Board and SAC approved a 5-year rate increase plan, the first two, of 3% were implemented in May 2018 and 2019 and the first 2.5% went into effect May 2021. The final two rate increases of 2.5% (much lower than the current Consumer Price Index) each are scheduled to be implemented in May 2022 and 2023. If there remains a funding gap, they will need additional public input and workshops for further increases. TMWA's financial goals are to keep credit ratings at their current levels, keep customer rates low and maintain our senior lien debt service coverage.

Members of the Committee inquired about the flattening of water sales in the projected years (it took into account 2% growth as well as the 2.5% rate increases in the first two years); if the previous two years population growth and projections matched (yes, they have been consistent over the last 2-3 years); any concern with supply chain and other mitigating issues (those mitigating factors are not included in the funding plan, rather in the capital improvement plan); and if the deficiency shown is a reduction in funds to TMWA (yes, in this plan, projecting growth will continue and cash remains stable,

and another reason to continue with the rate increases); and are growth projections modelled (Shawn Stoddard, TMWA Senior Resource Economist, conducts modelling and the state demographer data is used).

Michael Pagni, TMWA General Counsel, stated the Board has already approved the remaining two rate increases at a previous meeting, but they will review to ensure the rate remains the same and adequate.

Upon motion duly made by Member Kowitz and seconded by Member Hayes, and carried by unanimous consent of the members present, the Committee accepted the report and recommended acceptance to the TMWA Board of Directors for the preliminary funding plan for fiscal years 2022 through 2026.

9. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, SAC Liaison, informed the Committee she reached out to all members whose terms are expiring December 31, 2021 and she has heard back from all except Members Smith and Silver. All of those members who replied, have agreed to continue for another term except Member Hoog who will resign at the end of the year.

10. PRESENTATION AND POSSIBLE APPROVAL OF 2022 MEETING SCHEDULE

Ms. Folsom presented the 2022 meeting schedule.

Upon motion duly made by Member Hayes and seconded by Member Hastings, and carried by unanimous consent of the members present, the Committee approved the 2022 meeting schedule.

11. ELECTION OF CHAIR AND VICE CHAIR FOR 2022

Michael Pagni, TMWA General Counsel, presented the staff report.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried eight to one with Member McNeil dissenting, the Committee approved Neil McGuire to be Chair for calendar year 2022.

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried eight to one with Member McNeil dissenting, the Committee approved Jordan Hastings to be Vice Chair for calendar year 2022.

12. DISCUSSION AND POSSIBLE REQUESTS FOR AGENDA ITEMS FOR FUTURE MEETINGS

Upon motion duly made by Member Hayes and seconded by Member Kowitz, and carried by unanimous consent of the members present, the Committee approved the following agenda items for future meetings.

Next meeting:

1. Water Supply Update
2. Presentation of the FY2021 Comprehensive Annual Financial Report (CAFR)
3. Presentation of first quarter FY2022 financial performance
4. Informational report on watershed protection projects and federal grants available

13. STAFF ITEMS

There were no staff items.

14. COMMITTEE ITEMS

There were no committee items.

15. PUBLIC COMMENT

There was no public comment

16. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:39 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Clerk

****Member Litster was present for agenda items 6 thru 16 only.***

*****Member Pullman was present for agenda items 1 thru 8 only.***

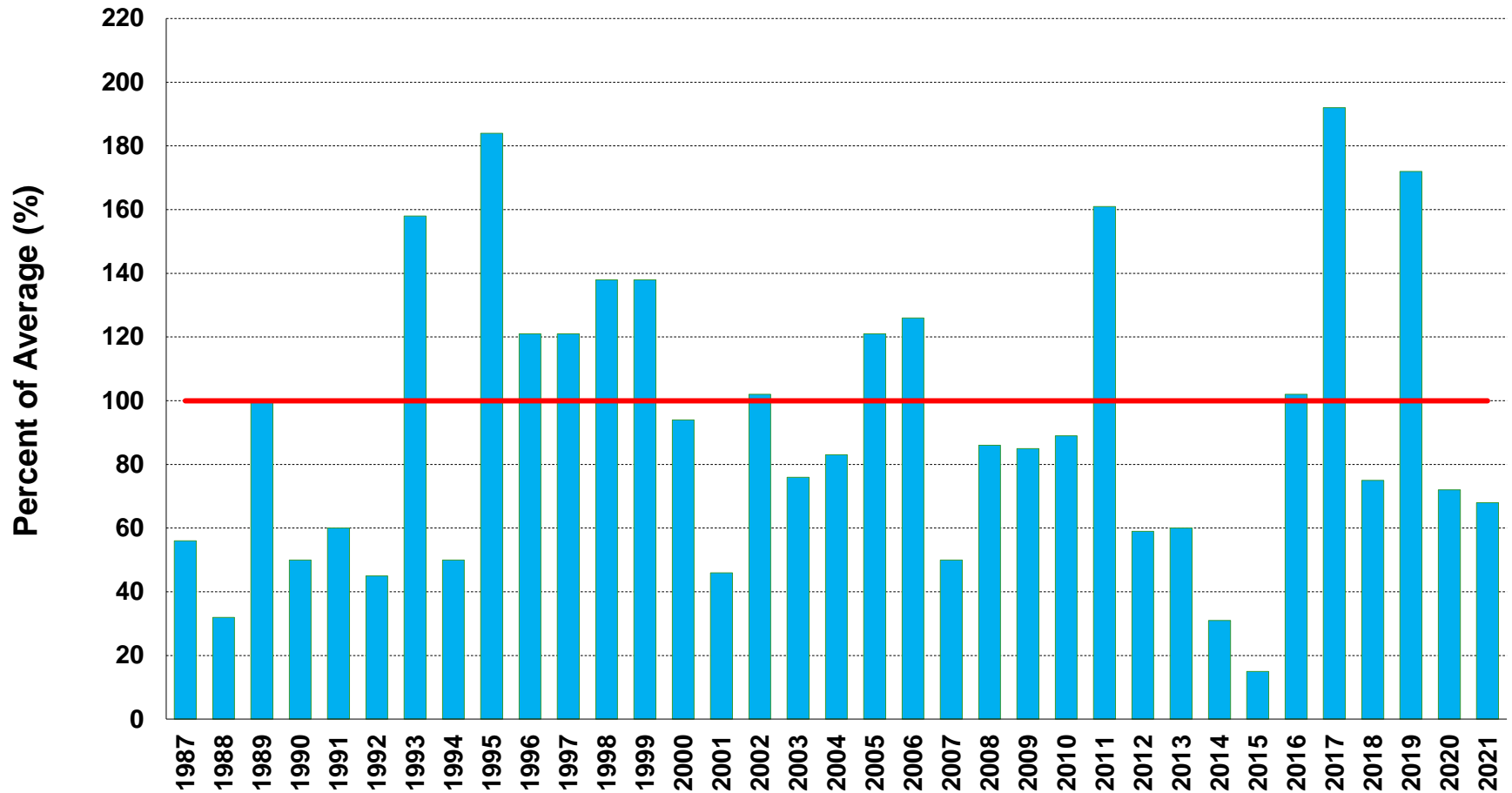


Water Supply Update

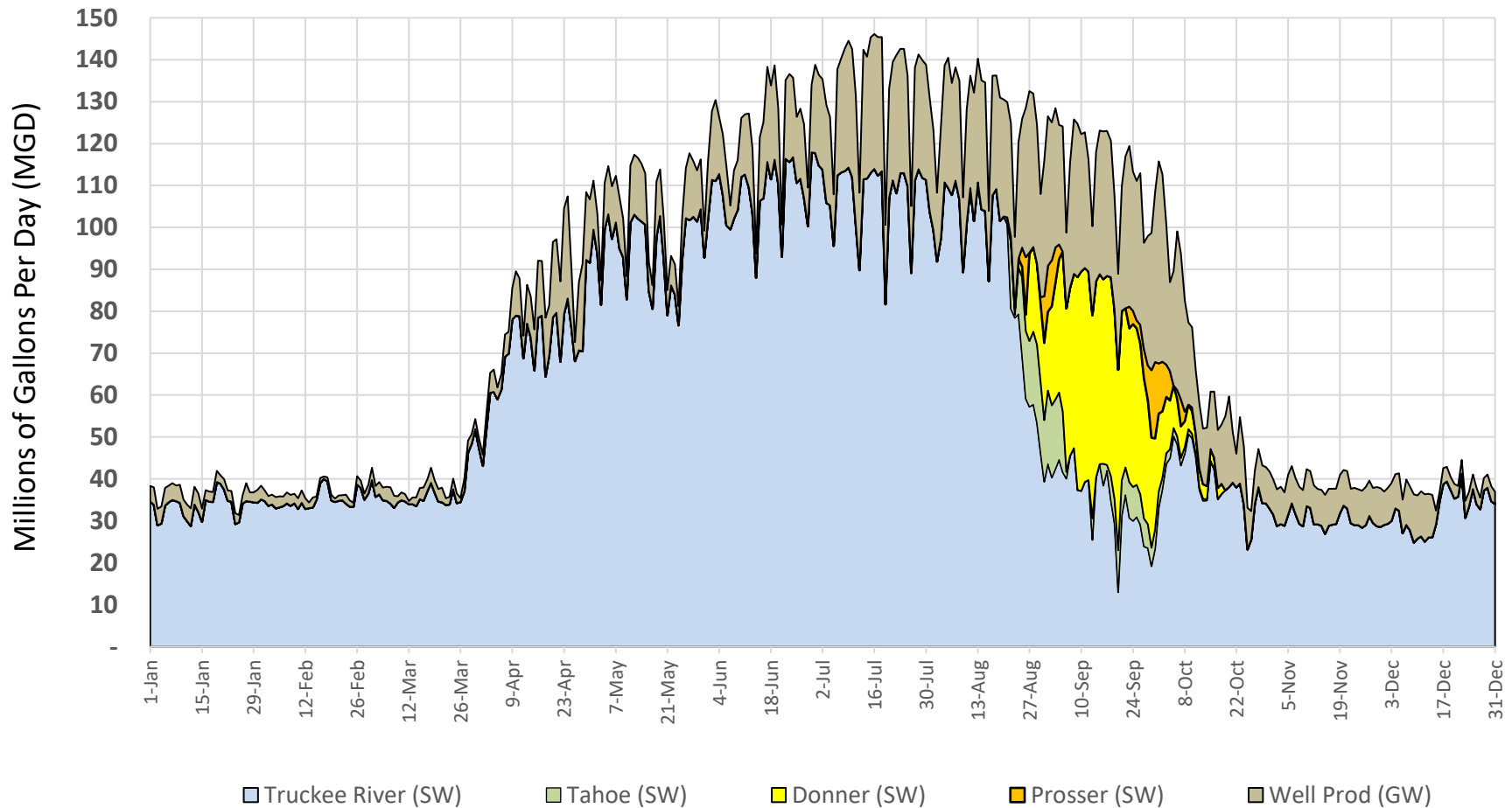
Standing Advisory Committee Meeting

February 1, 2022

April 1 Truckee River Basin Snowpack (last 35 years)



2021 TMWA Actual Sources of Supply



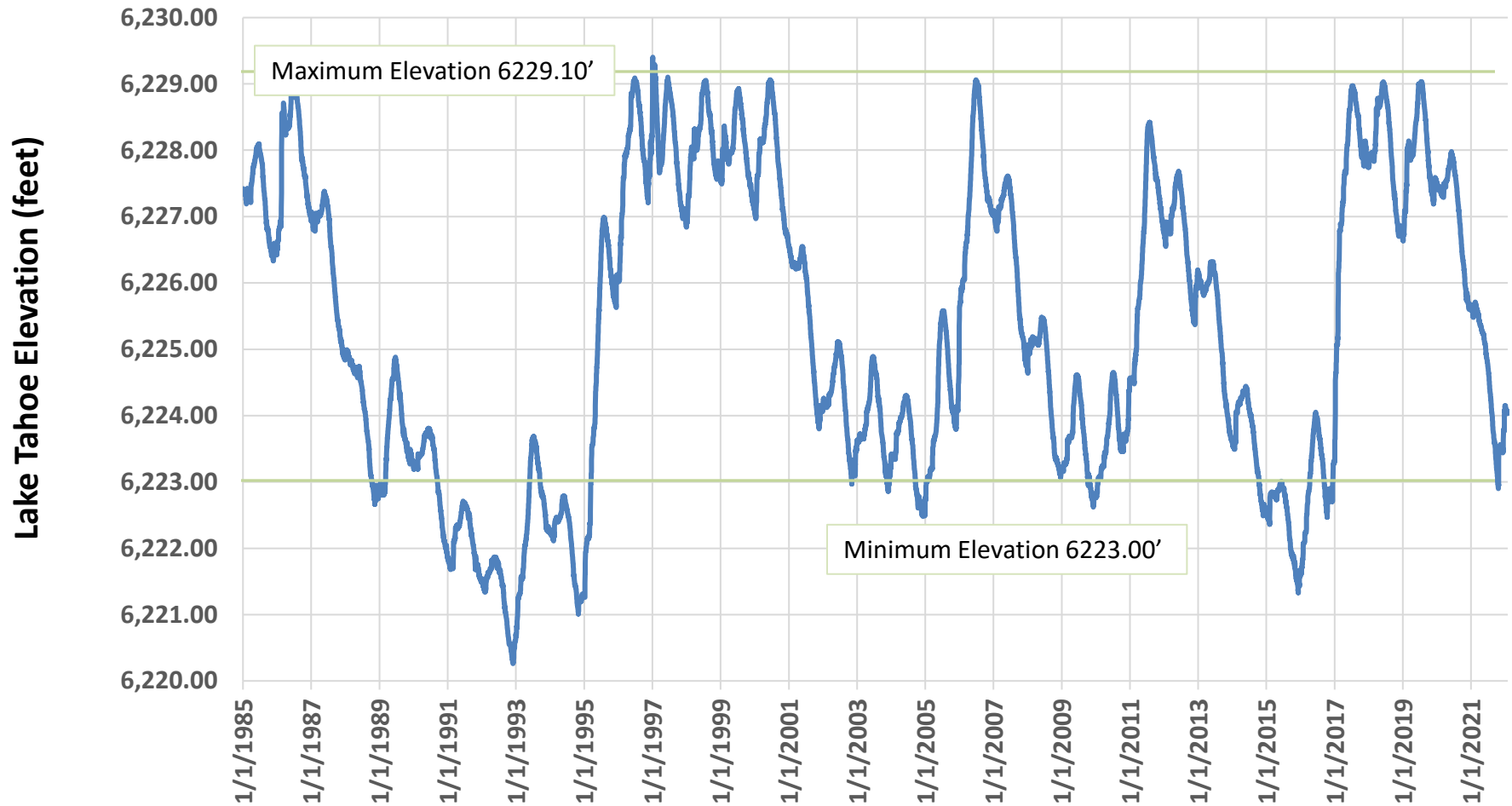








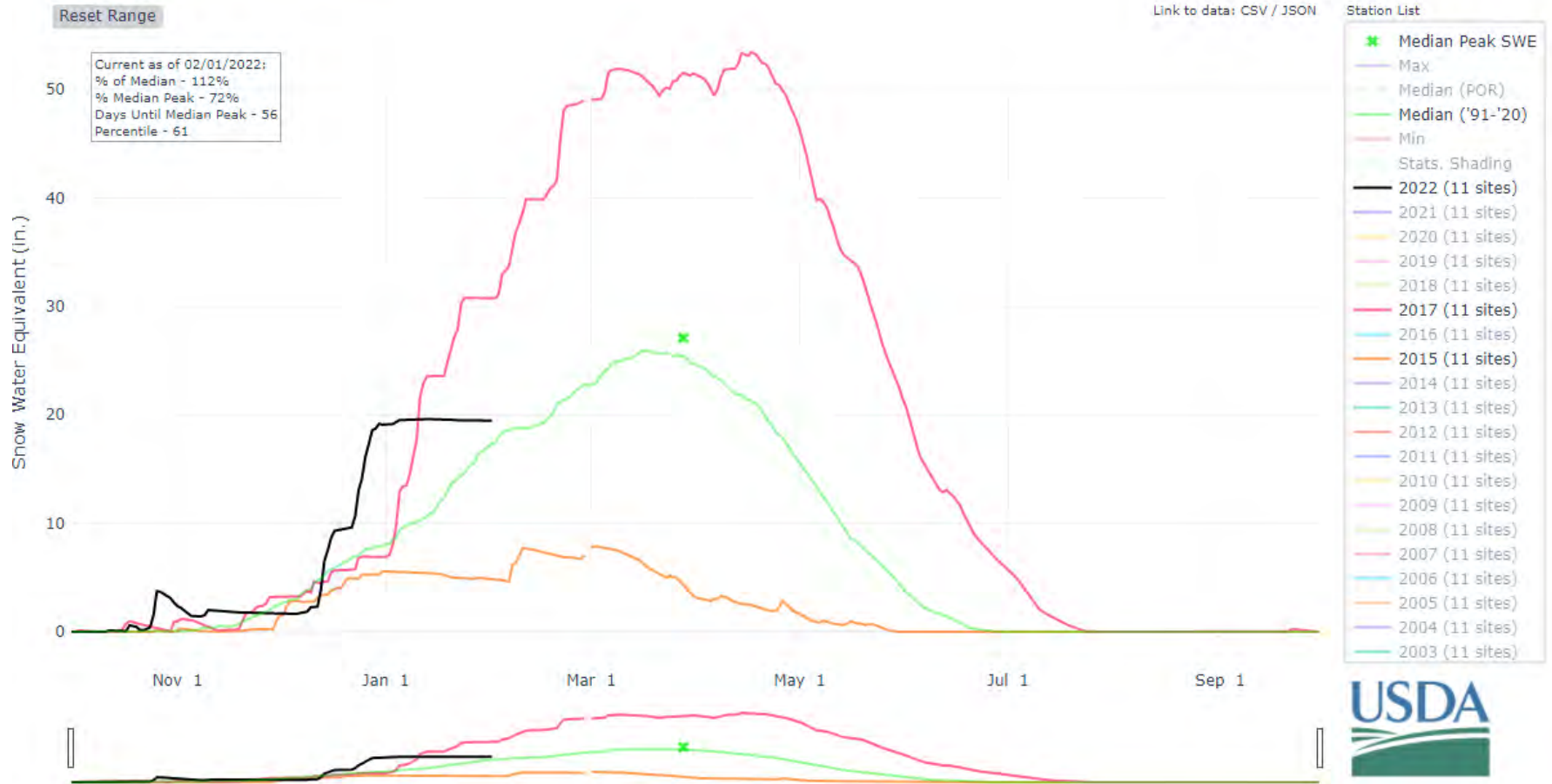
Lake Tahoe Elevation 1985 - Present





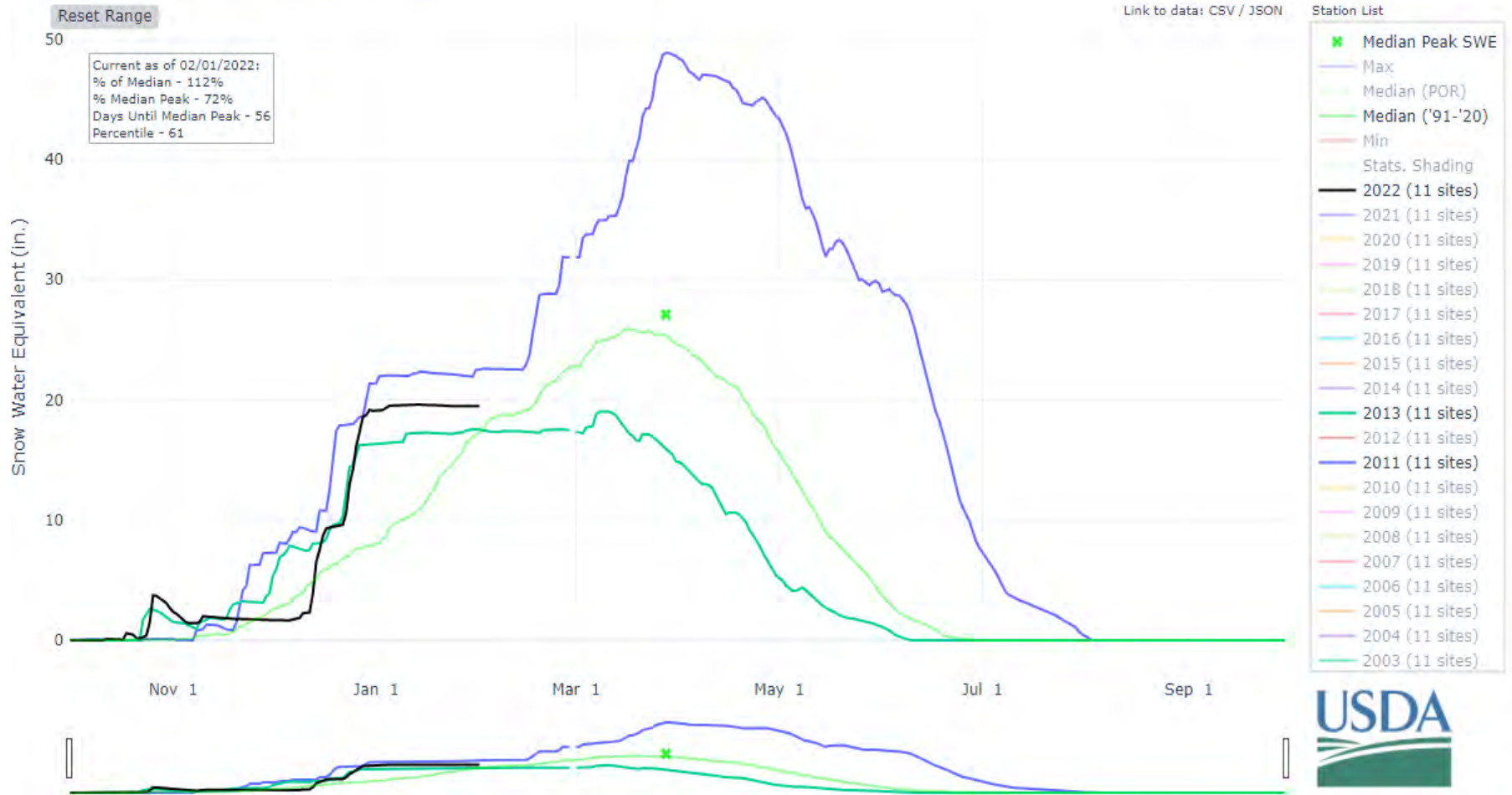
Truckee Basin Snowpack (02/1/2022)

