



**TRUCKEE MEADOWS WATER AUTHORITY**  
**Board of Directors**  
**AGENDA**

**NEW DAY:** Thursday, December 14, 2023 at 10:00 a.m.

**NEW VENUE:** Washoe County Commission Chambers, 1001 E. 9<sup>th</sup> St. Reno, NV

**MEETING VIA TELECONFERENCE & IN-PERSON**

MEMBERS OF THE PUBLIC MAY ATTEND VIA THE WEB LINK, OR  
TELEPHONICALLY BY CALLING THE NUMBER, LISTED BELOW.

**(be sure to keep your phones or microphones on mute, and do not place the call on hold)**

Please click the link below to join the webinar:

<https://tmwa.zoom.us/j/84084518966?pwd=KLvZ85Qc56kyzITBcmm9FW5DZVlJpk.1>

Password:268377

Or call:

Phone: (888) 788-0099

Webinar ID: 840 8451 8966

**Board Members**

Chair Kristopher Dahir – City of Sparks

Vice Chair Naomi Duerr – City of Reno

Paul Anderson – City of Sparks

Alexis Hill – Washoe County

Jenny Brekhus – City of Reno

Clara Andriola – Washoe County

Devon Reese – City of Reno

**NOTES:**

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. TMWA meetings are streamed online at <https://www.youtube.com/@tmwaboardmeetings6598>.
3. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call (775) 834-8002 at least 24 hours before the meeting date.
4. Staff reports and supporting material for the meeting are available at TMWA and on the TMWA website at <http://www.tmwa.com/meeting/>. Supporting material is made available to the general public in accordance with NRS 241.020(6).
5. The Board 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.
6. Asterisks (\*) denote non-action items.
7. Public comment during the meeting is limited to three minutes and is allowed during the two public comment periods rather than each action item. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a “Request to Speak” card and submitting it to the clerk. In addition to the public comment periods, the Chair has the discretion to allow public comment on any individual agenda item, including any item on which action is to be taken.
8. Written public comment may be provided by submitting written comments online on TMWA’s Public Comment Form ([tmwa.com/PublicComment](http://tmwa.com/PublicComment)) or by email sent to [boardclerk@tmwa.com](mailto: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.
9. In the event the Chair and Vice-Chair are absent, the remaining Board members may elect a temporary presiding officer to preside over the meeting until the Chair or Vice-Chair are present (**Standing Item of Possible Action**).
10. Notice of possible quorum of Western Regional Water Commission: Because several members of the Truckee Meadows Water Authority Board of Directors are also Trustees of the Western Regional Water Commission, it is possible that a quorum of the Western Regional Water Commission may be present, however, such members will not deliberate or take action at this meeting in their capacity as Trustees of the Western Regional Water Commission.
11. The Board may attend and participate in the meeting by means of remote technology system. Members of the public wishing to attend and/or participate by providing public comment may do so either in person at the physical location of the meeting listed above or virtually. To attend this meeting virtually, please log into the meeting using the link and/or phone number noted above. To request to speak, please use the “raise hand” feature or press \*9 to “raise your hand” and \*6 to unmute/mute your microphone.

<sup>1</sup>The Board may adjourn from the public meeting at any time during the agenda to receive information and conduct labor-oriented discussions in accordance with NRS 288.220 or receive information from legal counsel regarding potential or existing litigation and to deliberate toward a decision on such matters related to litigation or potential litigation.

1. Roll call\*
2. Pledge of allegiance\*
3. Public comment — limited to no more than three minutes per speaker\*
4. Possible Board comments or acknowledgements\*
5. Approval of the agenda (**For Possible Action**)
6. Approval of the minutes of the October 18, 2023 meeting of the TMWA Board of Directors (**For Possible Action**)
7. Recognition of Arlan Melendez, Reno-Sparks Indian Colony Chairman, for his years of service — Kristopher Dahir\*
8. Report regarding Ombudsman activities from December 2022 through November 2023 and request for Board direction and possible authorization for the General Manager to proceed with Kim Mazeres as Ombudsman for Calendar Year 2024 — Kim Mazeres (**For Possible Action**)
9. Presentation on Middle Truckee River Watershed Forest Partnership progress and Ladybug Project update — Kara Steeland and Dan Alvey, National Forest Foundation\*
10. Discussion and action on adoption of Resolution No. 321: A resolution to approve the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023 — Sophia Cardinal (**For Possible Action**)
11. Presentation of Financial Performance for first quarter fiscal year 2024 — Matt Bowman\*
12. Discussion and action on adoption of Resolution No. 322: A resolution to approve changes to employees' leave policies — Jessica Atkinson and Matt Bowman (**For Possible Action**)
13. Discussion and action, and possible authorization for General Manager to amend Sun Valley General Improvement District wholesale agreement to increase Tier 1 usage — Matt Bowman (**For Possible Action**)
14. Discussion and action, and possible direction to staff regarding request for approval of revisions to Other Post Employment Benefits Trust (OPEB) Plan — Matt Bowman (**For Possible Action**)
15. Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2023, such appointments to be made for new terms from January 1, 2024 to December 31, 2025 from the following list of candidates: (1) Brian Bosma, primary representative, Reno-Sparks Chamber of Commerce appointment; (2) Colin Hays, primary representative, BANN appointment; (3) John Krmpotic, primary representative, commercial customer; (4) Justin McDougal, alternate representative, BANN appointment; (5) Chris Melton, primary representative, wholesale customer; (6) Conner Naisbitt, alternate representative, Reno-Sparks Chamber of Commerce appointment; (7) Jonnie Pullman, alternate representative, multi-family residential customer; (8) Kevin Ryan, alternate representative, residential 3 customer; and (9) Alex Talmant, alternate representative, senior citizen customer — Sonia Folsom (**For Possible Action**)

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16. Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2024 — Sonia Folsom **(For Possible Action)**
17. General Manager's Report\*
18. Public comment — limited to no more than three minutes per speaker\*
19. Board comments and requests for future agenda items\*
20. Adjournment **(For Possible Action)**

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TRUCKEE MEADOWS WATER AUTHORITY  
**DRAFT** MINUTES OF THE OCTOBER 18, 2023  
MEETING OF THE BOARD OF DIRECTORS

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The Board of Directors met on Wednesday, October 18, 2023 at Truckee Meadows Water Authority's Independence Meeting Room. Chair Dahir called the meeting to order at 10:14 a.m.

**1. ROLL CALL**

**Directors Present:** Paul Anderson, Jenny Brekhus, Kristopher Dahir, Alexis Hill, Devon Reese and Alternate Charlene Bybee.

**Directors Absent:** Clara Andriola and Naomi Duerr.

A quorum was present.

Chair Dahir held a moment of silence for Roark Ludwig, TMWA Senior Programmer, who passed away this last Friday due to a prolonged illness.

**2. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Alternate Bybee.

**3. PUBLIC COMMENT**

There was no public comment.

**4. POSSIBLE BOARD COMMENTS OR ACKNOWLEDGEMENTS**

There were no board comments or acknowledgements.

**5. APPROVAL OF THE AGENDA**

**Upon motion by Director Hill, second by Director Reese, which motion duly carried by unanimous consent of the Directors present, the Board approved the agenda.**

**6. APPROVAL OF THE MINUTES OF THE SEPTEMBER 20, 2023 MEETING**

**Upon motion by Director Reese, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved the September 20, 2023 minutes.**

## 7. DISCUSSION AND ACTION REGARDING GENERAL MANAGER PERFORMANCE REVIEW FOR CONTRACT YEAR 2022-2023

Jessica Atkinson, TMWA Human Resources Director, presented the staff report.

Director Brekhus apologized for her delay in submitting her evaluation. She stated that she supports John Zimmerman, TMWA General Manager, and noted that he has exceeded her expectations.

Members of the Board all agreed it has been a pleasure to work with Mr. Zimmerman and see his support of staff as well as working with the individual Board Members in meeting their expectations; continue to push for diversity in hiring of new employees and leadership; and the recognition to recruit and retain top talent and acknowledge employees deserve compensation.

**Upon motion by Director Reese, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board accepted the general manager performance review for contract year 2022-2023.**

## 8. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, informed the Board that the snowpack measured on April 1, 2023 in the Lake Tahoe Basin was the largest recorded, officially ending the drought in the Truckee system; record streamflow runoff, Lake Tahoe reached 87% capacity; Lake Tahoe physically rose about 5.8 feet from a low on December 1, 2022; almost 38,000 acre - feet of upstream storage carried over; and normal river flows are projected through to the end of 2024.

## 9. REQUIRED COMMUNICATION FROM EIDE BAILLY IN REGARDS TO TMWA'S ANNUAL FINANCIAL AUDIT

Sophia Cardinal, TMWA Financial Controller, presented the staff report.

## 10. PRESENTATION OF TMWA'S FISCAL YEAR 2023 CUSTOMER SATISFACTION STUDY

Robert Charpentier, TMWA Communication Specialist, presented the FY2024 customer satisfaction study results.

Director Brekhus inquired if tenants received the survey whose names are not on the bill. Mr. Charpentier replied no, but can look into alternative ways to reach that customer group.

Director Hill agreed with Director Brekhus in asking renters their opinions and requested to see the survey responses.

*Chair Dahir called for a recess at 10:59 a.m.*

*Chair Dahir reconvened the meeting at 11:07 a.m.*

## 11. DISCUSSION AND POSSIBLE APPROVAL OF THE 2040 WATER FACILITY PLAN (WFP) AND DIRECTION TO STAFF ON UPDATING THE WATER SYSTEM FACILITY FEES

Danny Rotter, TMWA Director of Engineering, and David Kershaw, TMWA Engineering Manager, presented the 2040 WFP for Board approval. Major findings in the WFP update included maximum day demand growth rates predications have decreased compared to previous WFP predictions, most capital improvement projects identified in previous WFP will be delayed in time, areas of growth have not changed significantly, and facility construction costs have increased. Mr. Rotter added that staff will return with proposed updated Water System Facility (WSF) fees in spring 2024, which is mainly driven by increased construction costs, and to be implemented July 1, 2024; WSF fees are paid by development.

Discussion followed regarding outlying areas (such as Verdi) being included in the new WFP, consideration of ongoing maintenance, Vidler pipeline as a potential asset, gauging community feedback and satellite systems. Mr. Rotter replied that outlying areas are included in the updated WFP, maintenance of infrastructure can be found in the Asset Management Section in the WFP, and there will be an open house and presentations to local entities before bringing it to the Board for its first reading in March. Mr. Kershaw added that Vidler is not a stranded asset.

**Upon motion by Director Reese, second by Director Hill, which motion duly carried by unanimous consent of the Directors present, the Board approved the 2020-2024 Water System Facility Plan update dated October 2023.**

## 12. PRESENTATION OF TMWA GOALS AND OBJECTIVES RESULTS FOR FISCAL YEAR 2023

Sonia Folsom, TMWA Executive Assistant, presented on the FY2023 TMWA Goals and Objectives results.

Lauren Jones, TMWA Hydrologist, presented on TMWA's Aquifer Storage & Recover (ASR) program.

John Enloe, TMWA Director of Natural Resources, informed the Board that staff paused on the Palomino Valley program (Objective #5), in order to satisfy questions and concerns by the Pyramid Lake Paiute Tribe (the "Tribe"), the State Engineer's Office and the Federal Water Master regarding return flow water rights. Since an agreement has been reached with the Tribe about return flow for existing treated effluent reuse, the next step will be to negotiate a settlement with the Tribe regarding return flow water rights for treated effluent delivered to TRIGID.

Director Brekhus asked if treated effluent water is being injected in Palomino Valley and if PFAS regulations will be in place at that time. Mr. Enloe replied no, TMWA water will be used to recharge, but there will be two pipes, potable and treated effluent for irrigation, TMWA and purple pipe, respectively, and TMWA water is in compliance with regards to PFAS, which is what would be used to inject in Palomino Valley, but have to watch that it is not irrigated too much to keep an eye on the nitrate levels.

Mr. Hauck informed the Board staff will begin drafting the 2025-2045 Water Resource Plan within the year and climate change scenarios have not changed much since the last plan, but staff will look at historical data going back 1,000 years to help with projections.

Mr. Rotter stated that American Flat project final design hand off from City of Reno in May 2023 and the updated cost for the project (\$220m) and completion date (fall 2027). Mr. Enloe informed the Board there has only been positive feedback at the open houses and there is a final one on November 16 that is required by Nevada Department of Environmental Protection (NDEP) for permitting compliance to gain public feedback.

*Chair Dahir recessed for lunch at 12:02 p.m.*

*Chair Dahir reconvened the meeting at 12:30 p.m.*

### 13. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON THE PROPOSED TMWA GOALS AND OBJECTIVES FOR FISCAL YEAR 2024

Mr. Rotter stated that TMWA measures its maintenance and efficiency goals against the American Water Works Association (AWWA) Benchmarking Survey results; of all the water utilities that participate, 35 are similar to TMWA and TMWA continues to surpass the 75<sup>th</sup> percentile benchmark. Per the discussion regarding the operations efficiency Will Raymond, TMWA Director of Operations, noted that everything Engineering builds, Operations has to maintain. Chair Dahir promoted the concept of increasing preventative maintenance and asked staff for their analysis. Mr. Raymond noted that preventative maintenance cannot be increased quickly because staff levels need to be increased and the apprenticeship for maintenance mechanics takes three years. Mr. Raymond proposed to add a new preventative maintenance goal to work toward over the next few years of increasing preventative maintenance by 20%.

Director Hill inquired why the goal Natural Resources Department Goal #1, regarding presentations and outreach, had a low target of five and suggested it be increased. Mr. Zimmerman said that goal could be increased to 10 presentations.

**Upon motion by Director Hill, second by Director Reese, which motion duly carried by unanimous consent of the Directors present, the Board approved the proposed FY2024 TMWA Goals and Objectives with the addition of the new Operations Department Goal of increasing preventative maintenance to 20% and increasing Natural Resources Department Goal #1 to 10 presentations.**

### 14. DISCUSSION AND POSSIBLE ACTION REGARDING NEED AND STRATEGY FOR ADDITIONAL STAFF FACILITIES

Mr. Rotter and Levi Kleiber, TMWA Business & Information System Manager, presented the history of building expansions and updates (including adding single person meeting pods) since TMWA's inception and the proposed projects (about \$9m) over the next five years to address and meet the limits at all TMWA facilities, Corporate Office, Glendal and Chalk Bluff Water Treatment Plants. Staff has considered options to expand corporate, but parking is limited. Also, there was an opportunity to purchase the

property north-east of TMWA's office, but the owner wanted to move quickly, and staff was bound by policy requiring to bring anything over \$100,000 back to them for approval before moving forward.

Director Hill noted that an option could be to add a board room similar to what Reno-Tahoe Commission did when they moved to their new space.

Director Brekhus inquired if the \$9m was being supplemented with the rate increase. Mr. Rotter replied yes, it is in the Capital Improvement Plan (CIP).

At this time the Board discussed options to address the facilities issues and suggested that the piecemeal approach is no longer sustainable and to consider a larger facility, and recommended that staff incorporate building expansion or land acquisition in the FY25 tentative budget and CIP giving staff authority to move forward; but if another opportunity arises in the meantime to call a special meeting.

**No action taken.**

## 15. GENERAL MANAGER'S REPORT

Mr. Zimmerman thanked Chair Dahir for the moment of silence in honor of Mr. Ludwig and noted that our call center representatives at Faneuil go above and beyond at times with sending cards of support to customers who have experienced difficulties. Mr. Zimmerman also thanked the Board for their positive comments about his evaluation and noted that those comments are a reflection and the result of the excellent management team and staff at TMWA who have worked very hard over the last year to accomplish all of the goals.

## 16. PUBLIC COMMENT

There was no public comment.

## 17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

There were no Board comments.

## 18. ADJOURNMENT

With no further discussion, Chair Dahir adjourned the meeting at 1:29 p.m.

Approved by the TMWA Board of Directors in session on \_\_\_\_\_.

Sonia Folsom, Board Clerk.





### STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, CFO  
 Kim Mazerer, Ombudsman  
**DATE:** December 1, 2023  
**SUBJECT:** Report regarding Ombudsman activities from December 2022 through November 2023 and request for Board direction and possible authorization for the General Manager to proceed with Kim Mazerer as Ombudsman for Calendar Year 2024

**Recommendation**

Ms. Mazerer has been TMWA’s ombudsman since December 2022. In that time, Ms. Mazerer has been diligent with handling customer issues, and has had a productive working relationship with TMWA staff. Staff asks the Board to authorize the General Manager to proceed with Ms. Mazerer as Ombudsman for Calendar year 2024.

**Summary**

Ms. Mazerer has prepared a report of her past year’s work for TMWA, included as *Attachment #1*. In addition to the report, included below is a table summarizing the nature of the calls for ease of review.

Type	Claims	Customer Service	High Bill	Service Line Replacement	Conservation	Field	Other	Total
Complaint	2	6	1	-	-	1	1	11
Inquiry	-	10	2	4	3	2	1	22

**Recommended Motion**

Move to authorize the General Manager to proceed with Ms. Mazerer as Ombudsman for Calendar year 2024.

**Ombudsman Calls**  
Listed in order of most recent

<u>Date</u>	<u>Time</u>	<u>Name</u>	<u>Address</u>	<u>Phone</u>	<u>Issue</u>	<u>Status</u>
11/21/2023	2:56 PM	unknown	unknown	██████████	1 Voice mail stated he "needs info."	Tried calling multiple times over the period of a week. Voice mail not set up. Marci Westlake looked up account by phone number and could see no reason for a call.
11/7/2023	12:26 PM	Stephen █████	unknown	██████████	Complaint about getting through on the phone system.	Marci contacted him and answered his questions.
10/23/2023	4:23 PM	Anita █████	unknown	██████████	Doesn't like that she was charged twice to pay by credit card. Had to make two payments because she was paying \$1,000, and the limit is \$700. Explained why customer who pay by card are charged a fee (in order to cover the merchant fee). Promised her I would pass her complaint along to TMWA.	Passed customer's complaint along to Marci.
10/19/2023	1:30 PM	Melanie	██████████	██████████	Water was cut-out-for-nonpayment. There is a medical patient in home who uses dialysis. Wanted to know when water would be turned back on.	Resolved by the time I called the customer back.
10/17/2023	2:30 PM	unknown	unknown	██████████	Customer wanted to know average water bill of a condo she is moving in to.	Referred her to the Call Center for the information.
10/11/2023	8:25 AM	Truckee Meadows Electric	██████████	██████████	Concerned that an emergency repair on the pipe in front of the business that was done on Friday still has standing water.	Talked to Andy who will send someone out to double-check that repair is holding.
10/9/2023	9:15 AM	Remington █████	██████████	██████████	Customer's service had been disconnected for non-payment. He was told that TMWA has until tomorrow to get his service back on. Believes that is unacceptable.	Called back and left message regarding this policy. Called Dispatch, who indicated water is on.

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Attachment

10/7/2023	5:00 PM	Janet [REDACTED]	[REDACTED]	[REDACTED]	Claims issue. Pipe broke in street and it impacted her pipes. No one is calling her back from insurance company. Has been well over a month since submission to insurance.	Worked with Kevin Comphel to help customer. On 10/30, customer called me back to say she had received a check and the claim was resolved.
10/3/2023	4:30 PM	unknown	unknown	[REDACTED]	Missed call. When I called customer back he had submitted a public records request regarding information about the company that is insuring the services lines.	Customer resolved it himself. Advised him to call me back if he does not receive the info he is requesting.
9/28/2023	4:00 PM	Bob [REDACTED]	Spanish Springs	[REDACTED]	Questions about programming his irrigation controller.	Referred to Conservation.
9/25/2023	10:20 AM	Rhonda [REDACTED]	[REDACTED]	[REDACTED]	Customer misplaced bill, which is due this week. Wants to know amount and where to send it.	Customer paid in office.
9/25/2023	9:35 AM	Nicole [REDACTED]	[REDACTED]	[REDACTED]	Question on TMWA policies	Called customer three times. She did not call back.
9/19/2023	2:20 PM	unknown	[REDACTED]	[REDACTED]	Customer trying to figure out whether the leak on the service line was her responsibility or her mobile home park.	Resolved. Mobile home park's responsibility.
9/1/2023	12:50 PM	unknown	unknown	[REDACTED]	Pays thru her bank online and wants to return the envelopes to us.	Advised she could take them to the office or send to the PO Box. Alternatively, she could recycle them.
9/1/2023	12:05 PM	Dana [REDACTED]	[REDACTED]	[REDACTED]	Wants to know why she wasn't notified about sewer line replacement and wants to know if service line replacement insurance offer is related to that.	Left message informing customer that the City of Reno is who does sewer line replacements and that the service line offer went to all TMWA customers and is not related to the sewer line work. Also told her that she does not own the water line in the street, but from her meter box on/near the sidewalk to her house.

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9/1/2023	9:40 AM Jay			Wants to know when water will be let out of Donner Lake. Wasn't sure if Bill Hauck was still the right person to contact.	Told customer Bill was still the person. Ensured he had Bill's e-mail and office phone number. Told him to call me back if he could not get ahold of him.
8/28/2023	11:55 AM Mike			Question about service line insurance.	The customer called the service line insurer after leaving me a message and received answers to his questions.
8/25/2023	8:08 AM Sherwin		2050	Customer wanted to know if odd/even watering applied to the drip system.	Called back. She had already gotten the correct answer from Conservation that it does not apply to drip systems.
8/8/2023	4:14 PM Dan			Wants to know if the service line insurance is a legitimate company or a scam.	Traded several phone calls. Let him know it was a legitimate partnership with TMWA. Referred to Marci Westlake for additional information
8/3/2023	8:43 AM Willaim			Customer wants to know why the water line insurance can't be paid for on the TMWMA bill, rather than to a separate company.	Talked to Marci. She will call him.
7/14/2023	10:59 AM Chrisy			TMWA has been out multiple times, and cannot seem to find what they are looking for. No notice. Very disruptive. They work swings. She is a tenant at this apartment complex.	Tried to call back. Could not leave message as voice mail was full. Sent brief text for her to call me. TMWA is trying to change out the meter. It is behind a locked gate, and buried under something. Will advise the customer to contact Andy Gebhardt for resolution. Called customer multiple times with the same result. Customer called me back once on 7/22/23, but voice mail was unintelligible. Had Kim Boldi put notes on the account in case customer calls someone besides me.
6/26/2023	4:02 PM Adam			Patient's water is off. Wants to know if we have any assistance available.	Referred to Marci. Turns out it was actually the power that had been shut off.
6/13/2023	2:00 PM Bob			High Bill. Closed on house in March. First bill \$37. Second bill \$22. Third bill \$325. Same meter reads for March and April bills.	TMWA & plumber say no leaks. Paid \$110 today. Referred to Marci. Old meter and ERT. She thinks ERT may have been stuck, so no idea when water went through meter. She will offer to write off the remainder of the bill.

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6/1/2023	3:25 PM	Robeyn [REDACTED]	[REDACTED]	<p>Something went wrong with meter. Servicemen replaced water meter and reading device. Both April and May bills were high. Couldn't figure out phone tree, so called Ombudsman.</p>	<p>Marci adjusted bill, as unknown when the usage went through the meter.</p>
5/30/2023	10:57 AM	Cindy [REDACTED]	[REDACTED]	<p>Customer has a leak someplace in her irrigation system. Multiple irrigation contractors have been out to look at it. They have taken money from her, but haven't found the source of the leak.</p>	<p>TMWA has been out and confirmed the leak. A large irrigation contractor will now be coming out. TMWA Conservation has done everything they are able, but said to let them know if latest contractor is unsuccessful.</p>
4/28/2023	9:05 AM	Linda [REDACTED]	[REDACTED] [REDACTED]	<p>Bill insert says we will send someone out to identify your master shut off valve. Customer called and call center said we wouldn't send someone out.</p>	<p>While TMWA does not typically provide this service, due to the confusion on the bill insert language, service person will be sent on Monday, 5/1/23, to attempt to locate the customer's shut-off valve. Customer was apprised and was very appreciative.</p>
4/3/2023	9:51 AM	Mark [REDACTED]	[REDACTED]	<p>About a month ago this customer, an attorney, signed up to download statements online, but didn't like terms and conditions, so he unsubscribed. Since then, he has been getting LOTS of emails every day. He believes these e-mails are related to signing up with TMWA to get downloads of his bill. He will send a package of info to TMWA management.</p>	<p>Customer to follow-up per the email addresses I gave to him.</p>
3/23/2023	8:05 AM	Phyllis [REDACTED]	[REDACTED] [REDACTED]	<p>Message left. Believes something is wrong w/smart meter recording capacity.</p>	<p>Customer does not believe that the old meter was recording correctly. Meter was exchanged, and customer shown how to get daily readings on her computer. TMWA to also get manual readings in late April and late May. After that time, will determine if any adjustment to customer's bill is needed. Thanks to Kim Boldi's continued follow-up, on 4/4/23 customer found that her water heater expansion tank was faulty and causing the problem.</p>

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3/10/2023	9:07 AM	David	[REDACTED]	[REDACTED]	[REDACTED]	I called customer back based upon a missed call. He indicated he had stopped by the office and they were working on the issue -- something with automated credit card payment.	Customer stated he will call back if he still needs assistance.
1/17/2023	11:47 AM	Ralph	[REDACTED]	[REDACTED]	[REDACTED]	Had two questions and had problems getting through to the Call Center.	Called him back. Someone had called him (he wasn't sure how they knew to call him) and had answered all questions.
12/27/2022	10:13 AM	Tamara	[REDACTED]	[REDACTED]	[REDACTED]	Wants direction on installation of backflow (BF) device. Using TMWA recommended contractor. Tried to work out issues with them and Jamie Marche. Now unable to get health permit, and unable to get resolution from Jamie.	Talked to Jamie Marche -- issue is between BF contractor and customer. TMWA does not recommend contractors, as customer thought. (She contacted a plumbing contractor from the list of BF certified companies.) Jamie has contacted BF contractor to request they get back to her and customer with a status. Customer told me the owner of the company has been out to review the job.
12/22/2022	9:35 AM	Terrance	[REDACTED]	[REDACTED]	[REDACTED]	Replaced Water Main collapsed on sewer lateral. Wants to know who to contact at TMWA to get compensated for repairs.	Left message with Kevin Comphel's contact info. Terrance called me back and I spoke to him at length about claims process. Per Kevin, he has talked to customer, who states he will be submitting a claim. 1/8/23 -- Customer called as claim was denied by TMWA's insurance company. Customer wanted to know his options -- advised legal action against insurer and/or complaint to the Nevada Division of Insurance.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman  
**FROM:** Kara Steeland, Sr. Hydrologist & Watershed Coordinator  
**DATE:** December 6, 2023  
**SUBJECT:** **Presentation on Middle Truckee River Watershed Forest Partnership progress and Ladybug Project update**

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### Summary

In October 2022, the Board approved a Memorandum of Understanding (MOU) with the Tahoe National Forest, The Nature Conservancy, Truckee River Watershed Council, and National Forest Foundation (NFF) to form the Middle Truckee River Watershed Forest Partnership (MTRWFP).

Since the MOU was signed, the partners have been working on the following activities:

#### Plan Development

The Project partners are developing a 10-year vegetation plan and a funding plan, which will be available by the end of 2023. The goal is to treat 62,000 acres of forested lands over the next 10 years, as shown in the map on Page 2. It is estimated that this work will cost \$120-\$140 million for planning and implementation. For more information on specific projects, an interactive map is available on the MTRWFP website at: <https://www.truckeeforests.org/projects/>.

#### Project Implementation

The Ladybug Project, partially funded through TMWA at \$500,000, is underway. NFF is implementing the project. In 2023, NFF accomplished 465 acres of hazardous fuel reduction work within the Ladybug project area. This included 203 acres of large-diameter mastication where trees up to 16" in diameter at breast height were masticated to meet spacing targets. In the upcoming 2024 field season, NFF will focus on timber removal operations with the objective of treating most, if not all, 1,766 acres where timber removal treatment is prescribed. Roadside hazard tree work will also be completed in 2024.

#### Obtaining Grant Funding

The California Wildlife Conservation Board (WCB) awarded \$8.3 million in grant funding to accelerate the pace and scale of forest management in the Middle Truckee River Watershed. The award was made to the NFF representing the MTRWFP.

The \$8.3 million will fund treatments including mastication, thinning, and meadow restoration across 1,924 acres of the Five Creeks Project, along the Truckee River. The treatments will

improve ecological resilience by restoring the balance of tree species, reducing ladder fuels, creating varied forest stand densities, reconnecting hydrology within and across meadow and upland habitats, and improving wildlife habitat.

The WCB grant will fund the planning of an additional 3,000 acres near Stampede Reservoir and 3,000 acres near Prosser and Boca Reservoirs. These projects create the opportunity to significantly enhance high-quality wildlife habitat conditions while reducing the potential wildfire severity and restoring forest health conditions.

Additionally, NFF received a grant for \$193,356 from the Tahoe Truckee Community Foundation in the fall of 2023. This grant will cover 1,492 acres of project layout and implementation design on the Alder 89 Project, located just west of Prosser Reservoir. The grant will also provide support for 60 acres of targeted grazing at Big Jack East, adjacent to the Truckee River along the Hwy. 89 corridor just south of Truckee. This funding from this grant will be expended in the 2024 field season. NFF also has a pending grant request for the implementation of Alpine Meadows and Olympic Valley Fire Protection Project.

The MTRWFP partner agencies continue to seek and apply for grant and other funding opportunities for planning and implementation.



MTRWFP Project Location Map



# MIDDLE TRUCKEE RIVER WATERSHED FOREST PARTNERSHIP UPDATES

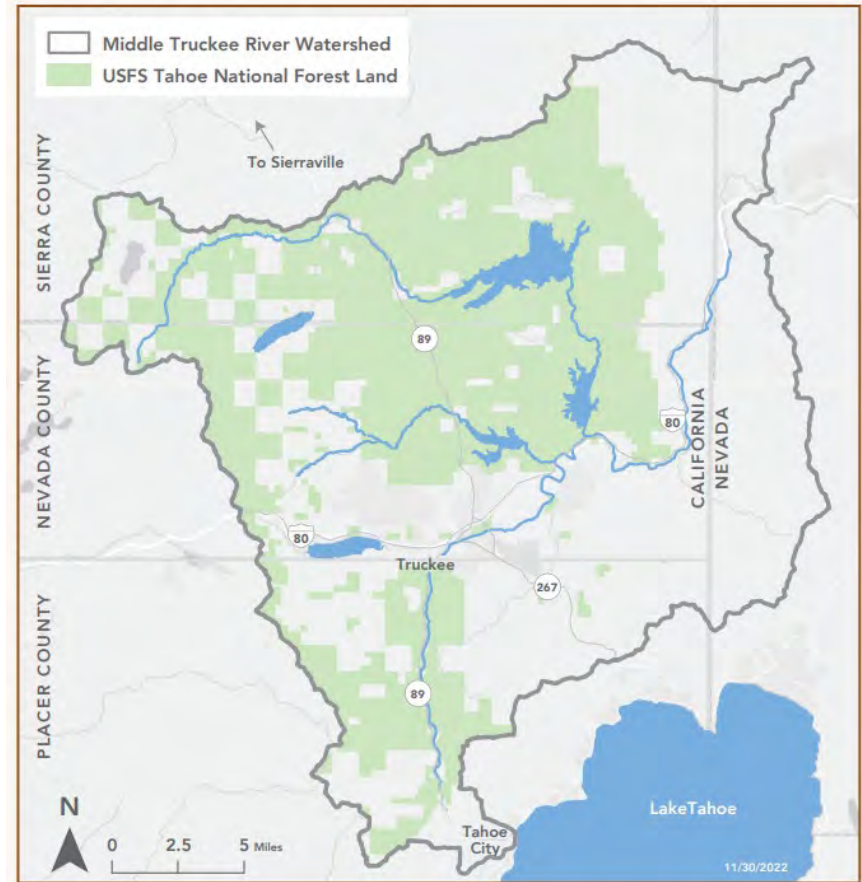
*TMWA Board Meeting*

*December 14, 2023*



# MIDDLE TRUCKEE RIVER WATERSHED FOREST PARTNERSHIP

- US Forest Service - Tahoe National Forest
- Truckee River Watershed Council
- National Forest Foundation
- The Nature Conservancy
- Truckee Meadows Water Authority



# PARTNERSHIP GOALS



- Improve and restore forest health and resilience
- Reduce the risk of high severity wildfire
- Protect communities from wildfire impacts
- Protect and secure water supplies and infrastructure
- Identify and augment resource gaps to achieve implementation at an increased pace and scale

# 10-YEAR MANAGEMENT PLAN



# PROJECT STATUS

IMPLEMENTATION		PLANNING	
5 Creeks	2024 Implementation starts	Alpine Meadows	2022 Planning started
Alpine Meadows	2024 Implementation starts	Boca	2023 Planning starts
Alder 89 WUI	2024 Implementation starts	Hobart	2023 Planning starts
North Alder	2021 Implementation started	Russel Valley	2023 Planning starts
Ladybug 1	2021 Implementation started	Sayles	2023 Planning starts

More information at:



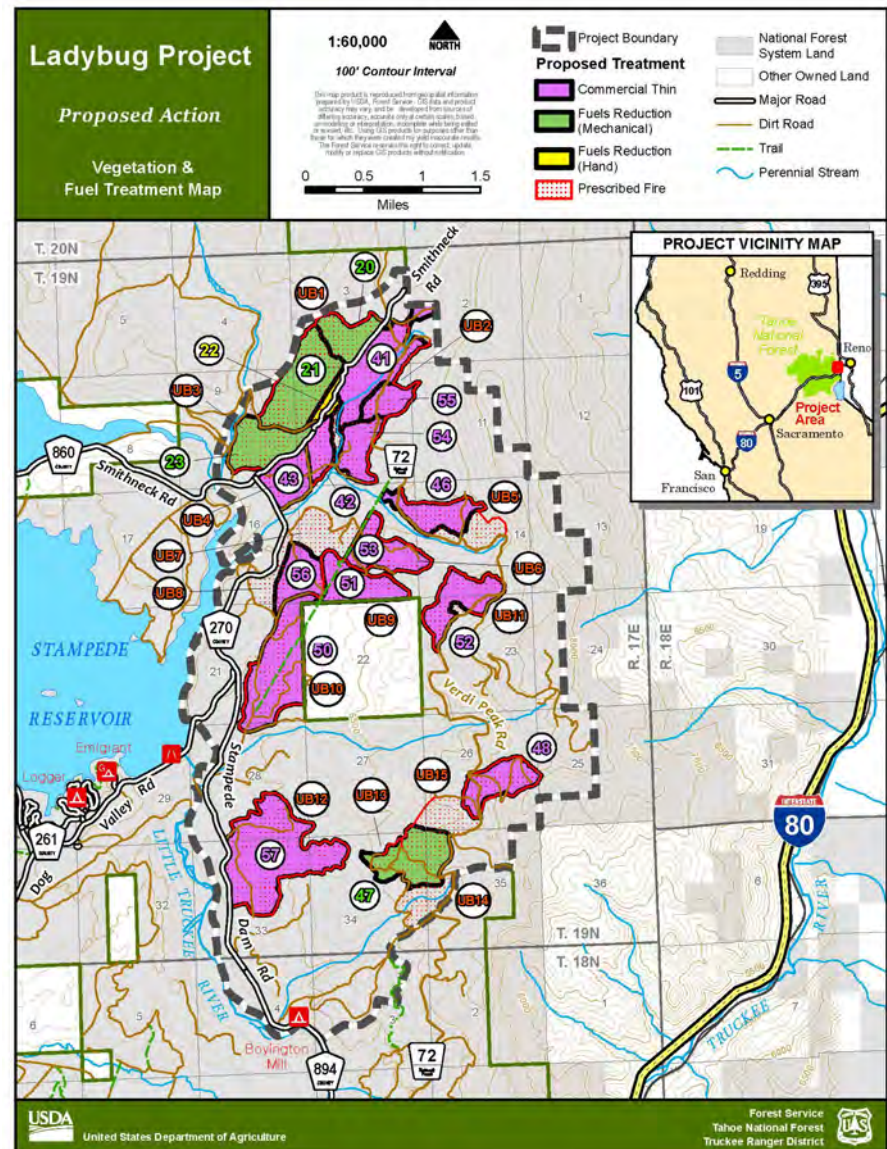
<https://www.truckeeforests.org/>

# LADYBUG PROJECT FUNDING

<b>Funding Source</b>	<b>Amount</b>	<b>Percent</b>
USDA Forest Service	\$1,400,000	38%
California Wildlife Conservation Board	\$650,000	18%
The Nature Conservancy (US Bureau of Reclamation Funding)	\$1,100,000	30%
Private Donations	\$35,000	1%
TMWA Contribution	\$500,000	14%
<b>Total</b>	<b>\$3,685,000</b>	

# LADYBUG PROJECT

- Project includes:
  - Mechanical and hand fuels reduction work
  - Commercial thinning
  - Prescribed fire
- 2,500 acres
- 2023 accomplishments:
  - 465 acres of hazardous fuel reduction work, including 308 acres of mastication of trees up to 16" in diameter at breast height











# FUNDING

- Preliminary estimates for 10-year plan: \$120-\$140 million
- Includes planning and implementation
- \$8.3 million grant received by NFF from California Wildlife Conservation Board
  - Treatment for 1,924 acres in the Five Creeks Project
  - Planning of an additional 3,000 acres near Stampede Reservoir and 3,000 acres near Prosser and Boca Reservoirs
- Tahoe Truckee Community Foundation
  - Nearly \$200,000 for Alder 89 Project
  - Targeted grazing at Big Jack East Project near Prosser Reservoir

# SUMMARY

- Partnership is incentivizing creative strategies to accelerate forest management
- **TMWA funding** has been helpful for:
  - Filling a funding gap (Ladybug Project)
  - Flexibility of use
  - Local cash match for grants
- **TMWA involvement** has been key in helping receive additional grants
  - Focus by some grantors on partnerships, water quality benefits, and broader impacts from forest management work
- **2024 MTRWFP Efforts:**
  - Expand public/agency knowledge about the Partnership
  - Continue planning and implementing projects
  - Continue seeking funding for future planning and implementation



To: TMWA Board of Directors  
Thru: John R. Zimmerman, General Manager  
From: Matt Bowman, Chief Financial Officer  
Sophie Cardinal, Financial Controller  
Date: November 21, 2023  
Subject: **Discussion and action on adoption of Resolution No. 321: A resolution to approve the Annual Comprehensive Financial Report for fiscal year ended June 30, 2023**

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### **Recommendation**

TMWA staff recommends the Board approve the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, by adoption of resolution and requests direction to the Chief Financial Officer to forward the appropriate documentation to the State of Nevada Department of Taxation (NDT) within the prescribed deadline.

### **Summary**

Pursuant to Nevada Revised Statute 354.624, TMWA is required to provide an annual audit of its financial statements as reported in its ACFR. The financial audit must be conducted in accordance with generally accepted auditing standards in the United States, including findings on compliance with statutes and regulations, and an expression of opinion on the financial statements. The audit must also be conducted by a certified public accountant and be completed by November 30<sup>th</sup>.

The report, opinion, and findings of the auditor contained in the ACFR must be presented at a TMWA Board meeting held not more than 30 days after the report is completed. Immediately thereafter, the entire report, together with the management letter required by generally accepted auditing standards in the United States, must be filed with the Board clerk, the County clerk, and the NDT.

TMWA's ACFR for the fiscal year ended June 30, 2023, has been audited by Eide Bailly LLP. The ACFR 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 Statements of Net Position (Balance Sheets); Statements of Revenues, Expenses and Changes in Net Position (Income Statements); Statements of Cash Flows; and Statements of Fiduciary Net Position and Changes in Fiduciary Net Position for TMWA's Other Postemployment Benefit Trust Funds.

## **Financial Performance**

Complete information on TMWA's financial performance for the fiscal year ended June 30, 2023, is shown in the ACFR. Management's Discussion and Analysis in the financial section also provides a detailed discussion of comparative financial performance with the previous fiscal year.

A summary of TMWA's overall financial performance for the fiscal year ended June 30, 2023, is shown below:

- Assets and deferred outflow of resources totaled \$1,338.8 million.
- Liabilities and deferred inflow of resources totaled \$448.3 million.
- Net position totaled \$890.5 million.
- The change in net position (net income) totaled \$30.2 million.
- Cash and cash equivalents totaled \$9.1 million and decreased \$6.8 million from the prior year.
- Debt totaled \$351.2 million and decreased \$20.7 million from the prior year.
- Grant activity was minimal and did not warrant a Single Audit.

## **Audit Results**

Eide Bailly LLP opined that the financial statements present fairly, in all material respects, the financial position of the business-type activities, and the fiduciary activities of TMWA, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP). This is considered an unqualified audit opinion and is the highest level of opinion an auditor can render.

In planning and performing the audit of the financial statements, Eide Bailly LLP 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 their opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control. Accordingly, Eide Bailly LLP did not express an opinion on the effectiveness of TMWA's internal control. Their consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Eide Bailly LLP is required, however, to communicate to those charged with governance all material weaknesses and significant deficiencies identified during the audit. No deficiencies in internal control were identified during the audit of the fiscal year ended June 30, 2023.

## **Additional Reporting**

In conjunction with the ACFR, TMWA is also pleased to publish the Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. TMWA recognizes that the ACFR, while it maintains compliance with GAAP and other standards, is often complicated and too detailed for those without an accounting background. The PAFR is therefore presented as a summarized version of the ACFR, specifically designed to highlight essential elements and often in a more visually striking way. TMWA intends for the PAFR to increase transparency, accountability, and communication with interested parties.



November 20, 2023

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 year ended June 30, 2023, and have issued our report thereon dated November 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our letter dated July 24, 2023, 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 entity’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.

We have provided our comments regarding internal controls during our audit in our 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* dated November 20, 2023.

**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 Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by TMWA is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year ended June 30, 2023, except for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Agreements*, which did not have a material impact on the financial statements. 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 pension benefits
- Liability and related disclosures for postemployment benefits other than pensions (OPEB)
- 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 pension liability is based on actuarial valuation, which is 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 actuarial accrued liability for OPEB is based on third party actuarial valuation, which is calculated based on information submitted by TMWA to the actuary. 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 and determined that it is 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:

- Obligations for OPEB and pensions

### **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. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our 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.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated November 20, 2023.

### **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, significant events or transactions that occurred during the year, operating conditions affecting the entity, 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.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in TMWA's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

- Read the other information and considered whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

### **Other Matters**

The basic financial statements include the financial statements of TMWA and the Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust, both 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, the Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan & Trust and their environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements of TMWA, the Truckee Meadows Water Authority OPEB Trust Fund and the Truckee Meadows Water Authority Post-Retirement Medical Plan & 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.



Reno, Nevada

**TRUCKEE MEADOWS WATER AUTHORITY**  
**(TMWA)**

**RESOLUTION NO. 321**

**A RESOLUTION APPROVING THE FINANCIAL STATEMENTS OF THE TRUCKEE MEADOWS WATER AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2023**

**WHEREAS**, TMWA is responsible for filing financial statements with various agencies, banks, and regulatory authorities; and

**WHEREAS**, pursuant to NRS 354.624, TMWA is required to file audited financial statements with the Nevada Department of Taxation, not later than six months after the close of the fiscal year being audited; and

**WHEREAS**, the TMWA Board is required to accept and approve the financial statements prior to filing of said statements with the Nevada Department of Taxation by December 31, 2023.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Truckee Meadows Water Authority that the audited financial statements for the period ended June 30, 2023, as provided to the TMWA Board, are hereby accepted and approved and staff is directed to submit such information to the Nevada Department of Taxation.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and adopted December 14, 2023, by the following vote of the Board:

Ayes: \_\_\_\_\_  
\_\_\_\_\_

Nays: \_\_\_\_\_  
\_\_\_\_\_

Abstain: \_\_\_\_\_ Absent: \_\_\_\_\_

Approved this 14<sup>th</sup> day of December, 2023

\_\_\_\_\_  
Kristopher Dahir, Chair



**NEVADA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Years Ended June 30, 2023 and 2022**

**PREPARED BY: Sophia Cardinal, CPA  
Financial Controller**

**Matt Bowman, CPA  
Chief Financial Officer**



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November 21, 2023

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, 2023. 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, 2023 and 2022. 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 presented annually and including 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.



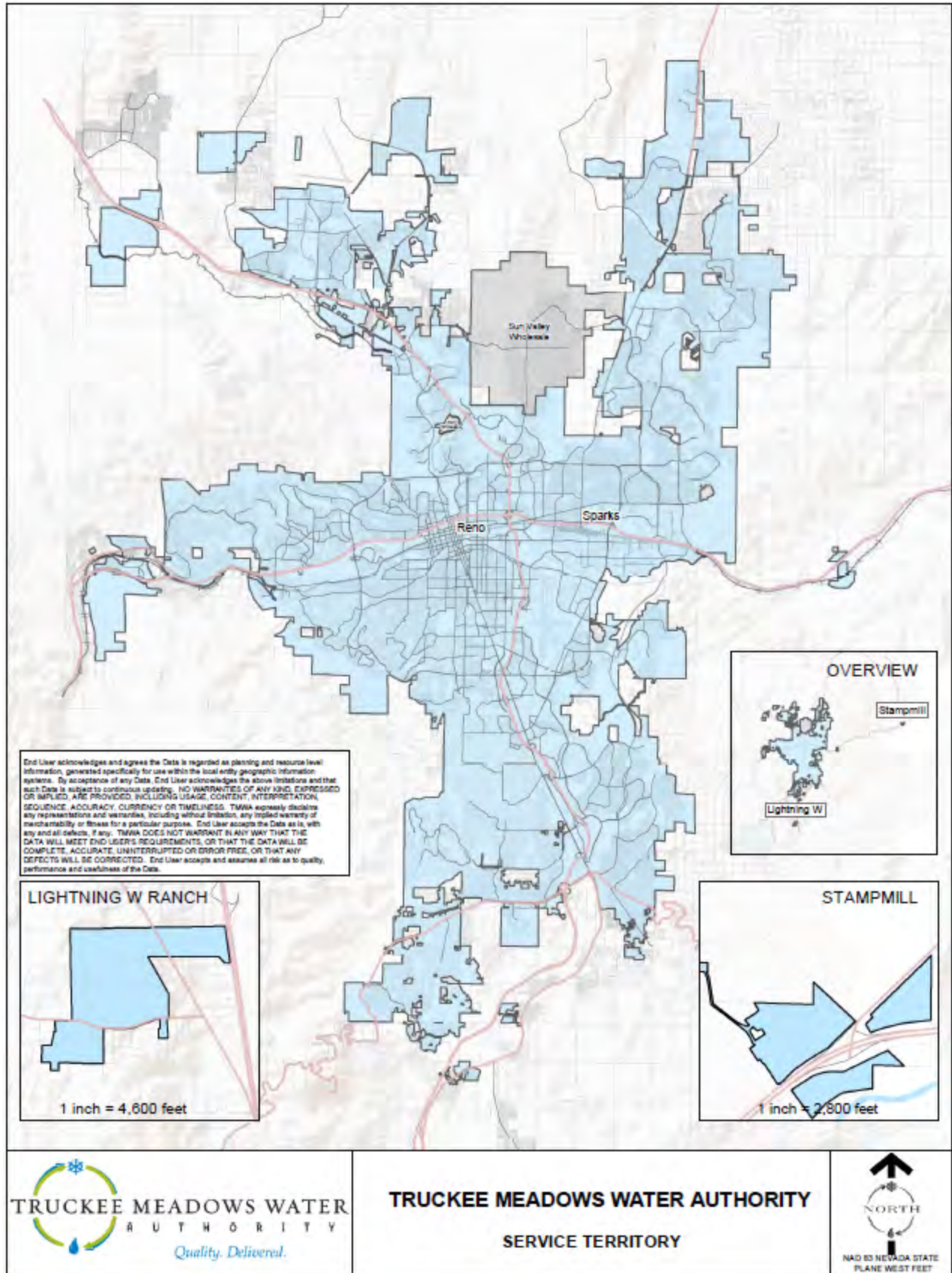
## **REPORTING ENTITY**

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 member agencies and 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.

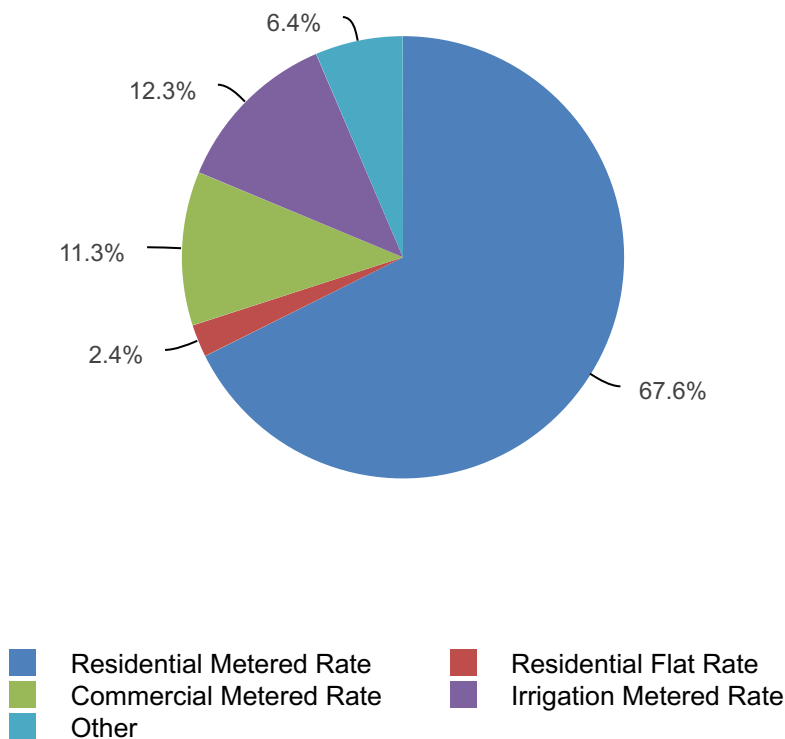
TMWA has over 135,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly dependent upon TMWA water deliveries since this district has no source of water supply. There is one water delivery contract associated with this wholesale connection.

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



The following graph depicts the proportion of operating revenues by class for fiscal year 2023:

**TMWA Operating Revenues \$113.1 Million**



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are approximately less than 650 water services that do not have a meter installed and are billed on a flat rate. These are problematic and relatively expensive services to convert to meters 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 target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on a pay-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 ensure 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 1.33x and with certain developer fees and charges was approximately 1.92x as of June 30, 2023. The senior lien debt coverage ratio dipped below the Board adopted goal of 1.5 primarily due to lower water consumption in the spring paired with inflation, particularly in electric power and chemical costs.

## **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 a population of approximately 353,000 in 2001, Washoe County's population has grown 41% to almost 497,000 in 2022.

Reflecting a diverse and strong regional economy, taxable sales in Washoe County remained steady in fiscal year 2023 with an increase of 1% from the prior year. Prior to fiscal year 2023, Washoe County experienced taxable sales increases of 11% and 19% in fiscal years 2022 and 2021, respectively. Despite a brief commercial shut-down due to COVID, Washoe County's unemployment rate has remained stable and is only about one percent greater than the national unemployment rate. At June 30, 2023, Washoe County's unemployment rate was 4.5% compared to the national unemployment rate of 3.6%.

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resource 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 and STMGID 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 U.S. Department of the Interior. TROA provides 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 Privately Owned Stored Water (POSW) 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, 2023, TMWA had 38,000 acre feet stored in these TMWA owned and federally operated reservoirs.