SNOW WATER EQUIVALENT IN TRUCKEE



Truckee Basin Snowpack (02/1/2022)

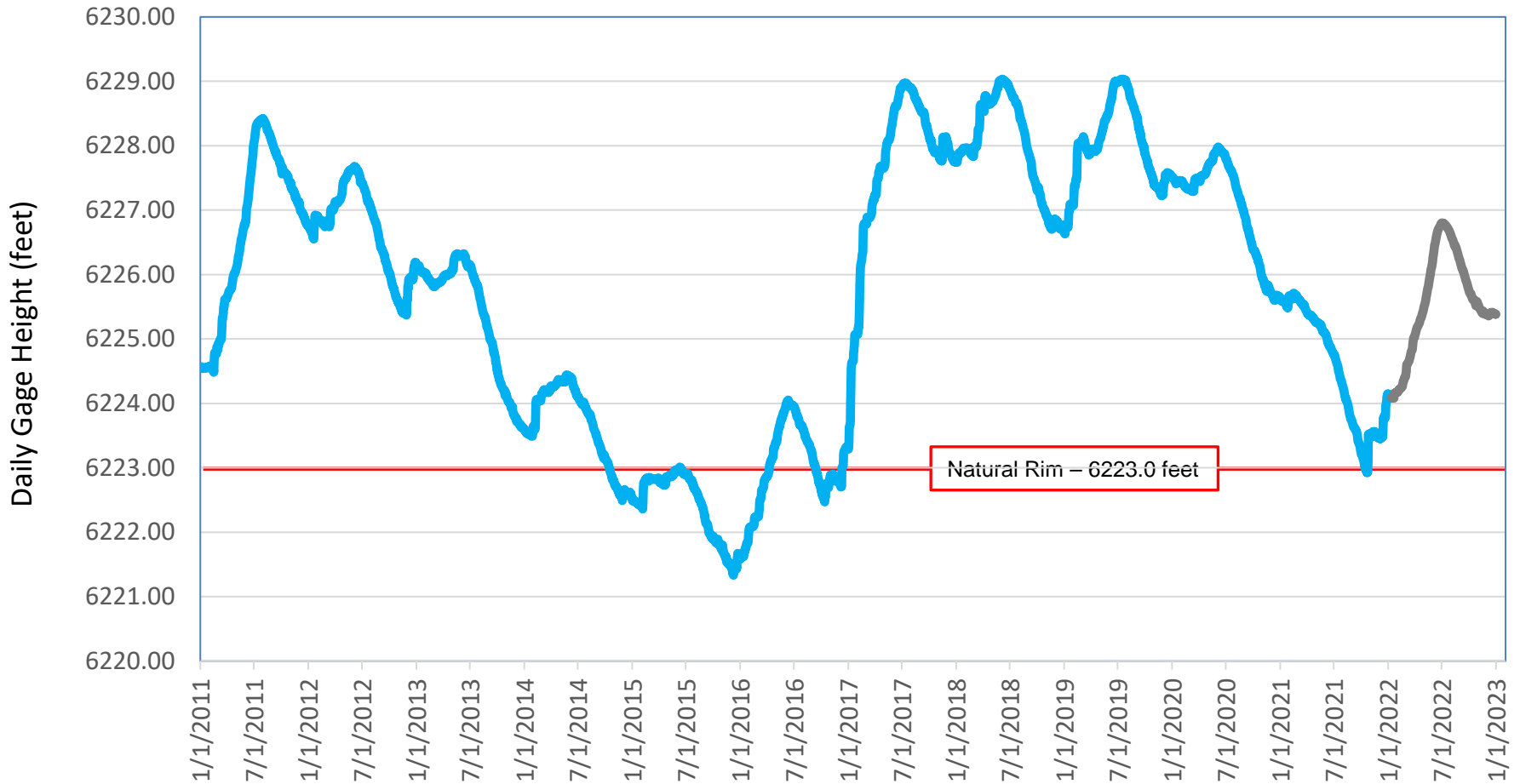
SNOW WATER EQUIVALENT IN TRUCKEE



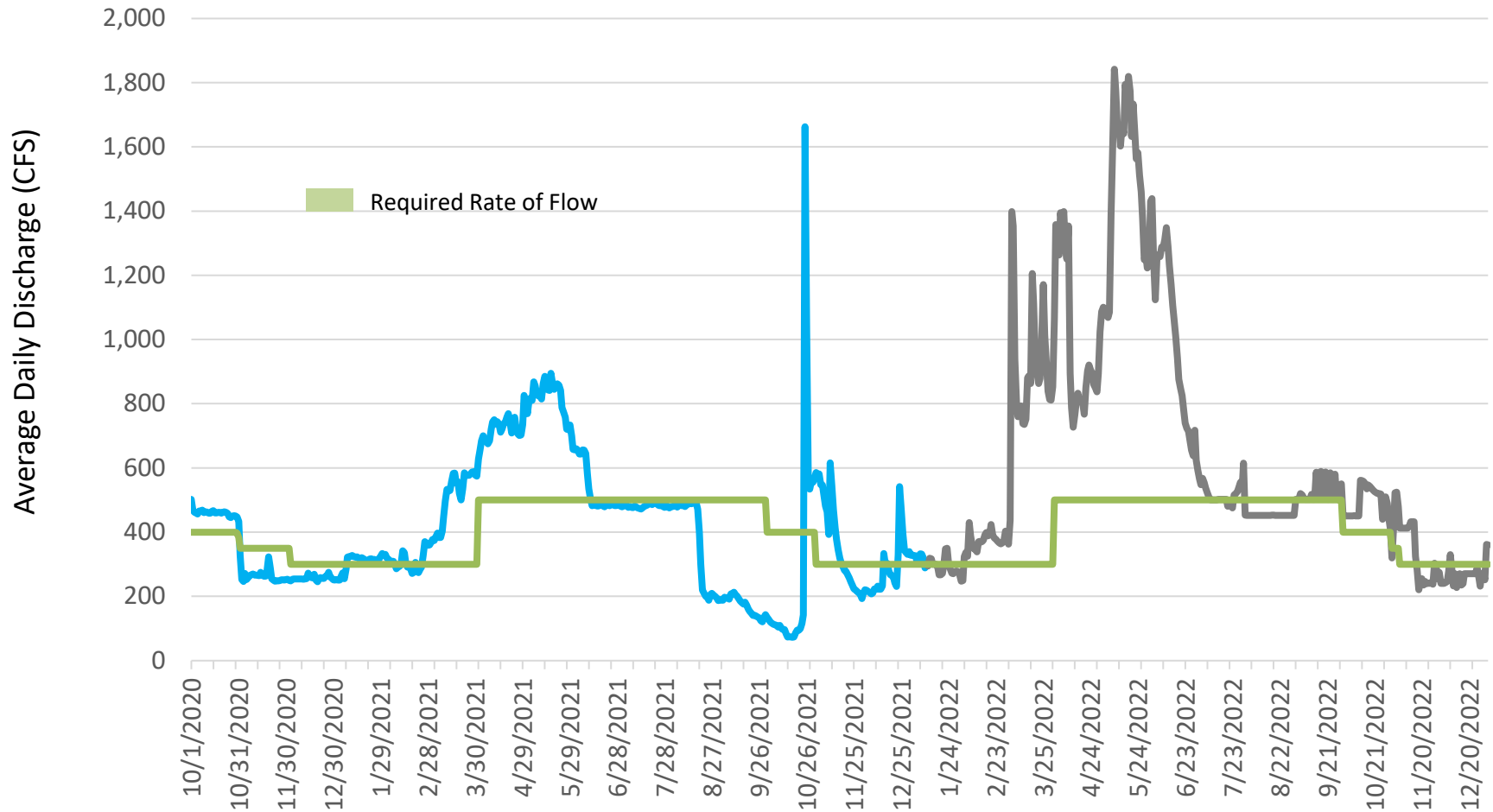
Truckee River System



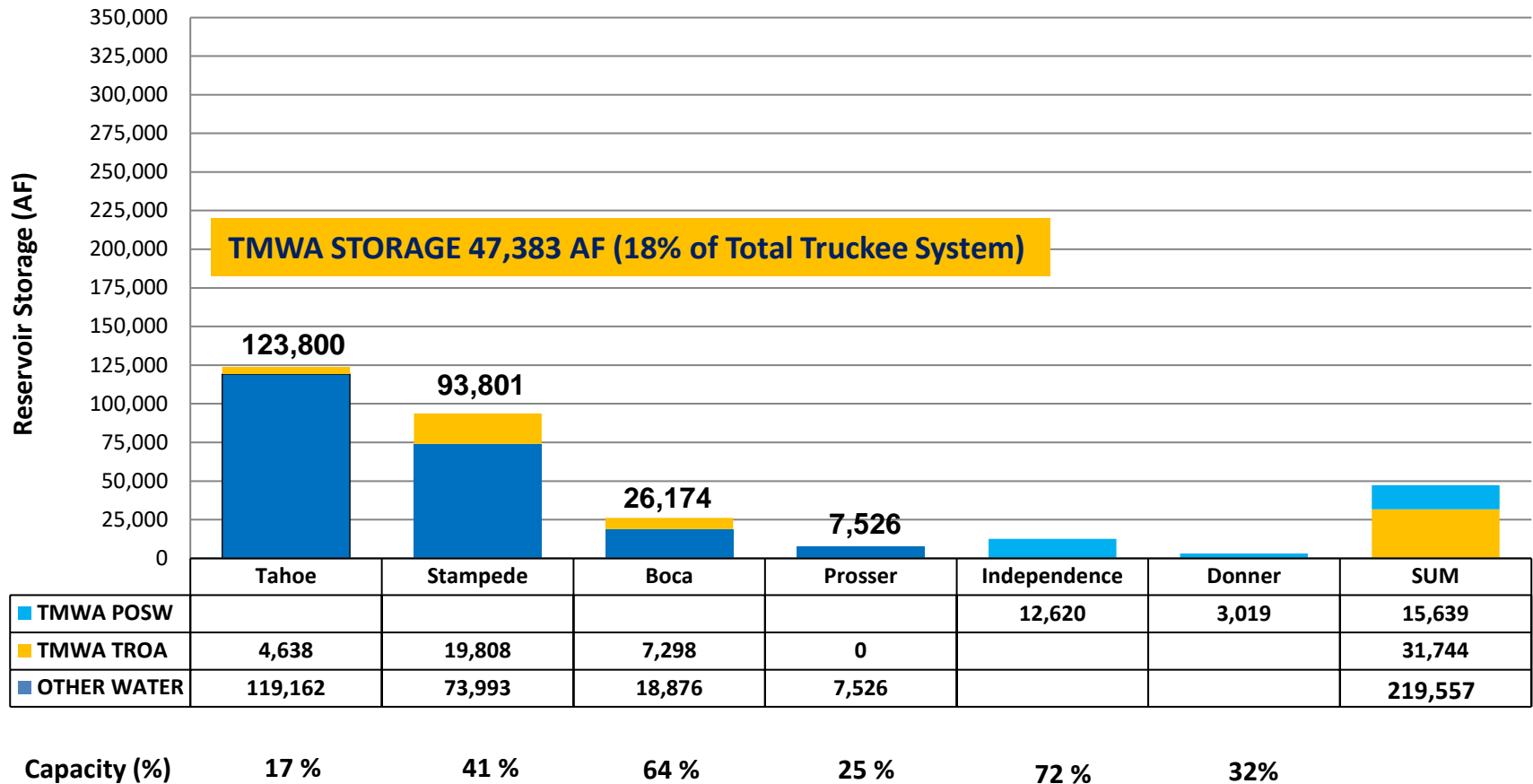
Actual and Projected Lake Tahoe Elevation through 2022



Actual and Projected Truckee River Flow at Farad through 2022



Truckee River System Storage (2/1/2022)



MAX SYSTEM CAPACITY 1,068,270 AF

CURRENT CAPACITY 266,940 AF (25% Capacity)



Thank you!

Questions?

Bill Hauck, Water Supply Supervisor
Email: bhauck@tmwa.com
O: (775) 834-8111 M: (775) 250-1333



To: TMWA Board of Directors
Thru: John Zimmerman, Assistant General Manager
From: Matt Bowman, Financial Controller
Date: November 23, 2021
Subject: **Discussion and action on adoption of Resolution No. 298: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021**

Recommendation

TMWA staff will present the Annual Comprehensive Financial Report (ACFR) to the Board for the fiscal year ended June 30, 2021 for approval by resolution and request direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation within the prescribed deadline.

Summary

Pursuant to NRS 354.624, TMWA is required to conclude an audit before November 30, 2021, and submit the audit report to the governing body not later than six months after the close of the fiscal year for which the audit is conducted.

The ACFR for the fiscal year ended June 30, 2021, includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules and the compliance section.

The financial statements include the Statement of Net Position (Balance Sheet) for June 30, 2021 and June 30, 2020, related Statements of Revenues, Expenses and Changes in Net Position (Income Statement), and the Statements of Cash Flows.

Audit Results

Of particular importance to TMWA is the auditor's opinion on the financial statements that TMWA was in compliance with *Generally Accepted Accounting Principles (GAAP)*, and Nevada Revised Statutes for the year ended June 30, 2021. The auditors had no findings in the financial statement audit.

In the 2021 ACFR, TMWA implemented GASB 84 which requires disclosure of fiduciary activities. For TMWA, this includes the two Other Post-Employment Retirement (OPEB) Trusts. These statements are included following the Statements of Cash Flows in the financial section of the ACFR.

Financial Performance

This staff report presents a summary of overall financial performance. Complete information is shown in the financial statements and the notes supporting the financial statements. Management's Discussion and Analysis (MD&A) in the financial section provides a detailed discussion of comparative financial performance with FY 2020.

TMWA experienced a solid financial year with a change in net position of \$44.4 million. Net cash flow reflected an increase of \$23.8 million. Cash balance at the end of the year was \$229.6 million.

TMWA ended the year with a senior lien debt service coverage ratio of 1.90x compared to 1.82x for FY 2020.

Fiscal Year 2021 Actual to Budget comparison

Operating revenue of \$115.4 million were \$7.1 million or 6.6% above the final budget for fiscal year ended June 30, 2021. Charges for water sales were \$109.8 million or 7.4% higher than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During both of these seasons, hot and dry weather led to higher than budgeted water usage. Additionally, active water services grew by approximately 3% year over year, which was in line with expectations.

Operating expenses of \$98.2 million were approximately \$1.9 million under the budget of \$100.2 million. Operating expenses before depreciation were \$1.7 million under budget or approximately 2.5% lower. Salaries and wages were lower by \$1.5 million or 6.0% while employee benefits were higher by \$0.6 million or 5.8%. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were higher due to higher pension expense recognized following the Nevada Public Employees Retirement System (PERS) actuarial valuation. Service and supplies expenses were \$0.9 million under budget, a variance of 2.7%. There were several insignificant items contributing to this variance. Lower than budgeted costs included consulting/professional services, travel/training and electrical power costs. These lower costs were offset by higher water treatment chemical costs and higher pump and well rehab work performed during the year.

Net nonoperating revenue and expenses were \$4.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold. Also, loss on disposal of assets was \$1.8 million and related to disposals of existing infrastructure as part of normal asset replacements. This is typically not included in the operating budget.

Capital contributions of \$41.4 million were \$6.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$35.6 million for fiscal year 2021, which was approximately \$19.1 million less than the \$54.7 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, 2021, TMWA has approximately \$172.0 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2021 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, 2021. As of June 30, 2021, TMWA retained a \$9.6 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.1 million is included as a reservation of unrestricted net position.

Fiscal Year 2021 Actual to Prior Year Comparison

Operating revenue increased \$7.3 million from fiscal year 2020. Water Sales were \$109.8 million, \$7.3 million or 7.1% greater than in fiscal year 2020. Water sales were higher year over year due to growth in the service area of approximately 3%, with the main driver for the increase being higher water usage per capita. Hydroelectric Sales were \$0.5 million or 15.2% lower than fiscal year 2020, due to downtime for repairs at the hydroelectric plants. Other operating revenue was \$0.5 million or 21.7% higher than the prior year due to resuming late fee charges after the pause for the beginning of the pandemic in fiscal year 2020.

Operating expenses were \$98.2 million, \$4.1 million or 4.4% higher than fiscal year 2020. Spending on salaries and wages was \$1.6 million or 7.4% higher, due to wage increases and increases in headcount. Employee benefits were \$0.2 million or 1.7% lower than prior year due mainly to lower pension expense related to Nevada PERS. Higher pension expense was recognized in 2020 as a result of prior year deferred outflows being recognized. Spending on services and supplies was \$2.7 million or 9.7% more than prior year due to \$1.2 million in project expenses that were delayed in fiscal year 2020 as well as increases of \$1.1 million related to chemicals, insurance, and meter supplies.

Net nonoperating revenue and expenses were higher than prior year by \$7.5 million or 114%. This variance is primarily due to lower investment earnings and a decrease in the fair value of investments. In fiscal year 2020, TMWA had an unrealized investment gain. Offsetting decrease was lower interest expense (lower rates on commercial paper during the year and continued principal payoffs).

Capital contributions decreased by \$2.8 million in FY 2021. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other developer contributions or fees were \$7.7 million higher than the prior year. Other contributions were \$0.6 million lower than 2020.



November 30, 2021

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

We have audited the financial statements of Truckee Meadows Water Authority (TMWA) as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated November 30, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 29, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TMWA's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of TMWA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the TMWA's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TMWA are described in Note 1 to the financial statements. As described in Note 1, TMWA changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

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

Management's estimate of the actuarial accrued liability for OPEB is based on third party actuarial valuation. Management's estimate of the pension liability is based on actuarial valuation; which are calculated based on the employee information submitted by TMWA to the Public Employees' Retirement System of the State of Nevada (PERS). Management's estimate of the delivered but unbilled water sales revenue is based upon number of days in the cycle and water usage. Management's estimate of the allocation of administrative costs to capital assets is based upon the year-to-date construction salaries and wages relative to total construction and indirect salaries and wages. Management's estimate of the value of the developer dedicated infrastructure and other donated capital assets is based on acquisition value (as defined under GASB Statement No. 72) using engineering cost indices at the time of dedication or donation. We evaluated the key factors and assumptions used to develop these sensitive estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting TMWA's financial statements relate to:

- Long term debt obligations
- Obligations for pensions and other postemployment benefits

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrect or corrected misstatements identified as a result of ur audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 30, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with TMWA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting TMWA, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as TMWA's auditors.

Modification of the Auditor's Report

We have made the following modifications to our auditor's report:

Change in Accounting Principles

As discussed in Note 1 to the financial statements, TMWA has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in the identification of the Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust as fiduciary component units that are now reported in the financial statements of TMWA. In accordance with GASB Statement No. 84, the 2020 financial statements are now reported to reflect this change. Our opinions are not modified with respect to this matter.

Other Matters

The basic financial statements include the financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust, fiduciary component units of TMWA, which we considered to be significant components of the basic financial statements. Consistent with the audit of the basic financial statements as a whole, our audits included obtaining an understanding of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and their environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements of TMWA, Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust and completion of further audit procedures.

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

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

Reno, Nevada



NEVADA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2021 and 2020

PREPARED BY: Michele Sullivan, CPA
Chief Financial Officer

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November 30, 2021

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

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2021. 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 Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this Annual Report, 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, 2021 and 2020. 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 Annual Report 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

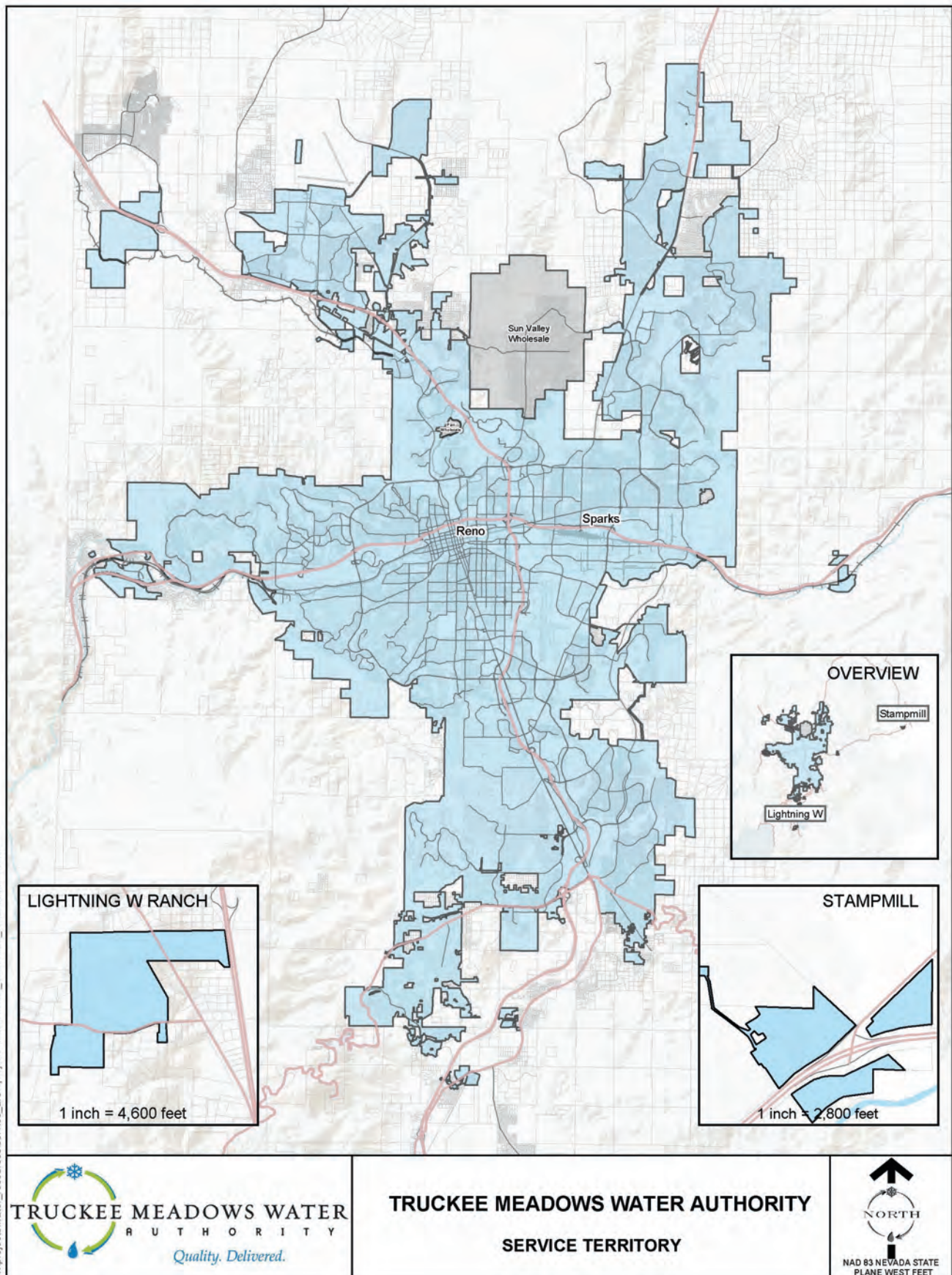
TMWA was formed as a Joint Powers Authority (JPA) pursuant to Chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of 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 two wholesale customers. 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.