The Truckee Meadows is no longer in a drought, and the water supply outlook is extremely positive. Lake Tahoe started the month of December 2022 0.5 feet below the natural rim and rose about 5.8 feet before peaking in Summer 2023. As of June 30, 2023, the total upstream reservoir storage was at 88% of capacity after three straight drought years. Because of the recovery this year, sufficient upstream storage in the system exists to ensure normal Truckee River system operations for the next two to three years, regardless of the types of winters the Truckee Meadows experiences. In fact, with the 38,000 acre feet of reservoir storage, TMWA will go into the upcoming winter with as much carry-over storage on the Truckee River system as is legally possible per TROA. TMWA will continue to utilize the provisions of TROA to maximize upstream storage opportunities and make the most efficient use of water resources for the region and is well positioned to continue to provide water to its customers.

A drought will inevitably occur again. Fortunately, when combining TMWA's existing POSW in Donner and Independence Lakes, the groundwater resources of the Honey Lake basin, the extensive upstream drought storage benefits of TROA, and aquifer storage and recovery groundwater recharge efforts, the TMWA service area is well positioned with regards to drought resiliency for many decades to come.

### **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 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), a hydrogeological study at 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 have executed an ILA for a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility. This facility will take several years to build with construction activities expected to commence in Fall 2024, subject to final TMWA and City of Reno Board approval.

## **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. The Truckee River travels into Nevada through the Reno-Sparks Metropolitan area and terminates 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, the 34.5 MGD Glendale Water Treatment Plant and the 4 MGD Mount Rose Water Treatment Plant. The Mount Rose Water Treatment Plant treats 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 300 locations throughout the TMWA water system to ensure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Division 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 to retrofit meters in the system. Due to the program's success, TMWA estimates less than 650 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. Further, the Water Meter Retrofit Program restricted fund balance was entirely depleted during fiscal year 2023.

### **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 GAAP. 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 Local Government Budget and 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 \$113.1 million were \$6.3 million or 5.2% under the final budget for fiscal year ended June 30, 2023. Charges for water sales totaled \$107.1 million and 5.3% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During the first quarter of the fiscal year, higher precipitation led to lower water consumption. The second quarter brought hot and dry weather leading to slightly higher consumption than budget. However, a cooler and wetter spring led to lower water consumption in the second half of the fiscal year, ultimately leading to significantly lower than average water consumption.

Total operating expenses of \$114.4 million were approximately \$1.3 million under the budget of \$115.7 million. Operating expenses before depreciation were \$1.5 million under budget or approximately 1.9% under. Salaries and wages were lower by \$2.3 million or 7.9% under and employee benefits were \$1.1 million higher or 8.3% over budget. Salaries and wages were lower due to position vacancies, and employee benefits were higher due to actuarial adjustments affecting both PERS and OPEB expenses. Both of those expenses are tied to annual actuarial valuations which consider the market value of the underlying investments. Due to poor investment performance, the valuations resulted in a large expense in the fiscal year. Service and supplies expenses were \$0.3 million or 0.7% under budget. Following the budget augmentation after the first half of the fiscal year related to electric power and chemical costs, services and supplies expense ended the year in line with budget.

Total net nonoperating revenues and expenses were \$0.7 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.

Capital contributions of \$42.3 million were \$38.7 million under budget. The primary driver is lower contributions from other governments related to the American Flat APW project. This is timing related and is based on the actual spend on the project which is in the design phase. These contributions are expected in the fiscal year ended June 30, 2024. Also contributing to the variance are lower connection fees, which reflect a slow down in developer payments on water projects.

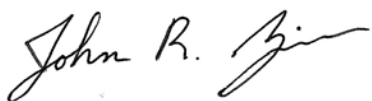
Total capital spending was approximately \$52.1 million for fiscal year 2023, which was approximately \$31.8 million less than the \$83.9 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

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, 2023, TMWA has approximately \$152.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2023 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$8.9 million as of June 30, 2023. As of June 30, 2023, TMWA retained a \$11.1 million water rate stabilization reserve of which \$0.5 million is restricted and \$10.6 million is included as a reservation of unrestricted net position.

## **ACKNOWLEDGMENTS**

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.



John Zimmerman, Esq.  
General Manager



Matt Bowman, CPA  
Chief Financial Officer

**Truckee Meadows Water Authority  
List of Principal Officials  
June 30, 2023**

**TMWA Board of Directors**

Kristopher Dahir, Sparks City Council Member, Chairman of the Board

Naomi Duerr, Reno City Council Member, Vice Chairman

Paul Anderson, Sparks City Council Member

Clara Andriola, Washoe County Commissioner

Jenny Brekhus, Reno City Council Member

Alexis Hill, Washoe County Commissioner

Devon Reese, Reno City Council Member

**Management**

John R. Zimmerman, Esq., General Manager

Matt Bowman, CPA, Chief Financial Officer

John Enloe, Director of Natural Resources, Planning, and Management

Danny Rotter, Director of Engineering

Will Raymond, Director of Operations and Water Quality

Andy Gebhardt, Director of Distribution, Maintenance, and Generation

Jessica Atkinson, Director of Human Resources



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Nevada**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

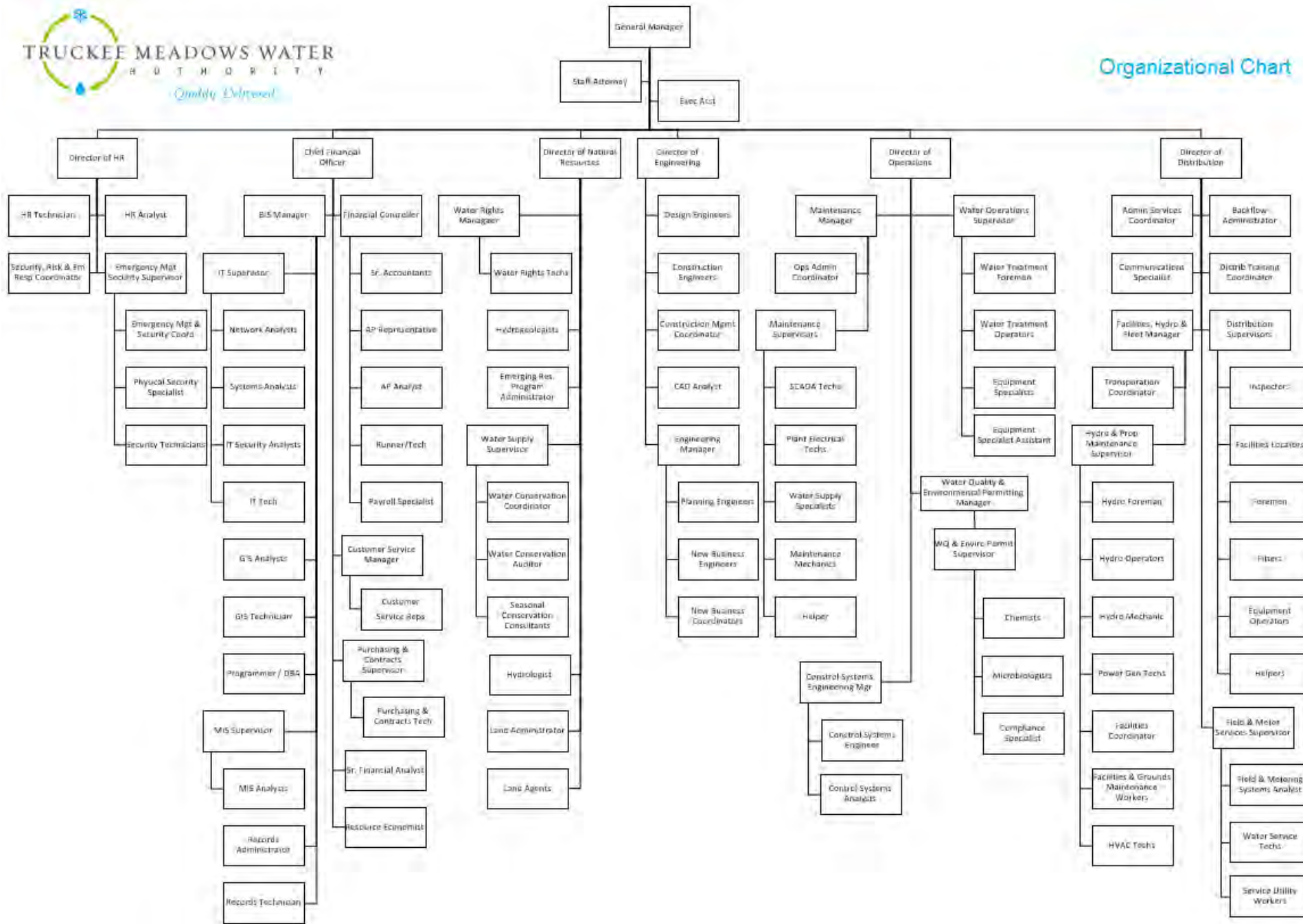
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



Organizational Chart





## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities, and the fiduciary activities of the Truckee Meadows Water Authority ("TMWA") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of TMWA, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TMWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA's share of net pension liability, and schedules of TMWA's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise TMWA's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position, and combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position and combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, 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.



Reno, Nevada  
November 20, 2023



**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, 2023, June 30, 2022, and June 30, 2021. 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)*

	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>	<b><u>Restated June 30, 2021</u></b>
Unrestricted Current Assets	\$ 170.2	\$ 189.4	\$ 192.8
Restricted Current Assets	28.7	33.3	31.1
Long-Term Restricted and Other Assets	30.5	33.2	31.2
Capital Assets, net	1,083.9	1,044.9	1,021.8
Total Assets	<u>1,313.3</u>	<u>1,300.8</u>	<u>1,276.9</u>
Deferred Outflow of Resources	25.5	22.5	12.8
Total Assets & Deferred Outflow of Resources	<u>1,338.8</u>	<u>1,323.3</u>	<u>1,289.7</u>
Total Current Liabilities	50.6	46.8	47.2
Long Term Debt Outstanding	334.0	355.4	376.3
Net Pension Liability	57.3	28.5	42.2
Net Other Postemployment Benefits Liability	0.7	0.4	0.5
Long Term Compensated Absences	3.1	2.8	2.9
Total Liabilities	<u>445.7</u>	<u>433.9</u>	<u>469.1</u>
Deferred Inflow of Resources	2.6	29.1	6.4
Net Investment in Capital Assets	749.2	693.0	649.1
Restricted	50.4	54.1	54.2
Unrestricted	<u>90.9</u>	<u>113.1</u>	<u>110.9</u>
Total Net Position	<u><u>\$ 890.5</u></u>	<u><u>\$ 860.2</u></u>	<u><u>\$ 814.2</u></u>

## ***Financial Position***

### **Fiscal Year 2023 Summary**

In the fiscal year ended June 30, 2023, total net position increased by approximately \$30.2 million, the result of operating loss and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$19.2 million from June 30, 2022. Unrestricted cash and investments decreased \$17.0 million with cash from operating activities of \$38.4 million and unrestricted nonoperating contributions of \$21.5 million, offset by cash used for debt service \$32.3 million and acquisition and construction of capital assets of \$52.1 million. See the Statement of Cash Flows for additional information.

Restricted current assets decreased \$4.6 million from June 30, 2022. The Water Resource Sustainability Program fund increased \$0.8 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 \$0.3 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$2.7 million, mainly due to a \$1.5 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 were depleted entirely in fiscal year ended June 30, 2023. Net other postemployment benefits (OPEB) asset decreased by \$2.9 million as result of the actuarial analysis and a lower return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$39.0 million in fiscal year 2023 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$19.9 million. These assets are built to TMWA's standards and specifications. Depreciation expense was \$34.8 million.

Total current liabilities increased by \$3.8 million. This was primarily due to an increase of \$3.4 million in construction contract and retention payables, which are affected by the size and timing of active projects.

Long term debt decreased \$21.4 million, due to principal payments on debt of \$16.5 million and amortization of bond premiums of \$4.2 million.

Net pension liability increased by \$28.8 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.

## **Fiscal Year 2022 Summary**

In the fiscal year ended June 30, 2022, total net position increased by approximately \$46.1 million, the result of operating income and capital contributions offset by nonoperating expenses.

Unrestricted current assets decreased by \$3.4 million from June 30, 2021. Unrestricted cash and investments decreased \$2.8 million with cash from operating activities of \$46.8 million and unrestricted nonoperating contributions of \$30.0 million, offset by cash used for debt service \$31.9 million and acquisition and construction of capital assets of \$40.8 million. See the Statement of Cash Flows for additional information.

Restricted current assets increased \$2.2 million from June 30, 2021. The Water Resource Sustainability Program fund increased \$1.4 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 \$0.8 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$0.5 million, mainly due to a \$1.0 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 (OPEB) asset increased by \$2.6 million as result of the actuarial analysis and a high return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

Most of TMWA's net position is in capital assets. Capital assets, net of accumulated depreciation, increased by \$23.0 million in fiscal year 2022 as increases in capital assets from capital expenditures and contributions were greater than depreciation expense. Assets built by developers and contributed to TMWA were \$18.2 million. These assets are built to TMWA's standards and specifications. TMWA also put the Mt. Rose Water Treatment Plant into service in fiscal year 2022 and capitalized \$29.0 million of costs related to the project. Depreciation expense was \$33.6 million.

Total current liabilities decreased by \$0.4 million. This was primarily due to a reduction of \$1.2 million in construction contract and retention payables, which are affected by the size and timing of active projects.

Long term debt decreased \$20.9 million, due to principal payments on debt of \$15.4 million and amortization of bond premiums of \$4.4 million.

Net pension liability decreased by \$13.7 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada. See Note 11 to the financial statements for additional information on pensions.

**TMWA’s Changes in Net Position**  
*(in millions)*

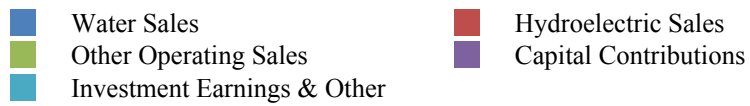
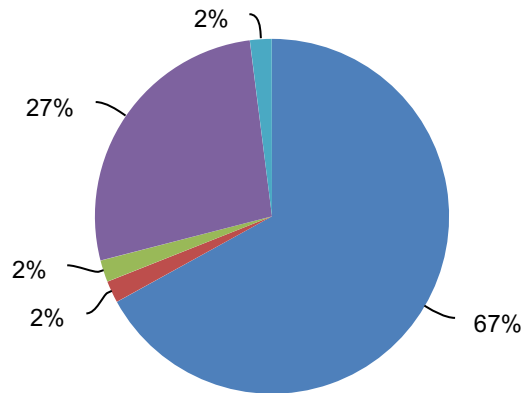
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Operating Revenues	\$ 113.1	\$ 114.6	\$ 115.4
Operating Expenses	114.4	98.6	98.2
Operating Income (Loss)	<u>(1.3)</u>	<u>16.0</u>	<u>17.2</u>
Nonoperating Revenues (Expenses)	<u>(10.8)</u>	<u>(21.5)</u>	<u>(14.1)</u>
Income (Loss) before Capital Contributions	(12.1)	(5.5)	3.1
Net Capital Contributions	<u>42.3</u>	<u>51.6</u>	<u>41.4</u>
Change in Net Position	<u>30.2</u>	<u>46.1</u>	<u>44.5</u>
Net Position, Beginning of Year	<u>860.3</u>	<u>814.2</u>	<u>769.7</u>
Net Position, End of Year	<u><u>\$ 890.5</u></u>	<u><u>\$ 860.3</u></u>	<u><u>\$ 814.2</u></u>

**TMWA’s Revenues**  
*(in millions)*

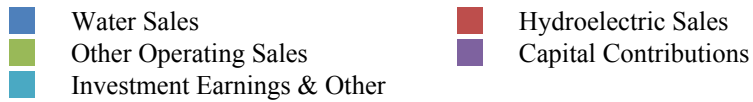
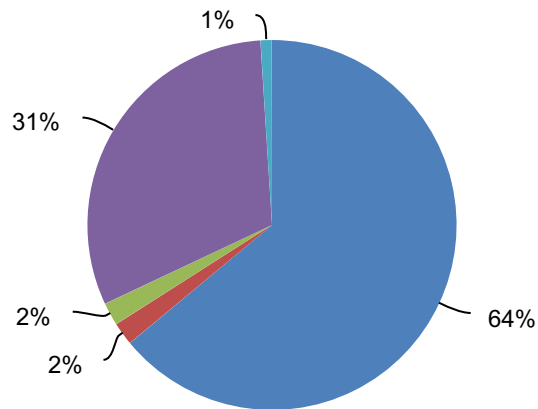
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Revenues			
Operating Revenues			
Water Sales	\$ 107.1	\$ 108.2	\$ 109.8
Hydroelectric Sales	2.9	2.6	2.8
Other Operating Sales	3.1	3.8	2.8
	<u>113.1</u>	<u>114.6</u>	<u>115.4</u>
Nonoperating Revenues			
Investment Earnings	<u>3.6</u>	<u>2.0</u>	<u>2.6</u>
Capital Contributions	<u>42.3</u>	<u>51.6</u>	<u>41.4</u>
Total Revenues	<u><u>\$ 159.0</u></u>	<u><u>\$ 168.2</u></u>	<u><u>\$ 159.4</u></u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2023, 2022 and 2021.

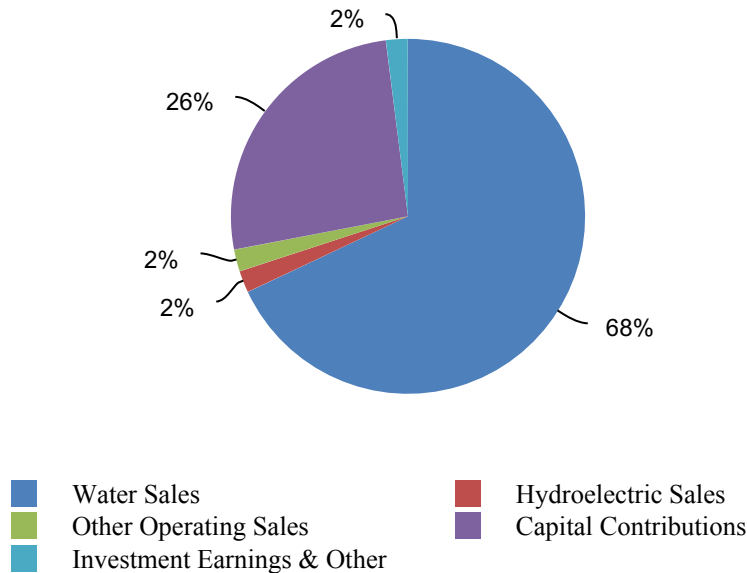
**Total Revenues for the Year Ended June 30, 2023**



**Total Revenues for the Year Ended June 30, 2022**



**Total Revenues for the Year Ended June 30, 2021**



***Results of Operations-Revenues***

**Fiscal Year 2023 Summary**

For fiscal year 2023, total operating revenues decreased \$1.5 million from fiscal year 2022. Water sales were \$107.1 million, \$1.1 million or 1.0% lower than in fiscal year 2022. Water sales were lower year over year due to lower consumption primarily due to cool temperatures and high precipitation in spring offset by a 2.5% rate increase in June 2022. Hydroelectric sales were \$0.3 million or 11.5% higher than fiscal year 2022 due to sustained river flows and plants being online for more time than in the prior year. Other operating revenue was \$0.7 million or 18.4% lower than the prior year due to lower revenues from construction water, new business engineering fees, and late fees.

Investment earnings were \$3.6 million in fiscal year 2023, \$1.6 million higher than fiscal year 2022 due to higher invested rates during the year.

For fiscal year 2023, capital contributions decreased by \$9.3 million. The main driver of the decrease was developer facility charges which were \$8.6 million less than 2022 and offset by developer infrastructure contributions which were \$1.7 million higher than 2022. A slowdown in construction in the area resulted in lower connection fees received from developers in fiscal year 2023. Grants were also \$2.1 million lower than fiscal year 2022 as only one grant award was received for the John Champion Park Restroom Installation Project under the Nevada Division of Environmental Protection's sub-grant agreement to One Truckee River.

## **Fiscal Year 2022 Summary**

For fiscal year 2022, total operating revenues decreased \$0.8 million from fiscal year 2021. Water sales were \$108.2 million, \$1.6 million or 1.5% lower than in fiscal year 2021. Water sales were lower year over year due to lower consumption offset by two 2.5% rate increases in June 2021 and 2022. Hydroelectric sales were \$0.2 million or 7.1% lower than fiscal year 2021 due to low river flows in the late summer months of fiscal year 2022, which forced the plants to be taken offline. Other operating revenue was \$1.0 million or 35.7% higher than the prior year due to higher revenues from construction water, new business engineering fees, and late fees.

Investment earnings were \$2.0 million in fiscal year 2022, \$0.6 million lower than fiscal year 2021 due to lower invested rates during the year.

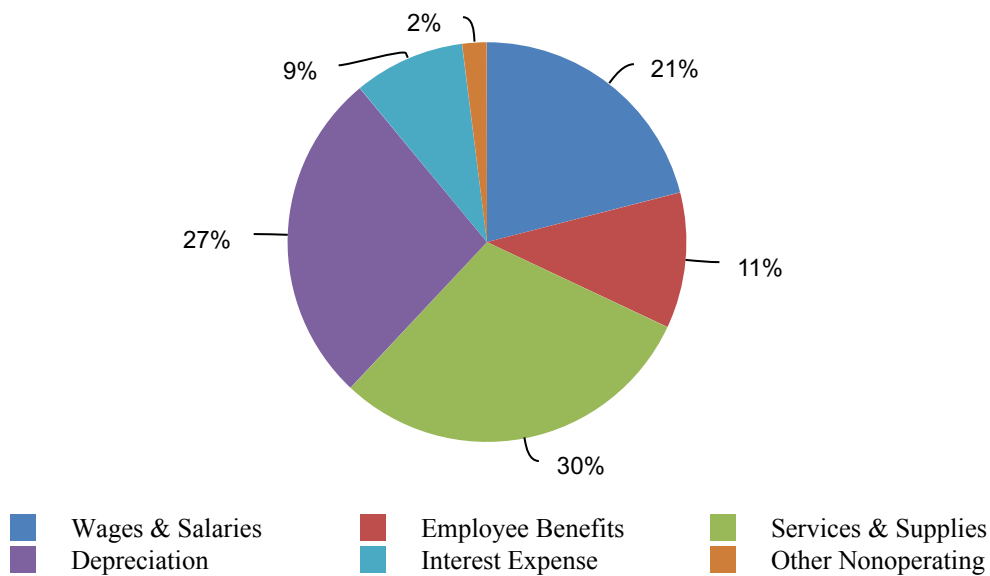
For fiscal year 2022, capital contributions increased by \$10.2 million. The main driver of the increase was developer infrastructure contributions which were \$8.0 million greater than fiscal year 2021. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. They can vary from year to year depending on activity and the timing of project closeouts. Grants were also \$2.2 million higher than fiscal year 2021 primarily from the grant award TMWA received to repair the Glendale diversion, which was damaged in the 2017 flood event.

**TMWA’s Expenses**  
*(in millions)*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 27.3	\$ 24.7	\$ 23.1
Employee Benefits	13.9	7.5	11.3
Services & Supplies	38.3	32.8	30.5
Depreciation	34.9	33.6	33.3
	<u>114.4</u>	<u>98.6</u>	<u>98.2</u>
Nonoperating Expenses			
Interest Expense	11.5	12.0	12.3
Other Nonoperating Expenses	2.9	11.5	4.4
	<u>14.4</u>	<u>23.5</u>	<u>16.7</u>
Total Expenses	<u>\$ 128.8</u>	<u>\$ 122.1</u>	<u>\$ 114.9</u>

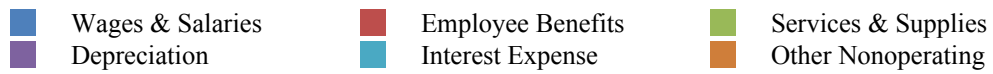
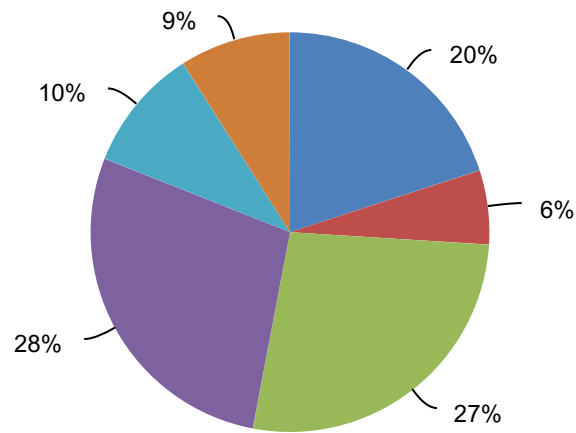
The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2023, 2022 and 2021.

**Total Expenses for the Year Ended June 30, 2023**

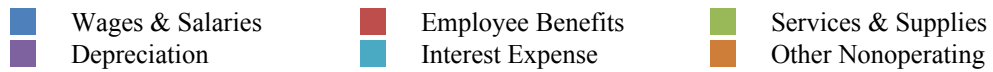
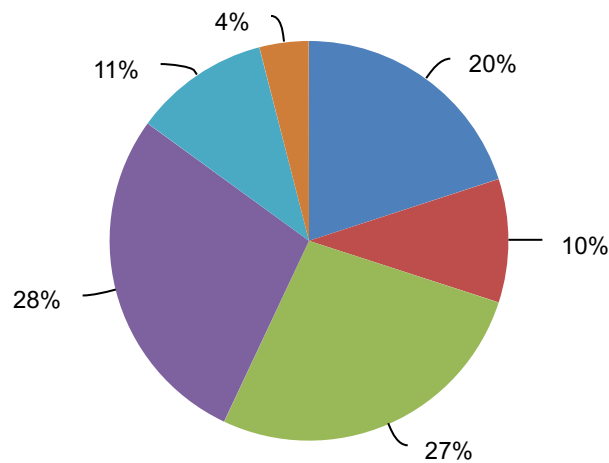




**Total Expenses for the Year Ended June 30, 2022**



**Total Expenses for the Year Ended June 30, 2021**



## ***Results of Operations-Expenses***

### **Fiscal Year 2023 Summary**

Operating expenses were \$114.4 million, \$15.8 million or 16.0% higher than fiscal year 2022. Spending on salaries and wages was \$2.6 million or 10.5% higher, due to Labor Market Index wage increases, step increases, and additions in headcount during the fiscal year. Employee benefits were \$6.4 million or 85.3% higher than prior year due mainly to higher pension expense related to Nevada PERS. Spending on services and supplies was \$5.5 million or 16.8% more than prior year primarily due to inflation and increased costs in power and chemicals.

Nonoperating expenses were \$9.1 million lower compared to prior year. Unrealized investment loss of \$1.6 million was the main driver for this decrease. In fiscal year 2022, TMWA had an unrealized investment loss of \$10.6 million included in nonoperating expenses.

### **Fiscal Year 2022 Summary**

Operating expenses were \$98.6 million, \$0.4 million or 0.4% higher than fiscal year 2021. Spending on salaries and wages was \$1.6 million or 6.9% higher, due to wage increases and increases in headcount. Employee benefits were \$3.8 million or 33.6% lower than prior year due mainly to lower pension expense related to Nevada PERS. Spending on services and supplies was \$2.3 million or 7.5% more than prior year primarily due to inflation and increased costs in power, security, meter replacements, and vehicle fuel costs.

Nonoperating expenses were \$6.8 million higher compared to prior year. Unrealized investment loss of \$10.6 million was the main driver for this increase. In fiscal year 2021, TMWA had an unrealized investment loss of only \$2.4 million included in nonoperating expenses.

## **CAPITAL ASSETS**

At June 30, 2023, TMWA's total capital assets were \$1,672.8 million before accumulated depreciation of \$588.9 million, for a net book value of \$1,083.9 million. Included in the total capital assets reported on the Statement of Net Position was \$63.8 million in construction work in progress.

At June 30, 2022, TMWA's total capital assets were \$1,599.0 million before accumulated depreciation of \$554.1 million, for a net book value of \$1,044.9 million. Included in the total capital assets reported on the Statement of Net Position was \$46.6 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, 2023, TMWA had \$351.2 million in total reported debt outstanding. This amount reflects \$322.0 million in total outstanding principal indebtedness and \$29.1 million net bond

premium. Of the \$322.0 million in total reported debt outstanding, \$17.2 million was due within one year and is classified as short term indebtedness.

Total outstanding principal indebtedness of \$322.0 million as of June 30, 2023 reflects a decrease of \$16.5 million or 4.9% from total outstanding principal of \$338.5 million as of June 30, 2022. Total outstanding principal indebtedness of \$338.5 million as of June 30, 2022 reflects a decrease of \$15.4 million or 4.4% from total outstanding principal of \$353.9 million as of June 30, 2021.

During fiscal year 2023, TMWA maintained credit ratings from Standard and Poor's of AA+, outlook Stable and from Moody's of Aa2, outlook Stable. In March 2022, Fitch upgraded TMWA's credit rating to AAA, outlook Stable.

Detailed information about TMWA's indebtedness can be found in Note 7 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.

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and investments	\$ 152,218,757	\$ 169,195,095
Accounts receivable, net	13,429,464	15,395,317
Due from others	367,672	357,337
Due from other governments	810,135	807,876
Interest receivable	760,390	760,415
Prepaid assets and other assets	2,596,285	2,887,338
	170,182,703	189,403,378
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	—	5,711,052
Water resource sustainability program	6,088,644	5,290,637
Current bond debt service	22,604,072	22,271,247
	28,692,716	33,272,936
Total current assets	198,875,419	222,676,314
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,404,342	2,337,315
Operations and maintenance	13,511,927	11,740,835
Renewal and replacement	10,000,000	11,544,050
Water rate stabilization	500,000	500,000
Net other postemployment benefits	3,108,425	6,024,714
	29,524,694	32,146,914
Noncurrent Assets		
Capital assets, not depreciated	201,134,370	178,003,697
Capital assets, depreciated	882,747,764	866,871,905
Other noncurrent assets	1,065,432	1,123,455
	1,084,947,566	1,045,999,057
Total noncurrent assets	1,114,472,260	1,078,145,971
Total assets	1,313,347,679	1,300,822,285
Deferred Outflow of Resources		
Bond refundings	1,880,904	2,088,177
Net pension liability	22,243,201	19,946,649
Net other postemployment benefits	1,338,422	411,188
	25,462,527	22,446,014
Total deferred outflow of resources	25,462,527	22,446,014
Total Assets and Deferred Outflow of Resources	\$ 1,338,810,206	\$ 1,323,268,299

Truckee Meadows Water Authority  
Statements of Net Position  
June 30, 2023 and 2022

	2023	2022
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 2,465,329	\$ 2,489,317
Contracts and retention payable	17,133,008	13,722,146
Accrued liabilities	2,385,754	2,109,336
Current portion of compensated absences	631,564	525,397
Due to other governments	1,512,507	1,839,020
Accrued interest payable	157,236	185,280
Current portion of long-term debt	2,120,578	2,064,081
Customer deposits and amounts due to developers	1,554,688	1,600,628
	27,960,664	24,535,205
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	15,080,000	14,430,000
Accrued interest payable	7,524,072	7,841,247
	22,604,072	22,271,247
Total current liabilities	50,564,736	46,806,452
Noncurrent Liabilities		
Net pension liability	57,394,508	28,552,406
Long-term debt, net of current portion	333,951,197	355,355,275
Net other postemployment benefits liability	717,935	376,724
Compensated absences, net of current portion	3,079,956	2,784,275
Total noncurrent liabilities	395,143,596	387,068,680
Total liabilities	445,708,332	433,875,132
Deferred Inflow of Resources		
Net pension liability	157,375	23,710,557
Bond refundings	61,632	70,045
Leases	339,281	358,459
Other postemployment benefits	2,054,438	4,989,033
Total deferred inflows of resources	2,612,726	29,128,094
Total liabilities and deferred inflow of resources	448,321,058	463,003,226
Net Position		
Net investment in capital assets	749,158,166	692,996,744
Restricted for water meter retrofit program	—	5,711,052
Restricted for water resource sustainability program	6,088,644	5,290,637
Restricted for debt service	22,604,072	22,271,247
Restricted for operations and maintenance reserve	8,911,927	7,140,835
Restricted for renewal and replacement reserve	10,000,000	11,544,050
Restricted for water rate stabilization	500,000	500,000
Restricted for net other postemployment benefits	2,292,262	1,684,102
Unrestricted	90,934,077	113,126,406
Total net position	890,489,148	860,265,073
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 1,338,810,206	\$ 1,323,268,299

Truckee Meadows Water Authority  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Charges for water sales	\$ 107,098,581	\$ 108,172,970
Hydroelectric sales	2,928,163	2,551,333
Other operating sales	3,122,397	3,846,679
Total operating revenues	<u>113,149,141</u>	<u>114,570,982</u>
Operating Expenses		
Salaries and wages	27,309,513	24,735,686
Employee benefits	13,905,722	7,461,199
Services and supplies	38,311,560	32,768,771
Total operating expenses before depreciation	<u>79,526,795</u>	<u>64,965,656</u>
Depreciation	<u>34,848,532</u>	<u>33,642,537</u>
Total operating expenses	<u>114,375,327</u>	<u>98,608,193</u>
Operating Income (Loss)	<u>(1,226,186)</u>	<u>15,962,789</u>
Nonoperating Revenues (Expenses)		
Investment earnings	3,576,888	2,028,627
Net decrease in fair value of investments	(1,626,597)	(10,605,392)
Loss on disposal of assets	(1,261,500)	(938,661)
Debt issuance costs	—	801
Interest expense	(11,522,905)	(11,954,097)
Total nonoperating revenues (expenses)	<u>(10,834,114)</u>	<u>(21,468,722)</u>
Loss before Capital Contributions	<u>(12,060,300)</u>	<u>(5,505,933)</u>
Capital Contributions		
Grants	88,724	2,164,651
Water resource sustainability program	798,007	1,409,024
Developer infrastructure contributions	19,884,818	18,167,149
Developer will-serve contributions	3,620,779	4,436,788
Developer capital contributions	1,846,641	1,493,347
Developer facility charges	14,631,602	23,204,940
Contributions from other governments	1,413,804	719,822
Net Capital Contributions	<u>42,284,375</u>	<u>51,595,721</u>
Change in Net Position	30,224,075	46,089,788
Net Position, Beginning of Year	<u>860,265,073</u>	<u>814,175,285</u>
Net Position, End of Year	<u>\$ 890,489,148</u>	<u>\$ 860,265,073</u>

**Truckee Meadows Water Authority**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
<b>Operating Activities</b>		
Cash received from customers	\$ 115,013,515	\$ 115,440,042
Cash paid to employees	(38,152,289)	(35,600,437)
Cash paid to suppliers	(38,457,063)	(33,053,731)
Net Cash from Operating Activities	38,404,163	46,785,874
<b>Capital and Related Financing Activities</b>		
Cash received on lease receivables	35,157	33,452
Cash received for interest on lease receivables	11,622	11,878
Acquisition and construction of capital assets	(52,069,578)	(40,754,019)
Interest paid on financing	(15,832,774)	(16,510,042)
Principal paid on financing	(16,494,081)	(15,384,193)
Proceeds from capital asset disposal	248,694	110,377
Grants	177,175	1,849,748
Contributions for water resource sustainability program	798,007	1,409,024
Contributions from developers-will-serve letters	3,620,779	4,436,788
Contributions from developers-capital	1,846,641	1,493,347
Contributions from developers-facility charges	14,631,602	23,204,940
Contributions from other governments	1,413,804	819,822
Bond/note issuance costs	—	801
Net Cash used for Capital and Related Financing Activities	(61,612,952)	(39,278,077)
<b>Investing Activities</b>		
Amounts received on water service loans	47,596	46,296
Proceeds from the sale and maturity of investment securities	109,663,397	86,160,653
Purchase of investment securities	(97,198,058)	(99,773,888)
Investment interest/earnings	3,917,699	2,987,217
Net Cash provided by (used for) Investing Activities	16,430,634	(10,579,722)
Net Change in Cash and Cash Equivalents	(6,778,155)	(3,071,925)
Cash and Cash Equivalents, Beginning of Year	15,856,355	18,928,280
Cash and Cash Equivalents, End of Year	\$ 9,078,200	\$ 15,856,355
<b>Reconciliation of Amounts Reported on the Statement of Net Position to Cash and Cash Equivalents</b>		
Reported on the Statement of Net Position:		
Cash and investments	\$ 152,218,757	\$ 169,195,095
Restricted current cash and investments	28,692,716	33,272,936
Restricted noncurrent cash and investments	26,416,269	26,122,200
Total Cash and Investments	207,327,742	228,590,231
Investments not meeting the definition of cash and cash equivalents	(198,249,542)	(212,733,876)
Total Cash and Cash Equivalents	\$ 9,078,200	\$ 15,856,355

Truckee Meadows Water Authority  
Statements of Cash Flows  
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities		
Operating income (loss)	\$ (1,226,186)	\$ 15,962,789
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	34,848,532	33,642,537
OPEB expense	(573,559)	(1,177,786)
OPEB contributions	(30,770)	(62,217)
Pension expense	6,812,035	1,305,093
Pension contributions	(3,819,668)	(3,496,584)
Changes in assets and liabilities		
Accounts receivable, net	1,920,649	1,278,363
Due from others	(10,335)	(26,840)
Due from other governments	(90,710)	(112,740)
Prepaid assets and other assets	292,349	(365,145)
Accounts payable	(23,987)	184,359
Accrued liabilities	276,418	246,896
Compensated absences	401,848	(214,769)
Due to other governments	(326,513)	4,381
Customer deposits and amounts due to developers	(45,940)	(382,463)
Total adjustments	39,630,349	30,823,085
Net Cash from Operating Activities	\$ 38,404,163	\$ 46,785,874
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,203,499)	\$ (4,439,990)
Amortization of refunding allowances to interest expense	198,859	201,068
Developer infrastructure contributions	19,884,818	18,167,149
Change in contracts and retention payable	3,410,862	(1,199,697)
Acquisition and Construction of Capital Assets		
Acquisition and construction of capital assets financed by cash	\$ 52,069,578	\$ 40,754,019
Developer infrastructure contributions	19,884,818	18,167,149
Change in contracts and retention payable	3,410,862	(1,199,697)
Total acquisition and construction of capital assets	\$ 75,365,258	\$ 57,721,471



Truckee Meadows Water Authority  
Statements of Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
December 31, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 130,022	\$ 119,589
Receivables from plan members	13,997	11,745
Investments, at fair value	<u>14,925,555</u>	<u>17,775,142</u>
Total assets	<u>15,069,574</u>	<u>17,906,476</u>
Liabilities		
Accounts payable	<u>125,483</u>	<u>122,196</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 14,944,091</u>	<u>\$ 17,784,280</u>

**Truckee Meadows Water Authority**  
Statements of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
Years Ended December 31, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
<b>Additions</b>		
Investment Income (Loss)		
Net increase (decrease) in fair value of investments	\$ (2,742,553)	\$ 2,351,683
Interest and dividends	318,068	265,600
Investment expense	(5,101)	(5,454)
	<u>(2,429,586)</u>	<u>2,611,829</u>
Net investment income (loss)		
Employer contributions	46,494	97,848
	<u>(2,383,092)</u>	<u>2,709,677</u>
Total additions		
<b>Deductions</b>		
Benefit payments	416,878	430,487
Administrative expenses	40,219	32,775
	<u>457,097</u>	<u>463,262</u>
Total deductions		
Change in Net Position	(2,840,189)	2,246,415
<b>Net Position Restricted for Postemployment Benefits Other than Pensions</b>		
Beginning of year	<u>17,784,280</u>	<u>15,537,865</u>
End of year	<u>\$ 14,944,091</u>	<u>\$ 17,784,280</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.

In accordance with GASB Statement No. 84, TMWA reports its two Other Postemployment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans, which have a December 31 year-end, do not present the results of operations of TMWA or have a measurement focus. They 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 Postemployment 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 (loss), 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.

### **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. Other assets of TMWA are classified as restricted assets on the Statements of Net Position because they are set aside to provide other postemployment benefits per the §501(c)(9) Plan.

### **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 a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. TMWA's deferred outflows of resources include 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 postemployment 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. TMWA has deferred inflows of resources related to leases, bond refundings, pensions and other postemployment 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 Postemployment Benefits**

For purposes of measuring TMWA's net OPEB liability (asset), 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, if any, 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.

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.

### **Reclassifications**

Certain amounts in the prior year statements have been reclassified for comparison purposes to conform to current year presentation. The reclassifications had no impact on the change in net position or total net position.

### **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 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 requires governments to report such arrangements as intangible assets and corresponding liabilities in their statements of net position. The adoption of this guidance in the fiscal year ended June 30, 2023, did not have a material impact on TMWA's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The primary objective of this Statement is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires governments to apply specific criteria in determining the liability to record in their statements of net position. TMWA is currently evaluating the effect the adoption of this GASB will have on its financial statements in the fiscal year ended June 30, 2024.

**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, 2023	June 30, 2022
Billed amounts	\$ 5,887,249	\$ 7,302,435
Earned, but unbilled amounts	7,716,936	8,336,557
	13,604,185	15,638,992
Allowance for uncollectible accounts	(174,721)	(243,675)
Accounts receivable, net	\$ 13,429,464	\$ 15,395,317

**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 are 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.



As of June 30, 2023, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 10,316,106	\$ 30,381,496	\$ 11,222,844	\$ 51,920,446
U.S. Agencies	20,693,782	50,216,889	14,986,705	85,897,376
LGIP	2,404,342	—	—	2,404,342
Money Market Mutual Funds	31,381,893	—	—	31,381,893
Certificates of Deposit	2,485,329	239,570	1,394,010	4,118,909
Corporate Notes	8,213,572	18,072,256	3,726,507	30,012,335
<b>Total Investments</b>	<b>75,495,024</b>	<b>98,910,211</b>	<b>31,330,066</b>	<b>205,735,301</b>
<b>Total Cash</b>	<b>1,592,441</b>	<b>—</b>	<b>—</b>	<b>1,592,441</b>
<b>Total Cash and Investments</b>	<b>\$ 77,087,465</b>	<b>\$ 98,910,211</b>	<b>\$ 31,330,066</b>	<b>\$ 207,327,742</b>

As of June 30, 2022, TMWA had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>Investments</b>				
U.S. Treasuries	\$ 8,283,680	\$ 9,983,590	\$ 23,956,604	\$ 42,223,874
U.S. Agencies	21,008,034	48,571,355	35,094,905	104,674,294
LGIP	2,337,315	—	—	2,337,315
Money Market Mutual Funds	35,281,891	—	—	35,281,891
Certificates of Deposit	5,002,854	2,499,060	684,954	8,186,868
Corporate Notes	4,823,794	15,301,781	13,116,260	33,241,835
<b>Total Investments</b>	<b>76,737,568</b>	<b>76,355,786</b>	<b>72,852,723</b>	<b>225,946,077</b>
<b>Total Cash</b>	<b>2,644,154</b>	<b>—</b>	<b>—</b>	<b>2,644,154</b>
<b>Total Cash and Investments</b>	<b>\$ 79,381,722</b>	<b>\$ 76,355,786</b>	<b>\$ 72,852,723</b>	<b>\$ 228,590,231</b>

As of December 31, 2022, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Cash	\$ 74,782	\$ —	\$ —	\$ 74,782
Total Investments - RBIF	13,457,829	—	—	13,457,829
Total Cash and Investments	<u>\$ 13,532,611</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,532,611</u>
<b>§115 Plan</b>				
Total Cash	\$ 55,240	\$ —	\$ —	\$ 55,240
Total Investments - RBIF	1,467,726	—	—	1,467,726
Total Cash and Investments	<u>\$ 1,522,966</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,522,966</u>

As of December 31, 2021, the OPEB Plans had the following cash and investments maturities:

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
<b>§501(c)(9) Plan</b>				
Total Cash	\$ 44,195	\$ —	\$ —	\$ 44,195
Total Investments - RBIF	16,072,517	—	—	16,072,517
Total Cash and Investments	<u>\$ 16,116,712</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,116,712</u>
<b>§115 Plan</b>				
Total Cash	\$ 75,394	\$ —	\$ —	\$ 75,394
Total Investments - RBIF	1,702,625	—	—	1,702,625
Total Cash and Investments	<u>\$ 1,778,019</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,778,019</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 113 days at June 30, 2023, and 125 days at June 30, 2022.

At June 30, 2023, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 543,103	\$ —	\$ 1,245,337	\$ 1,788,440
AA+	51,920,446	85,897,376	—	—	—	—	137,817,822
AA	—	—	—	—	—	2,410,112	2,410,112
A+	—	—	—	—	991,173	1,512,486	2,503,659
A	—	—	—	—	—	12,500,818	12,500,818
A-	—	—	—	—	—	10,966,649	10,966,649
BBB+	—	—	—	—	—	1,376,933	1,376,933
BBB	—	—	—	—	—	—	—
BBB-	—	—	—	—	458,197	—	458,197
NR	—	—	2,404,342	30,838,790	2,669,539	—	35,912,671
<b>Total Investments</b>	<b>\$ 51,920,446</b>	<b>\$ 85,897,376</b>	<b>\$ 2,404,342</b>	<b>\$ 31,381,893</b>	<b>\$ 4,118,909</b>	<b>\$ 30,012,335</b>	<b>\$ 205,735,301</b>

At June 30, 2022, using Standard & Poor's rating scale, TMWA's investments were rated as follows:

S&P Rating	U.S. Treasuries	U.S. Agencies	LGIP	Money Market Mutual Funds	Certificates of Deposit	Corporate Notes	Total
AAA	\$ —	\$ —	\$ —	\$ 1,202,259	\$ —	\$ —	\$ 1,202,259
AA+	42,223,874	104,674,294	—	—	—	501,044	147,399,212
AA	—	—	—	—	—	5,343,592	5,343,592
A+	—	—	—	—	1,499,977	5,558,977	7,058,954
A	—	—	—	—	249,491	9,337,115	9,586,606
A-	—	—	—	—	500,931	11,098,043	11,598,974
BBB+	—	—	—	—	1,000,786	1,403,064	2,403,850
BBB	—	—	—	—	250,531	—	250,531
BBB-	—	—	—	—	471,868	—	471,868
NR	—	—	2,337,315	34,079,632	4,213,284	—	40,630,231
<b>Total Investments</b>	<b>\$ 42,223,874</b>	<b>\$ 104,674,294</b>	<b>\$ 2,337,315</b>	<b>\$ 35,281,891</b>	<b>\$ 8,186,868</b>	<b>\$ 33,241,835</b>	<b>\$ 225,946,077</b>

**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, 2023 and 2022, the following investments by issuer exceeded 5% of TMWA's total investments:

	June 30, 2023	
U.S. Treasuries	\$ 51,920,446	26 %
Federal National Mortgage Association	33,408,276	17 %
Federal Home Loan Banks	29,208,141	15 %
Federated Hermes Treasury Obligations	23,353,030	12 %
Federal Farm Credit Bank	13,890,905	7 %
	June 30, 2022	
U.S. Treasuries	\$ 42,223,874	20 %
Federal National Mortgage Association	41,670,375	20 %
Federal Home Loan Bank	28,076,563	13 %
Federated Hermes Treasury Obligations	20,862,354	10 %
Federal Home Loan Mortgage Corporation	18,536,026	9 %
Federal Farm Credit Bank	16,391,329	8 %

**Investments Measured at Fair Value**

TMWA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. TMWA does not have any investments that are measured using Level 3 inputs.

TMWA had the following recurring fair value measurements as of June 30, 2023:

	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	\$ 51,920,446	\$ 51,920,446	\$ —
U.S. Agencies	85,897,376	—	85,897,376
Certificates of Deposit	4,118,909	—	4,118,909
Corporate Notes	30,012,335	—	30,012,335
	171,949,066	\$ 51,920,446	\$ 120,028,620
LGIP	2,404,342		
Money Market Mutual Funds*	31,381,893		
	<u>\$ 205,735,301</u>		

TMWA had the following recurring fair value measurements as of June 30, 2022:

	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	\$ 42,223,874	\$ 42,223,874	\$ —
U.S. Agencies	104,674,294	—	104,674,294
Certificates of Deposit	8,186,868	—	8,186,868
Corporate Notes	33,241,835	—	33,241,835
	188,326,871	\$ 42,223,874	\$ 146,102,997
LGIP	2,337,315		
Money Market Mutual Funds*	35,281,891		
	<u>\$ 225,946,077</u>		

\*Money market mutual funds are not held primarily for the purpose of income or profit and have remaining maturities at time of purchase of one year or less. Therefore, the money market mutual funds are recorded at amortized cost.

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.