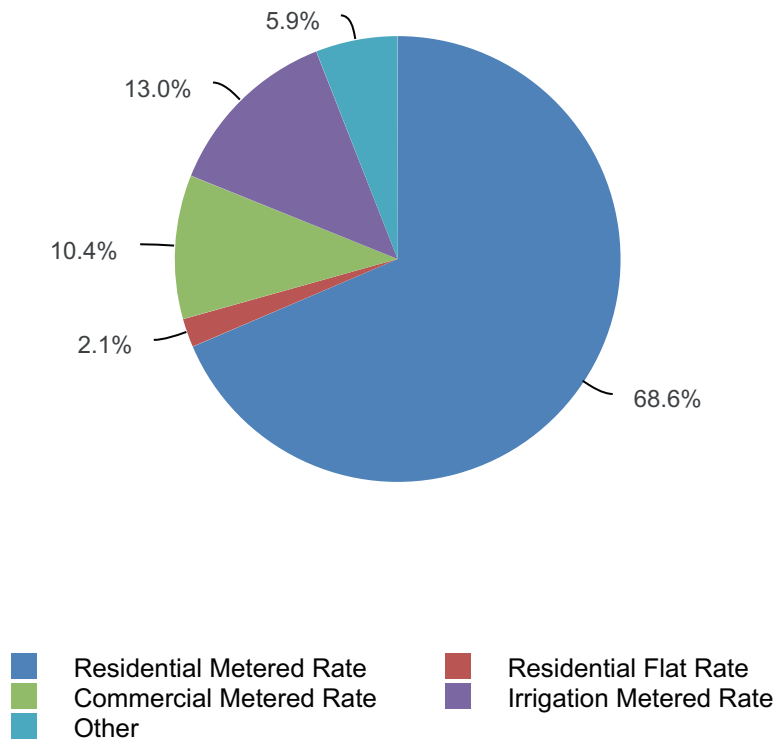
The map on the following page reflects the TMWA service territory.

W:\projects\water_resource\service_area\projects\mxd\TMWA_SERVICE_AREA_5X11.mxd



The following graph depicts the proportion of operating revenues by class for fiscal year 2021:

TMWA Operating Revenues \$115.4 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 senior lien 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 debt coverage was approximately 1.90x and with certain developer fees and charges was approximately 2.76x as of June 30, 2021.

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 35% percent.

Despite the economic hardships resulting from the ongoing COVID-19 pandemic, taxable sales in Washoe County continued to grow in fiscal year 2021 with an increase of 19% from the prior year. Prior to fiscal year 2021, Washoe County experienced taxable sales increases of 4% and 7% in fiscal years 2020 and 2019, 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 pandemic). As of June 30, 2021, Washoe County's unemployment rate was 4.9%.

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. As of June 30, 2021, TMWA had approximately 53,000 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.

The winters of 2019/2020 and 2020/2021 were both below average for precipitation in the Sierra Nevada mountains. As a result, drought conditions in the Truckee Meadows are currently classified as Extreme according to the U.S. Drought Monitor. While drought conditions are never ideal, TMWA is well positioned to continue to provide water to its customers, even during the current drought situation. This is primarily due to provisions for water management set forth by TROA. During a drought, TROA allows for changes in the way upstream water is managed to allow TMWA to store more Truckee River water in federal reservoirs as a drought persists.

Since the implementation of TROA, TMWA's Privately Owned Stored Water (POSW) has more than doubled. 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 Water 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. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno staff have received direction from each governing body to move forward with an ILA that contemplates a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility.

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 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 nearing the completion of the Mount Rose Water Treatment Plant, a 4 MGD surface water treatment plant in the Southern service area. When water flows are adequate, this plant will treat surface water from Whites Creek, a tributary of the Truckee River. 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 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 generally 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. Remaining balances in this fund will be used to replace meters in the system over the next few years.

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 regarding 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 full-time 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 drought-tolerant landscapes and educational programs focused on smart landscaping practices.

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 more 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 \$115.4 million were \$7.1 million or 6.6% above the final budget for fiscal year ended June 30, 2021. Charges for water sales were \$109.8 million or 7.4% higher than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During both of these seasons, hot and dry weather led to higher than budgeted water usage. Additionally, active water services grew by approximately 3% year over year, which was in line with expectations.

Total operating expenses of \$98.2 million were approximately \$1.9 million under the budget of \$100.2 million. Operating expenses before depreciation were \$1.7 million under budget or approximately 2.5% lower. Salaries and wages were lower by \$1.5 million or 6.0% while employee benefits were higher by \$0.6 million or 5.8%. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were higher due to higher pension expense recognized following the Nevada Public Employees Retirement System (PERS) actuarial valuation. Service and supplies expenses were \$0.9 million under budget, a variance of 2.7%. There were several insignificant items contributing to this variance. Lower than budgeted costs included consulting/professional services, travel/training and electrical power costs. These lower costs were offset by higher water treatment chemical costs and higher pump and well rehab work performed during the year.

Total net nonoperating revenues and expenses were \$4.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is

not realized until the related investment matures or is sold. Also, loss on disposal of assets was \$1.8 million and related to disposals of existing infrastructure as part of normal asset replacements. This is typically not included in the operating budget.

Capital contributions of \$41.4 million were \$6.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$35.6 million for fiscal year 2021, which was approximately \$19.1 million less than the \$54.7 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, 2021, TMWA has approximately \$172.0 million of unrestricted cash and investments to fund future operations and capital projects.

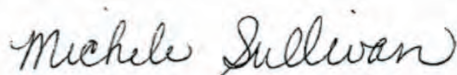
TMWA complied with bond covenants during fiscal year 2021 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.1 million as of June 30, 2021. As of June 30, 2021, TMWA retained a \$9.6 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.1 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, 2021**

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

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Alexis Hill, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

Management

Mark Foree, PE, General Manager

John Zimmerman, Esq., Assistant General Manager

Michele Sullivan, CPA, Chief Financial Officer

John Enloe, Director of Natural Resources Planning and Management

Scott Estes, PE, Director of Engineering

Andy Gebhardt, Director of Operations and Water Quality

Pat Nielson, Director of Distribution, Maintenance, and Generation

Mike Pagni, General Counsel



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**Truckee Meadows Water Authority
Nevada**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



Organizational Chart





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 the business-type activities, and the aggregate remaining fund information of the Truckee Meadows Water Authority (TMWA), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

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. The financial statements of Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of TMWA, as of June 30, 2021 and 2020, 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.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, TMWA has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in the identification of the Truckee Meadows Water Authority OPEB Trust Fund and Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust as fiduciary component units that are now reported in the financial statements of TMWA. In accordance with GASB Statement No. 84, the 2020 financial statements are now reported to reflect this change. Our opinions are not modified with respect to this matter.

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 68 through 69, the schedules of contributions - OPEB on pages 70 through 71, the schedules of TMWA's share of net pension liability on page 72, and the schedules of TMWA contributions – Pension on page 73 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 30, 2021, 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 "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2021, June 30, 2020, and June 30, 2019. 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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unrestricted Current Assets	\$ 192.8	\$ 168.7	\$ 171.1
Restricted Current Assets	31.1	27.7	15.7
Long-Term Restricted and Other Assets	27.3	29.8	29.5
Net Other Postemployment Benefits Asset	3.4	2.3	—
Capital Assets, net	1,021.8	1,007.7	980.7
Total Assets	<u>1,276.4</u>	<u>1,236.2</u>	<u>1,197.0</u>
Deferred Outflow of Resources	12.8	14.9	14.1
Total Assets & Deferred Outflow of Resources	<u>1,289.2</u>	<u>1,251.1</u>	<u>1,211.1</u>
Total Current Liabilities	47.2	47.9	47.1
Long Term Debt Outstanding	376.3	383.3	401.7
Net Pension Liability	42.2	40.6	37.7
Net Other Postemployment Benefits Liability	0.5	0.7	1.9
Long Term Compensated Absences	2.9	2.2	2.0
Total Liabilities	<u>469.1</u>	<u>474.7</u>	<u>490.4</u>
Deferred Inflow of Resources	6.0	6.7	2.5
Net Investment in Capital Assets	649.1	617.5	573.2
Restricted	50.7	50.0	37.6
Unrestricted	<u>114.4</u>	<u>102.2</u>	<u>107.3</u>
Total Net Position	<u><u>\$ 814.2</u></u>	<u><u>\$ 769.7</u></u>	<u><u>\$ 718.1</u></u>

Financial Position**Fiscal Year 2021 Summary**

In the fiscal year ended June 30, 2021, total net position increased by approximately \$44.5 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets increased by \$24.1 million from June 30, 2020. Unrestricted cash increased \$23.3 million with cash from operating activities of \$52.8 million and unrestricted nonoperating contributions of \$29.4 million, offset by cash used for debt service \$33.4 million and construction of \$35.6 million. Proceeds from a resource exchange agreement with Tahoe-Reno Industrial Center (TRIC) and Tahoe Reno Industrial General Improvement District (TRIGID) also increased cash by \$9.0 million. In fiscal year 2021, TMWA entered into an agreement to assist TRIC and TRIGID in meeting their return flow requirements to the Truckee River from taking treated effluent from the Truckee Meadows Water Reclamation Facility (TMWRF). When the surface water component of treated effluent water from TMWRF is not returned to the river, there are requirements to makeup that return flow with other water rights that must be left for instream flow. In exchange for providing TRIGID a return flow will-serve to satisfy the above-describe return flow requirements, TRIGID conveyed 1,143 acre-feet of water rights to TMWA and TRIC paid TMWA \$9.0 million. See the Statement of Cash Flows for additional information on sources and uses of cash.

Restricted Current Assets increased \$3.4 million from June 30, 2020. The Water Resource Sustainability Program fund increased \$1.7 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$1.7 million due to the addition of the 2021 refunding bonds which were issued to pay off variable rate commercial paper at a low fixed rate of 1.19%.

Long-Term Restricted and Other Assets decreased \$2.5 million, mainly due to a \$2.7 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually.

Net Other Postemployment Benefits Asset increased by \$1.1 million as result of an actuarial analysis. See Note 11 to the financial statements for additional information on TMWA's other post-employment benefit plans (OPEB).

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$14.1 million in fiscal year 2021 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$10.2 million. These assets are built to TMWA's standards and specifications. TMWA continued construction of a new treatment plant during fiscal year 2021. The Mt. Rose Water Treatment Plant is expected to be operational in fiscal year 2022. Depreciation expense was \$33.3 million.

Total current liabilities decreased by \$0.7 million. The primary decrease was due to the redemption of \$3.0 million of commercial paper, as well as the refunding of the remaining balance of \$13.0 million of commercial paper. The current portion of the new 2021 refunding bonds, or \$1.8 million, remains in current liabilities. Offsetting this decrease was an increase in contracts and retention payable of \$12.3 million, of which \$9.0 million is due to a payable related to the resource exchange agreement with TRIC and TRIGID mentioned earlier. Cash received in this transaction is held as a payable until certain provisions of the contract are met by TMWA. TMWA will supply return flow water to the Truckee River on behalf of the contracting parties in

certain situations to fulfill its obligations. Payables related to construction contracts increased \$3.0 million and retention payable increased \$0.3 million due to timing differences in the accounts payable cycle year over year.

Long term debt decreased \$7.0 million, due to principal payments on debt of \$13.5 million and amortization of bond premiums of \$4.7 million. Long term debt increased \$11.2 million due to the refunding of commercial paper which was previously in short term debt.

Net pension liability increased by \$1.6 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 10 to the financial statements for additional information on pensions.

Fiscal Year 2020 Summary

In the fiscal year ended June 30, 2020, total net position increased by \$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 on 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 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. 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 \$7.0 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.

TMWA's Changes in Net Position
(in millions)

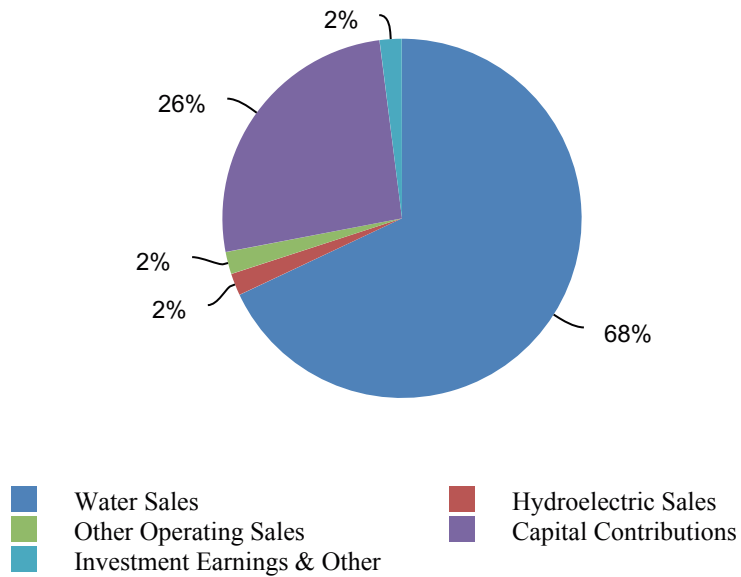
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating Revenues	\$ 115.4	\$ 108.1	\$ 107.1
Operating Expenses	98.2	94.1	92.5
Operating Income	<u>17.2</u>	<u>14.0</u>	<u>14.6</u>
Nonoperating Revenues (Expenses) Net	<u>(14.1)</u>	<u>(6.6)</u>	<u>(6.7)</u>
Income before Capital Contributions	3.1	7.4	7.9
Capital Contributions	41.4	44.2	42.2
Change in Net Position	<u>44.5</u>	<u>51.6</u>	<u>50.1</u>
Net Position - Beginning of Year	<u>769.7</u>	<u>718.1</u>	<u>668.0</u>
Net Position - End of Year	<u><u>\$ 814.2</u></u>	<u><u>\$ 769.7</u></u>	<u><u>\$ 718.1</u></u>

TMWA's Revenues
(in millions)

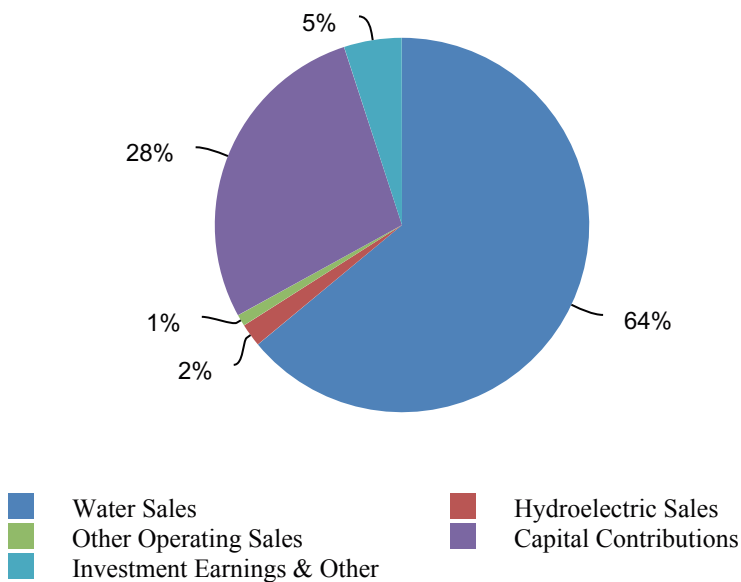
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues			
Operating Revenues			
Water Sales	\$ 109.8	\$ 102.5	\$ 101.8
Hydroelectric Sales	2.8	3.3	2.6
Other Operating Sales	2.8	2.3	2.7
	<u>115.4</u>	<u>108.1</u>	<u>107.1</u>
Nonoperating Revenues			
Investment Earnings	2.6	4.1	4.4
Other	—	3.4	2.8
	<u>2.6</u>	<u>7.5</u>	<u>7.2</u>
Capital Contributions	41.4	44.2	42.2
Total Revenues	<u><u>\$ 159.4</u></u>	<u><u>\$ 159.8</u></u>	<u><u>\$ 156.5</u></u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2021, 2020 and 2019:

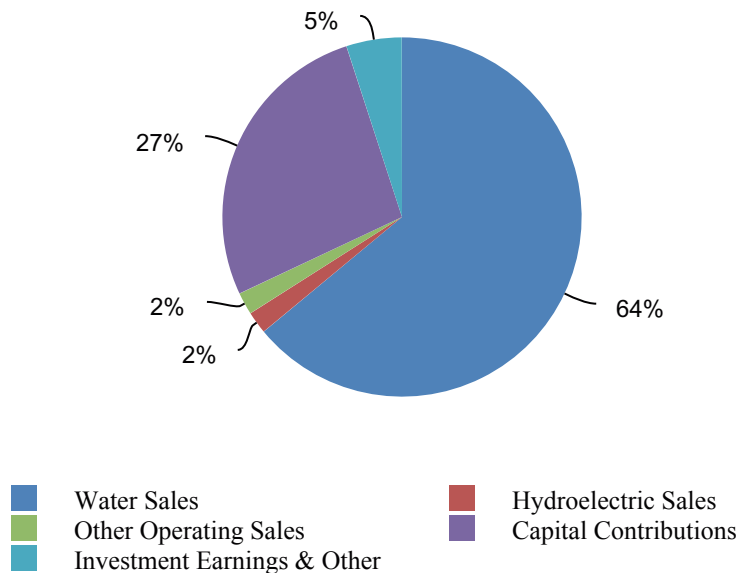
Total Revenues for the Year Ended June 30, 2021



Total Revenues for the Year Ended June 30, 2020



Total Revenues for the Year Ended June 30, 2019



Results of Operations-Revenues

Fiscal Year 2021 Summary

For fiscal year 2021, total operating revenues increased \$7.3 million from fiscal year 2020. Water Sales were \$109.8 million, \$7.3 million or 7.1% greater than in fiscal year 2020. Water sales were higher year over year due to growth in the service area of approximately 3%, with the main driver for the increase being higher water usage per capita. Hydroelectric Sales were \$0.5 million or 15.2% lower than fiscal year 2020, due to downtime for repairs at the hydroelectric plants. Other operating revenue was \$0.5 million or 21.7% higher than the prior year due to resuming late fee charges after the pause for the beginning of the pandemic in fiscal year 2020.

Investment earnings were \$2.6 million in fiscal year 2021, \$1.5 million lower than fiscal year 2020 due to lower invested rates during the year. Other nonoperating revenues decreased \$3.4 million due to an unrealized investment loss in fiscal year 2021 (this line item was included as unrealized investment gain in fiscal year 2020).

For fiscal year 2021, capital contributions decreased by \$2.8 million. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other developer contributions or fees were \$7.7 million higher than the prior year. Other contributions were \$0.6 million lower than 2020.

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.

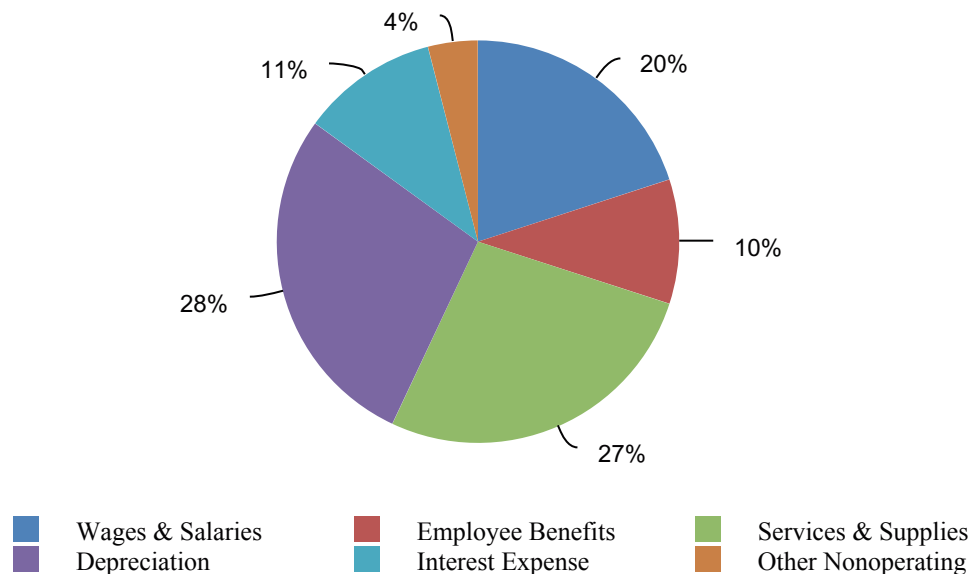
For fiscal year 2020, capital contributions increased by \$2.0 million. Increased contributions totaling \$3.4 million were recognized from developer infrastructure contributions, area fees, facilities fees, contributions from other governments and an insurance settlement. The developer fee increases 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.