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, 2023 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 46,612,192	\$ 48,187,537	\$ (30,981,875)	\$ 63,817,854
Land	20,656,209	203,669	(204)	20,859,674
Water rights	110,735,296	5,721,546	—	116,456,842
Total capital assets, not being depreciated	<u>178,003,697</u>	<u>54,112,752</u>	<u>(30,982,079)</u>	<u>201,134,370</u>
Capital assets, being depreciated				
Distribution mains	606,514,576	25,743,119	—	632,257,695
Water treatment (plants)	230,092,240	1,985,937	(15,900)	232,062,277
Services	170,891,730	5,544,486	—	176,436,216
Pump stations	75,748,643	4,128,477	(21,116)	79,856,004
Treated water storage (tanks)	99,345,247	6,880,534	—	106,225,781
Wells	79,053,515	4,960,348	(30,389)	83,983,474
Pressure regulating stations	20,820,528	505,044	—	21,325,572
Canals	44,772,747	—	—	44,772,747
Reservoirs	19,329,874	62,101	—	19,391,975
Vehicles	9,788,167	569,268	—	10,357,435
Furniture and fixtures	836,662	36,667	—	873,329
Computer hardware and software	12,109,417	256,294	—	12,365,711
Equipment	252,659	—	—	252,659
Hydroelectric facilities	35,209,402	61,869	—	35,271,271
Administrative buildings	16,197,903	35,554	—	16,233,457
Total capital assets, being depreciated	<u>1,420,963,310</u>	<u>50,769,698</u>	<u>(67,405)</u>	<u>1,471,665,603</u>
Less accumulated depreciation:				
Distribution mains	(161,258,816)	(11,201,835)	—	(172,460,651)
Water treatment (plants)	(109,722,358)	(6,782,672)	5,918	(116,499,112)
Services	(125,795,689)	(5,302,177)	—	(131,097,866)
Pump stations	(30,101,884)	(2,292,433)	7,823	(32,386,494)
Treated water storage (tanks)	(34,911,510)	(2,291,084)	—	(37,202,594)
Wells	(38,834,898)	(2,004,494)	8,357	(40,831,035)
Pressure regulating stations	(8,338,267)	(508,736)	—	(8,847,003)
Canals	(14,434,824)	(1,035,775)	—	(15,470,599)
Reservoirs	(8,337,688)	(448,043)	—	(8,785,731)
Vehicles	(6,965,273)	(854,726)	—	(7,819,999)
Furniture and fixtures	(728,072)	(37,632)	—	(765,704)
Computer hardware and software	(3,827,966)	(884,670)	—	(4,712,636)
Equipment	(198,169)	(9,155)	—	(207,324)
Hydroelectric facilities	(6,183,559)	(691,412)	—	(6,874,971)
Administrative buildings	(4,452,432)	(503,688)	—	(4,956,120)
Total accumulated depreciation	<u>(554,091,405)</u>	<u>(34,848,532)</u>	<u>22,098</u>	<u>(588,917,839)</u>
Total capital assets, being depreciated net	<u>866,871,905</u>	<u>15,921,166</u>	<u>(45,307)</u>	<u>882,747,764</u>
Total Capital Assets, Net	<u>\$ 1,044,875,602</u>	<u>\$ 70,033,918</u>	<u>\$ (31,027,386)</u>	<u>\$ 1,083,882,134</u>

Capital asset activity for the year ended June 30, 2022 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Construction in progress	\$ 72,934,066	\$ 38,431,559	\$ (64,753,433)	\$ 46,612,192
Land	20,597,913	70,000	(11,704)	20,656,209
Water rights	110,596,859	138,437	—	110,735,296
Total capital assets, not being depreciated	<u>204,128,838</u>	<u>38,639,996</u>	<u>(64,765,137)</u>	<u>178,003,697</u>
Capital assets, being depreciated				
Distribution mains	584,554,415	21,960,161	—	606,514,576
Water treatment (plants)	197,962,701	32,129,539	—	230,092,240
Services	164,492,384	6,399,346	—	170,891,730
Pump stations	72,990,794	2,757,849	—	75,748,643
Treated water storage (tanks)	97,588,855	1,756,392	—	99,345,247
Wells	77,220,811	1,832,704	—	79,053,515
Pressure regulating stations	18,173,356	2,647,172	—	20,820,528
Canals	44,748,769	23,978	—	44,772,747
Reservoirs	19,329,874	—	—	19,329,874
Vehicles	9,093,894	699,537	(5,264)	9,788,167
Furniture and fixtures	808,750	27,912	—	836,662
Computer hardware and software	4,816,805	7,292,612	—	12,109,417
Equipment	252,659	—	—	252,659
Hydroelectric facilities	29,936,210	5,273,192	—	35,209,402
Administrative buildings	16,197,903	—	—	16,197,903
Total capital assets, being depreciated	<u>1,338,168,180</u>	<u>82,800,394</u>	<u>(5,264)</u>	<u>1,420,963,310</u>
Less accumulated depreciation:				
Distribution mains	(150,448,700)	(10,810,116)	—	(161,258,816)
Water treatment (plants)	(103,667,406)	(6,054,952)	—	(109,722,358)
Services	(120,309,967)	(5,485,722)	—	(125,795,689)
Pump stations	(27,904,642)	(2,197,242)	—	(30,101,884)
Treated water storage (tanks)	(32,792,909)	(2,118,601)	—	(34,911,510)
Wells	(36,942,247)	(1,892,651)	—	(38,834,898)
Pressure regulating stations	(7,817,704)	(520,563)	—	(8,338,267)
Canals	(13,399,448)	(1,035,376)	—	(14,434,824)
Reservoirs	(7,889,954)	(447,734)	—	(8,337,688)
Vehicles	(5,961,038)	(1,006,679)	2,444	(6,965,273)
Furniture and fixtures	(694,197)	(33,875)	—	(728,072)
Computer hardware and software	(2,966,559)	(861,407)	—	(3,827,966)
Equipment	(189,014)	(9,155)	—	(198,169)
Hydroelectric facilities	(5,520,182)	(663,377)	—	(6,183,559)
Administrative buildings	(3,947,345)	(505,087)	—	(4,452,432)
Total accumulated depreciation	<u>(520,451,312)</u>	<u>(33,642,537)</u>	<u>2,444</u>	<u>(554,091,405)</u>
Total capital assets, being depreciated net	<u>817,716,868</u>	<u>49,157,857</u>	<u>(2,820)</u>	<u>866,871,905</u>
Total Capital Assets, Net	<u>\$ 1,021,845,706</u>	<u>\$ 87,797,853</u>	<u>\$ (64,767,957)</u>	<u>\$ 1,044,875,602</u>

**Note 6 - Leases**

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$6,000 for the first year and is increased based on CPI every five years with the renewal of the lease. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$9,729 in lease revenue and \$1,581 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$48,188 in lease receivables and \$44,591 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$9,729 in lease revenue and \$1,850 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$57,871 in lease receivables and \$54,321 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 1998 and allowed for five 5-year renewal terms after the initial term expired in 2003. TMWA foresees continuing the lease through 2028. Rent was \$4,000 for the first year and is increased based on CPI every five years with the renewal of the lease. The third amendment to the agreement also added \$3,000 per year to the base rent. TMWA used a borrowing rate of 3.17% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$7,859 in lease revenue and \$1,514 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$44,501 in lease receivables and \$43,224 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$8,149 in lease revenue and \$988 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$29,297 in lease receivables and \$28,522 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its facilities to a third party. The agreement term began in 2000 and allowed for three 5-year renewal terms after the initial term expired in 2005. A first amendment to the agreement extended the term for another five years to 2025 and allows for two 5-year renewal terms after the contract expires in 2025. Rent was \$13,800 for the first year and was originally increased based on CPI every five years with the renewal of the lease. The first amendment to the agreement added \$3,600 per year to the base rent and specified that the yearly rent will increase by 10% upon the commencement of each extension term. TMWA used a borrowing rate of 2.78% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$19,936 in lease revenue and \$8,196 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$263,572 in lease receivables and \$249,195 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$19,995 in lease revenue and \$8,515 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$278,163 in lease receivables and \$269,936 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

TMWA has an agreement to lease a portion of its land's air space to a third party. The agreement term began in 2007 and allowed for two 5-year renewal terms after the initial term expired in 2014. TMWA foresees continuing the lease through 2024. Rent was \$3,000 for the first year and is increased 2.5% each year. TMWA used a borrowing rate of 2.37% to recognize this lease under GASB 87, *Leases*. During the fiscal year ended June 30, 2023, TMWA recognized \$3,407 in lease revenue and \$89 in interest revenue related to this agreement. At June 30, 2023, TMWA reported \$0 in lease receivables and \$2,271 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement. During the fiscal year ended June 30, 2022, TMWA recognized \$3,409 in lease revenue and \$213 in interest revenue related to this agreement. At June 30, 2022, TMWA reported \$4,355 in lease receivables and \$5,681 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.



**Note 7 - 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. 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 in June 2021 as part of the 2021 Subordinate Water Refunding Bonds (see below). TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2023.

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 Statement 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 Statement 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 Revenue 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, 2023:

	Final Maturity Date	Authorized	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 955,680	\$ —	\$ 308,471	\$ 647,209	\$ 318,452
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	927,515	—	123,669	803,846	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,360,812	—	262,896	2,097,916	271,509
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	2,880,336	—	933,448	1,946,888	959,863
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	6,954,935	—	435,597	6,519,338	447,085
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	11,215,000	—	1,815,000	9,400,000	1,835,000
		48,561,736	25,294,278	—	3,879,081	21,415,197	3,955,578
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	23,295,000	—	1,055,000	22,240,000	1,110,000
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	126,285,000	—	11,560,000	114,725,000	12,135,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	313,205,000	—	12,615,000	300,590,000	13,245,000
Subtotal		388,351,736	338,499,278	—	16,494,081	322,005,197	17,200,578
Plus unamortized net bond premium			33,350,078	—	4,203,500	29,146,578	
Total debt before TECP			371,849,356	—	20,697,581	351,151,775	
TECP		53,600,000	—	—	—	—	—
Total Debt		<u>\$441,951,736</u>	<u>\$371,849,356</u>	<u>\$ —</u>	<u>\$ 20,697,581</u>	<u>\$351,151,775</u>	<u>\$ 17,200,578</u>

The following schedules summarize the changes in long-term debt obligations as of June 30, 2022:

	Final Maturity Date	Authorized	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in 2022-2023
<b>Direct Borrowings</b>							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,254,482	\$ —	\$ 298,802	\$ 955,680	\$ 308,470
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,051,184	—	123,669	927,515	123,668
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,615,367	—	254,555	2,360,812	262,896
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	3,788,098	—	907,762	2,880,336	933,449
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	7,379,340	—	424,405	6,954,935	435,598
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	13,000,000	—	1,785,000	11,215,000	1,815,000
		48,561,736	29,088,471	—	3,794,193	25,294,278	3,879,081
<b>Bonds Payable</b>							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	24,290,000	—	995,000	23,295,000	1,055,000
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	136,880,000	—	10,595,000	126,285,000	11,560,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	324,795,000	—	11,590,000	313,205,000	12,615,000
Subtotal		388,351,736	353,883,471	—	15,384,193	338,499,278	16,494,081
Plus unamortized net bond premium			37,790,068	—	4,439,990	33,350,078	
Total debt before TECP			391,673,539	—	19,824,183	371,849,356	
TECP		53,600,000	—	—	—	—	—
Total Debt		<u>\$441,951,736</u>	<u>\$391,673,539</u>	<u>\$ —</u>	<u>\$ 19,824,183</u>	<u>\$371,849,356</u>	<u>\$ 16,494,081</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	
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	2,806,146	209,873	15,355,000	12,610,625	30,981,644
2028	2,853,693	164,657	16,135,000	11,823,375	30,976,725
2029-2033	3,517,980	417,441	104,940,000	45,305,750	154,181,171
2034-2038	1,478,833	58,622	101,460,000	16,238,000	119,235,455
2039-2041	—	—	22,000,000	1,112,500	23,112,500
Total	<u>\$ 21,415,197</u>	<u>\$ 1,837,846</u>	<u>\$ 300,590,000</u>	<u>\$ 129,140,750</u>	<u>\$ 452,983,793</u>

### Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2023 and 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Next Fiscal Year
2023 Compensated absences liability	\$ 3,309,672	\$ 3,079,140	\$ 2,677,292	\$ 3,711,520	\$ 631,564
2022 Compensated absences liability	\$ 3,524,440	\$ 2,952,403	\$ 3,167,171	\$ 3,309,672	\$ 525,397

### Note 8 - 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. The restricted balance of \$5,711,052 as of June 30, 2022 was entirely depleted during the fiscal year ended June 30, 2023.

Restricted for water resource sustainability: This restriction replaced the water meter retrofit program in January 2019 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 balance of \$1,544,050 as of June 30, 2022 was entirely depleted during fiscal year ended June 30, 2023.

Restricted for net other postemployment benefits: This restriction was created to segregate the portion of net position related to TMWA's net other postemployment benefit asset in the §501(c)(9) Plan. See Note 12 for additional information.

### **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 \$11,126,919 and \$10,422,851 as of June 30, 2023 and 2022, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

### **Note 9 - 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.

#### **Litigation**

From time to time, TMWA is named as a party to various lawsuits, claims, or other legal and regulatory proceedings that arise in the ordinary course of TMWA's business. TMWA accrues reserves when a loss is probable, and the amount of such loss can be reasonably estimated. Management does not believe that the outcome of these proceedings, individually and collectively, will have a material effect on TMWA's financial position.

### **Note 10 - 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 11 - 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 actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The employer-pay contribution (EPC) rate was 29.75% and 29.75% for fiscal years June 30, 2023 and 2022, respectively. As of July 1, 2023, the EPC rate increased to 33.50%. TMWA's contributions were \$3,819,668 and \$3,496,584 for the years ended June 30, 2023 and 2022, 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, 2022:

	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, 2021:

	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, 2023, TMWA reported a liability for its proportionate share of the net pension liability of \$57,394,508. The net pension liability was measured as of June 30, 2022, 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, 2022, TMWA reported a liability for its proportionate share of the net pension liability of \$28,552,406. The net pension liability was measured as of June 30, 2021, 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, 2022 and 2021, TMWA's proportion was 0.3179 and 0.3131 percent, respectively, representing an increase of 0.0048 percent and an increase of 0.0102 percent from its proportion measured at June 30, 2021 and 2020, respectively.



*Pension Liability Discount Rate Sensitivity*

The following presents the net pension liability of TMWA measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.25%, 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 (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2022	\$ 88,119,345	\$ 57,394,508	\$ 32,041,907
	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2021	\$ 56,846,925	\$ 28,552,406	\$ 5,211,743

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the PERS ACFR, available on the PERS website, [www.nvpers.org](http://www.nvpers.org).

*Actuarial Assumptions*

TMWA’s June 30, 2023 net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was measured as of June 30, 2021, 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, 2022	June 30, 2021
Inflation Rate	2.50%	2.50%
Payroll Growth	3.50% including inflation	3.50% including inflation
Investment Rate of Return	7.25%	7.25%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.50%	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation	Same as those used in the June 30, 2021 funding actuarial valuation

For the year ended June 30, 2022, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

For the year ended June 30, 2021, mortality rates for non-disabled regular members were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional monthly improvement scale MP-2020. Mortality rates for disabled regular members were based on the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of the experience review issued September 10, 2021.

The projection of cash flows used to determine the discount rate of 7.25% 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, 2022 and June 30, 2021.

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

For the years ended June 30, 2023 and 2022, TMWA recognized pension expense of \$10,619,665 and \$4,812,879, respectively.

At June 30, 2023, 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	\$ 7,431,641	\$ 41,001
Changes in assumptions or other inputs	7,372,725	—
Net difference between projected and actual earnings on pension plan investments	700,249	—
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	2,918,918	116,374
TMWA contributions subsequent to the measurement date	3,819,668	—
	<u>\$ 22,243,201</u>	<u>\$ 157,375</u>

Deferred outflows of resources of \$3,819,668 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, 2024.

At June 30, 2022, 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	\$ 3,162,740	\$ 200,941
Changes in assumptions or other inputs	9,479,892	—
Net difference between projected and actual earnings on pension plan investments	—	23,297,856
Changes in TMWA’s proportion and differences between TMWA's contributions and TMWA's proportionate contributions	3,807,433	211,760
TMWA contributions subsequent to the measurement date	3,496,584	—
	\$ 19,946,649	\$ 23,710,557

Deferred outflows of resources of \$3,496,584 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, 2023.

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, 2021 (the beginning of the measurement period ended June 30, 2022) is 5.7 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized in pension expense as follows:

Year ending June 30,	
2024	\$ 3,386,531
2025	2,754,678
2026	2,618,272
2027	8,262,978
2028	1,243,699

*Additional Information*

The PERS ACFR includes additional information including information supporting the schedule of employer allocations and the schedule of pension amounts by employer. This report is available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

**Deferred Compensation Plans**

All employees of TMWA are eligible to participate in a Section 457 Deferred Compensation Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. In addition to the Section 457 Deferred Compensation Plan, all employees are eligible to participate in a Section 401(a) Money Purchase Retirement Plan, monies of which are maintained in a trust, separate from the general assets of TMWA. For the years ended June 30, 2023 and June 30, 2022, TMWA had matching contributions totaling \$1,700,290, and \$1,550,717, respectively.

**Note 12 - Other Postemployment Benefit (OPEB) Plans**

TMWA has two Other Postemployment 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 subsequent new hires until the plan closed, effective December 13, 2018. The §115 Plan plan was formed to provide postemployment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections under which the plans were formed. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 2023 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	70	7
Retirees entitled to, but not yet receiving benefits	2	3
Active plan members	153	12
Total	225	22

Census data as of June 30, 2022 for both plans is as follows:

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	62	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	161	14
Total	224	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 postemployment 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 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 14, 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 postemployment 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 postemployment health benefits. This specific plan was formed to provide postemployment 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. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

Eligibility. There are 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 postemployment 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, 2023 and 2022 is below:

	§501(c)(9) Plan	§115 Plan	Total
2023	\$ (445,238)	\$ 60,120	\$ (385,118)
2022	\$ (1,059,573)	\$ (13,529)	\$ (1,073,102)

Changes in Net Position for each plan for the measurement period ended December 31, 2022 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, 2022	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724
<i>Measurement Date - December 31, 2021</i>						
Changes During the Period:						
Service Cost	181,309	—	181,309	29,587	—	29,587
Interest Cost	596,546	—	596,546	128,719	—	128,719
Expected Investment Income	—	948,700	(948,700)	—	105,886	(105,886)
Employer Contributions	—	76,785	(76,785)	—	71,680	(71,680)
Auditing Fees	—	(18,600)	18,600	—	(14,800)	14,800
Investment & Administrative Fees	—	(4,605)	4,605	—	(496)	496
Legal Fees	—	(1,931)	1,931	—	(4,888)	4,888
Retiree Contributions In	—	128,878	(128,878)	—	20,741	(20,741)
Retiree Contributions Out	—	(128,878)	128,878	—	(20,741)	20,741
Benefit Payments	(443,277)	(443,277)	—	(75,573)	(75,573)	—
Investment Experience	—	(3,138,783)	3,138,783	—	(340,287)	340,287
Net Changes	334,578	(2,581,711)	2,916,289	82,733	(258,478)	341,211
Balance at Fiscal Year Ending June 30, 2023	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)	\$ 2,236,255	\$ 1,518,320	\$ 717,935
<i>Measurement Date - December 31, 2022</i>						

Changes in Net Position for each plan for the measurement period ended December 31, 2021 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, 2021 <i>Measurement Date - December 31, 2020</i>	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
Changes During the Period:						
Service Cost	229,280	—	229,280	35,820	—	35,820
Interest Cost	636,038	—	636,038	122,661	—	122,661
Expected Investment Income	—	830,396	(830,396)	—	90,749	(90,749)
Employer Contributions	—	63,156	(63,156)	—	117,922	(117,922)
Auditing Fees	—	(18,775)	18,775	—	(14,000)	14,000
Investment & Administrative Fees	—	(4,938)	4,938	—	(517)	517
Retiree Contributions In	—	110,022	(110,022)	—	23,102	(23,102)
Retiree Contributions Out	—	(110,022)	110,022	—	(23,102)	23,102
Benefit Payments	(442,780)	(442,780)	—	(70,936)	(70,936)	—
Assumption Changes	(271,660)	—	(271,660)	(39,674)	—	(39,674)
Plan Experience	(760,853)	—	(760,853)	61,652	—	61,652
Investment Experience	—	1,538,814	(1,538,814)	—	157,324	(157,324)
Net Changes	(609,975)	1,965,873	(2,575,848)	109,523	280,542	(171,019)
Balance at Fiscal Year Ending June 30, 2022 <i>Measurement Date - December 31, 2021</i>	<u>\$ 9,982,768</u>	<u>\$ 16,007,482</u>	<u>\$ (6,024,714)</u>	<u>\$ 2,153,522</u>	<u>\$ 1,776,798</u>	<u>\$ 376,724</u>

A schedule of the plans' deferred resources as of June 30, 2023 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	\$ 172,950	\$ 211,758	\$ 17,647	\$ 23,900
Differences Between Expected and Actual Experience	—	1,747,243	37,138	71,537
Net Difference Between Projected and Actual Earnings on Investments	807,714	—	99,895	—
Contributions Made Subsequent to the Measurement Date	162,174	—	40,904	—
Total	<u>\$ 1,142,838</u>	<u>\$ 1,959,001</u>	<u>\$ 195,584</u>	<u>\$ 95,437</u>

A schedule of the plans' deferred resources as of June 30, 2022 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	\$ 205,156	\$ 241,709	\$ 24,305	\$ 31,787
Differences Between Expected and Actual Experience	—	2,046,058	49,395	98,532
Net Difference Between Projected and Actual Earnings on Investments	—	2,334,038	—	236,909
Contributions Made Subsequent to the Measurement Date	76,037	—	56,295	—
Total	<u>\$ 281,193</u>	<u>\$ 4,621,805</u>	<u>\$ 129,995</u>	<u>\$ 367,228</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, 2023 is shown below.

Year ended June 30,	§501(c)(9) Plan	§115 Plan
	Deferred Inflows (Outflows) Recognized in OPEB Expense	Deferred Inflows (Outflows) Recognized in OPEB Expense
2024	\$ 535,236	\$ 34,167
2025	197,920	2,524
2026	(23,435)	(27,747)
2027	(331,195)	(68,187)
2028	296,560	—
Thereafter	303,251	—

**Actuarial Valuation Assumptions**

The total OPEB liability as of December 31, 2022 and 2021 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
2022	Actual	2050-2059	4.6%
2023	5.8%	2060-2066	4.5%
2024	5.6%	2067-2068	4.4%
2025	5.4%	2069-2070	4.3%
2026-2027	5.2%	2071	4.2%
2028-2029	5.1%	2072-2073	4.1%
2030-2038	5.0%	2074-2075	4.0%
2039	4.9%	2076	3.9%
2040-2043	4.8%	Thereafter	3.9%
2044-2049	4.7%		



Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
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.
Employer Cost Sharing	<p><b>IBEW Pre - 1998 Hires:</b> Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p><b>IBEW Post-1997 Hires:</b> 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><b>MPAT:</b> 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><b>Tier 1:</b> Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p><b>Tier 2:</b> 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, 2023
Measurement Date	December 31, 2022
Measurement Period	January 1, 2022 to December 31, 2022
Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021
Valuation Date	December 31, 2021

The discount rates used for the fiscal years ended June 30, 2023 and 2022 is 6.0%. The Healthcare Cost Trend Rate for the fiscal years ended June 30, 2023 and 2022 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% 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, 2022**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,401,649	\$ 10,317,346	\$ 9,383,849	\$ 9,563,236	\$ 10,317,346	\$ 11,208,646
Net OPEB Liability (Asset)	\$ (2,024,122)	\$ (3,108,425)	\$ (4,041,922)	\$ (3,862,535)	\$ (3,108,425)	\$ (2,217,125)

§115 Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	-1%	Discount Rate	+1%	-1%	Medical Trend	+1%
Total OPEB Liability	\$ 2,530,384	\$ 2,236,255	\$ 1,990,908	\$ 1,973,868	\$ 2,236,255	\$ 2,554,410
Net OPEB Liability (Asset)	\$ 1,012,064	\$ 717,935	\$ 472,588	\$ 455,548	\$ 717,935	\$ 1,036,090

**Measurement Date - December 31, 2021**

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,064,599	\$ 9,982,768	\$ 9,053,453	\$ 9,253,113	\$ 9,982,768	\$ 10,845,164
Net OPEB Liability (Asset)	\$ (4,942,883)	\$ (6,024,714)	\$ (6,954,029)	\$ (6,754,369)	\$ (6,024,714)	\$ (5,162,318)

§115 Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate	Current	Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 2,446,297	\$ 2,153,522	\$ 1,910,236	\$ 1,900,842	\$ 2,153,522	\$ 2,459,906
Net OPEB Liability (Asset)	\$ 669,499	\$ 376,724	\$ 133,438	\$ 124,044	\$ 376,724	\$ 683,108

**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 13 - Commitments**

TMWA has committed \$800,000 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 2023.

TMWA has committed \$500,000 as a contribution to the National Forest Foundation for the purpose of funding a forest-thinning project east of Stampede Reservoir, where TMWA stores water. The project aims to mitigate the risk of catastrophic fire in the area, which would ultimately threaten TMWA's water supply and quality. TMWA made a \$250,000 payment in August 2022 and made the final \$250,000 payment in July 2023.

Under a Water Resource Purchase Agreement effective March 2022, TMWA committed to purchasing 400 acre-feet of water rights from Fish Springs Ranch, LLC for a total purchase price of \$10 million. The purchase price is payable in ten \$1 million tranches over 10 years. The first payment was made in November 2022.