TMWA's Expenses
(in millions)

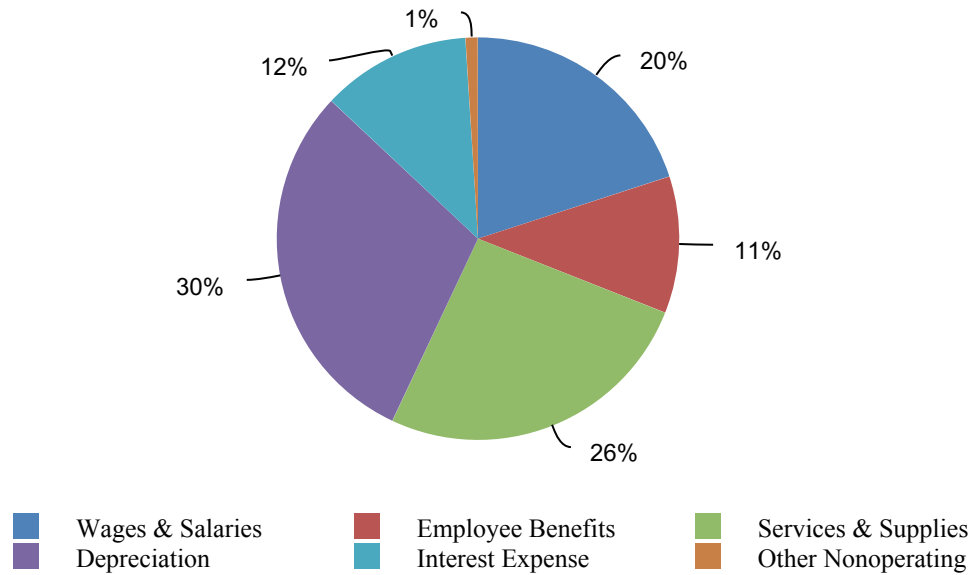
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 23.1	\$ 21.5	\$ 21.0
Employee Benefits	11.3	11.5	10.2
Services & Supplies	30.5	27.8	28.5
Depreciation	33.3	33.3	32.8
	<u>98.2</u>	<u>94.1</u>	<u>92.5</u>
Nonoperating Expenses			
Interest Expense	12.3	12.7	13.3
Other Nonoperating Expenses	4.4	1.4	0.7
	<u>16.7</u>	<u>14.1</u>	<u>14.0</u>
Total Expenses	<u><u>\$ 114.9</u></u>	<u><u>\$ 108.2</u></u>	<u><u>\$ 106.5</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, 2021, 2020 and 2019:

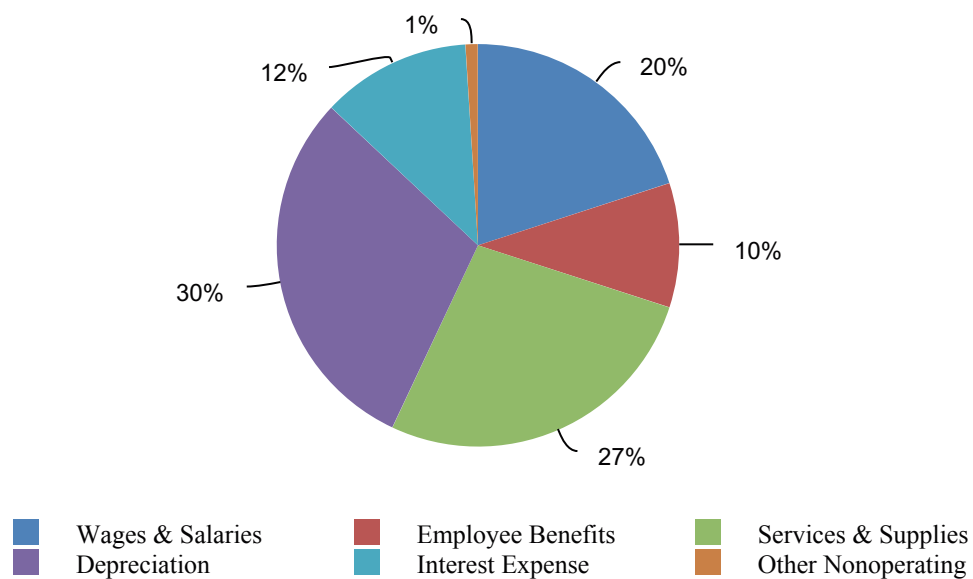
Total Expenses for the Year Ended June 30, 2021



Total Expenses for the Year Ended June 30, 2020



Total Expenses for the Year Ended June 30, 2019



Results of Operations-Expenses**Fiscal Year 2021 Summary**

Operating expenses were \$98.2 million, \$4.1 million or 4.4% higher than fiscal year 2020. Spending on salaries and wages was \$1.6 million or 7.4% higher, due to wage increases and increases in headcount. Employee benefits were \$0.2 million or 1.7% lower than prior year due mainly to lower pension expense related to Nevada PERS. Higher pension expense was recognized in 2020 as a result of prior year deferred outflows being recognized. Spending on services and supplies was \$2.7 million or 9.7% more than prior year due to \$1.2 million in project expenses that were delayed in fiscal year 2020 as well as increases of \$1.1 million related to chemicals, insurance, and meter supplies.

Nonoperating expenses were \$2.6 million higher compared to prior year. Unrealized investment loss of \$2.4 million was the main driver for this increase. In fiscal year 2020, TMWA had an unrealized investment gain included in nonoperating revenue.

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.

CAPITAL ASSETS

At June 30, 2021, TMWA's total capital assets were \$1,542.3 million before accumulated depreciation of \$520.5 million, for a net book value of \$1,021.8 million. Included in the total capital assets reported on the Statement of Net Position was \$72.9 million in construction work in progress.

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 \$1007.7 million. Included in the total capital assets reported on the Statement of Net Position was \$58.3 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, 2021, TMWA had \$391.7 million in total reported debt outstanding. This amount reflects \$353.9 million in total outstanding principal indebtedness and \$37.8 million net bond premium. Of the \$353.9 million in total reported debt outstanding, \$15.4 million was due within one year and is classified as short term indebtedness. Short term indebtedness decreased by \$14.1 million from June 30, 2020 due to a refinance of commercial paper. Commercial paper was included in short term debt, but the new 2021 refunding bonds used to fix out the commercial paper are included as short term debt of \$1.8 million and long term debt of \$11.2 million.

Total outstanding principal indebtedness of \$353.9 million as of June 30, 2021 reflects a decrease of \$16.5 million or 4.4% from total outstanding principal of \$370.3 million as of June 30, 2020. 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.

During fiscal years 2021, 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.

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 Annual Comprehensive 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.

	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 171,977,502	\$ 148,700,798
Accounts receivable, net	16,679,024	14,929,911
Due from others	330,497	246,133
Due from other governments	480,233	1,485,566
Interest receivable	809,628	747,174
Prepaid assets and other assets	2,520,934	2,579,506
	<u>192,797,818</u>	<u>168,689,088</u>
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	5,711,052	5,711,052
Water resource sustainability program	3,881,613	2,173,503
Current bond debt service	21,507,623	19,845,275
	<u>31,100,288</u>	<u>27,729,830</u>
Total current assets	<u>223,898,106</u>	<u>196,418,918</u>
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,332,198	2,423,505
Operations and maintenance	11,107,402	11,105,627
Renewal and replacement	12,554,388	15,299,289
Water rate stabilization	500,000	500,000
	<u>26,493,988</u>	<u>29,328,421</u>
Noncurrent Assets		
Capital assets, not depreciated	204,128,838	188,470,651
Capital assets, depreciated	817,716,868	819,262,811
Other noncurrent assets	837,284	453,757
Net other postemployment benefits	3,448,866	2,325,419
	<u>1,026,131,856</u>	<u>1,010,512,638</u>
Total noncurrent assets	<u>1,052,625,844</u>	<u>1,039,841,059</u>
Total assets	<u>1,276,523,950</u>	<u>1,236,259,977</u>
Deferred Outflow of Resources		
Bond refundings	2,298,058	2,510,330
Net pension liability	10,129,907	11,881,150
Other postemployment benefits	414,834	520,656
	<u>12,842,799</u>	<u>14,912,136</u>
Total deferred outflow of resources	<u>12,842,799</u>	<u>14,912,136</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 1,289,366,749</u></u>	<u><u>\$ 1,251,172,113</u></u>

	2021	2020
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 2,304,958	\$ 1,709,684
Contracts and retention payable	14,921,843	2,605,122
Accrued liabilities	1,862,440	1,608,960
Current portion of compensated absences	595,774	434,707
Due to other governments	1,834,639	1,538,488
Accrued interest payable	212,526	240,787
Current portion of long-term debt	2,009,193	17,955,867
Customer deposits and amounts due to developers	1,983,091	1,975,621
	<u>25,724,464</u>	<u>28,069,236</u>
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	13,375,000	11,505,000
Interest payable	8,132,623	8,340,275
	<u>21,507,623</u>	<u>19,845,275</u>
Total current liabilities	<u>47,232,087</u>	<u>47,914,511</u>
Noncurrent Liabilities		
Net pension liability	42,191,934	40,582,611
Long-term debt, net of current portion	376,289,346	383,330,622
Net other postemployment benefits liability	547,743	660,570
Compensated absences, net of current portion	2,928,666	2,192,761
Total noncurrent liabilities	<u>421,957,689</u>	<u>426,766,564</u>
Total liabilities	<u>469,189,776</u>	<u>474,681,075</u>
Deferred Inflow of Resources		
Net pension liability	2,445,779	3,592,032
Bond refundings	78,858	88,047
Other postemployment benefits	3,485,815	3,067,462
Total deferred inflows of resources	<u>6,010,452</u>	<u>6,747,541</u>
Total liabilities and deferred inflow of resources	<u>475,200,228</u>	<u>481,428,616</u>
Net Position		
Net investment in capital assets	649,138,921	617,541,639
Restricted for water meter retrofit program	5,711,052	5,711,052
Restricted for water resource sustainability program	3,881,613	2,173,503
Restricted for debt service	21,507,623	19,845,275
Restricted for operations and maintenance reserve	6,507,402	6,505,627
Restricted for renewal and replacement reserve	12,554,388	15,299,289
Restricted for water rate stabilization	500,000	500,000
Unrestricted	114,365,522	102,167,112
Total net position	<u>814,166,521</u>	<u>769,743,497</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,289,366,749</u>	<u>\$ 1,251,172,113</u>

Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for water sales	\$ 109,822,836	\$ 102,487,078
Hydroelectric sales	2,768,274	3,298,850
Other operating sales	2,803,513	2,286,729
Total operating revenues	115,394,623	108,072,657
Operating Expenses		
Salaries and wages	23,101,987	21,455,982
Employee benefits	11,282,823	11,529,749
Services and supplies	30,562,803	27,808,959
Total operating expenses before depreciation	64,947,613	60,794,690
Depreciation	33,286,373	33,327,134
Total operating expenses	98,233,986	94,121,824
Operating Income	17,160,637	13,950,833
Nonoperating Revenues (Expenses)		
Investment earnings	2,550,864	4,119,737
Net increase (decrease) in fair value of investments	(2,389,723)	3,410,242
Loss on disposal of assets	(1,755,873)	(1,189,776)
Debt issuance costs	(235,494)	(216,981)
Interest expense	(12,262,581)	(12,698,972)
Total nonoperating revenues (expenses)	(14,092,807)	(6,575,750)
Income before Capital Contributions	3,067,830	7,375,083
Capital Contributions		
Grants	—	232,153
Water resource sustainability program	1,708,110	1,484,443
Developer infrastructure contributions	10,201,446	20,145,641
Developer will-serve contributions (net of refunds)	5,632,381	4,082,279
Developer capital contributions-other	11,461,850	7,847,962
Developer facility charges (net of refunds)	12,218,607	9,657,274
Contributions from others	—	343,630
Contributions from other governments	132,800	386,937
Net capital contributions	41,355,194	44,180,319
Change in Net Position	44,423,024	51,555,402
Net Position, Beginning of Year	769,743,497	718,188,095
Net Position, End of Year	\$ 814,166,521	\$ 769,743,497

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Cash received from customers	\$ 113,568,616	\$ 107,820,614
Cash paid to employees	(31,733,248)	(30,345,059)
Cash paid to suppliers	(29,068,888)	(29,151,610)
Net Cash from Operating Activities	52,766,480	48,323,945
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(35,639,318)	(43,923,104)
Interest paid on financing	(16,945,779)	(17,411,353)
Principal paid on financing	(13,460,867)	(2,829,058)
Proceeds from refunding bonds	13,000,000	—
Redemption of commercial paper notes	(16,000,000)	(7,500,000)
Proceeds from capital asset disposal	24,795	228,993
Proceeds from resource exchange agreement	8,978,200	—
Grants	480,533	27,273
Contributions for water resource sustainability program	1,708,110	1,484,443
Contributions from developers-will-serve letters	5,632,381	4,082,279
Contributions from developers-other	11,461,850	7,847,962
Contributions from developers-facility charges	12,218,607	9,657,274
Contributions from others	—	343,630
Contributions from other governments	132,800	286,937
Bond/note issuance costs	(235,494)	(216,981)
Net Cash used for Capital and Related Financing Activities	(28,644,182)	(47,921,705)
Investing Activities		
Amounts received on water service loans	45,117	26,213
Payments made for water service loans	(446,658)	—
Investment interest/earnings	91,972	7,512,026
Net Cash from (used for) Investing Activities	(309,569)	7,538,239
Net Change in Cash and Cash Equivalents	23,812,729	7,940,479
Cash and Cash Equivalents, Beginning of Year	205,759,049	197,818,570
Cash and Cash Equivalents, End of Year	\$ 229,571,778	\$ 205,759,049

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income	\$ 17,160,637	\$ 13,950,833
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	33,286,373	33,327,134
Other nonoperating expenses	—	—
OPEB expense	(645,359)	37,239
OPEB contributions	(66,740)	(246,201)
Pension expense	5,491,411	5,912,813
Pension contributions	(3,277,098)	(3,156,332)
Changes in assets and liabilities		
Accounts receivable, net	(1,749,113)	(292,669)
Due from others	(84,364)	86,323
Due from other governments	524,800	(748,100)
Prepaid assets and other assets	76,586	(768,702)
Accounts payable	595,274	144,249
Accrued liabilities	253,480	(3,975)
Compensated absences	896,972	114,130
Due to other governments	296,151	12,900
Due to customers and developers	7,470	(45,697)
Total adjustments	35,605,843	34,373,112
Net Cash from Operating Activities	\$ 52,766,480	\$ 48,323,945
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,657,082)	\$ (4,873,553)
Amortization of refunding allowances to interest expense	203,083	205,067
Acquisition and construction of capital assets financed by cash	\$ 35,639,318	\$ 43,923,104
Developer infrastructure contributions	10,201,446	20,145,641
Change in contracts and retention payable	3,338,521	(2,269,445)
Total Acquisition and Construction of Capital Assets	\$ 49,179,285	\$ 61,799,300

Truckee Meadows Water Authority
Fiduciary Funds - Statements of Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Other Post-Employment Benefit Plan - §501(c)(9) Plan		
Assets		
Cash	\$ 26,777	\$ 18,589
Receivables from plan members	18,217	8,132
Investments, at fair value	14,068,245	12,495,245
Total assets	<u>14,113,239</u>	<u>12,521,966</u>
Liabilities		
Accounts payable	<u>71,630</u>	<u>77,883</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>
 Other Post-Employment Benefit Plan - §115 Plan		
Assets		
Cash	\$ 20,365	\$ 9,452
Receivables from plan members	3,824	1,882
Investments, at fair value	1,475,068	1,281,857
Total assets	<u>1,499,257</u>	<u>1,293,191</u>
Liabilities		
Accounts payable	<u>3,001</u>	<u>3,528</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>

Truckee Meadows Water Authority
Fiduciary Funds - Statements of Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Other Post-Employment Benefit Plan - §501(c)(9) Plan		
Additions		
Investment Income		
Net increase in fair value of investments	\$ 1,595,995	\$ 2,021,925
Interest and dividends	249,958	279,282
Investment expense	(2,953)	(3,206)
Net investment income	1,843,000	2,298,001
Employer contributions	131,267	258,430
Total additions	1,974,267	2,556,431
Deductions		
Benefit payments	358,251	442,363
Administrative expenses	18,490	14,350
Total deductions	376,741	456,713
Change in Net Position	1,597,526	2,099,718
Net Position Restricted For Post-employment Benefits Other Than Pensions		
Beginning of year	12,444,083	10,344,365
End of year	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>
Other Post-Employment Benefit Plan - §115 Plan		
Additions		
Investment Income		
Net increase in fair value of investments	\$ 167,651	\$ 193,468
Interest and dividends	25,866	27,355
Investment expense	(306)	(315)
Net investment income	193,211	220,508
Employer contributions	85,743	121,798
Total additions	278,954	342,306
Deductions		
Benefit payments	58,361	54,605
Administrative expenses	14,000	16,388
Total deductions	72,361	70,993
Change in Net Position	206,593	271,313
Net Position Restricted For Post-employment Benefits Other Than Pensions		
Beginning of year	1,289,663	1,018,350
End of year	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</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. TMWA's financial statements 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.

In accordance with GASB Statement No. 84, TMWA reports its two Other Post-Employment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans do not present the results of operations of TMWA or have a measurement focus and are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

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, TMWA's General Manager 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.

The §501(c)(9) and §115 Other Post-Employment Benefit (OPEB) Plans' net earnings from the State of Nevada Retirement Benefit Investment Fund (RBIF), an external investment pool, are based on the Trusts' original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

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	15-50	Furniture and fixtures	7-10
Tanks	65-75	Computer hardware and software	5-15
Wells	15-50	Equipment	5-10
Pressure reducing stations	15-60	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.

Other Post-Employment Benefits

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 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. As of January 1, 2020, TMWA adopted Statement No. 84 resulting in the inclusion of comparative Statements of Net Position and Statements of Changes in Net Position for both of TMWA's OPEB Plans in the annual basic financial statements which were not previously reported as fiduciary component units.

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 15, 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 the 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, 2021	June 30, 2020
Billed amounts	\$ 7,659,423	\$ 6,264,640
Earned, but unbilled amounts	9,445,936	9,062,242
	17,105,359	15,326,882
Allowance for uncollectible accounts	(426,335)	(396,971)
Accounts receivable, net	<u>\$ 16,679,024</u>	<u>\$ 14,929,911</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.

The OPEB Plans' bank balances were covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. RBIF is valued based on the net asset value of the observable market prices of the underlying assets within the RBIF, which is a measure of fair value under GASB Statement No. 72.

As of June 30, 2021, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
U.S. Treasuries	\$ 19,791,490	\$ 8,457,468	\$ 18,842,480	\$ 47,091,438
U.S. Agencies	6,563,289	45,728,477	48,118,659	100,410,425
LGIP	2,332,198	—	—	2,332,198
Money Market Mutual Funds	36,666,797	—	—	36,666,797
Certificates of Deposit	2,021,005	7,563,113	262,907	9,847,025
Corporate Notes	647,955	16,784,723	13,105,129	30,537,807
Total Investments	68,022,734	78,533,781	80,329,175	226,885,690
Total Cash	2,686,088	—	—	2,686,088
Total Cash and Investments	<u>\$ 70,708,822</u>	<u>\$ 78,533,781</u>	<u>\$ 80,329,175</u>	<u>\$ 229,571,778</u>

As of June 30, 2020, TMWA had the following cash and investments 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	33,037,181	—	—	33,037,181
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	88,513,448	74,186,770	42,797,313	205,497,531
Total Cash	261,518	—	—	261,518
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 December 31, 2020, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
§501(c)(9) Plan				
Total Investments - RBIF	\$ 14,068,245	\$ —	\$ —	\$ 14,068,245
Total Cash	26,777	—	—	26,777
Total Cash and Investments	<u>\$ 14,095,022</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,095,022</u>
§115 Plan				
Total Investments - RBIF	\$ 1,475,068	\$ —	\$ —	\$ 1,475,068
Total Cash	20,365	—	—	20,365
Total Cash and Investments	<u>\$ 1,495,433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,495,433</u>

As of December 31, 2019, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
§501(c)(9) Plan				
Total Investments - RBIF	\$ 12,495,245	\$ —	\$ —	\$ 12,495,245
Total Cash	18,589	—	—	18,589
Total Cash and Investments	<u>\$ 12,513,834</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,513,834</u>
§115 Plan				
Total Investments - RBIF	\$ 1,281,857	\$ —	\$ —	\$ 1,281,857
Total Cash	9,452	—	—	9,452
Total Cash and Investments	<u>\$ 1,291,309</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,291,309</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 143 days at June 30, 2021, and 130 days at June 30, 2020. 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, 2021 and 2020, the following investments by issuer exceeded 5% of TMWA’s total investments:

	June 30, 2021	
U.S. Treasuries	\$ 47,091,438	22 %
Federal National Mortgage Association	44,962,472	21 %
Federal Home Loan Bank	30,014,306	14 %
Federated Hermes Treasury Obligations	20,007,878	9 %
Federal Home Loan Mortgage Corporation	15,013,246	7 %
	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 %

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.

TMWA has the following recurring fair value measurements as of June 30, 2021:

	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	\$ 47,091,438	\$ 47,091,438	\$ —
U.S. Agencies	100,410,425	—	100,410,425
Money Market Mutual Funds	36,666,797	36,666,797	—
Certificates of Deposit	9,847,025	—	9,847,025
Corporate Notes	30,537,807	—	30,537,807
	224,553,492	\$ 83,758,235	\$ 140,795,257
LGIP*	2,332,198		
	<u>\$ 226,885,690</u>		

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	33,037,181	33,037,181	—
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
	203,074,026	\$ 76,135,091	\$ 126,938,935
LGIP*	2,423,505		
	<u>\$ 205,497,531</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, 2021 and 2020.