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\***

	2023	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>							
<u>Total OPEB Liability</u>							
Service Cost	\$ 181,309	\$ 229,280	\$ 222,602	\$ 307,252	\$ 295,437	\$ 284,073	\$ 273,146
Interest	596,546	636,038	609,728	682,186	648,751	612,850	576,050
Differences between expected and actual experience	—	(760,853)	—	(2,013,876)	—	—	—
Changes of assumptions <sup>(2)</sup>	—	(271,660)	—	301,774	—	—	—
Benefit payments	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
<b>Total OPEB Liability - Beginning</b>	<b>9,982,768</b>	<b>10,592,743</b>	<b>10,118,664</b>	<b>11,283,691</b>	<b>10,694,671</b>	<b>10,062,447</b>	<b>9,442,131</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 10,317,346</b>	<b>\$ 9,982,768</b>	<b>\$ 10,592,743</b>	<b>\$ 10,118,664</b>	<b>\$ 11,283,691</b>	<b>\$ 10,694,671</b>	<b>\$ 10,062,447</b>
<u>Plan Fiduciary Net Position</u>							
Contributions - employer	\$ 76,785	\$ 63,156	\$ 131,267	\$ 258,430	\$ 324,529	\$ 445,063	\$ 244,429
Net investment income	(2,190,083)	2,369,210	1,845,954	2,301,207	(524,654)	1,515,031	536,863
Benefit payments	(443,277)	(442,780)	(358,251)	(442,363)	(355,168)	(264,699)	(228,880)
Auditing fees	(18,600)	(18,775)	(18,490)	(12,600)	(18,545)	(15,500)	(12,900)
Investment & administrative fees	(4,605)	(4,938)	(2,954)	(3,206)	(3,441)	(2,612)	(2,490)
Legal fees	(1,931)	—	—	(1,750)	(5,250)	(19,268)	(1,663)
Retiree contributions in	128,878	110,022	111,103	103,249	117,015	93,172	90,145
Retiree contributions out	(128,878)	(110,022)	(111,103)	(103,249)	(117,015)	(93,172)	(90,145)
<b>Net change in plan fiduciary net position</b>	<b>(2,581,711)</b>	<b>1,965,873</b>	<b>1,597,526</b>	<b>2,099,718</b>	<b>(582,529)</b>	<b>1,658,015</b>	<b>535,359</b>
<b>Plan fiduciary net position - beginning</b>	<b>16,007,482</b>	<b>14,041,609</b>	<b>12,444,083</b>	<b>10,344,365</b>	<b>10,926,894</b>	<b>9,268,879</b>	<b>8,733,520</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 13,425,771</b>	<b>\$ 16,007,482</b>	<b>\$ 14,041,609</b>	<b>\$ 12,444,083</b>	<b>\$ 10,344,365</b>	<b>\$ 10,926,894</b>	<b>\$ 9,268,879</b>
<b>Net OPEB liability (asset) - ending</b>	<b>\$ (3,108,425)</b>	<b>\$ (6,024,714)</b>	<b>\$ (3,448,866)</b>	<b>\$ (2,325,419)</b>	<b>\$ 939,326</b>	<b>\$ (232,223)</b>	<b>\$ 793,568</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>130.1 %</b>	<b>160.4 %</b>	<b>132.6 %</b>	<b>123.0 %</b>	<b>91.7 %</b>	<b>102.2 %</b>	<b>92.1 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$ 20,105,987</b>	<b>\$ 21,664,461</b>	<b>\$ 19,385,303</b>	<b>\$ 21,658,320</b>	<b>\$ 20,674,304</b>	<b>\$ 18,517,678</b>	<b>\$ 17,467,908</b>
<b>Net OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>(15.5)%</b>	<b>(27.8)%</b>	<b>(17.8)%</b>	<b>(10.7)%</b>	<b>4.5 %</b>	<b>(1.3)%</b>	<b>4.5 %</b>

**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.

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

<sup>(2)</sup> In 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, 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. 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\*

	2023	2022	2021	2020	2019	2018	2017
<b>§115 Plan</b>							
<u>Total OPEB Liability</u>							
Service Cost	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769	\$ 52,663
Interest	128,719	122,661	117,350	119,591	111,978	103,644	94,941
Differences between expected and actual experience	—	61,652	—	(179,517)	—	—	—
Changes of assumptions <sup>(1)</sup>	—	(39,674)	—	44,279	—	—	—
Benefit payments	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
<b>Total OPEB Liability - Beginning</b>	<b>2,153,522</b>	<b>2,043,999</b>	<b>1,950,233</b>	<b>1,961,246</b>	<b>1,826,373</b>	<b>1,677,294</b>	<b>1,529,690</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 2,236,255</b>	<b>\$ 2,153,522</b>	<b>\$ 2,043,999</b>	<b>\$ 1,950,233</b>	<b>\$ 1,961,246</b>	<b>\$ 1,826,373</b>	<b>\$ 1,677,294</b>
<u>Plan Fiduciary Net Position</u>							
Contributions - employer	\$ 71,680	\$ 117,922	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441	\$ 151,176
Net investment income	(234,401)	248,073	193,517	220,823	(46,458)	126,004	35,423
Benefit payments	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)	—
Auditing fees	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)	(8,900)
Investment & administrative fees	(496)	(517)	(306)	(315)	(770)	(780)	(675)
Legal fees	(4,888)	—	—	(4,288)	(5,864)	(788)	(1,138)
Retiree contributions in	20,741	23,102	22,947	21,302	5,244	930	—
Retiree contributions out	(20,741)	(23,102)	(22,947)	(21,302)	(5,244)	(930)	—
<b>Net change in plan fiduciary net position</b>	<b>(258,478)</b>	<b>280,542</b>	<b>206,593</b>	<b>271,313</b>	<b>18,519</b>	<b>212,543</b>	<b>175,886</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,776,798</b>	<b>1,496,256</b>	<b>1,289,663</b>	<b>1,018,350</b>	<b>999,831</b>	<b>787,288</b>	<b>611,402</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,518,320</b>	<b>\$ 1,776,798</b>	<b>\$ 1,496,256</b>	<b>\$ 1,289,663</b>	<b>\$ 1,018,350</b>	<b>\$ 999,831</b>	<b>\$ 787,288</b>
<b>Net OPEB liability - ending</b>	<b>\$ 717,935</b>	<b>\$ 376,724</b>	<b>\$ 547,743</b>	<b>\$ 660,570</b>	<b>\$ 942,896</b>	<b>\$ 826,542</b>	<b>\$ 890,006</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>67.9 %</b>	<b>82.5 %</b>	<b>73.2 %</b>	<b>66.1 %</b>	<b>51.9 %</b>	<b>54.7 %</b>	<b>46.9 %</b>
<b>Covered-employee payroll, as of 12/31 measurement date</b>	<b>\$ 1,623,630</b>	<b>\$ 1,593,312</b>	<b>\$ 1,558,683</b>	<b>\$ 1,688,340</b>	<b>\$ 1,954,488</b>	<b>\$ 1,951,733</b>	<b>\$ 1,992,447</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<b>44.2 %</b>	<b>23.6 %</b>	<b>35.1 %</b>	<b>39.1 %</b>	<b>48.2 %</b>	<b>42.3 %</b>	<b>44.7 %</b>

**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.

<sup>(1)</sup>In fiscal year 2022, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022. The healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, 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. In fiscal year 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 OPEB Contributions  
Last Ten Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
<b>§501(c)(9) Plan</b>							
Actuarially Determined Contribution	\$ —	\$ 63,677	\$ 56,323	\$ 50,113	\$ 298,077	\$ 284,882	\$ 445,063
Contributions in relation to the actuarially determined contribution	162,922	76,785	60,499	127,724	258,430	324,529	445,063
<b>Contribution deficiency (excess)</b>	<b>(162,922)</b>	<b>(13,108)</b>	<b>(4,176)</b>	<b>(77,611)</b>	<b>39,647</b>	<b>(39,647)</b>	<b>—</b>
Covered-employee payroll	20,627,142	21,319,564	21,850,032	21,402,817	21,538,008	19,282,157	17,924,948
<b>Contributions as a percentage of covered employee payroll</b>	<b>0.8 %</b>	<b>0.4 %</b>	<b>0.3 %</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>1.7 %</b>	<b>2.5 %</b>
<b>§115 Plan</b>							
Actuarially Determined Contribution	\$ 56,289	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	56,289	87,404	101,635	70,921	121,798	119,366	103,441
<b>Contribution deficiency (excess)</b>	<b>—</b>	<b>—</b>	<b>(14,822)</b>	<b>14,822</b>	<b>—</b>	<b>—</b>	<b>—</b>
Covered-employee payroll	1,690,741	1,618,829	1,679,850	1,714,076	1,841,575	1,955,987	1,965,933
<b>Contributions as a percentage of covered employee payroll</b>	<b>3.3 %</b>	<b>5.4 %</b>	<b>6.1 %</b>	<b>4.1 %</b>	<b>6.6 %</b>	<b>6.1 %</b>	<b>5.3 %</b>

**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.

In fiscal years 2023 and 2022, the healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, 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.

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
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.
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>



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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3179 %	0.3131 %	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$57,394,508	\$28,552,406	\$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	\$23,523,549	\$22,379,402	\$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	243.99 %	127.58 %	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	75.12 %	86.51 %	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.

Significant assumptions are listed below:

Assumption	2022 - 2021	2020 - 2017	2016 - 2014
Inflation Rate	2.50%	2.75%	3.50%
Payroll Growth	3.50%	5.00%	5.00%
Investment Rate of Return / Discount Rate	7.25%	7.50%	8.00%
Productivity Pay Increase	0.50%	0.50%	0.75%
Projected Salary Increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer Price Index	2.50%	2.75%	3.50%
Mortality Rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current Beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement***	Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future Mortality Improvement	Generational Projection Scale MP-2020	6 years	N/A

\*\*Depending on service; rates include inflation and productivity increases.

\*\*\*Amount-Weighted Above-Median.

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

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	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,819,668	\$ 3,496,584	\$ 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	\$ 3,819,668	\$ 3,496,584	\$ 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	\$25,655,419	\$23,523,549	\$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	14.89 %	14.86 %	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, 2023 and 2022

# Truckee Meadows Water Authority

**Truckee Meadows Water Authority**  
 Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
 Year Ended June 30, 2023

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 113,142,185	\$ 107,098,581	\$ (6,043,604)
Hydroelectric sales	2,407,214	2,928,163	520,949
Other operating sales	3,861,065	3,122,397	(738,668)
Total operating revenues	<u>119,410,464</u>	<u>113,149,141</u>	<u>(6,261,323)</u>
Operating Expenses			
Salaries and wages	29,656,188	27,309,513	(2,346,675)
Employee benefits	12,842,853	13,905,722	1,062,869
Services and supplies	38,572,515	38,311,560	(260,955)
Total operating expenses before depreciation	<u>81,071,556</u>	<u>79,526,795</u>	<u>(1,544,761)</u>
Depreciation	34,628,346	34,848,532	220,186
Total operating expenses	<u>115,699,902</u>	<u>114,375,327</u>	<u>(1,324,575)</u>
Operating Income (Loss)	<u>3,710,562</u>	<u>(1,226,186)</u>	<u>(4,936,748)</u>
Nonoperating Revenues (Expenses)			
Investment earnings	3,064,024	3,576,888	512,864
Net decrease in fair value of investments	—	(1,626,597)	(1,626,597)
Loss on disposal of assets	(1,700,000)	(1,261,500)	438,500
Interest expense	(11,499,699)	(11,522,905)	(23,206)
Total nonoperating revenues (expenses)	<u>(10,135,675)</u>	<u>(10,834,114)</u>	<u>(698,439)</u>
Income (Loss) before Capital Contributions	<u>(6,425,113)</u>	<u>(12,060,300)</u>	<u>(5,635,187)</u>
Capital Contributions			
Grants	3,585,635	88,724	(3,496,911)
Water resource sustainability program	2,840,000	798,007	(2,041,993)
Developer infrastructure contributions	21,903,168	19,884,818	(2,018,350)
Developer will-serve contributions	7,245,700	3,620,779	(3,624,921)
Developer capital contributions	—	1,846,641	1,846,641
Developer facility charges	24,230,457	14,631,602	(9,598,855)
Contributions from others	94,924	—	(94,924)
Contributions from other governments	21,100,000	1,413,804	(19,686,196)
Net capital contributions	<u>80,999,884</u>	<u>42,284,375</u>	<u>(38,715,509)</u>
Change in Net Position	<u>\$ 74,574,771</u>	<u>\$ 30,224,075</u>	<u>\$ (44,350,696)</u>

Truckee Meadows Water Authority  
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual  
Year Ended June 30, 2022

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 108,503,854	\$ 108,172,970	\$ (330,884)
Hydroelectric sales	1,837,239	2,551,333	714,094
Other operating sales	2,219,679	3,846,679	1,627,000
Total operating revenues	112,560,772	114,570,982	2,010,210
Operating Expenses			
Salaries and wages	26,634,314	24,735,686	(1,898,628)
Employee benefits	11,622,696	7,461,199	(4,161,497)
Services and supplies	32,188,000	32,768,771	580,771
Total operating expenses before depreciation	70,445,010	64,965,656	(5,479,354)
Depreciation	34,234,118	33,642,537	(591,581)
Total operating expenses	104,679,128	98,608,193	(6,070,935)
Operating Income	7,881,644	15,962,789	8,081,145
Nonoperating Revenues (Expenses)			
Investment earnings	2,583,886	2,028,627	(555,259)
Net decrease in fair value of investments	—	(10,605,392)	(10,605,392)
Loss on disposal of assets	(750,000)	(938,661)	(188,661)
Debt issuance costs	(133,000)	801	133,801
Interest expense	(11,880,610)	(11,954,097)	(73,487)
Total nonoperating revenues (expenses)	(10,179,724)	(21,468,722)	(11,288,998)
Income (Loss) before Capital Contributions	(2,298,080)	(5,505,933)	(3,207,853)
Capital Contributions			
Grants	1,350,000	2,164,651	814,651
Water resource sustainability program	607,168	1,409,024	801,856
Developer infrastructure contributions	18,177,481	18,167,149	(10,332)
Developer will-serve contributions	2,884,048	4,436,788	1,552,740
Developer capital contributions	3,100,000	1,493,347	(1,606,653)
Developer facility charges	13,561,630	23,204,940	9,643,310
Contributions from others	200,000	—	(200,000)
Contributions from other governments	—	719,822	719,822
Net capital contributions	39,880,327	51,595,721	11,715,394
Change in Net Position	\$ 37,582,247	\$ 46,089,788	\$ 8,507,541

**Truckee Meadows Water Authority**  
Combining Statement of Fiduciary Net Position - Other Postemployment Benefit Trust Funds  
December 31, 2022 and 2021

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	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>December 31, 2022</b>			
Assets			
Cash	\$ 74,782	\$ 55,240	\$ 130,022
Receivables from plan members	12,452	1,545	13,997
Investments, at fair value	<u>13,457,829</u>	<u>1,467,726</u>	<u>14,925,555</u>
Total assets	<u>13,545,063</u>	<u>1,524,511</u>	<u>15,069,574</u>
Liabilities			
Accounts payable	<u>119,292</u>	<u>6,191</u>	<u>125,483</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 13,425,771</u>	<u>\$ 1,518,320</u>	<u>\$ 14,944,091</u>
<b>December 31, 2021</b>			
Assets			
Cash	\$ 44,195	\$ 75,394	\$ 119,589
Receivables from plan members	9,833	1,912	11,745
Investments, at fair value	<u>16,072,517</u>	<u>1,702,625</u>	<u>17,775,142</u>
Total assets	<u>16,126,545</u>	<u>1,779,931</u>	<u>17,906,476</u>
Liabilities			
Accounts payable	<u>119,063</u>	<u>3,133</u>	<u>122,196</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>

**Truckee Meadows Water Authority**

Combining Statement of Changes in Fiduciary Net Position - Other Postemployment Benefit Trust Funds

Year Ended December 31, 2022 and 2021

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
<b>Year Ended December 31, 2022</b>			
Additions			
Investment Income (Loss)			
Net increase (decrease) in fair value of investments	\$ (2,477,236)	\$ (265,317)	\$ (2,742,553)
Interest and dividends	287,154	30,914	318,068
Investment expense	<u>(4,605)</u>	<u>(496)</u>	<u>(5,101)</u>
Net investment income (loss)	(2,194,687)	(234,899)	(2,429,586)
Employer contributions	—	46,494	46,494
Total additions	<u>(2,194,687)</u>	<u>(188,405)</u>	<u>(2,383,092)</u>
Deductions			
Benefit payments	366,492	50,386	416,878
Administrative expenses	<u>20,532</u>	<u>19,687</u>	<u>40,219</u>
Total deductions	<u>387,024</u>	<u>70,073</u>	<u>457,097</u>
Change in Net Position	(2,581,711)	(258,478)	(2,840,189)
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of year	<u>16,007,482</u>	<u>1,776,798</u>	<u>17,784,280</u>
End of year	<u><u>\$ 13,425,771</u></u>	<u><u>\$ 1,518,320</u></u>	<u><u>\$ 14,944,091</u></u>
<b>Year Ended December 31, 2021</b>			
Additions			
Investment Income (Loss)			
Net increase (decrease) in fair value of investments	\$ 2,128,775	\$ 222,908	\$ 2,351,683
Interest and dividends	240,434	25,166	265,600
Investment expense	<u>(4,937)</u>	<u>(517)</u>	<u>(5,454)</u>
Net investment income (loss)	2,364,272	247,557	2,611,829
Employer contributions	—	97,848	97,848
Total additions	<u>2,364,272</u>	<u>345,405</u>	<u>2,709,677</u>
Deductions			
Benefit payments	379,624	50,863	430,487
Administrative expenses	<u>18,775</u>	<u>14,000</u>	<u>32,775</u>
Total deductions	<u>398,399</u>	<u>64,863</u>	<u>463,262</u>
Change in Net Position	1,965,873	280,542	2,246,415
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of year	<u>14,041,609</u>	<u>1,496,256</u>	<u>15,537,865</u>
End of year	<u><u>\$ 16,007,482</u></u>	<u><u>\$ 1,776,798</u></u>	<u><u>\$ 17,784,280</u></u>



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.

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

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Net Position										
Net investment in capital assets	\$ 749,158,166	\$ 692,996,744	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785
Restricted	50,396,905	54,141,923	54,110,944	52,360,165	29,351,818	30,355,635	28,589,861	40,505,804	42,158,803	25,198,683
Unrestricted	<u>90,934,077</u>	<u>113,126,406</u>	<u>110,925,420</u>	<u>99,841,693</u>	<u>115,662,201</u>	<u>104,661,680</u>	<u>95,037,226</u>	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>
Total Net Position	<u>\$ 890,489,148</u>	<u>\$ 860,265,073</u>	<u>\$ 814,175,285</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>

\* 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Operating Revenues	\$113,149,141	\$114,570,982	\$115,390,804	\$108,072,657	\$107,089,518	\$101,812,092	\$ 97,268,183	\$ 91,928,943	\$ 90,029,316	\$ 84,315,390
Operating Expenses	114,375,327	98,608,193	98,233,986	94,121,824	92,466,904	90,311,622	82,339,194	80,615,507	70,114,860	59,317,860
Operating Income (Loss)	(1,226,186)	15,962,789	17,156,818	13,950,833	14,622,614	11,500,470	14,928,989	11,313,436	19,914,456	24,997,530
Total Nonoperating Revenues (Expenses)	(10,834,114)	(21,468,722)	(14,080,224)	(6,575,750)	(6,692,826)	(11,162,667)	(11,684,303)	(9,491,450)	(23,526,380)	(20,386,339)
Income (Loss) before Capital Contributions	(12,060,300)	(5,505,933)	3,076,594	7,375,083	7,929,788	337,803	3,244,686	1,821,986	(3,611,924)	4,611,191
Capital Contributions	42,284,375	51,595,721	41,355,194	44,180,319	42,182,118	37,410,827	43,351,171	19,286,194	19,638,821	5,516,204
Special Item	—	—	—	—	—	—	—	—	231,516,024	—
Change in Net Position	<u>\$ 30,224,075</u>	<u>\$ 46,089,788</u>	<u>\$ 44,431,788</u>	<u>\$ 51,555,402</u>	<u>\$ 50,111,906</u>	<u>\$ 37,748,630</u>	<u>\$ 46,595,857</u>	<u>\$ 21,108,180</u>	<u>\$ 247,542,921</u>	<u>\$ 10,127,395</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. 3 - Operating Revenues by Customer Class  
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Revenues from water sales										
Residential unmetered water sales	\$ 2,694,166	\$ 2,730,559	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811
Residential metered water sales	76,537,384	77,184,825	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033
Commercial metered water sales	12,736,096	12,587,162	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824
Irrigation metered & fire protection	13,914,208	14,408,203	14,950,021	13,457,574	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156
Wholesale sales	1,216,727	1,262,221	1,283,606	1,273,982	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593
Total water sales	107,098,581	108,172,970	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417
Hydroelectric revenue	2,928,163	2,551,333	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147
Other operating revenues	3,122,397	3,846,679	2,799,694	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826
Total Operating Revenues	<u>\$ 113,149,141</u>	<u>\$ 114,570,982</u>	<u>\$115,390,804</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>

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Salaries and wages	\$ 27,309,513	\$ 24,735,686	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022
Employee benefits	13,905,722	7,461,199	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922
Contract services	9,739,129	10,365,323	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066
Utilities/power	9,155,795	7,144,034	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312
Information technology	2,334,145	1,998,876	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101
Prof services (general/legal/media/leg)	2,436,284	2,371,990	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097
Supplies	3,798,410	3,424,124	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763
Chemicals	4,277,866	2,622,826	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824
Insurance and claims	1,310,943	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300
Leases and rentals	562,421	400,745	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196
Other expenses	4,696,567	3,137,450	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586
Total operating expenses before depreciation	79,526,795	64,965,656	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189
Depreciation	34,848,532	33,642,537	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885
Total Operating Expenses	<u>\$114,375,327</u>	<u>\$ 98,608,193</u>	<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>

\* 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

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	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Investment Earnings	\$ 3,576,888	\$ 2,028,627	\$ 2,563,447	\$ 4,119,737	\$ 4,409,486	\$ 2,313,513	\$ 7,209,113	\$ 6,737,745	\$ 2,127,009	\$ 2,051,156
Interest Expense	(11,522,905)	(11,954,097)	(12,262,581)	(12,698,972)	(13,268,153)	(11,720,356)	(16,968,911)	(21,549,864)	(21,281,117)	(21,282,412)
Gain (Loss) on Disposal of Assets	(1,261,500)	(938,661)	(1,755,873)	(1,189,776)	(225,687)	133,972	(155,722)	6,460,373	(653,698)	(136,300)
Other Revenue or Expenses	(1,626,597)	(10,604,591)	(2,625,217)	3,193,261	2,391,528	(1,889,796)	(1,768,783)	(1,139,704)	(3,718,574)	(1,018,783)
Total Nonoperating Expenses	<u>\$ (10,834,114)</u>	<u>\$ (21,468,722)</u>	<u>\$ (14,080,224)</u>	<u>\$ (6,575,750)</u>	<u>\$ (6,692,826)</u>	<u>\$ (11,162,667)</u>	<u>\$ (11,684,303)</u>	<u>\$ (9,491,450)</u>	<u>\$ (23,526,380)</u>	<u>\$ (20,386,339)</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. 6 - Capital Contributions by Source  
Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Developer Water Rights/Will Serves	\$ 3,620,779	\$ 4,436,788	\$ 5,632,381	\$ 4,082,279	\$ 4,663,826	\$ 6,652,819	\$ 7,950,666	\$ 4,363,692	\$ 1,864,446	\$ 1,529,129
Developer Infrastructure	19,884,818	18,167,149	10,201,446	20,145,641	19,112,590	15,017,446	10,797,854	8,454,980	2,703,092	1,723,023
Developer Other	1,846,641	1,493,347	11,461,850	7,847,962	6,636,417	6,448,549	6,062,247	2,473,163	1,588,158	410,447
Water Meter Retrofit Program	—	—	—	—	994,706	2,379,206	341,074	482,081	1,013,896	479,488
Developer Facility Charges	14,631,602	23,204,940	12,218,607	9,657,274	9,154,403	6,464,559	5,116,956	2,931,940	2,494,434	963,660
Grants	88,724	2,164,651	—	232,153	831,116	348,248	1,226,863	224,138	276,260	343,628
Water Resource Sustainability Program	798,007	1,409,024	1,708,110	1,484,443	689,060	—	—	—	—	—
From Others	1,413,804	719,822	132,800	730,567	100,000	100,000	11,855,511	356,200	9,698,535	66,829
<b>Total Capital Contributions</b>	<b><u>\$ 42,284,375</u></b>	<b><u>\$ 51,595,721</u></b>	<b><u>\$ 41,355,194</u></b>	<b><u>\$ 44,180,319</u></b>	<b><u>\$ 42,182,118</u></b>	<b><u>\$ 37,410,827</u></b>	<b><u>\$ 43,351,171</u></b>	<b><u>\$ 19,286,194</u></b>	<b><u>\$ 19,638,821</u></b>	<b><u>\$ 5,516,204</u></b>

\* 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	2023		2022	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,694,166	—
Residential Metered	16,840,055	76,537,384	17,858,374	77,184,825
Commercial	4,014,114	12,736,096	4,146,528	12,587,162
Other (2)	3,033,747	13,914,208	3,335,861	14,408,203
Wholesale	603,144	1,216,727	627,804	1,262,221
<b>Total</b>	<b>24,491,060</b>	<b>\$ 107,098,581</b>	<b>25,968,567</b>	<b>\$ 108,172,970</b>
	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
<b>Total</b>	<b>26,200,681</b>	<b>\$ 109,822,836</b>	<b>24,566,371</b>	<b>\$ 102,487,078</b>
	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
<b>Total</b>	<b>24,879,487</b>	<b>\$ 101,776,649</b>	<b>23,858,745</b>	<b>\$ 95,472,797</b>
	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
<b>Total</b>	<b>24,128,456</b>	<b>\$ 92,687,260</b>	<b>21,841,659</b>	<b>\$ 87,534,332</b>
	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
<b>Total</b>	<b>24,015,050</b>	<b>\$ 86,186,698</b>	<b>20,253,396</b>	<b>\$ 79,190,417</b>

\* 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, 2023

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Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	603,144	\$ 1,172,710	1.0 %
2. Washoe County School District	305,225	1,079,697	1.0 %
3. City of Reno*	362,920	1,030,446	1.0 %
4. Washoe County	163,120	537,426	0.5 %
5. City of Sparks	130,305	499,139	0.5 %
6. Somersett HOA	102,172	394,416	0.4 %
7. University of Nevada, Reno	142,276	391,404	0.4 %
8. Nevada Properties, Peppermill	111,545	323,533	0.3 %
9. Silver Legacy	102,942	314,557	0.3 %
10. Atlantis Resort Hotel	126,788	248,877	0.2 %
Totals	<u>2,150,437</u>	<u>\$ 5,992,205</u>	<u>5.6 %</u>

\*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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Charges for water sales <sup>(1)</sup>	\$ 107,099	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190
Other operating and nonoperating revenue <sup>(2)</sup>	9,627	8,427	8,131	9,705	9,722	8,653	11,790	11,132	5,970	7,176
Gross revenues	<u>116,726</u>	<u>116,600</u>	<u>117,954</u>	<u>112,192</u>	<u>111,499</u>	<u>104,126</u>	<u>104,477</u>	<u>98,666</u>	<u>92,157</u>	<u>86,366</u>
Operation and maintenance expenses <sup>(3)</sup>	78,795	64,244	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850
Taxes other than income taxes <sup>(4)</sup>	731	722	715	719	678	470	462	451	443	440
Total expenses	<u>79,527</u>	<u>64,966</u>	<u>64,948</u>	<u>60,795</u>	<u>59,633</u>	<u>57,491</u>	<u>51,420</u>	<u>48,481</u>	<u>42,215</u>	<u>36,290</u>
Net Revenues	<u>\$ 37,199</u>	<u>\$ 51,634</u>	<u>\$ 53,007</u>	<u>\$ 51,397</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>
Senior Lien Annual Debt Service <sup>(5)</sup>	<u>\$ 27,960</u>	<u>\$ 28,275</u>	<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>
Senior Lien Debt Coverage excluding SDCs	<u>1.33</u>	<u>1.83</u>	<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>
System Development Charges (SDCs):										
Developer facility charges	\$ 14,632	\$ 23,205	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964
Developer capital contributions - other	1,847	1,493	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410
Senior Lien Debt Coverage including SDCs <sup>(6)</sup>	<u>1.92</u>	<u>2.70</u>	<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>

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

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

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

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

<sup>(4)</sup> The Authority is required to pay property taxes on water rights and storage facilities located in California.

<sup>(5)</sup> This schedule does not include the payments on the DWSRF loan or the 2021 Refunding Bonds, which are subordinate to the 2015-A, 2016, 2017 and 2018 Refunding Bonds.

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

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Fiscal Year	Washoe County	City of Reno	City of Sparks
2023	4,258	9,639	4,890
2022	5,142	12,008	4,789
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

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	Per Capita Income	Median Age	School Enrollment	Total Personal Income	Unemployment rate (Percent)	Total Labor Force	Construction Activity Total Value	Number of New Family Units	Taxable Sales	Gross Income Gaming Revenue	Total Passenger Air Traffic
2023	496,745	\$ 74,292	39.5	64,322	\$ 35,246,181	4.5 %	263,078	\$ 466,715,000	443	\$12,383,862,000	\$ 971,243,000	4,460,048
2022	486,492	66,076	38.5	64,820	31,523,753	3.3 %	254,381	678,435,000	596	12,267,766,000	970,727,000	4,155,405
2021	478,355	63,360	38.6	65,121	29,875,442	4.9 %	251,933	719,607,000	692	11,049,067,000	837,334,000	2,472,843
2020	472,069	59,639	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	55,487	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	48,996	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	46,315	37.5	63,919	21,265,239	4.0 %	223,409	301,127,000	378	7,989,009,000	738,373,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,164,911	6.4 %	213,923	231,742,000	320	7,550,467,000	789,359,000	3,563,818
2015	441,165	42,967	37.4	63,108	19,077,494	6.4 %	213,773	246,628,000	255	6,817,589,000	765,248,000	3,297,642
2014	436,647	43,130	37.6	62,986	18,832,669	7.2 %	206,624	203,086,000	120	6,370,685,000	744,962,000	3,312,839

Source: Washoe County Schedule 4.1, 2023

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

Employer	December, 2022			December, 2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.72 %	8,250	1	4.38 %
University of Nevada - Reno	4,750	2	2.02 %	4,250	2	2.26 %
Renown Medical Center	3,250	3	1.38 %	2,750	3	1.46 %
Washoe County	2,950	4	1.25 %	2,250	4	1.19 %
Peppermill Hotel Casino - Reno	2,500	5	1.06 %	2,250	5	1.19 %
Nugget Casino	2,500	6	1.06 %	—	—	—
Grand Sierra Resort	2,500	7	1.06 %	—	—	—
Harrah's	2,500	8	1.06 %	—	—	—
St. Mary's	2,500	9	1.06 %	—	—	—
Silver Legacy Resort Casino	2,500	10	1.06 %	1,750	8	0.93 %
International Game Technology PLC	—	—	—	2,250	6	1.19 %
Integrity Staffing Solutions	—	—	—	1,750	7	0.93 %
Atlantis Casino Resort	—	—	—	1,750	9	0.93 %
Eldorado Hotel & Casino	—	—	—	1,250	10	0.66 %
Total Washoe Covered Employment	<u>235,428</u>			<u>188,324</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 5,000. The number of employees are estimated using the midpoint.

Source: Washoe County Schedule 4.2, 2023

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

2023				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	621	0.45 %	\$ 2,694,166	2.52 %
Residential metered	126,635	91.50 %	76,537,384	71.46 %
Commercial metered	7,258	5.24 %	12,736,096	11.89 %
Other <sup>(2)</sup>	3,896	2.81 %	13,914,208	12.99 %
Wholesale	2	— %	1,216,727	1.14 %
<b>Total</b>	<b>138,412</b>	<b>100.00 %</b>	<b>\$ 107,098,581</b>	<b>100.00 %</b>
2022				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	640	0.47 %	\$ 2,730,559	2.52 %
Residential metered	123,700	91.74 %	77,184,825	71.35 %
Commercial metered	6,967	5.17 %	12,587,162	11.64 %
Other <sup>(2)</sup>	3,535	2.62 %	14,408,203	13.32 %
Wholesale	2	— %	1,262,221	1.17 %
<b>Total</b>	<b>134,844</b>	<b>100.00 %</b>	<b>\$ 108,172,970</b>	<b>100.00 %</b>
2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% 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 <sup>(2)</sup>	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
<b>Total</b>	<b>131,296</b>	<b>100.00 %</b>	<b>\$ 109,822,836</b>	<b>100.00 %</b>
2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.40 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other <sup>(2)</sup>	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
<b>Total</b>	<b>127,022</b>	<b>100.00 %</b>	<b>\$ 102,487,078</b>	<b>100.00 %</b>
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.32 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other <sup>(2)</sup>	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
<b>Total</b>	<b>124,762</b>	<b>100.00 %</b>	<b>\$ 101,776,649</b>	<b>100.00 %</b>

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

2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other <sup>(2)</sup>	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
<b>Total</b>	<b>122,677</b>	<b>100.00 %</b>	<b>\$ 95,472,797</b>	<b>100.00 %</b>
2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% 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 <sup>(2)</sup>	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
<b>Total</b>	<b>120,569</b>	<b>100.00 %</b>	<b>\$ 92,687,260</b>	<b>100.00 %</b>
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% 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 and Irrigation	9,873	8.32 %	11,026,132	12.60 %
Other <sup>(2)</sup>	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
<b>Total</b>	<b>118,669</b>	<b>100.00 %</b>	<b>\$ 87,534,332</b>	<b>100.00 %</b>
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% 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 <sup>(2)</sup>	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
<b>Total</b>	<b>120,848</b>	<b>100.00 %</b>	<b>\$ 86,186,698</b>	<b>100.00 %</b>
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues <sup>(1)</sup>	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial metered	8,743	9.15 %	10,755,824	13.58 %
Other <sup>(2)</sup>	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
<b>Total</b>	<b>95,554</b>	<b>100.00 %</b>	<b>\$ 79,190,417</b>	<b>100.00 %</b>

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

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

<sup>(2)</sup> Includes 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, 2023

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2022 to 6/11/2023	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 \$100,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000. Inland Marine Physical Damage \$979,730. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First Layer Excess Liability limit of \$10,000,000.
Excess Umbrella Liability Policy	Travelers Insurance Company	6/11/2022 to 6/11/2023	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2022 to 6/11/2023	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	6/11/2022 to 6/11/2023	Varies by plan selected.
Commercial Crime/Government Crime	Fidelity & Deposit Company of Maryland	6/11/2022 to 6/11/2023	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.
Commercial Crime/Government Crime	Zurich	6/11/2022 to 6/11/2023	Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Houston Casualty Company	6/11/2022 to 6/11/2023	Multimedia, Security and Privacy, Regulatory Proceedings, Payment Card Industry, Privacy Breach, System Failure Coverage, Bricking Loss: \$4,000,000. Cyber Extortion, Financial Fraud, Telecom Fraud \$250,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2022 to 6/11/2025	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 <sup>(1)</sup>  
 Last Ten Fiscal Years <sup>(2)</sup>

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Administration/IT	46	38	32	33	30	28	25	28	22	20
Supply/Treatment Operations	48	48	48	48	44	40	40	32	30	31
Distribution Maintenance	78	78	72	71	71	65	65	63	62	48
Hydroelectric	8	8	7	8	7	7	7	6	6	6
Customer Service/Conservation	22	22	23	26	23	23	25	25	24	20
Water Planning/Resources	19	19	19	15	15	15	17	19	19	13
Engineering/Construction	33	31	30	30	31	28	25	24	23	14
Total Authorized Employees	<u>254</u>	<u>244</u>	<u>231</u>	<u>231</u>	<u>221</u>	<u>206</u>	<u>204</u>	<u>197</u>	<u>186</u>	<u>152</u>

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

<sup>(1)</sup> Source - Truckee Meadows Water Authority Budget

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

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

Fiscal Year															
2023			2022			2021			2020			2019			
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	

**Customer Charges by Meter Size**

3/4"	\$ 21.18	\$ 19.91	\$ 10.84	\$ 20.66	\$ 19.42	\$ 10.58	\$ 20.16	\$ 18.95	\$ 10.32	\$ 19.67	\$ 18.49	\$ 10.07	\$ 19.67	\$ 18.49	\$ 10.07
1"	23.30	25.61	13.27	22.73	24.99	12.95	22.18	24.38	12.63	21.64	23.79	12.32	21.64	23.79	12.32
1 1/2"	26.51	36.63	18.82	25.86	35.74	18.36	25.23	34.87	17.91	24.61	34.02	17.47	24.61	34.02	17.47
2"	30.73	48.84	n/a	29.98	47.65	n/a	29.25	46.49	n/a	28.54	45.36	n/a	28.54	45.36	n/a
3"	34.95	78.66	n/a	34.10	76.74	n/a	33.27	74.87	n/a	32.46	73.04	n/a	32.46	73.04	n/a
4"	40.21	115.20	n/a	39.23	112.39	n/a	38.27	109.65	n/a	37.34	106.98	n/a	37.34	106.98	n/a
6"	46.61	210.05	n/a	45.47	204.93	n/a	44.36	199.93	n/a	43.28	195.05	n/a	43.28	195.05	n/a

**Commodity Charge (all meter sizes)**

TMWA Tier 1	1.97			1.92			1.87			1.82			1.82		
TMWA Tier 2	3.18			3.10			3.02			2.95			2.95		
TMWA Tier 3	3.72			3.63			3.54			3.45			3.45		
WC Tier 1		2.99			2.92			2.85			2.78			2.78	
WC Tier 2		3.74			3.65			3.56			3.47			3.47	
WC Tier 3		4.49			4.38			4.27			4.17			4.17	
WC Tier 4		6.00			5.85			5.71			5.57			5.57	
STMGID Tier 1			1.56			1.52			1.48			1.44			1.44
STMGID Tier 2			2.06			2.01			1.96			1.91			1.91
STMGID Tier 3			2.52			2.46			2.40			2.34			2.34
STMGID Tier 4			2.95			2.88			2.81			2.74			2.74
STMGID Tier 5			3.12			3.04			2.97			2.90			2.90

*Above rates are for metered single family residential service.*

**Monthly Base Rates Unmetered by Size**

3/4"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
1"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
1 1/2"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
2"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
3"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
4"	n/a	n/a	51.31	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65
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

*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, June 2021, June 2022 and June 2023.*

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Miles of water mains	2,109	2,095	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341
Number of storage tanks	97	97	96	95	95	93	93	93	93	42
Number of finished water storage basins	2	2	2	2	2	2	2	2	2	2
Number of pump stations	118	117	115	115	114	113	113	121	112	93
Number of wells	98	100	99	99	100	82	81	79	86	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	—	—
Mt. Rose	4.0	4.0	—	—	—	—	—	—	—	—

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

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

	Final Maturity Date	Authorized	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
			June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015*	June 30, 2014
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 647,209	\$ 955,680	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744	\$ 2,860,578	\$ 3,099,675
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	—	—	—	890,000	34,795,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	—	—	400,000	148,415,000	148,785,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	—	—	214,290,000	214,800,000	215,285,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	803,846	927,515	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	—	—	9,435,000	19,855,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,097,916	2,360,812	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	1,946,888	2,880,336	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	22,240,000	23,295,000	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%	7/1/2035	15,000,000	6,519,338	6,954,935	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%	7/1/2037	124,790,000	124,790,000	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%	7/1/2030	147,415,000	114,725,000	126,285,000	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	38,835,000	38,835,000	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	9,400,000	11,215,000	13,000,000	—	—	—	—	—	—	—
Subtotal			322,005,197	338,499,278	353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469
Plus unamortized net bond premium			29,146,578	33,350,078	37,790,068	42,447,151	47,320,705	52,014,598	51,182,862	28,441,399	3,673,290	35,590
Total debt before tax exempt commercial paper			351,151,775	371,849,356	391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059
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
Total Debt			<u>\$ 351,151,775</u>	<u>\$ 371,849,356</u>	<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>

\* 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. 19 - Debt by Service Connection  
 Last Ten Fiscal Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Total Debt	\$ 322,005,197	\$ 338,499,278	\$ 353,883,471	\$ 354,344,338	\$ 357,173,396	\$ 359,912,922	\$ 323,732,820	\$ 392,489,985	\$ 419,659,060	\$ 427,921,468
Total Service Connections	134,507	131,632	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070
Debt per Service Connection	<u>\$ 2,394</u>	<u>\$ 2,572</u>	<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>

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 the fiduciary activities of the Truckee Meadows Water Authority (“TMWA”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TMWA’s basic financial statements, and have issued our report thereon dated November 20, 2023.

**Report on 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 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 or significant deficiencies may exist that were not identified.



## **Report on 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.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
November 20, 2023



## 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, 2023, 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, 2022 audit report.

### Prior Year Recommendations

The significant deficiency noted in the prior year was remediated during the year ended June 30, 2023.

### Current Year Recommendations

There were no findings for the year ended June 30, 2023.

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

Reno, Nevada  
November 20, 2023



# Popular Annual Financial Report 2023





*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](https://tmwa.com/financial-information).*



## TO OUR CUSTOMERS

Water delivery is a 24/7 business. Supported by a massive system of pipes, tanks, filters, pumps, wells, and pressure regulating stations, Truckee Meadows Water Authority's (TMWA's) infrastructure undergoes consistent analysis to optimize what exists, replace what's needed, or incorporate new solutions.

This report offers a glimpse into the financial underpinning of this complex operation for fiscal year 2023. It is a summary of the more detailed Annual Comprehensive Financial Report (ACFR) that is required of TMWA as a governmental entity. The ACFR is reviewed by an external auditing firm and submitted to the State of Nevada every year. It is also posted online for customers to view.

Like many of our customers, TMWA experienced the impact of inflation in 2023 — particularly with the cost of electricity and water treatment chemicals. These external factors contributed to expenses exceeding revenues for the past fiscal year. When all other workforce and operational efficiencies are high (see page 16), rates must be adjusted to address rising costs.

Yet strategies are in play to offset this impact on customers. For example, to address future unknowns that might impact water rates, TMWA's Board of Directors created the Rate Stabilization Fund in 2018 (see page 9) to help mitigate rate increases.

Additionally, TMWA is further developing its hydroelectric capacity with the Orr Ditch Hydroelectric Plant, using existing flumes and assets to turn water into electricity at the Chalk Bluff Water Treatment Plant. This plant will offset the cost of powering TMWA's primary water production facility. Read more about this and other active projects on page 8.

Each year TMWA's Finance Department looks forward to sharing the information contained in this report. By managing our revenues and expenses responsibly, we are honored to play a role in providing high quality water to you and your family.

Thank you for your interest in this report. If you have any questions about the contents, feel free to reach out to [community@tmwa.com](mailto:community@tmwa.com).

Sincerely,



Matt Bowman  
Chief Financial Officer  
Truckee Meadows Water Authority

## TRUCKEE MEADOWS WATER AUTHORITY'S BOARD OF DIRECTORS: MULTI-JURISDICTIONAL GOVERNING BOARD

TMWA is a nonprofit, community-owned water utility. Its 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 governing municipalities.

While representing each jurisdiction, board members collectively make policy decisions and issue directives with a regional perspective. This leadership body oversees TMWA's ongoing mission to provide exceptional, high-quality drinking water to residents throughout the Truckee Meadows.



**KRISTOPHER DAHIR**  
**Chair**  
City of Sparks  
Council Member



**NAOMI DUERR**  
**Vice Chair**  
City of Reno  
Council Member



**PAUL ANDERSON**  
**Director**  
City of Sparks  
Council Member



**CLARA ANDRIOLA**  
**Director**  
Washoe County  
Commissioner



**JENNY BREKHUS**  
**Director**  
City of Reno  
Council Member



**ALEXIS HILL**  
**Director**  
Washoe County  
Commissioner



**DEVON REESE**  
**Director**  
City of Reno  
Council Member

### SENIOR MANAGEMENT

**JOHN ZIMMERMAN**  
General Manager

**MATT BOWMAN**  
Chief Financial Officer

**ANDY GEBHARDT**  
Director of Distribution,  
Maintenance, and Generation

**JOHN ENLOE**  
Director of Natural Resources  
Planning and Management

**WILL RAYMOND**  
Director of Operations  
and Water Quality

**DANNY ROTTER**  
Director of Engineering

**JESSICA ATKINSON**  
Director of Human Resources

## YOUR WATER AUTHORITY

TMWA provides drinking water to over 440,000 residents in Reno, Sparks, and Washoe County. It is a service area covering 171 square miles. The primary source of water is the Truckee River, which flows from Lake Tahoe and other tributaries upstream of the Truckee Meadows.

### WATER DELIVERY

4

Number of water treatment facilities

242

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

100%

Safe Drinking Water Act compliance

### WHO WE SERVE

138,412

Customer accounts

440,000+

Residents

171 sq.mi.

Service area

### ASSETS

\$832M

Capital asset investment since 2001

2,817

Miles of pressurized mainline

\$1.083B

Total capital assets

### FY 2023 PERFORMANCE

\$113M

Operating revenue

\$114M

Operating expenses

\$12M

Interest expense

### FINANCIAL RATINGS

Aa2

Moody's

AA+

S&P

AAA

Fitch



*Chalk Bluff Water Treatment Plant*

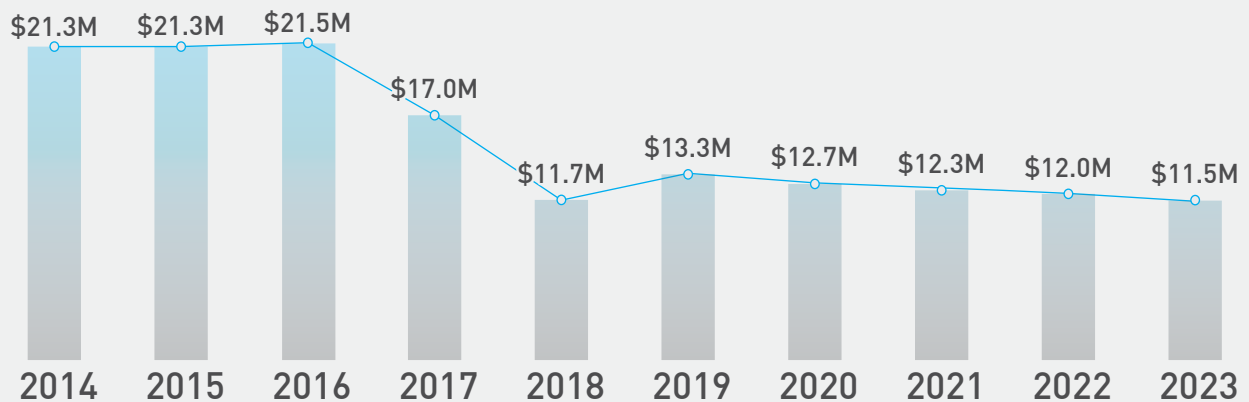
## MEETING OUR OBLIGATIONS

By issuing bonds to purchase Sierra Pacific Power Company’s water business in 2001, TMWA became responsible for a debt repayment of \$452 million. This important investment secured permanent local control of our water resources. Since its founding, TMWA’s strategic management of its financial obligations is one of the primary reasons why Moody’s, S&P, and Fitch have upgraded TMWA’s ratings over the years.

This disciplined approach has clearly been successful. As of June 30, 2023, TMWA’s total outstanding debt was \$351 million. Over the past decade, TMWA has reduced interest expense by 47% and has paid down \$156 million of its principal debt.

This pay-down strategy has been accomplished by refunding older bonds and issuing newer ones with a lower interest rate, when favorable market conditions exist. 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



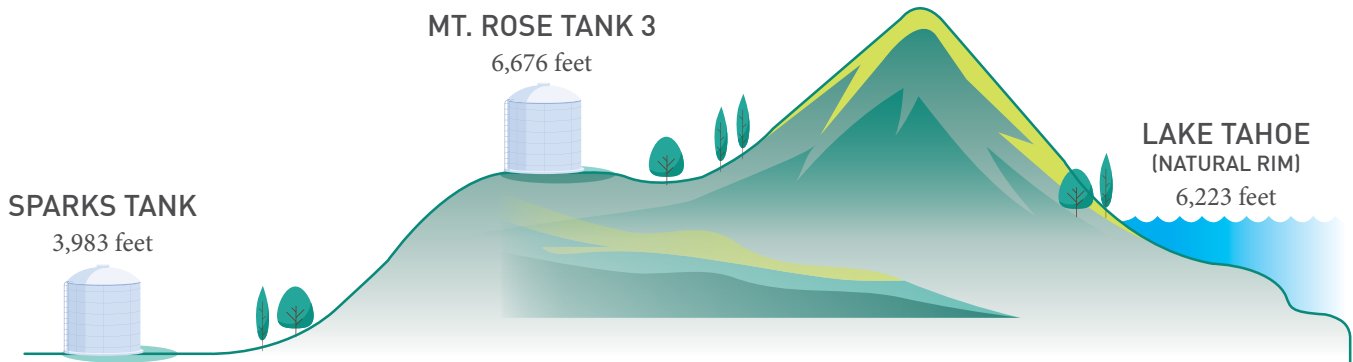


## DELIVERING WATER TO YOU: AN INFRASTRUCTURE PERSPECTIVE

TMWA delivers high-quality drinking water across a complex topography. From the Mt. Rose foothills to the North Valleys, and from Verdi to east of Sparks, the elevation differences are stark. For example, the Mt. Rose 3 tank sits at an altitude of 6,676 feet: This is higher than Lake Tahoe’s natural rim by 453 feet, while our lowest elevation point in Sparks is at 3,983 feet. That’s a 2,693-foot difference.

Delivering water across this type of service area requires managing nearly 280 separate pressure zones. Pressure zones are areas within TMWA’s distribution system where the pressure is allowed to vary only within certain limits, generally dictated by the elevation of the water tank serving that area. Continuous water service across these zones requires numerous pressure regulator stations (380), booster pump stations (118), water tanks (95), wells (86), and treatment plants (4) to meet peak customer water demand and fire-flow requirements.

All of these regulator stations, pumps, tanks, wells, and treatment plants require continuous preventative maintenance to ensure delivery of water to TMWA customers. Even with the most diligent approach to maintenance, these assets inevitably require restoration. Rehabilitative capital expenses accounted for 25% of the spending allocations in fiscal year 2023.



### TMWA’S ASSIGNED-DAY WATERING: VALUE BEYOND CONSERVATION


Assigned-day watering has been a successful outdoor irrigation program since the mid-1980s. It provides guidance for sprinkler use for customers and also benefits TMWA’s infrastructure as a load management program.

If everyone were to water their landscapes at the same time, TMWA’s service lines would have to be replaced with larger pipes. Additionally, the spike in power needed to run a broader array of pumps, boosters, and treatment facilities would be incredibly expensive.

TMWA also schedules its energy-intensive activities on Mondays during off-peak hours, which is when customers are asked to turn off sprinklers. This helps manage TMWA’s electricity rates, which factors into keeping operational costs as low as possible.

**ASSIGNED-DAY WATERING**

<p><b>ODD ADDRESSES:</b></p> <ul style="list-style-type: none"> <li>✓ WEDNESDAYS</li> <li>✓ FRIDAYS</li> <li>✓ SUNDAYS</li> </ul>	<p><b>EVEN ADDRESSES:</b></p> <ul style="list-style-type: none"> <li>✓ TUESDAYS</li> <li>✓ THURSDAYS</li> <li>✓ SATURDAYS</li> </ul>
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NO WATERING ON MONDAYS. DO NOT WATER BETWEEN NOON AND 6 P.M.

## MAINTAINING RELIABILITY AND BOOSTING RESILIENCY

### ORR DITCH HYDROELECTRIC PLANT AT CHALK BLUFF

Currently under construction, the Orr Ditch Hydroelectric Plant will generate renewable hydropower at the Chalk Bluff Water Treatment Plant (CBWTP). When complete, this hydroelectric asset will both reduce annual energy costs and serve as a clean renewable energy source for the plant.

The project does not require any new in-river structures; instead, it leverages the unused canal capacity between the CBWTP intake flume and the Orr Ditch. This gravity-driven flow will provide electricity to two generators and offset CBWTP's annual power costs by about 42%.

With an estimated cost of \$7.5 million, the project is not being funded by water sales revenue. Costs are instead being covered through an insurance settlement from the irreparable damage of Farad Hydroelectric Plant during the 1997 Truckee River flood. (The Farad plant has since been decommissioned and sold.)



### 7TH STREET BOOSTER PUMP STATION

A major retrofit is underway in northwest Reno along 7th Street. With completion expected toward the end of 2024, this \$7.8 million project replaces two 1950s below-ground pump stations and one above-ground unit.

The above-ground pump station will be converted into a pressure-regulating station, allowing for a better connection to nearby pressure zones. During construction, three water mains from the 1940s will be replaced with two new mains.

Short-term benefits include increased water distribution reliability. Long-term benefits include increased distribution efficiency, reduced operational costs, and reduced maintenance requirements that would otherwise be required for these mid-century facilities.

### ADVANCED METER INFRASTRUCTURE

Over half of TMWA's customers are equipped with advanced meter infrastructure (AMI) technology. Unlike old meters, AMI technology offers a more direct and accurate way to read meters. With over 138,000 customer connections to read each month, substantial operational savings will be gained by eliminating the need to manually record every meter.

The meters will also provide added insight for customers into their water usage. For example, with AMI technology hourly water usage data is available to customers on TMWA's online customer portal, usually within a 24-hour window. When fully implemented, all of TMWA's customers will be able to sign up for leak or high-usage alerts to find issues before they become problems. This meter upgrade is expected not only to reduce unexpected bill charges but also to save water.



## WHERE TMWA STANDS

TMWA stands tall within the hierarchy of credit ratings categories. The table below illustrates TMWA’s financial position, according to the top three rating agencies in the United States.

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

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 with various combinations of uppercase and lowercase letters to differentiate themselves.