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.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 58,315,948	\$ 38,766,080	\$ (24,147,962)	\$ 72,934,066
Land	20,426,913	171,000	—	20,597,913
Water rights	109,727,790	869,069	—	110,596,859
Total capital assets, not being depreciated	188,470,651	39,806,149	(24,147,962)	204,128,838
Capital assets, being depreciated				
Distribution mains	569,847,730	14,706,685	—	584,554,415
Water treatment (plants)	193,880,329	4,082,372	—	197,962,701
Services	159,286,289	5,206,095	—	164,492,384
Pump stations	71,254,852	1,735,942	—	72,990,794
Treated water storage (tanks)	95,800,589	1,788,266	—	97,588,855
Wells	75,787,614	1,433,197	—	77,220,811
Pressure regulating stations	17,718,078	455,278	—	18,173,356
Canals	44,725,494	23,275	—	44,748,769
Reservoirs	19,300,670	29,204	—	19,329,874
Vehicles	8,403,378	690,516	—	9,093,894
Furniture and fixtures	808,750	—	—	808,750
Computer hardware and software	3,960,114	856,691	—	4,816,805
Equipment	252,659	—	—	252,659
Hydroelectric facilities	31,383,763	30,832	(1,478,385)	29,936,210
Administrative buildings	14,432,121	1,765,782	—	16,197,903
Total capital assets, being depreciated	1,306,842,430	32,804,135	(1,478,385)	1,338,168,180
Less accumulated depreciation:				
Distribution mains	(139,920,888)	(10,527,812)	—	(150,448,700)
Water treatment (plants)	(97,637,923)	(6,029,483)	—	(103,667,406)
Services	(114,249,723)	(6,060,244)	—	(120,309,967)
Pump stations	(25,763,116)	(2,141,526)	—	(27,904,642)
Treated water storage (tanks)	(30,680,732)	(2,112,177)	—	(32,792,909)
Wells	(35,065,941)	(1,876,306)	—	(36,942,247)
Pressure regulating stations	(7,229,281)	(588,423)	—	(7,817,704)
Canals	(12,364,625)	(1,034,823)	—	(13,399,448)
Reservoirs	(7,372,231)	(517,723)	—	(7,889,954)
Vehicles	(5,000,814)	(960,224)	—	(5,961,038)
Furniture and fixtures	(655,745)	(38,452)	—	(694,197)
Computer hardware and software	(2,664,712)	(301,847)	—	(2,966,559)
Equipment	(179,859)	(9,155)	—	(189,014)
Hydroelectric facilities	(5,291,681)	(643,181)	414,680	(5,520,182)
Administrative buildings	(3,502,348)	(444,997)	—	(3,947,345)
Total accumulated depreciation	(487,579,619)	(33,286,373)	414,680	(520,451,312)
Total capital assets, being depreciated net	819,262,811	(482,238)	(1,063,705)	817,716,868
Total Capital Assets, Net	\$ 1,007,733,462	\$ 39,323,911	\$ (25,211,667)	\$ 1,021,845,706

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

Note 6 - Long-Term Liabilities**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, and on September 5, 2017, TMWA redeemed \$9,200,000. 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, on October 2, 2019, TMWA redeemed \$5,000,000, and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. Subsequent to fiscal-year end 2020, in the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed as part of the 2021 Subordinate Water Refunding Bonds (see below). The TECP program was 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%. 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. TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2021, and 2020.

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. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF 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.

On June 3, 2021, TMWA issued \$13,000,000 in Series 2021 Subordinate Water Refunding Bonds which constitute special limited obligations of TMWA. The Bonds were sold pursuant to a Continuing Covenant Agreement as a Direct Purchase to Wells Fargo Municipal Capital Strategies, LLC. The proceeds of the bond issue of \$13,000,000 were used to refund or redeem \$13,000,000 in maturities of TECP (see above). This transaction was executed to provide a fixed interest rate over the life of the refunding, which was effected by replacing variable rate TECP debt with fixed rate bonds. The provisions of the loan agreement require level, annual debt service for full repayment of the bonds through fiscal year 2028. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds and the 2018 Refunding Bonds.

The following schedules summarize the changes in long-term debt obligations as of June 30, 2021:

	Final Maturity Date	Authorized	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in 2021-2022
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,543,918	\$ —	\$ 289,436	\$ 1,254,482	\$ 298,802
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,174,853	—	123,669	1,051,184	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,861,847	—	246,480	2,615,367	254,555
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	4,670,879	—	882,781	3,788,098	907,762
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	7,792,841	—	413,501	7,379,340	424,405
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	—	13,000,000	—	13,000,000	1,785,000
		<u>42,533,298</u>	<u>18,044,338</u>	<u>13,000,000</u>	<u>1,955,867</u>	<u>29,088,471</u>	<u>3,794,193</u>
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	25,260,000	—	970,000	24,290,000	995,000
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	—	10,535,000	136,880,000	10,595,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		<u>339,790,000</u>	<u>336,300,000</u>	<u>—</u>	<u>11,505,000</u>	<u>324,795,000</u>	<u>11,590,000</u>
Subtotal		382,323,298	354,344,338	13,000,000	13,460,867	353,883,471	15,384,193
Plus unamortized net bond premium			42,447,151	—	4,657,083	37,790,068	
Total debt before TECP			396,791,489	13,000,000	18,117,950	391,673,539	
TECP		53,600,000	16,000,000	—	16,000,000	—	—
Total Debt		<u>\$435,923,298</u>	<u>\$412,791,489</u>	<u>\$ 13,000,000</u>	<u>\$ 34,117,950</u>	<u>\$391,673,539</u>	<u>\$ 15,384,193</u>

The following schedules summarize the changes in long-term debt 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
		<u>29,533,298</u>	<u>19,948,396</u>	<u>—</u>	<u>1,904,058</u>	<u>18,044,338</u>	<u>1,955,867</u>
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	—
		<u>339,790,000</u>	<u>337,225,000</u>	<u>—</u>	<u>925,000</u>	<u>336,300,000</u>	<u>11,505,000</u>
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>

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

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2022	\$ 3,794,193	\$ 560,043	\$ 11,590,000	\$ 15,950,000	\$ 31,894,236
2023	3,879,081	484,684	12,615,000	15,344,875	32,323,640
2024	3,955,578	406,559	13,245,000	14,698,375	32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027-2031	8,062,122	677,703	84,780,000	54,779,500	148,299,325
2032-2036	2,594,530	172,890	122,760,000	27,465,000	152,992,420
2037-2041	—	—	52,350,000	4,845,750	57,195,750
Total	<u>\$ 29,088,471</u>	<u>\$ 2,882,573</u>	<u>\$ 324,795,000</u>	<u>\$ 160,435,625</u>	<u>\$ 517,201,669</u>

Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2021 and 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
2021 Compensated absences liability	\$ 2,627,468	\$ 3,435,800	\$ 2,538,828	\$ 3,524,440
2020 Compensated absences liability	\$ 2,591,619	\$ 2,273,693	\$ 2,237,844	\$ 2,627,468

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 \$2,554,388 and \$5,299,289 as of June 30, 2021 and 2020, 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 \$9,596,733 and \$9,171,715 as of June 30, 2021 and 2020, 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 significant 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 29.25% for fiscal years June 30, 2021 and 2020, respectively. As of July 1, 2021, the EPC rate increased to 29.75%.

TMWA's contributions were \$3,277,098 and \$3,156,332 for the years ended June 30, 2021 and 2020, 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, 2020:

	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, 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%

Net Pension Liability

At June 30, 2021, TMWA reported a liability for its proportionate share of the net pension liability of \$42,191,934. The net pension liability was measured as of June 30, 2020, 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, 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.

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, 2020 and 2019, TMWA's proportion was 0.3029 and 0.2976 percent, respectively, representing an increase of 0.0053 percent and a decrease of 0.0215 percent from its proportion measured at June 30, 2019 and 2018, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2020 and 2019, 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, 2020	\$ 65,803,116	\$ 42,191,934	\$ 22,560,991
	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

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, 2021 net pension liability was measured as of June 30, 2020, 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, 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. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2020	June 30, 2019
Inflation Rate	2.75%	2.75%
Payroll Growth	5.00% 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, 2020 funding actuarial valuation	Same as those used in the June 30, 2019 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, 2020 and 2019 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, 2020 and June 30, 2019.

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

For the years ended June 30, 2021 and 2020, TMWA recognized pension expense of \$8,725,471 and \$9,031,335, respectively.

At June 30, 2021, 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	\$ 1,310,874	\$ 544,800
Changes in assumptions or other inputs	1,185,126	—
Net difference between projected and actual earnings on pension plan investments	—	1,593,833
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	4,356,809	307,146
TMWA contributions subsequent to the measurement date	3,277,098	—
	<u>\$ 10,129,907</u>	<u>\$ 2,445,779</u>

Deferred outflows of resources of \$3,277,098 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, 2022.

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 were recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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, 2019 (the beginning of the measurement period ended June 30, 2020) is 6.13 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense as follows:

Year ending June 30,	
2022	\$ 1,074,978
2023	1,473,601
2024	789,113
2025	782,990
2026	265,330
Thereafter	21,018

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, 2021 and June 30, 2020, TMWA had matching contributions totaling \$1,473,019, and \$1,408,776, 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, 2021 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	51	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	179	14
Total	231	22

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

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.

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.

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, 2021 and 2020 is below:

	§501(c)(9) Plan	§115 Plan	Total
2021	\$ (582,026)	\$ 19,979	\$ (562,047)
2020	\$ (82,879)	\$ 87,384	\$ 4,505

Changes in Net Position for each plan for the measurement period ended December 31, 2020 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, 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>						
Changes During the Period:						
Service Cost	222,602	—	222,602	34,777	—	34,777
Interest Cost	609,728	—	609,728	117,350	—	117,350
Expected Investment Income	—	739,192	(739,192)	—	77,772	(77,772)
Employer Contributions	—	131,267	(131,267)	—	85,743	(85,743)
Auditing Fees	—	(18,490)	18,490	—	(14,000)	14,000
Investment & Administrative Fees	—	(2,954)	2,954	—	(306)	306
Legal Fees	—	—	—	—	—	—
Retiree Contributions In	—	111,103	(111,103)	—	22,947	(22,947)
Retiree Contributions Out	—	(111,103)	111,103	—	(22,947)	22,947
Benefit Payments	(358,251)	(358,251)	—	(58,361)	(58,361)	—
Investment Experience	—	1,106,762	(1,106,762)	—	115,745	(115,745)
Net Changes	474,079	1,597,526	(1,123,447)	93,766	206,593	(112,827)
Balance at Fiscal Year Ending June 30, 2021	<u>\$ 10,592,743</u>	<u>\$ 14,041,609</u>	<u>\$ (3,448,866)</u>	<u>\$ 2,043,999</u>	<u>\$ 1,496,256</u>	<u>\$ 547,743</u>
<i>Measurement Date - December 31, 2020</i>						

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	<u>\$ 10,118,664</u>	<u>\$ 12,444,083</u>	<u>\$ (2,325,419)</u>	<u>\$ 1,950,233</u>	<u>\$ 1,289,663</u>	<u>\$ 660,570</u>
<i>Measurement Date - December 31, 2019</i>						

A schedule of the plans' deferred resources as of June 30, 2021 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	\$ 237,362	\$ —	\$ 30,963	\$ —
Differences Between Expected and Actual Experience	—	1,584,020	—	125,527
Net Difference Between Projected and Actual Earnings on Investments	—	1,616,872	—	159,396
Contributions Made Subsequent to the Measurement Date	59,696	—	86,813	—
Total	<u>\$ 297,058</u>	<u>\$ 3,200,892</u>	<u>\$ 117,776</u>	<u>\$ 284,923</u>

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>

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, 2021 is shown below.

	§501(c)(9) Plan	§115 Plan
	Deferred Inflows Recognized in OPEB Expense	Deferred Inflows Recognized in OPEB Expense
Year ended June 30,		
2022	\$ 696,607	\$ 68,683
2023	505,685	53,446
2024	741,392	75,129
2025	404,076	43,486
2026	182,722	13,216
Thereafter	433,048	—

Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2020 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	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	The mortality rates were adjusted to anticipate future mortality improvement 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	6.0% net of plan investment expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this evaluation.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
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	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.
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, 2021
Measurement Date	December 31, 2020
Measurement Period	December 31, 2019 to December 31, 2020
Valuation Date	December 31, 2019

The discount rates used for the fiscal years ended June 30, 2021 and 2020 is 6.0%. The Healthcare Cost Trend Rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

Measurement Date - December 31, 2020

§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	\$ 11,809,700	\$ 10,592,743	\$ 9,556,963	\$ 9,709,226	\$ 10,592,743	\$ 11,648,321
Net OPEB Liability (Asset)	\$ (2,231,909)	\$ (3,448,866)	\$ (4,484,646)	\$ (4,332,383)	\$ (3,448,866)	\$ (2,393,288)
§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	\$ 2,333,010	\$ 2,043,999	\$ 1,804,821	\$ 1,783,527	\$ 2,043,999	\$ 2,365,624
Net OPEB Liability (Asset)	\$ 836,754	\$ 547,743	\$ 308,565	\$ 287,271	\$ 547,743	\$ 869,368

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

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 \$700,000 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 2021.

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*

	2021	2020	2019	2018	2017
§501(c)(9) Plan					
<u>Total OPEB Liability</u>					
Service Cost	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	609,728	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	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Total OPEB Liability - Beginning	<u>10,118,664</u>	<u>11,283,691</u>	<u>10,694,671</u>	<u>10,062,447</u>	<u>9,442,131</u>
Total OPEB Liability - Ending	<u>\$ 10,592,743</u>	<u>\$ 10,118,664</u>	<u>\$ 11,283,691</u>	<u>\$ 10,694,671</u>	<u>\$ 10,062,447</u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
Net change in plan fiduciary net position	<u>1,597,526</u>	<u>2,099,718</u>	<u>(582,529)</u>	<u>1,658,015</u>	<u>535,359</u>
Plan fiduciary net position - beginning	<u>12,444,083</u>	<u>10,344,365</u>	<u>10,926,894</u>	<u>9,268,879</u>	<u>8,733,520</u>
Plan fiduciary net position - ending	<u>\$ 14,041,609</u>	<u>\$ 12,444,083</u>	<u>\$ 10,344,365</u>	<u>\$ 10,926,894</u>	<u>\$ 9,268,879</u>
Net OPEB liability (asset) - ending	<u>\$ (3,448,866)</u>	<u>\$ (2,325,419)</u>	<u>\$ 939,326</u>	<u>\$ (232,223)</u>	<u>\$ 793,568</u>
Plan fiduciary net position as a percentage of total OPEB liability	132.6 %	123.0 %	91.7 %	102.2 %	92.1 %
 Covered-employee payroll, as of 12/31 measurement date	<u>\$ 19,385,303</u>	<u>\$ 21,658,320</u>	<u>\$ 20,674,304</u>	<u>\$ 18,517,678</u>	<u>\$ 17,467,908</u>
Net OPEB liability (asset) as a percentage of covered-employee payroll	(17.8)%	(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*

	2021	2020	2019	2018	2017
§115 Plan					
<u>Total OPEB Liability</u>					
Service Cost	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	117,350	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	(58,361)	(54,605)	(34,065)	(9,334)	—
Total OPEB Liability - Beginning	<u>1,950,233</u>	<u>1,961,246</u>	<u>1,826,373</u>	<u>1,677,294</u>	<u>1,529,690</u>
Total OPEB Liability - Ending	<u>\$ 2,043,999</u>	<u>\$ 1,950,233</u>	<u>\$ 1,961,246</u>	<u>\$ 1,826,373</u>	<u>\$ 1,677,294</u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(306)	(315)	(770)	(780)	(675)
Legal fees	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	22,947	21,302	5,244	930	—
Retiree contributions out	(22,947)	(21,302)	(5,244)	(930)	—
Net change in plan fiduciary net position	<u>206,593</u>	<u>271,313</u>	<u>18,519</u>	<u>212,543</u>	<u>175,886</u>
Plan fiduciary net position - beginning	<u>1,289,663</u>	<u>1,018,350</u>	<u>999,831</u>	<u>787,288</u>	<u>611,402</u>
Plan fiduciary net position - ending	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>	<u>\$ 1,018,350</u>	<u>\$ 999,831</u>	<u>\$ 787,288</u>
Net OPEB liability - ending	<u>\$ 547,743</u>	<u>\$ 660,570</u>	<u>\$ 942,896</u>	<u>\$ 826,542</u>	<u>\$ 890,006</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>73.2 %</u>	<u>66.1 %</u>	<u>51.9 %</u>	<u>54.7 %</u>	<u>46.9 %</u>
 Covered-employee payroll, as of 12/31 measurement date	<u>\$ 1,558,683</u>	<u>\$ 1,688,340</u>	<u>\$ 1,954,488</u>	<u>\$ 1,951,733</u>	<u>\$ 1,992,447</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>35.1 %</u>	<u>39.1 %</u>	<u>48.2 %</u>	<u>42.3 %</u>	<u>44.7 %</u>

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.

02-01-22 SAC Agenda Item 6
12-07-21 BOARD Agenda Item 7
Truckee Meadows Water Authority
Schedules of Contributions
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017
§501(c)(9) Plan					
Actuarially Determined Contribution	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	60,499	127,724	258,430	324,529	445,063
Contribution deficiency (excess)	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
Contributions as a percentage of covered employee payroll	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
§115 Plan					
Actuarially Determined Contribution	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	101,635	70,921	121,798	119,366	103,441
Contribution deficiency (excess)	(14,822)	14,822	—	—	—
Covered-employee payroll	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
Contributions as a percentage of covered employee payroll	6.1 %	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%

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	The mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	The mortality rates were adjusted to anticipate future mortality improvement 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	6.0% net of plan investment expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this evaluation.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
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	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.
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>

	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$21,627,820	\$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	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	77.04 %	76.46 %	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.

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$3,277,098	\$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	\$3,277,098	\$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	\$22,379,402	\$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	14.64 %	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, 2021 and 2020

Truckee Meadows Water Authority

Truckee Meadows Water Authority
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Year Ended June 30, 2021

	Final Budget	Actual	Variance
Operating Revenues			
Charges for water sales	\$ 102,260,229	\$ 109,822,836	\$ 7,562,607
Hydroelectric sales	3,193,880	2,768,274	(425,606)
Other operating sales	2,800,120	2,803,513	3,393
Total operating revenues	108,254,229	115,394,623	7,140,394
Operating Expenses			
Salaries and wages	24,563,727	23,101,987	1,461,740
Employee benefits	10,661,572	11,282,823	(621,251)
Services and supplies	31,419,113	30,562,803	856,310
Total operating expenses before depreciation	66,644,412	64,947,613	1,696,799
Depreciation	33,518,852	33,286,373	232,479
Total operating expenses	100,163,264	98,233,986	1,929,278
Operating Income	8,090,965	17,160,637	9,069,672
Nonoperating Revenues (Expenses)			
Investment earnings	2,854,243	2,550,864	(303,379)
Net change in fair value of investments	—	(2,389,723)	(2,389,723)
Loss on disposal of assets	—	(1,755,873)	(1,755,873)
Bond/note issue costs and amortization of bond insurance	(87,400)	(235,494)	(148,094)
Interest expense	(12,514,133)	(12,262,581)	251,552
Total nonoperating revenues (expenses)	(9,747,290)	(14,092,807)	(4,345,517)
Income (Loss) before Capital Contributions	(1,656,325)	3,067,830	4,724,155
Capital Contributions			
Grants	1,900,000	—	(1,900,000)
Water resource sustainability program	869,696	1,708,110	838,414
Developer infrastructure contributions	11,226,546	10,201,446	(1,025,100)
Developer will-serve contributions (net of refunds)	4,185,412	5,632,381	1,446,969
Developer capital contributions-other	10,242,156	11,461,850	1,219,694
Developer facility charges (net of refunds)	5,998,608	12,218,607	6,219,999
Contributions from others	275,000	—	(275,000)
Contributions from other governments	—	132,800	132,800
Net capital contributions	34,697,418	41,355,194	6,657,776
Change in Net Position	\$ 33,041,093	\$ 44,423,024	\$ 11,381,931

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

Statistical Section

Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority Annual Comprehensive 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.

Section Contents**Schedule No.****Financial Trends****1-6**

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

Revenue Capacity**7-8**

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

Debt Capacity**9**

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.

Demographic and Economic Information**10-12**

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.

Operating Information**13-17**

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.

Debt Ratios**18-19**

These schedules contain information about changes in the TMWA's debt and its debt in relation to service connections.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

	Fiscal Year									
	2021	2020	2019	Restated 2018	2017	2016	2015*	2014	2013	2012
Net Position										
Net investment in capital assets	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785	\$ 227,319,870	\$ 222,418,497
Restricted	50,662,078	50,034,746	29,351,818	30,123,412	28,589,861	40,505,804	42,158,803	25,198,683	22,644,404	13,678,852
Unrestricted	114,365,522	102,167,112	115,662,201	104,893,903	95,037,226	65,933,399	77,312,759	54,036,550	51,471,349	57,107,888
Total Net Position	<u>\$ 814,166,521</u>	<u>\$ 769,743,497</u>	<u>\$ 718,161,095</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>

* 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
2021	\$115,394,623	\$ 98,233,986	\$ 17,160,637	\$ (14,092,807)	\$ 3,067,830	\$ 41,355,194	\$ —	\$ 44,423,024
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

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

02-01-22 SAC Agenda Item 6
12-07-21 BOARD Agenda Item 7
Truckee Meadows Water Authority
Schedule No. 3 - Operating Revenues by Customer Class
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Revenues from water sales										
Residential unmetered water sales	\$ 2,423,033	\$ 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
Residential metered water sales	79,124,628	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
Commercial metered water sales	12,041,548	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
Irrigation metered & fire protection	14,950,021	13,457,574.1	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156	11,031,924	10,129,233
Wholesale sales	1,283,606	1,273,982.44	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593	3,748,276	3,473,100
Total water sales	109,822,836	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
Hydroelectric revenue	2,768,274	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
Other operating revenues	2,803,513	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
Total operating revenues	<u>\$ 115,394,623</u>	<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>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Salaries and wages	\$ 23,101,987	\$ 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
Employee benefits	11,282,823	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
Contract services	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066	4,868,532	5,090,741
Utilities/power	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312	4,571,453	4,432,932
Information Technology	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101	556,536	388,546
Prof services (general/legal/media/leg)	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097	1,610,614	1,254,751
Supplies	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763	1,522,106	1,155,351
Chemicals	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824	1,333,002	1,361,144
Insurance and claims	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300	534,577	608,352
Leases and rentals	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196	74,596	84,844
Other expenses	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586	3,254,285	3,256,532
Total operating expenses before depreciation	64,947,613	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
Depreciation	33,286,373	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
Total Operating Expenses	<u>\$ 98,233,986</u>	<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>

* 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
2021	\$ 2,550,864	\$ (12,262,581)	\$ (1,755,873)	\$ (2,625,217)	\$ (14,092,807)
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)

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

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
2021	\$ 5,632,381	\$ 10,201,446	\$ 11,461,850	\$ —	\$ 12,218,607	\$ —	\$ 1,708,110	\$ 132,800	\$ 41,355,194
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

* 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	2021		2020	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,423,033	—	\$ 2,571,216
Residential Metered	18,481,075	79,124,628	17,111,305	73,295,343
Commercial	3,891,086	12,041,548	3,952,196	11,888,963
Other (2)	3,204,611	14,950,021	2,896,243	13,457,574
Wholesale	623,909	1,283,606	606,627	1,273,982
Total	26,200,681	\$ 109,822,836	24,566,371	\$ 102,487,078

Category	2019		2018	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,558,779	—	\$ 2,505,172
Residential Metered	16,970,042	71,651,437	16,335,308	67,393,672
Commercial	4,315,407	12,807,427	4,232,836	12,238,940
Other (2)	2,974,110	13,509,567	2,698,977	12,169,406
Wholesale	619,928	1,249,439	591,624	1,165,607
Total	24,879,487	\$ 101,776,649	23,858,745	\$ 95,472,797

Category	2017		2016	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,446,145	—	\$ 3,725,916
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other (2)	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	\$ 92,687,260	21,841,659	\$ 87,534,332

Category	2015*		2014	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 9,366,307	—	\$ 9,731,811
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other (2)	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	\$ 86,186,698	20,253,396	\$ 79,190,417

Category	2013		2012	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 10,288,324	—	\$ 10,899,330
Residential Metered	11,916,455	43,957,551	11,077,177	41,476,536
Commercial	4,083,972	10,885,539	3,902,183	10,473,659
Other (2)	2,816,474	11,031,924	2,543,132	10,129,233
Wholesale	1,982,557	3,748,276	1,831,821	3,473,100
Total	20,799,458	\$ 79,911,614	19,354,313	\$ 76,451,858

* 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, 2021

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	618,599	\$ 1,312,651	1.2 %
2. Washoe County School District	357,197	1,260,241	1.1 %
3. City of Reno*	340,075	1,277,948	1.2 %
4. City of Sparks	136,308	524,019	0.5 %
5. Somersett HOA	137,161	510,341	0.5 %
6. Washoe County	139,840	435,325	0.4 %
7. University of Nevada, Reno	131,023	395,099	0.4 %
8. Nevada Properties, Peppermill	106,139	342,034	0.3 %
9. Renown System	90,623	304,538	0.3 %
10. Sparks LLC, Nugget	78,012	238,685	0.2 %
Totals	2,134,977	\$ 6,600,881	6.1 %

*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)									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Operating revenues ⁽¹⁾	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912	\$ 76,452
Nonoperating revenues ⁽²⁾	8,123	9,705	9,722	8,653	11,790	11,132	5,970	7,176	7,672	7,643
Gross revenues	117,946	112,192	111,499	104,126	104,477	98,666	92,157	86,366	87,584	84,095
Operation and maintenance expenses ⁽³⁾	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850	36,672	33,851
Taxes other than income taxes ⁽⁴⁾	715	719	678	470	462	451	443	440	429	422
Total expenses	64,948	60,795	59,633	57,491	51,420	48,481	42,215	36,290	37,101	34,273
Net Revenues	<u>\$ 52,998</u>	<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>
Senior Lien Annual Debt Service ⁽⁵⁾	<u>\$ 27,830</u>	<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>
Senior Lien Debt Coverage excluding SDCs	<u>1.90</u>	<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>
System Development Charges (SDCs):										
Developer facility charges	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048	\$ 263
Developer capital contributions - other	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410	470	153
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	<u>2.76</u>	<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>

* 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
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712
2015	1,807	7,345	3,581
2014	1,669	6,846	2,579
2013	1,516	6,211	2,393
2012	1,578	5,348	2,463

Source: As reported by each local governmental entity.

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)
2021	478,355	\$ 63	38.6	65,121	\$ 29,875,442	4.9 %	265,182	\$ 719,607,000	692	\$11,049,067,000	\$ 837,334,000	2,472,843
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

Sources:

- (1) US Census-Nevada, 2011 - 2012. Washoe County Community Development, 2013 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (2) U.S. Department of Commerce, 2008. Washoe County Community Demographic Information 2009 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (3) Center for Regional Studies, University of Nevada, Reno 2011 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (4) Washoe County School District. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (5) State Department of Employment, Training and Rehabilitation (DETR). Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (6) Washoe County Building and Safety. Department. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (7) Nevada State Department of Taxation. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (8) Nevada State Gaming Control Board. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021
- (9) Reno/Tahoe International Airport. (RTIA) Washoe County Schedule 4.1, 2018, 2019, 2020, 2021

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

Employer	December, 2020			December, 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.47 %	8,250	1	4.49 %
Renown Medical Center	4,750	2	1.88 %	4,250	2	2.31 %
University of Nevada - Reno	4,750	3	1.88 %	2,750	4	1.50 %
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	8	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	9	0.95 %
International Game Technology PLC	—	—	—	2,250	7	1.22 %
Total Washoe Covered Employment	<u>252,295</u>			<u>183,770</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

2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.46 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other ⁽²⁾	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
Total	131,296	100.00 %	\$ 109,822,836	100.00 %
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	70.58 %
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	99.99 %
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 %

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

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 %
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 and Irrigation	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 metered	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 %

* 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, 2021

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2020 to 6/11/2021	Blanket limit of \$250,000,000 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	6/11/2020 to 6/11/2021	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	6/11/2020 to 6/11/2021	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2020 to 6/11/2021	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2020 to 6/11/2021	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	6/11/2020 to 6/11/2021	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2020 to 6/11/2021	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 \$1,000,000.
	Zurich		Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Ace American Insurance Company	6/11/2020 to 6/11/2021	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$4,000,000. 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									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Administration/IT	32	33	30	28	25	28	22	20	18	20
Supply/Treatment Operations	48	48	44	40	40	32	30	31	26	27
Distribution Maintenance	72	71	71	65	65	63	62	48	45	44
Hydroelectric	7	8	7	7	7	6	6	6	7	8
Customer Service/Conservation	23	26	23	23	25	25	24	20	26	33
Water Planning/Resources	19	15	15	15	17	19	19	13	15	12
Engineering/Construction	30	30	31	28	25	24	23	14	15	11
Total Authorized Employees	<u>231</u>	<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>

* 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.

Fiscal Year																								
2021			2020			2019			2018			2017			2016			2015*			2014	2013	2012	
TMWA	WC	STMGID	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"	20.16	18.95	10.32	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
1"	22.18	24.38	12.63	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
1 1/2"	25.23	34.87	17.91	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
2"	29.25	46.49	n/a	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
3"	33.27	74.87	n/a	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
4"	38.27	109.65	n/a	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
6"	44.36	199.93	n/a	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
Commodity Charge (all meter sizes)																								
TMWA Tier 1	1.87			1.82			1.82			1.82			1.77			1.72			1.72			1.72	1.72	1.72
TMWA Tier 2	3.02			2.95			2.95			2.95			2.86			2.78			2.78			2.78	2.78	2.78
TMWA Tier 3	3.54			3.45			3.45			3.45			3.35			3.25			3.25			3.25	3.25	3.25
WC Tier 1		2.85			2.78			2.78			2.78			2.70			2.62			2.62				
WC Tier 2		3.56			3.47			3.47			3.47			3.37			3.27			3.27				
WC Tier 3		4.27			4.17			4.17			4.17			4.05			3.93			3.93				
WC Tier 4		5.71			5.57			5.57			5.57			5.41			5.25			5.25				
STMGID Tier 1			1.48			1.44			1.44			1.44			1.40			1.36			1.36			
STMGID Tier 2			1.96			1.91			1.91			1.91			1.85			1.80			1.80			
STMGID Tier 3			2.40			2.34			2.34			2.34			2.28			2.21			2.21			
STMGID Tier 4			2.81			2.74			2.74			2.74			2.66			2.58			2.58			
STMGID Tier 5			2.97			2.90			2.90			2.90			2.81			2.73			2.73			
Above rates are for metered single family residential service.																								
Monthly Base Rates Unmetered by Size																								
3/4"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	100.63	89.82	44.91	100.63	94.10	94.10
1"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	144.90	90.18	44.91	144.90	135.50	135.50
1 1/2"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	262.60	92.12	44.91	262.60	245.60	245.60
2"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	374.30	93.55	44.91	374.30	350.10	350.10
3"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	469.90	94.96	44.91	469.90	439.40	439.40
4"	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	46.26	n/a	n/a	44.91	595.70	99.18	44.91	595.70	557.10	557.10
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	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, May 2018 and June 2021																								

* 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									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Miles of water mains	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341	1,337	1,352
Number of storage tanks	96	95	95	93	93	93	93	42	42	42
Number of Finished Water Storage	2	2	2	2	2	2	2	2	2	2
Number of pump stations	115	115	114	113	113	121	112	93	94	95
Number of wells	99	99	100	82	81	79	86	32	32	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	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.

02-01-22 SAC Agenda Item 6
12-07-21 BOARD Agenda Item 7
Truckee Meadows Water Authority
Schedule No. 18 - Schedule of Changes in Debt
Last Ten Fiscal Years

	Final Maturity		Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
	Date	Authorized	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,254,482	\$ 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
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
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
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
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	1,051,184	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
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
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,615,367	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
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	3,788,098	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	24,290,000	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	7,379,340	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	124,790,000	—	—	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	1/1/2025	147,415,000	136,880,000	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	38,835,000	—	—	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	13,000,000	—	—	—	—	—	—	—	—	—
Subtotal			353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469	438,498,425	440,426,436
Less unamortized net bond discount (premium)			(37,790,068)	(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)
Total debt before tax exempt commercial paper			391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059	439,159,623	441,713,242
Tax-Exempt Commercial Paper		\$ 53,600,000	—	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
Total Debt			<u>\$ 391,673,539</u>	<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>\$ 495,957,059</u>	<u>\$ 507,159,623</u>	<u>\$ 521,113,242</u>

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015*	2014	2013	2012
Total Debt	\$ 353,883,471	\$ 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
Total Service Connections	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070	88,268	87,464
Debt per Service Connection	<u>\$ 2,744</u>	<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>

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 business-type activities and aggregate remaining fund information of Truckee Meadows Water Authority (TMWA), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated November 30, 2021. The financial statements of the Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan and Trust were not audited in accordance with *Government Auditing Standards*.

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 "Eric Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 30, 2021



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, 2021, 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, 2020 audit report.

Prior Year Recommendations

There were no findings for the year ended June 30, 2020.

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 30, 2021



TO: Board of Directors
THRU: John Zimmerman, Assistant General Manager
FROM: Michele Sullivan, Chief Financial Officer
Matt Bowman, Financial Controller
DATE: January 12, 2022
SUBJECT: **Presentation of TMWA's 2021 Popular Annual Financial Report (PAFR)**

Summary

For the first time, TMWA has published a Popular Annual Financial Report (PAFR). The PAFR is a high-level financial report with information extracted from TMWA's Annual Comprehensive Financial Report (ACFR). The PAFR is designed to be readily accessible and easily understandable to the general public and those who do not have a background in public finance.

Many governments and agencies use a PAFR to feature relevant financial information that can sometimes be difficult to interpret when presented in formalized accounting standards and language. TMWA's PAFR uses this approach while expanding upon key financial events of 2021 and providing perspective on TMWA's financial accomplishments since its formation 20 years ago. While publishing a PAFR is not required, TMWA staff believes it will be an ongoing benefit to the public and intends to publish the report each year going forward.

TMWA staff has published the PAFR across several media outlets and shared directly with TMWA stakeholders. Staff posted the PAFR to TMWA's website, smartaboutwater.com and social media. The PAFR was also posted on ThisIsReno's LinkedIn page, and the lead story in the January bill insert. Staff also shared the PAFR directly with TMWA's rating agencies. In addition to these publishing efforts, staff has entered the report into the Government Finance Officers Association's (GFOA) PAFR Award Program. This program recognizes excellent PAFR's across the United States.

Attachments

Attachment A: TMWA Popular Annual Financial Report - 2021

Popular Annual Financial Report | 2021

TO OUR CUSTOMERS

Since TMWA was formed in 2001, our focus has always been to deliver drinking water of exceptional quality to our community. While much has changed in the past twenty years, this commitment has not waived.

Our priority is maintaining a highly efficient, dependable drinking water system that can scale with the needs of the Truckee Meadows. This requires coordinated internal planning and diligent management of our water resources, facilities, and finances, so when new challenges or opportunities emerge, TMWA can respond.

As you read on, you will learn more about TMWA's current financial position and key investments we have made and are preparing for in the coming months and years.

This report is a summary overview of the more extensive Annual Comprehensive Financial Report, which is audited and presented to TMWA's Board of Directors each fall for approval, and is then filed with the Nevada Department of Taxation. An archive of all reports, along with policy overviews, is available to the public (tmwa.com/financial-information).

We are honored to serve our customers through this community-owned water utility and appreciate your interest in TMWA's finances.



Michele Sullivan
Chief Financial Officer
Truckee Meadows Water Authority

This Popular Annual Financial Report is based on accounting standards and audited information that is fully represented in TMWA's Annual Comprehensive Financial Report, which can be found at tmwa.com/financial-information.

*Chalk Bluff Water Treatment Plant
(Cover image: Fleish Bridge over the Truckee River)*

20 YEARS OF COMMUNITY

When Sierra Pacific Power Company announced plans to sell its water utility division, it generated attention in the marketplace and concern by residents of the Truckee Meadows. Up to that point, the power company had been the primary water provider to the region for over 70 years.

With the intent of controlling its own water resource destiny, elected leaders in Reno, Sparks, and Washoe County collaborated to establish a “joint-powers agreement”

and issued \$452 million in revenue-backed bonds to purchase the utility from Sierra Pacific in June 2001.

The initial funds not only secured the purchase of the water company and its related assets but also, and perhaps more critically, maintained local control of water resources in the Truckee Meadows.



Fleish Hydroelectric Plant flume conveyance along the Truckee River.

TRUCKEE MEADOWS WATER AUTHORITY'S MULTI-JURISDICTIONAL GOVERNING BOARD

Truckee Meadows Water Authority (TMWA) is a not-for-profit, community-owned water utility. With joint-powers authority, TMWA's Board of Directors is comprised of seven elected officials and citizen appointees from Reno, Sparks, and Washoe County. TMWA has no financial interdependence with any of its member agencies.

While representing each jurisdiction, board members collectively make policy decisions and issue directives with a regional perspective, to ensure TMWA's customers have access to sustainable, high-quality drinking water for the near term and for decades to come.



VAUGHN HARTUNG
Chairman
Washoe County
Commissioner



KRISTOPHER DAHIR
Vice Chairman
Sparks City Council Member



PAUL ANDERSON
Director
Sparks City Council Member



JENNY BREKHUIS
Director
Reno City Council Member



NAOMI DUERR
Director
Reno City Council Member



NEOMA JARDON
Director
Reno City Council Member



ALEXIS HILL
Director
Washoe County Commissioner



SENIOR MANAGEMENT

MARK FOREE, PE
General Manager

JOHN ZIMMERMAN, ESQ.
Assistant General Manager

MICHELE SULLIVAN, CPA
Chief Financial Officer

SCOTT ESTES, PE
Director of Engineering

PAT NIELSON
Director of Distribution,
Maintenance, and Generation

JOHN ENLOE, PE
Director of Natural Resources
Planning, and Management

ANDY GEBHARDT
Director of Operations
and Water Quality

YOUR WATER AUTHORITY

TMWA provides drinking water to over 440,000 residents in Reno, Sparks, and Washoe County — a service area that stretches 165.9 square miles. The primary source of water is the Truckee River, which flows from Lake Tahoe and

other tributaries in the watershed upstream of the Truckee Meadows. The lowest elevation point in TMWA’s distribution infrastructure is 3,983 feet, and the highest point is 6,676 feet, which is above the elevation of Lake Tahoe.

WATER DELIVERY

4

Number of water treatment facilities

200+

Million Gallons per Day (MGD)
Maximum drinking water production capacity

100%

Safe Drinking Water Act compliance

WHO WE SERVE

131,296

Customer accounts

440,000+

Residents

165.9sq.mi.

Service area

ASSETS

\$739m

Capital asset investment since 2001

2,755

Miles of pipeline

\$1,021m

Total capital assets

FY 2021 PERFORMANCE

\$115.4m

Operating revenue

\$98.2m

Operating expenses

\$12.3m

Interest expense

FINANCIAL RATINGS

Aa2

Moody’s

AA+

S&P

AA

Fitch



The Truckee River flows through downtown Reno.

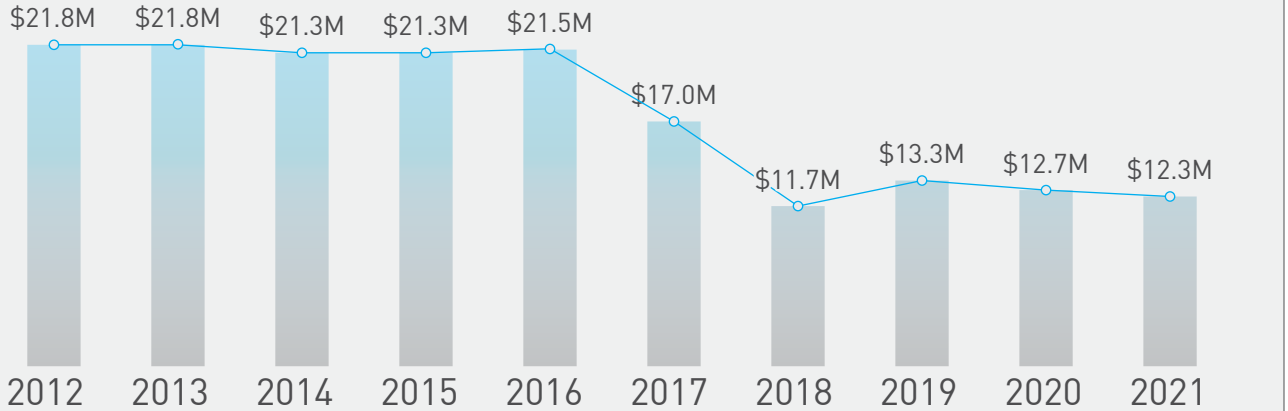
MEETING OUR OBLIGATIONS

By issuing bonds to purchase Sierra Pacific Power Company’s water business in 2001, TMWA became responsible for the debt repayment of \$452 million. TMWA’s diligent and strategic management of its financial obligations since then is part of the reason Moody’s, S&P, and Fitch have upgraded TMWA’s ratings over the years.

This disciplined approach has been successful. Over the past decade, TMWA has reduced interest expense by nearly 50% and has paid down its principal by \$117 million. As of June 30, 2021, TMWA’s total outstanding debt was \$392 million.

An important aspect of this pay-down strategy has been accomplished through the refunding of older bonds and issuing newer ones at a lower interest rate. Proactive approaches like this have helped strengthen TMWA’s financial ratings, while also paying off debt faster.

TMWA’S REDUCED INTEREST EXPENSE OVER THE PAST 10 YEARS



An aerial photograph showing a residential area in a mountainous region. In the foreground, there is a large, light-colored, rectangular building, possibly a warehouse or a temporary storage facility. To the left of this building, there is a large, dark, irregularly shaped area that appears to be a debris field or a construction site. In the background, there are several houses and a winding road. The mountains in the distance are covered in snow.



OneWater Nevada
Our Sustainable Water Future



TRUCKEE MEADOWS WATER
AUTHORITY



PARTNERSHIP
FOR SAFE WATER
TREATMENT

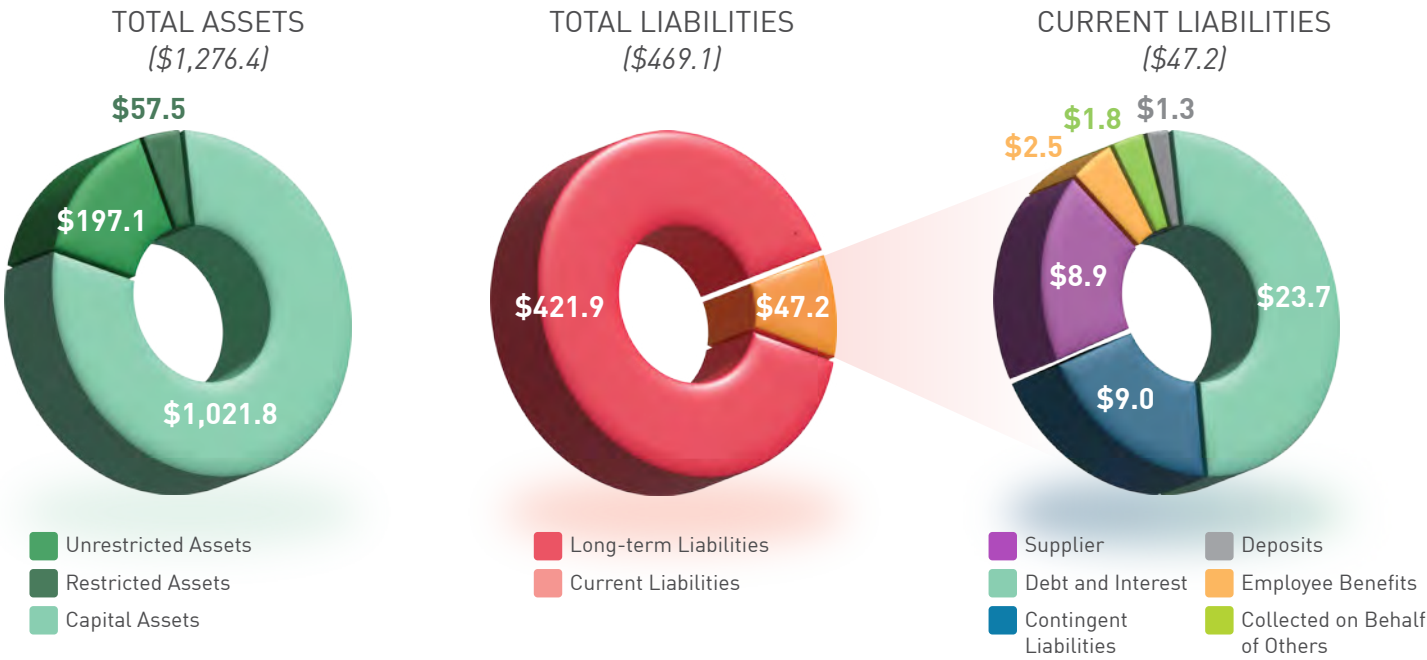
A wide-angle landscape photograph showing a serene scene of a calm lake, likely Lake Louise, nestled between forested mountains. The water is still, reflecting the clear blue sky and the surrounding greenery. In the foreground, a dense forest of evergreen trees frames the bottom and sides of the image. The middle ground features rolling hills and mountains covered in lush green vegetation, with some areas appearing misty or hazy. The background shows more distant, higher mountain ranges under a vast, clear blue sky. The overall atmosphere is peaceful and majestic.

TMWA leveraged CP as a unique, variable rate funding mechanism to buy water rights and build infrastructure during the 2008 recession.

THE BIG PICTURE ON TMWA'S FINANCIAL POSITION

Net Position provides a point-in-time ‘snapshot’ of the financial status for governmental organizations. Much like a balance sheet, Net Position provides insight into what government agencies own (assets), and what they owe (liabilities) at the end of each fiscal year.

AT-A-GLANCE *(in millions)*



STATEMENT OF NET POSITION *(in millions)*

	2021	2020	2019
Unrestricted Current Assets	192.8	168.7	171.1
Restricted Current Assets	31.1	27.7	15.7
Long-Term Restricted and Other Assets	27.3	29.8	29.5
Net OPEB Asset	3.4	2.3	-
Capital Assets, net	1,021.8	1,007.7	980.7
Total Assets	1,276.4	1,236.2	1,197.0
Deferred Outflow of Resources	12.8	14.9	14.1
Total Assets and Deferred Outflow of Resources	1,289.2	1,251.1	1,211.1
Total Current Liabilities	47.2	47.9	47.1
Long Term Debt Outstanding	376.3	383.3	401.7
Net Pension and Other Current Liabilities	45.6	43.5	41.6
Total Liabilities	469.1	474.7	490.4
Deferred Inflow of Resources	6.0	6.7	2.5
Net Investment in Capital Assets	649.1	617.5	573.2
Restricted	50.7	50.0	37.6
Unrestricted	114.4	102.2	107.3
Total Net Position	814.2	769.7	718.1

CHANGES IN NET POSITION

Changes in Net Position (formally, the Statement of Revenues, Expenses and Changes in Net Position) is a financial statement that focuses on a particular time period, which for TMWA is always during its fiscal year from July 1 to June 30. Much like an income statement, it focuses on four key items—revenue, expenses, gains (through contributions), and losses.

CHANGES IN NET POSITION *(in millions)*

	2021	2020	2019
Operating Revenues	115.4	108.1	107.1
Operating Expenses	98.2	94.1	92.5
Operating Income	17.2	14.0	14.6
Nonoperating Revenues (Expenses), net	-14.1	-6.6	-6.7
Income before Capital Contributions	3.1	7.4	7.9
Capital Contributions	41.4	44.2	42.2
Change in Net Position	44.5	51.6	50.1
Net Position — Beginning of Year	769.7	718.1	668.0
Net Position — End of Year	814.2	769.7	718.1



To view TMWA's complete financial statements, visit the Annual Comprehensive Financial Report at tmwa.com/financial-information.

EXPLANATION OF TERMS *(See more formal accounting definitions in Appendix)*

UNRESTRICTED ASSETS: Assets such as cash, accounts receivable, deposits, and prepaid expenses that can be used and managed with flexibility.

RESTRICTED ASSETS: Assets that must be used for specific purposes, primarily the repayment of debt.

CAPITAL ASSETS: Fixed physical assets, such as water mains, treatment plants, pump and pressure regulating stations, water tanks, vehicles, etc.

DEFERRED FLOW OF RESOURCES: Accounting for revenue or expenses that will occur in the future.

TOTAL NET POSITION: Represents the balance of a governmental organization's assets against its liabilities.

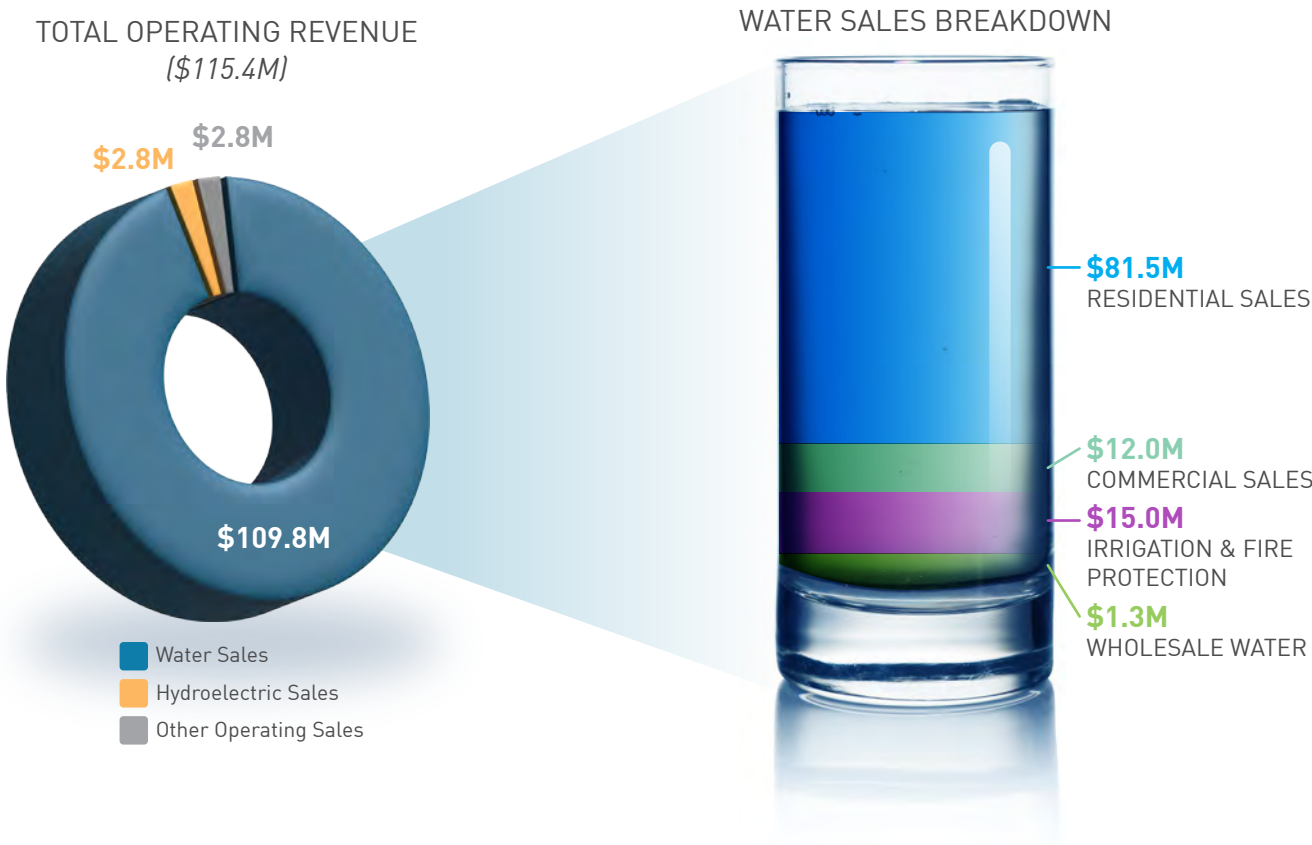
OPERATING REVENUES: Money generated from water, hydroelectric, and other operating sales. From this amount, operating expenses are subtracted to determine operating income.

OPERATING EXPENSES: Costs that are directly associated with day-to-day operation, such as wages, benefits, and supplies.

NONOPERATING REVENUE OR EXPENSES: Income or costs that are not directly attributable to core business operations (i.e., interest expense and investment income).

CAPITAL CONTRIBUTIONS: Grant proceeds or funds that are invested into TMWA's infrastructure.

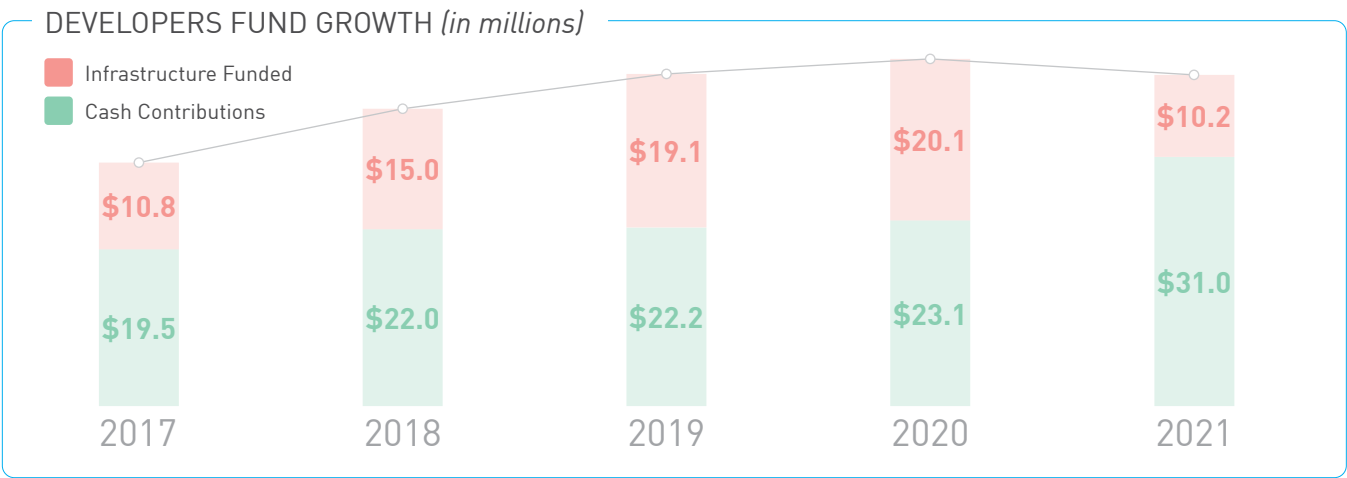
INCOMING: WATER SALES PROVIDE 95% OF TMWA'S OPERATING REVENUE



GROWTH PAYING FOR GROWTH

Neither TMWA nor its customers underwrite or pay for new infrastructure needed for residential or commercial development. To protect ratepayers from the short and long-term costs of service-area expansion, cash and infrastructure contributions from developers are required. Over the past five years, total developer contributions for new growth have exceeded \$193 million.

New development projects are approved by the county and cities. Before building can begin, water rights must be dedicated to TMWA. For each acre-foot of surface water needed to serve new development, an additional 11% of water rights is required and must be dedicated to TMWA for drought storage.



OUTGOING: HOW TMWA SPENDS BY THE DOLLAR

Spending at TMWA, which affects customer rates, is allocated among specific categories. These allocations are shown below, represented as cents on the dollar.



EXPLANATION OF EXPENSES

SALARIES, WAGES & EMPLOYEE BENEFITS

Compensation paid to our workforce in performing TMWA's day-to-day operations.

SERVICES & SUPPLIES

Non-payroll related expenses of day-to-day operations, (i.e., treatment supplies, infrastructure maintenance, distribution, customer service, etc.)

PRINCIPAL & INTEREST ON CUSTOMER RELATED DEBT

Principal and interest payments on all loans outstanding except those associated with service territory expansion.

REHABILITATIVE CAPITAL SPENDING

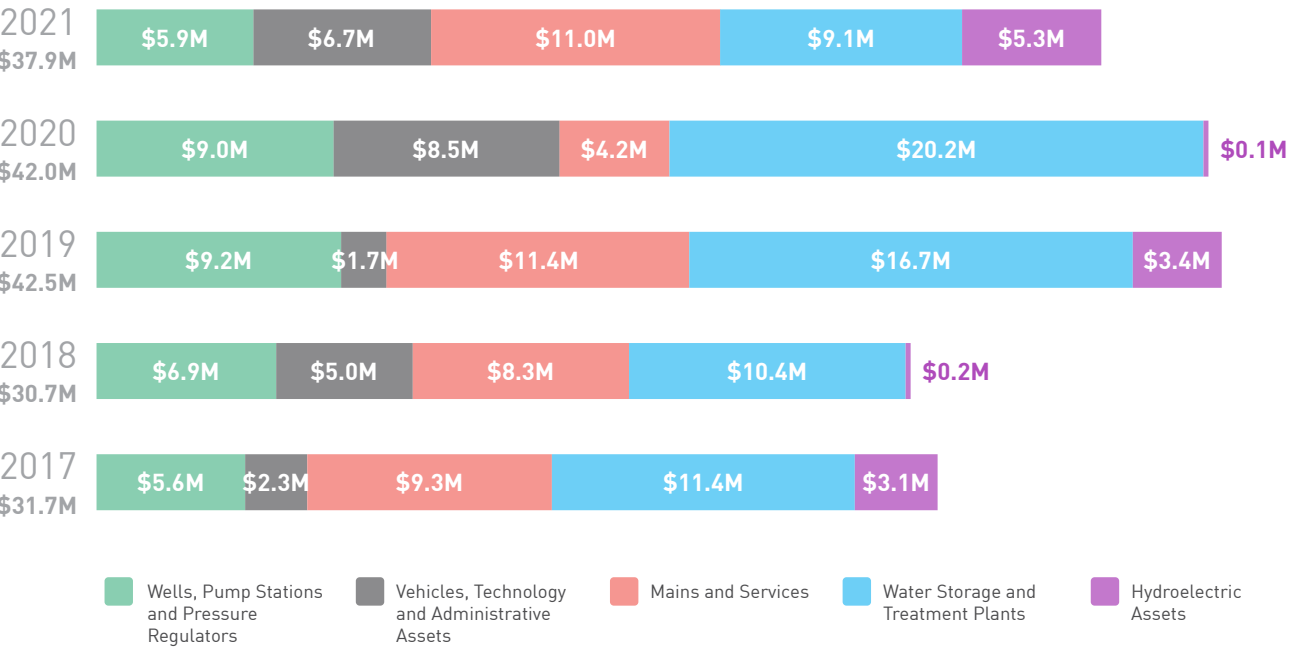
The cost of replacing and maintaining existing capital assets, (i.e., water treatment plants, infrastructure replacements, storage tanks, etc.)

KEEPING WATER FLOWING

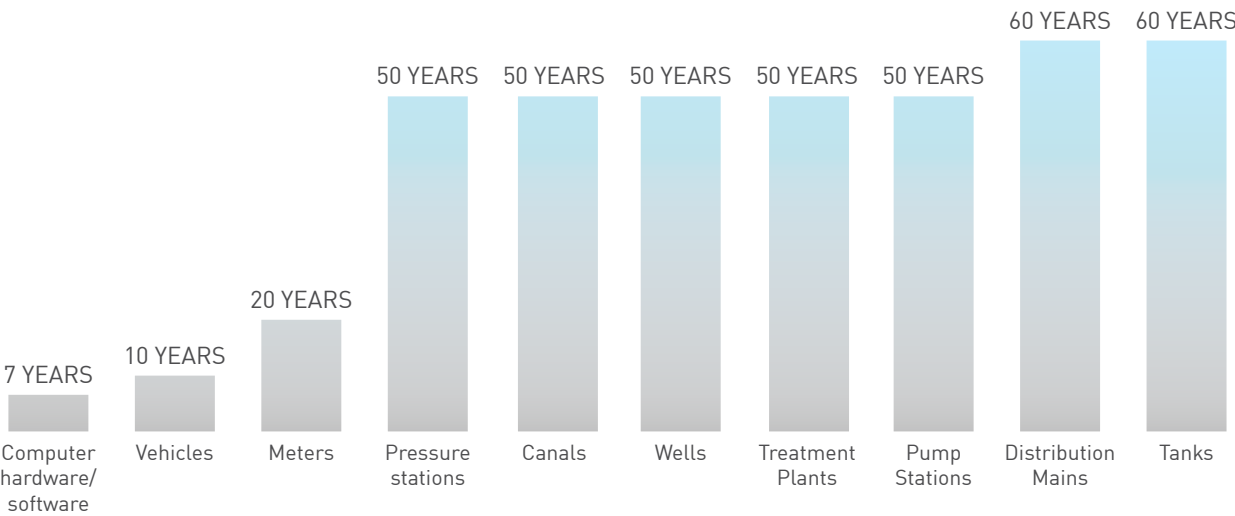
Day or night, when customers turn on their taps, they expect the water to flow. This means 24/7 operations for TMWA. With a consistently operating system, there is almost always something within our extensive infrastructure that requires maintenance, rehabilitation, or replacement.

Although maintenance needs and planned project expenses can shift each year, TMWA’s primary infrastructure investments usually go into three categories: 1) Wells, pump stations and pressure regulators; 2) Mains and services; and 3) Water storage and treatment plants.

CAPITAL SPENDING BY CATEGORY



ASSET LIFE CYCLES (Maximum estimated years)



ADVANCING OUR WATER SYSTEM & SERVICES

Mount Rose Water Treatment Plant — Online Spring 2022.

Mount Rose Water Treatment Plant is a major capital investment that bolsters TMWA’s conjunctive-use strategy, which promotes using surface water whenever possible to help optimize groundwater storage.

Before TMWA’s 2015 consolidations with Washoe County Department of Water Resources and South Truckee Meadows General Improvement District, the only source of drinking water in the Mt. Rose and Galena fan areas was groundwater, which had been in continual decline since the 1990s. Upon acquisition of these systems, TMWA quickly focused on increasing surface water distribution into the area. Through the construction of water mains and booster stations, water treated from the Truckee River now reaches the Arrowcreek, Callahan Ranch, Montreux, and Saddlehorn neighborhoods.

The location of the Mount Rose facility reduces the cost of delivering surface water to these neighborhoods as well, while further improving water resource reliability for both TMWA customers and domestic well owners. Total production from Whites Creek will vary seasonally, as permits from the Nevada State Engineer require TMWA leave enough flow in the creek to maintain wildlife and habitat needs, as well as downstream irrigation requirements. Diversions to the plant will be reduced or eliminated when creek flows are low.

With more surface water added to TMWA’s supply, it will allow more wells to rest which also helps facilitate groundwater recharge. The results have been promising, with groundwater levels in the Mt. Rose and Galena fan aquifers rising over 10-20 feet under TMWA’s conjunctive-use approach.



TMWA Drinking Water Treatment Plants – Maximum capacity levels (in millions of gallons/day)



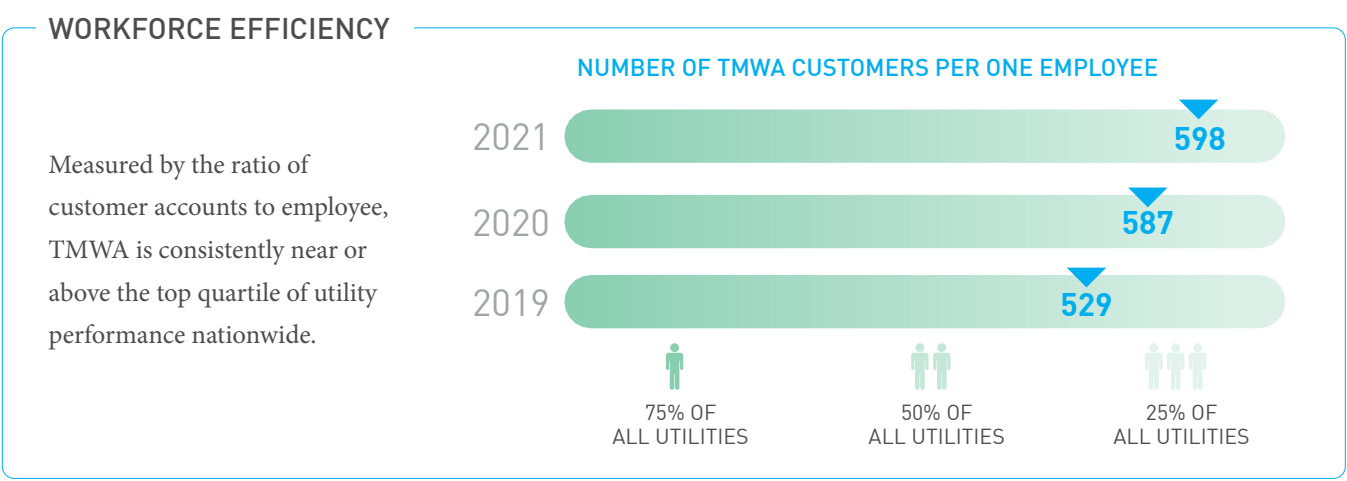
SPRING 2021

NEW CUSTOMER INFORMATION SYSTEM LAUNCHES

In direct response to customer feedback, TMWA modernized its Customer Information System in March. This transition was a complete transformation: It increased bill payment options, enhanced visibility into water usage and created more efficiency for TMWA’s customer service and billing operations.

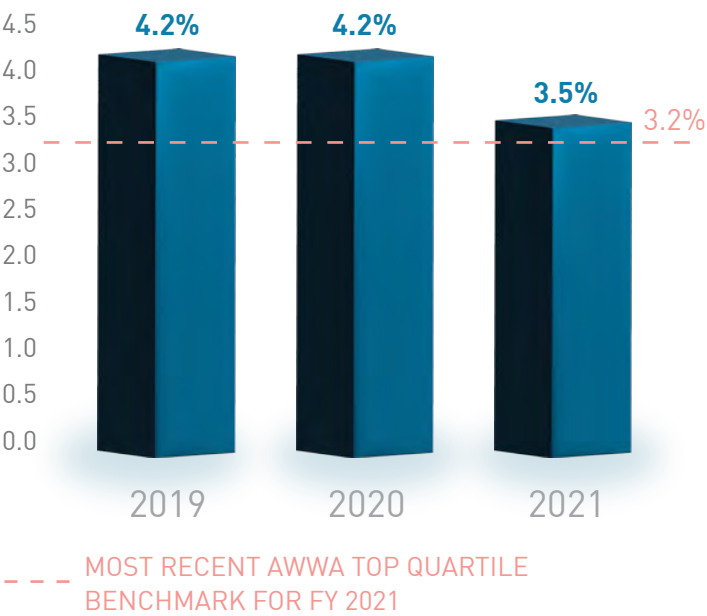
OUTPERFORMING NATIONAL BENCHMARKS

Each year, TMWA reviews its operational performance against benchmarking standards defined by the American Water Works Association (AWWA), which has a membership of over 4,300 that represents 80% of the water utility companies in the US. TMWA sets its performance goal targets to meet or exceed AWWA's top quartile benchmarks.



FINANCIAL EFFECTIVENESS

Financial effectiveness is measured by the change in net position divided by total assets. This demonstrates an organization's ability to use its assets to generate income. When financial effectiveness percentages are positive, an organization is in a strong position to secure capital for major projects. TMWA frequently exceeds AWWA benchmarks for financial effectiveness as demonstrated in the chart below.



TMWA'S FY 2021 AWARDS

- “Utility of the Future, Today” Award by the Water Research Foundation**
TMWA is one of only 65 water utilities nationwide to be honored with the award, which highlights transformational work in community engagement, watershed stewardship, and resource management.
- “Five-year Presidents Award for Water Treatment” by the Partnership for Safe Water**
TMWA's Chalk Bluff Water Treatment Plant continues to be nationally recognized for its long-term commitment to optimizing operations and achieving outstanding performance.
- “Hydroelectric Project of the Year” Award by American Public Works Association (Nevada Chapter)**
Recognized in the category of *Historic Restoration*, this unique and challenging project included the replacement of several components of the Fleish flume, overflow and turbine-tailpiece structures.

INTEGRATING IT ALL

This report is a high-level overview of **TMWA's Annual Comprehensive Financial Report**, which offers a detailed review of multiple financial statements, as well as the policies that guide TMWA's approach to managing funds.

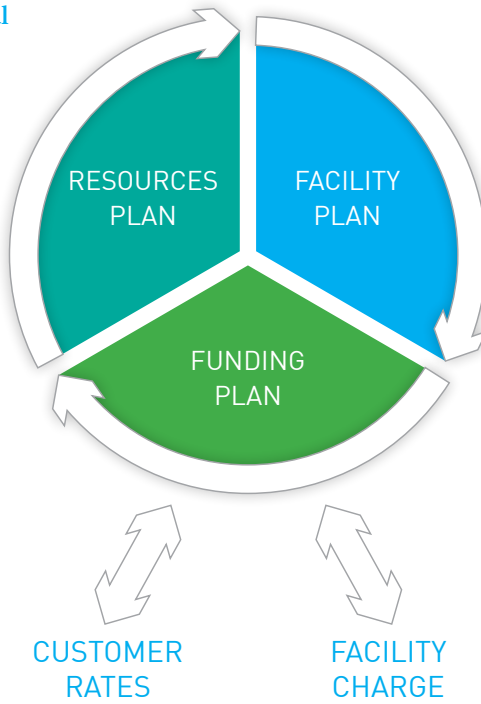
This annual financial report gives insight into the fiscal health of TMWA's operations year after year. Beyond annual financial reporting, TMWA has an integrated planning approach across three areas of focus: Funding, Facilities, and Water Resources.

TMWA's Funding Plan projects into the next five years, whereas the Facility and Water Resource Plans look 20+ years into the future. Although these are three distinct planning efforts, the implementation of the plans is integrated.

For example:
The **Water Resource Plan** estimates water supply and demand, giving insight into the facility capacity that will be needed for TMWA's future infrastructure.
The **Facility Plan** identifies the condition of TMWA's existing capital assets and project expansions needed to meet future growth, as identified in the Water Resource Plan. Facility charges are calculated based on the Facility Plan and are what builders and developers pay to connect new construction to the water system. This keeps customer rates protected from the cost of new developments, ensuring growth pays for growth.

The **Funding Plan** is a five-year operations plan that also incorporates the Five-Year Capital Improvement Plan. It is a thorough analysis of all revenues and expenses, as well as any capital improvements and infrastructure needed—with an assessment of overall spending and identification of funding options.

This integrated planning approach is how TMWA can both ensure the delivery of high-quality drinking water while keeping customer rates as low as possible for years to come. To see all of TMWA's most recent plans, go to tmwa.com/planning.



Pyramid Lake — The terminus of the Truckee River watershed.

APPENDIX

ADDITIONAL HELPFUL DEFINITIONS

CAPITAL ASSETS: Significant pieces of property with a useful life longer than one year that are not intended for sale. These are recorded as an asset on Net Position statements and expensed over time through depreciation.

UNRESTRICTED ASSETS: Cash or other valuable items that may be used by an organization for general expenses or any legitimate purpose.

RESTRICTED ASSETS: Cash or other valuable items that must be set aside for a specific purpose or to meet contractual requirements.

CAPITAL CONTRIBUTIONS: Cash or other assets provided to an organization. For TMWA, capital contributions are usually applied to infrastructure expansion or enhancement.

DEFERRED INFLOW OF RESOURCES: An acquisition of assets that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES: A consumption of assets that is applicable to a future reporting period.

INTEREST: Cost of borrowing money, expressed as a percentage, based on the principal amount of a loan or deposit.

PRINCIPAL: Outstanding balance of a loan, not including any accrued interest.

TOTAL NET POSITION: Represents the difference between 1) an entity’s assets plus deferred outflows of resources, and 2) its liabilities plus deferred inflows of resources.

FINANCIAL RATINGS DEFINED

A utility’s bond rating is a grade that indicates its creditworthiness. Private, independent rating services such as Standard & Poor’s, Moody’s, and Fitch provide evaluations of

an organization’s financial strength based on its ability to pay a bond’s principal and interest in a timely fashion.

WHERE TMWA STANDS

Bond Rating			Rating Category
MOODY’S	S&P	FITCH	
Aaa	AAA	AAA	PRIME
Aa1	✓ AA+	AA+	✓ HIGH GRADE
✓ Aa2	AA	✓ AA	
Aa3	AA-	AA-	
A1	A+	A+	UPPER MEDIUM GRADE
A2	A	A	
A3	B	A-	
Baa 1 2 3	BBB +/-	B +/-	LOWER MEDIUM GRADE

Bond ratings are expressed as letters ranging from “AAA” or “Aaa” which is the highest grade, to “D” (“junk”), which is the lowest grade. Different rating services use the same letter grades but use various combinations of uppercase and lowercase letters to differentiate themselves.



Beautiful Lake Tahoe, the source of the Truckee River.



TO: Board of Directors
THRU: John Zimmerman, Assistant General Manager
FROM: Michele Sullivan, Chief Financial Officer
Matt Bowman, Financial Controller
DATE: November 29, 2021
SUBJECT: **Presentation of Financial Performance for first quarter Fiscal Year 2022**

Summary

Please refer to Attachments A-1 and A-2 for full Statements of Revenues, Expenses and Changes in Net Position for both actual to budget and year-over-year comparisons as discussed in the report below.

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 26,697,184	\$ 22,670,145	\$ 4,027,039	18 %

Change in net position was \$4.0m or 18% higher than budget for Q1 2022. This was driven primarily by higher capital contributions, but also impacting the increase to a lesser extent was higher operating income, offset by higher nonoperating expenses.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CHANGE IN NET POSITION	\$ 26,697,184	\$ 22,792,938	\$ 3,904,246	17 %

Change in net position was \$3.9m or 17% higher than the prior year. This was due to higher capital contributions offset by lower operating income and higher nonoperating expenses.

Revenue

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	42,251,686	41,744,347	507,339	1 %
Hydroelectric Sales	535,609	733,888	(198,279)	(27)%
Other Operating Sales	1,088,343	552,549	535,794	97 %
Total Operating Revenues	43,875,638	43,030,784	844,854	2 %

Operating revenue was \$0.8m or 2% higher than budget for Q1 2022. This was driven primarily by higher water sales and other operating sales, offset by lower hydroelectric sales. Water sales were higher by \$0.5m, but only 1%, so generally consistent with budget. Other operating sales is higher due to higher late fees, new business inspection fees, and customer call-outs among other smaller increases. Many of these were lower in the prior fiscal year due to the pandemic, and the budget was set for FY 2022 in consideration of that. This category will be monitored through the balance of the year but in total, this makes up about 2% of total operating revenue. Hydroelectric revenue is lower due to the plants coming offline during the quarter due to low river flows. Following the significant precipitation at the end of October 2021, the hydroelectric plants are were back online, but were taken offline again due to low river flows in late November.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	42,251,686	41,276,508	975,178	2 %
Hydroelectric Sales	535,609	769,978	(234,369)	(30)%
Other Operating Sales	1,088,343	524,260	564,083	108 %
Total Operating Revenues	43,875,638	42,570,746	1,304,892	3 %

Total operating revenues were \$1.3m higher than Q1 of the prior year due to higher water sales and other operating sales, offset by lower hydroelectric sales. Water sales are up due to several factors including the implementation of a 2.5% rate increase in June 2021, increase in services year over year offset by slightly lower consumption. As stated above, hydroelectric sales were lower due to the plants going offline in Q1 2022 because of low river flows. Other operating sales were higher due to changes resulting from the pandemic, including late fees (late fees were not charged for a portion of Q1 2021) and customer service call-outs.

Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	6,357,935	6,833,826	(475,891)	(7)%
Employee Benefits	2,684,483	3,065,858	(381,375)	(12)%
Services and Supplies	9,422,436	9,327,576	94,860	1 %
Total Operating Expenses Before Depreciation	18,464,854	19,227,260	(762,406)	(4)%
Depreciation	8,315,885	8,558,530	(242,645)	(3)%
Total Operating Expenses	26,780,739	27,785,790	(1,005,051)	(4)%

Total operating expenses were \$1.0m lower (4%) than budget for Q1 2022. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies are 1% over budget, but when adjusted for timing related expenses, this category is actually closer to 4% under budget.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING EXPENSES				
Salaries and Wages	6,357,935	5,764,424	593,511	10 %
Employee Benefits	2,684,483	2,553,203	131,280	5 %
Services and Supplies	9,422,436	8,826,465	595,971	7 %
Total Operating Expenses Before Depreciation	18,464,854	17,144,092	1,320,762	8 %
Depreciation	8,315,885	8,280,262	35,623	— %
Total Operating Expenses	26,780,739	25,424,354	1,356,385	5 %

Year over year operating expenses were \$1.4m higher than Q1 of the prior year. Cost of living increases, step increases, and additions to staff during FY 2021 and in the first quarter of FY 2022 led to the increase in salaries and wages and employee benefits. The increase to services and supplies was due primarily to the ongoing feasibility study in Palomino Valley, where drilling took place in Q1 2022 to assess the hydrogeologic characteristics for a long-term aquifer storage and recovery site.

Non-Operating Expenses

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	512,119	645,972	(133,853)	(21)%
Net Increase (Decrease) in FV of Investments	(443,792)	—	(443,792)	— %
Gain (Loss) on Disposal of Assets	—	(187,500)	187,500	(100)%
Amortization of Bond/note Issuance Costs	801	(33,250)	34,051	(102)%
Interest Expense	(2,980,502)	(2,970,153)	(10,349)	— %
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,544,931)	(366,443)	14 %

Nonoperating expenses were \$0.4m higher than budgeted for Q1 2022. The primary driver was a loss on fair value of investments, which is caused when the value of investments held (based on the coupon rate) is lower than current market value of the same investment. Five and ten year treasury yields have increased slightly in calendar year 2021 which lowers the fair value of investments held at lower rates. Investment earnings are also lower than budget due the amortization of investment premiums which have not been historically considered in the investment income budget. Investment return approximated budget for Q1.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	512,119	738,928	(226,809)	(31)%
Net Increase (Decrease) in FV of Investments	(443,792)	(386,631)	(57,161)	15 %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	801	(52,484)	53,285	(102)%
Interest Expense	(2,980,502)	(3,066,607)	86,105	(3)%
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,766,794)	(144,580)	5 %

Nonoperating expenses were higher than prior year during Q1 by \$0.1m or 5%, due primarily to the reasons stated above.

Capital Contributions

Budget to Actual

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	—	337,500	(337,500)	(100)%
Water Resource Sustainability Program	325,628	151,792	173,836	115 %
Developer Infrastructure Contributions	6,060,770	4,544,370	1,516,400	33 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	721,012	280,392	39 %
Developer Capital Contributions - Other	2,057,232	2,340,075	(282,843)	(12)%
Developer Facility Charges (Net of Refunds)	3,068,625	1,825,333	1,243,292	68 %
Contributions from Others	—	—	—	— %
Net Capital Contributions	12,513,659	9,970,082	2,543,577	26 %

Capital contributions were \$2.5m higher than budget for Q1 2022. This was driven primarily by higher developer infrastructure contributions and higher developer facility charges. Infrastructure contributions reflect assets constructed by developers and inspected and mapped by TMWA. The timing of the recognition of these assets can vary from quarter to quarter and it's likely the amount recognized in Q1 2022 will be higher than in subsequent quarters. We expect this line item to approximate budget for the full fiscal year. Developer facility charges include supply and treatment and storage fees paid by developers. During the quarter the volume of projects with supply and treatment was consistent with expectations, but there were larger individual projects which drove this increase.

Year over Year

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
CAPITAL CONTRIBUTIONS				
Grants	—	—	—	— %
Water Resource Sustainability Program	325,628	137,148	188,480	137 %
Developer Infrastructure Contributions	6,060,770	3,520,843	2,539,927	72 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	362,645	638,759	176 %
Developer Capital Contributions - Other	2,057,232	1,899,175	158,057	8 %
Developer Facility Charges (Net of Refunds)	3,068,625	2,318,928	749,697	32 %
Contributions from Others	—	174,601	(174,601)	(100)%
Net Capital Contributions	12,513,659	8,413,340	4,100,319	49 %

Year over year, capital contributions are \$4.1m or 49% higher in Q1 than the prior year. Driving most of this increase is developer infrastructure contributions which were \$2.5m more than prior year in Q1. As stated above, these can fluctuate quarter to quarter as projects reach completion and are inspected and mapped by TMWA. Developer will-serves also contributed to the increase. In Q1 of the prior year there was less than usual will-serve contributions. FY 2021 finished with \$4.2m and the full year budget for FY 2022

was \$2.9m. Developer facility charges (primarily supply and treatment) also contributed to the variance from the prior year. The volume of projects with contributions was within 1% in Q1 2022 vs. Q1 2021, however, the average amount per project went up by 26%, simply indicating larger dedications of water. At the current fee, there was approximately 353 GPM and 283 GPM allocated in Q1 2022 and 2021, respectively.

Capital Spending

Cash spent on capital outlays and construction projects during the first quarter was approximately \$6.3m. Total budgeted capital spend for fiscal year 2022 is \$60.1m. Spending on the top three projects for the quarter is below -

Disk Drive BPS	\$2.1m
Caughlin 5 Pressure Zone Looping	\$0.8m
Verdi Hydroelectric Main Extension	\$0.5m

Cash Position

At September 30, 2021 total cash on hand was \$230.4m or \$0.8m higher than at the beginning of the fiscal year. Of the total cash on hand, \$171.3m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$59.1m was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in our bond covenants.

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the first quarter ended September 30, 2021

	Actual YTD 2022	Budget YTD 2022	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 42,251,686	\$ 41,744,347	\$ 507,339	1 %
Hydroelectric Sales	535,609	733,888	(198,279)	(27)%
Other Operating Sales	1,088,343	552,549	535,794	97 %
Total Operating Revenues	43,875,638	43,030,784	844,854	2 %
OPERATING EXPENSES				
Salaries and Wages	6,357,935	6,833,826	(475,891)	(7)%
Employee Benefits	2,684,483	3,065,858	(381,375)	(12)%
Services and Supplies	9,422,436	9,327,576	94,860	1 %
Total Operating Expenses Before Depreciation	18,464,854	19,227,260	(762,406)	(4)%
Depreciation	8,315,885	8,558,530	(242,645)	(3)%
Total Operating Expenses	26,780,739	27,785,790	(1,005,051)	(4)%
OPERATING INCOME	17,094,899	15,244,994	1,849,905	12 %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	512,119	645,972	(133,853)	(21)%
Net Increase (Decrease) in FV of Investments	(443,792)	—	(443,792)	— %
Gain (Loss) on Disposal of Assets	—	(187,500)	187,500	(100)%
Amortization of Bond/note Issuance Costs	801	(33,250)	34,051	(102)%
Interest Expense	(2,980,502)	(2,970,153)	(10,349)	— %
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,544,931)	(366,443)	14 %
Gain (Loss) Before Capital Contributions	14,183,525	12,700,063	1,483,462	12 %
CAPITAL CONTRIBUTIONS				
Grants	—	337,500	(337,500)	(100)%
Water Resource Sustainability Program	325,628	151,792	173,836	115 %
Developer Infrastructure Contributions	6,060,770	4,544,370	1,516,400	33 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	721,012	280,392	39 %
Developer Capital Contributions - Other	2,057,232	2,340,075	(282,843)	(12)%
Developer Facility Charges (Net of Refunds)	3,068,625	1,825,333	1,243,292	68 %
Contributions from Others	—	50,000	(50,000)	(100)%
Net Capital Contributions	12,513,659	9,970,082	2,543,577	26 %
CHANGE IN NET POSITION	\$ 26,697,184	\$ 22,670,145	\$ 4,027,039	18 %

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the first quarter ended September 30, 2021

	Actual YTD 2022	Actual YTD 2021	Variance \$	Variance %
OPERATING REVENUES				
Charges for Water Sales	\$ 42,251,686	\$ 41,276,508	\$ 975,178	2 %
Hydroelectric Sales	535,609	769,978	(234,369)	(30)%
Other Operating Sales	1,088,343	524,260	564,083	108 %
Total Operating Revenues	43,875,638	42,570,746	1,304,892	3 %
OPERATING EXPENSES				
Salaries and Wages	6,357,935	5,764,424	593,511	10 %
Employee Benefits	2,684,483	2,553,203	131,280	5 %
Services and Supplies	9,422,436	8,826,465	595,971	7 %
Total Operating Expenses Before Depreciation	18,464,854	17,144,092	1,320,762	8 %
Depreciation	8,315,885	8,280,262	35,623	— %
Total Operating Expenses	26,780,739	25,424,354	1,356,385	5 %
OPERATING INCOME	17,094,899	17,146,392	(51,493)	— %
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	512,119	738,928	(226,809)	(31)%
Net Increase (Decrease) in FV of Investments	(443,792)	(386,631)	(57,161)	15 %
Gain (Loss) on Disposal of Assets	—	—	—	— %
Amortization of Bond/note Issuance Costs	801	(52,484)	53,285	(102)%
Interest Expense	(2,980,502)	(3,066,607)	86,105	(3)%
Total Nonoperating Revenues (Expenses)	(2,911,374)	(2,766,794)	(144,580)	5 %
Gain (Loss) Before Capital Contributions	14,183,525	14,379,598	(196,073)	(1)%
CAPITAL CONTRIBUTIONS				
Grants	—	—	—	— %
Water Resource Sustainability Program	325,628	137,148	188,480	137 %
Developer Infrastructure Contributions	6,060,770	3,520,843	2,539,927	72 %
Developer Will-serve Contributions (Net of Refunds)	1,001,404	362,645	638,759	176 %
Developer Capital Contributions - Other	2,057,232	1,899,175	158,057	8 %
Developer Facility Charges (Net of Refunds)	3,068,625	2,318,928	749,697	32 %
Contributions from Others	—	174,601	(174,601)	(100)%
Net Capital Contributions	12,513,659	8,413,340	4,100,319	49 %
CHANGE IN NET POSITION	\$ 26,697,184	\$ 22,792,938	\$ 3,904,246	17 %



STAFF REPORT

TO: SAC Committee
THRU: Mark Foree, General Manager
FROM: Stefanie Morris, Water Resources Manager
DATE: January 24, 2022
SUBJECT: **Informational report regarding TMWA's investment in watershed protection and potential future activity**

BACKGROUND

Protecting the upper watershed for TMWA's water supply has always been important. With the changes in climate and fire behavior, fuels reduction and other activities in the upper watershed have become more important and will continue to be critical to protect our water supply. Importantly, targeted fuels reduction around the Truckee River, local creeks, and upstream reservoirs will help reduce the risk of serious water quality issues from sediment loading. Attached are photos showing sediment loading and water quality issues caused from the recent wildfires in Colorado. TMWA staff have been exploring opportunities for collaboration, funding, and partnerships with the United States Forest Service, The Nature Conservancy, National Forest Foundation, Truckee River Watershed Council and others. Staff are evaluating projects that are already planned and areas where additional planning is necessary to bring to TMWA's board for consideration. Below is a summary of the activities TMWA has previously funded.

TMWA'S PREVIOUS ACTIVITY

TMWA, through the Truckee River Fund (TRF), has supported forest management work in the headwaters since 2008. Most of these projects have been completed by The Nature Conservancy within the Independence Lake sub-watershed. One additional project was completed in the Little Truckee system at Webber Lake by the Truckee Donner Land Trust. For these nine projects, a total of \$856,504 has been funded through TRF, with \$528,384 in matching funds. Projects have focused on forest thinning to reduce the risk of severe wildfires, and more recent projects have also included developing messaging and outreach strategies about regional risks associated with wildfires. These projects have helped protect a critical drought supply reservoir for TMWA. TRF has funded these projects in recognition that a large-scale wildfire and the subsequent increase in sediment loading from a burnt landscape could degrade water quality and decrease reservoir storage capacity.