### FACTORS THAT LED TO TMWA’S AAA BOND DESIGNATION FROM FITCH RATINGS INCLUDE:

#### Very Low Operating Cost Burden and Manageable Capital Needs

With a "very low and quite stable"<sup>1</sup> operational cost burden, TMWA’s projected infrastructure investments are expected to outpace the depreciation of existing assets. This helps ensure planned improvements to appropriately maintain TMWA’s water system infrastructure (refer to page 8).

#### Affordable Rates and Strong Local Economy

TMWA is able to make rates affordable for the vast majority of customers. Additionally, the economy within the Truckee Meadows is stable, as evidenced by steady growth, diversification, and low unemployment over the last decade.

#### Financial Performance with Reductions in Debt

TMWA’s financial profile is considered "exceptionally strong"<sup>1</sup> with performance that has historically exceeded market expectations. Reductions in TMWA’s outstanding debt have ensured financial flexibility and strong liquidity (see page 6).

<sup>1</sup>Source: [Fitch Upgrades Truckee Meadows Water Authority to "AAA"](#)



### STRENGTHENING RATE FLEXIBILITY THROUGH TMWA’S RATE STABILIZATION FUND

While the bond market has assessed water rates as affordable, in fall of 2018 TMWA’s Board of Directors took additional action to help offset rate increases for customers by creating a Rate Stabilization Fund. Used at the discretion of the board, the fund is managed much like a rainy-day account. Approved uses of the fund includes offsetting operating costs, capital improvements, and other necessary expenses related to serving customers.

## DIVERSIFYING THE SUPPLY IN THE DESERT

Over the past several decades, water treatment science and technology has mastered the ability to purify wastewater. With processes proven to meet clean and safe drinking water standards, this has ushered in a new wave of water resource management opportunities.

Until recently, treating wastewater to drinking water quality standards has largely relied on energy-intensive reverse osmosis technology. Mostly used in coastal regions, this approach is expensive and creates a by-product that has traditionally been released into the ocean.

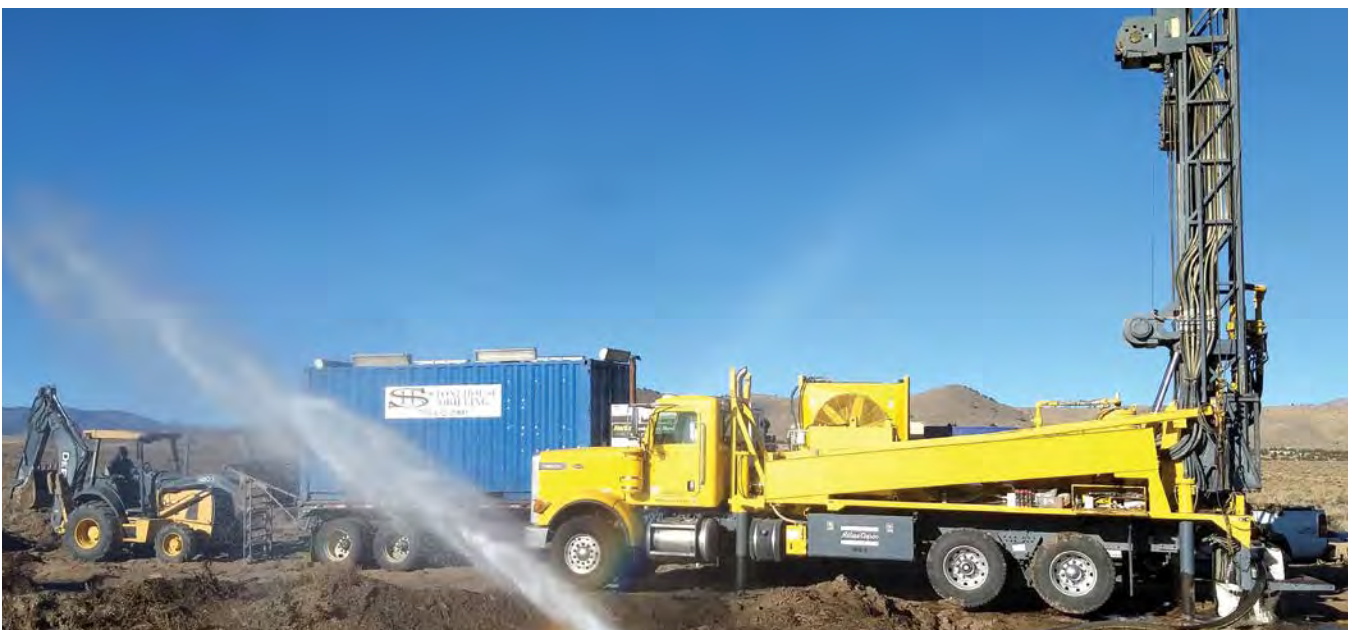
TMWA, in partnership with multiple local organizations and municipalities, has been piloting a new inland-friendly treatment process for several years. This innovative approach not only meets all Environmental Protection Agency (EPA) and State of Nevada drinking water standards, but also effectively removes emerging contaminants not yet regulated, such as pharmaceuticals and PFAS chemicals, (commonly found in waterproof clothing, Teflon cookware, and as linings for food packaging).

It is a water treatment breakthrough that creates a unique opportunity to develop another dependable water resource for our region: A+ Advanced Purified Water.

Funding to develop this new resource has been formalized through an interlocal agreement between TMWA and the City of Reno. The agreement establishes a 70/30 cost split to build the Advanced Purified Water Facility (APWF) at American Flat, north of Stead. In this arrangement, the City of Reno will reimburse TMWA 70% of the costs to build the facility, which is currently projected to be a \$221 million investment.

Source water for the APWF will come from Reno Stead Water Reclamation Facility (RSWRF). Following extensive treatment at RSWRF, the water will undergo further advanced treatment processes to meet EPA and Nevada drinking water standards. With rigorous monitoring and testing, water produced at the APWF will be recharged and stored in the American Flat aquifer. Initially the water will be used for irrigation at the American Flat Farm, but eventually it will be used to serve homes and business with a drought-proof supply of extremely high quality water.

This project furthers regional efforts of [OneWater Nevada](#), which is dedicated to extending the resiliency and sustainability of local water resources for future generations.

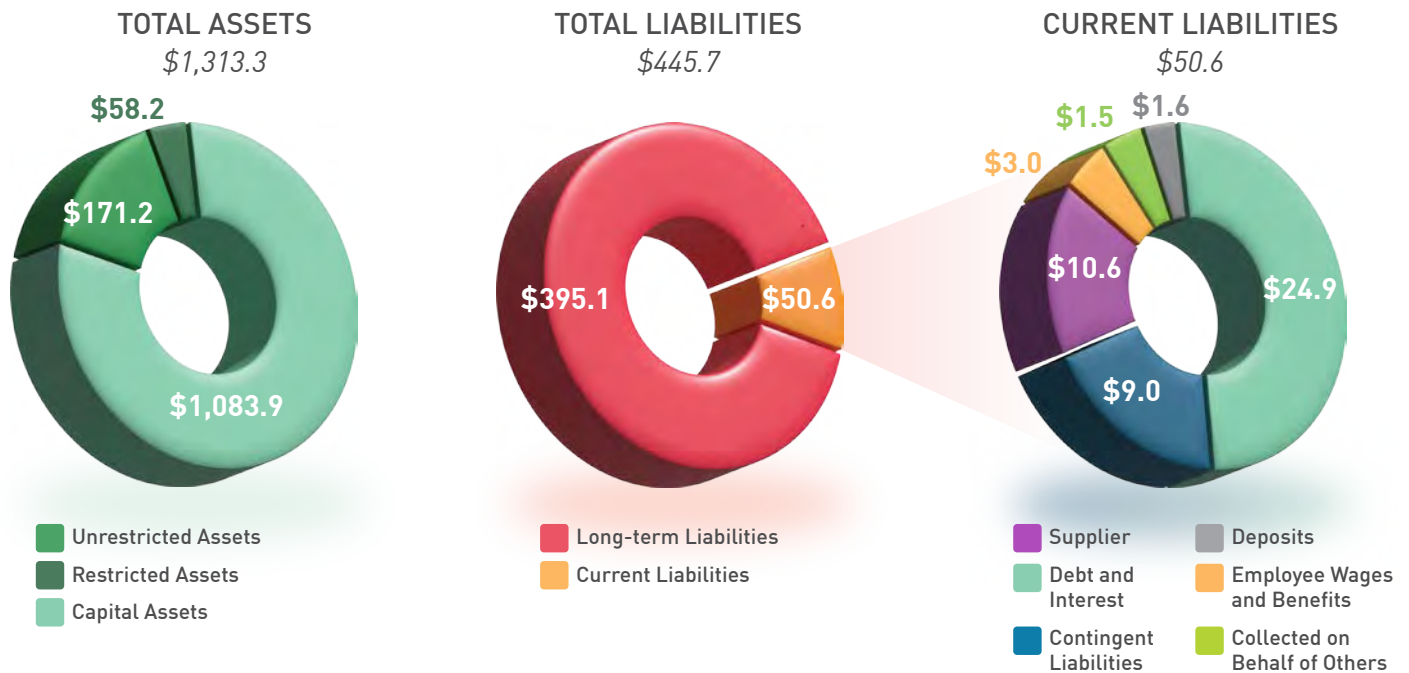


*Drilling at American Flat*

## THE BIG PICTURE ON TMWA'S FINANCIAL POSITION

**Net Position** (formally, the Statement of 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. The charts below show TMWA's assets and liabilities as of June 30, 2023.

### AT-A-GLANCE *(in millions)*



### STATEMENT OF NET POSITION *(in millions)*

	2023	2022	2021	2020
Unrestricted Current Assets	\$170.1	\$189.4	\$192.8	\$168.7
Restricted Current Assets	28.7	33.3	31.1	27.7
Long-Term Restricted and Other Assets	27.5	26.1	27.3	29.8
Net Other Post Employment Benefits Asset	3.1	6.0	3.4	2.3
Capital Assets, net	1,083.9	1,052.0	1,027.0	1,007.7
<b>Total Assets</b>	<b>1,313.3</b>	<b>1,300.8</b>	<b>1,276.9</b>	<b>1,236.2</b>
Deferred Outflow of Resources	25.5	22.4	12.8	14.9
<b>Total Assets and Deferred Outflow of Resources</b>	<b>1,338.8</b>	<b>1,323.3</b>	<b>1,289.2</b>	<b>1,251.1</b>
Total Current Liabilities	50.6	46.8	47.2	47.9
Long Term Debt Outstanding	333.9	355.4	376.3	383.3
Net Pension and Other Noncurrent Liabilities	61.2	28.6	42.2	43.5
<b>Total Liabilities</b>	<b>445.7</b>	<b>433.9</b>	<b>469.2</b>	<b>474.7</b>
Deferred Inflow of Resources	2.6	29.1	6.4	6.7
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>448.3</b>	<b>463.0</b>	<b>475.6</b>	<b>481.4</b>
Net Investment in Capital Assets	749.2	693.0	649.1	617.5
Restricted	50.4	52.4	50.7	50.0
Unrestricted	90.9	114.8	114.4	102.2
<b>Total Net Position</b>	<b>\$890.5</b>	<b>\$860.3</b>	<b>\$814.2</b>	<b>\$769.7</b>

## CHANGE IN NET POSITION

**Change in Net Position** (formally, the Statement of Revenues, Expenses and Changes in Net Position) is a financial statement focusing on a particular time period. This statement (as shown below) covers TMWA's fiscal year from July 1 to June 30. Much like an income statement, it describes four key items: revenue, expenses, nonoperating items, and contributions.

### CHANGE IN NET POSITION *(in millions)*

	2023	2022	2021	2020
Operating Revenues	\$113.1	\$114.6	\$115.4	\$108.1
Operating Expenses	114.4	98.6	98.2	94.1
<b>Operating Income (Loss)</b>	<b>(1.3)</b>	<b>16.0</b>	<b>17.2</b>	<b>14.0</b>
Nonoperating Revenues (Expenses), Net	(10.8)	(21.5)	(14.1)	(6.6)
<b>Income (Loss) before Capital Contributions</b>	<b>(12.1)</b>	<b>(5.5)</b>	<b>3.1</b>	<b>7.4</b>
Capital Contributions, Net	42.3	51.6	41.4	44.2
<b>Change in Net Position</b>	<b>30.2</b>	<b>46.1</b>	<b>44.4</b>	<b>51.6</b>
Net Position — Beginning of Year	860.3	814.2	769.7	718.1
<b>Net Position — End of Year</b>	<b>\$890.5</b>	<b>\$860.3</b>	<b>\$814.2</b>	<b>\$769.7</b>

See full financial statements in TMWA's Annual Comprehensive Financial Report at [tmwa.com/financial-information](https://tmwa.com/financial-information).

### EXPLANATION OF TERMS

**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:** Balance of a governmental organization's assets against its liabilities.

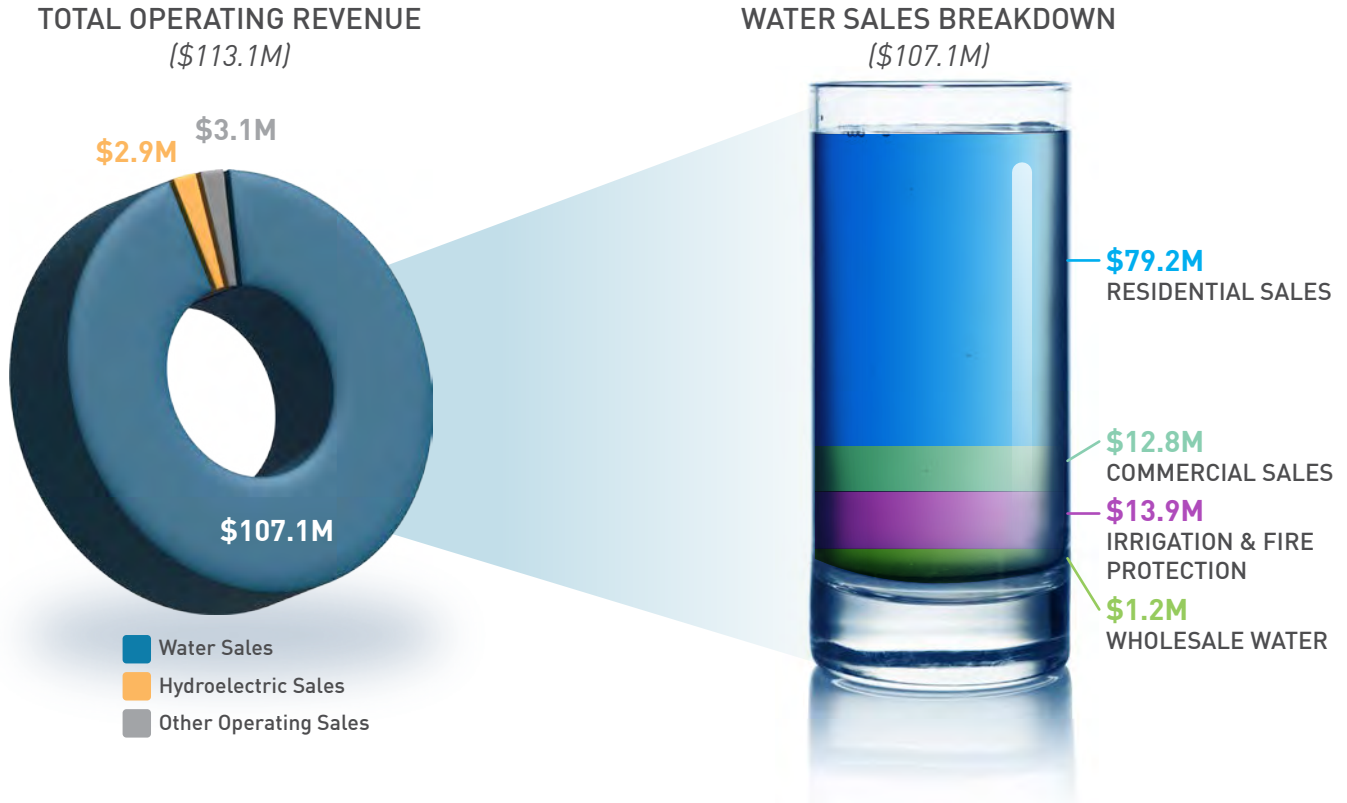
**OPERATING REVENUES:** Money generated from water, hydroelectric, and other operating sales. From this amount, operating expenses are subtracted to determine operating income or loss.

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

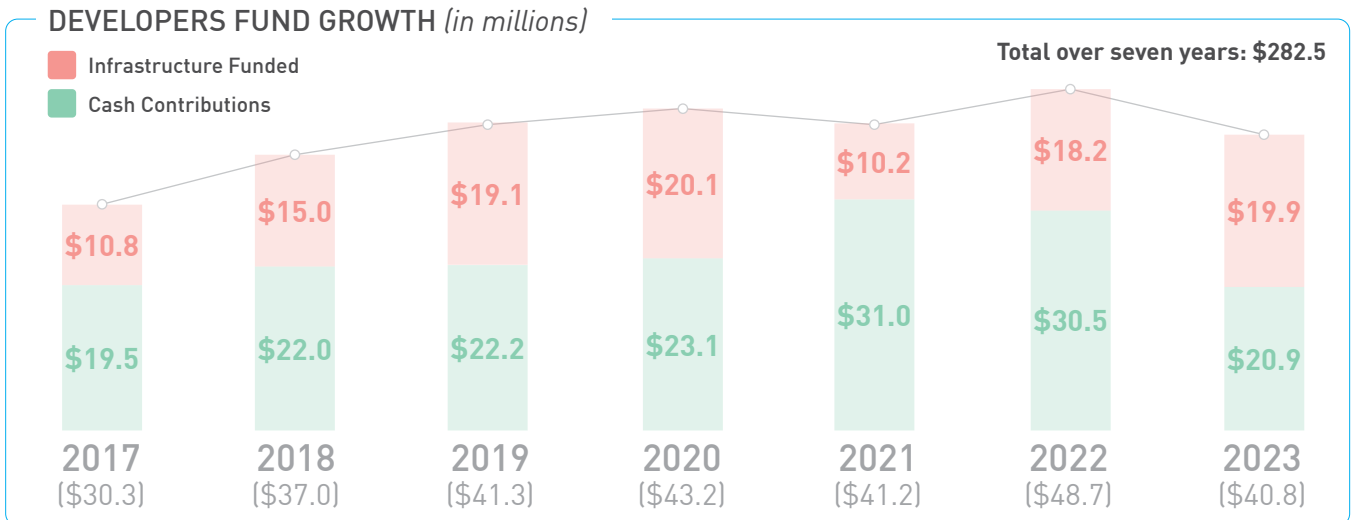
## INCOMING: WATER SALES PROVIDE 95% OF TMWA'S OPERATING REVENUE



## 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, fees and infrastructure contributions from developers are required. Over the past seven years, total developer contributions for new growth have exceeded \$282 million.

New development projects are approved by the county and cities. Water rights must be dedicated to TMWA before building can begin for any new project. For every gallon of surface water needed to serve new development, an additional 11% of water rights are required and must be dedicated to TMWA for drought storage.



## OUTGOING: HOW TMWA SPENDS BY THE DOLLAR

TMWA'S SPENDING ALLOCATIONS, 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, (e.g., treatment supplies, infrastructure maintenance, distribution, customer service).

#### 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, (e.g., water treatment plants, infrastructure replacements, storage tanks).

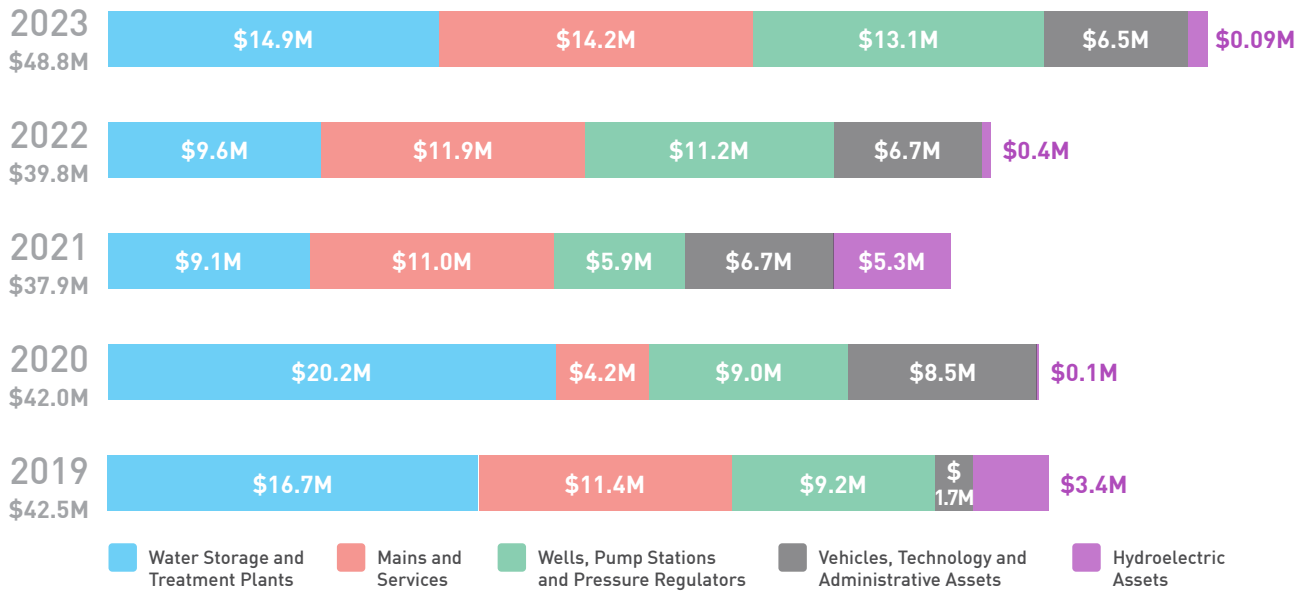


## KEEPING WATER FLOWING

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

As demonstrated below, maintenance needs and planned project expenses can shift each year. An overview of projected capital expenditures for the next five years can be found in TMWA’s [Water Facilities Plan](#), which is updated every five years.

### CAPITAL SPENDING BY CATEGORY



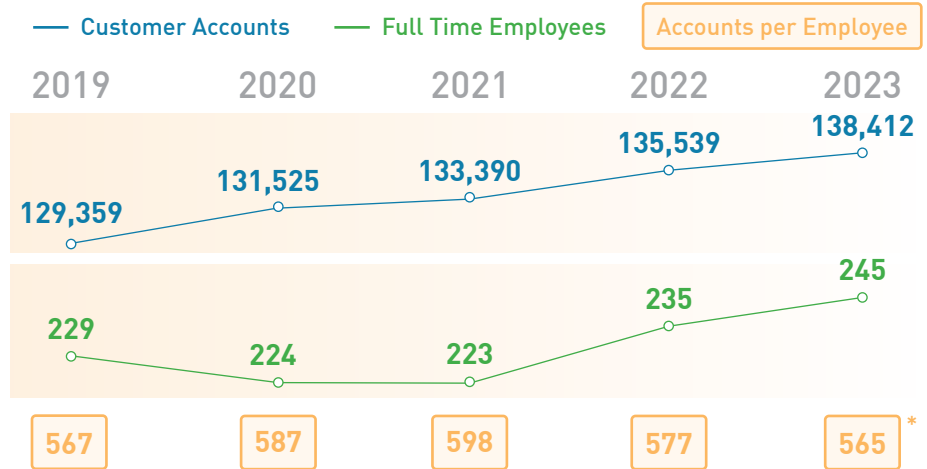
Chalk Bluff Water Treatment Plant

## MEETING NATIONAL BENCHMARKS

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

### WORKFORCE EFFICIENCY

Workforce efficiency is measured by the ratio of customer accounts to employees. Workforce challenges associated with the COVID-19 pandemic can be seen in the reduction of TMWA’s workforce in 2020 and 2021 due to retirements and delays in hiring; 2022 and 2023 represent a correction.



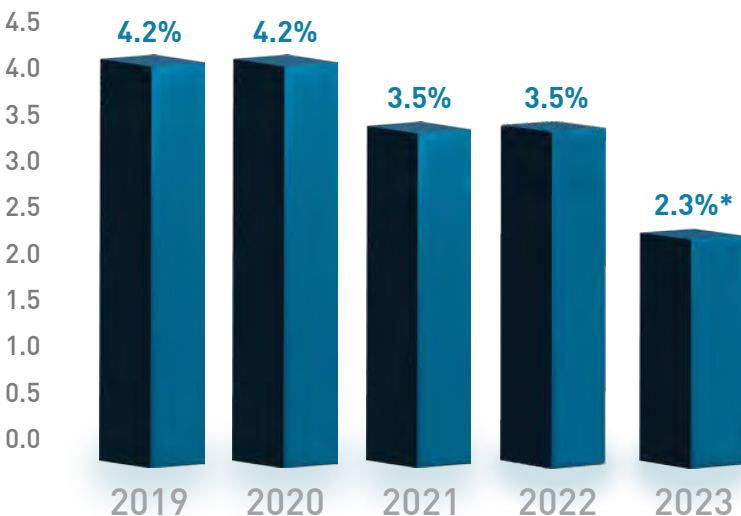
\*2023 AWWA Top Quartile Benchmark for Workforce Efficiency Is 547

### 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.

In 2023, TMWA’s financial effectiveness was impacted by two factors: lower revenue and higher operating expenses. Revenue was lower year-over-year due to reduced customer water use following a cool, wet spring. Operating expenses were higher due to inflation on goods and services.

Although TMWA’s financial effectiveness remained a positive percentage, it did not rank within AWWA’s top quartile.



\*2023 AWWA TOP QUARTILE BENCHMARK IS 3.7%



## INTEGRATING IT ALL

This document is a high-level overview of **TMWA's Annual Comprehensive Financial Report**, which offers a detailed review of multiple financial statements and 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.

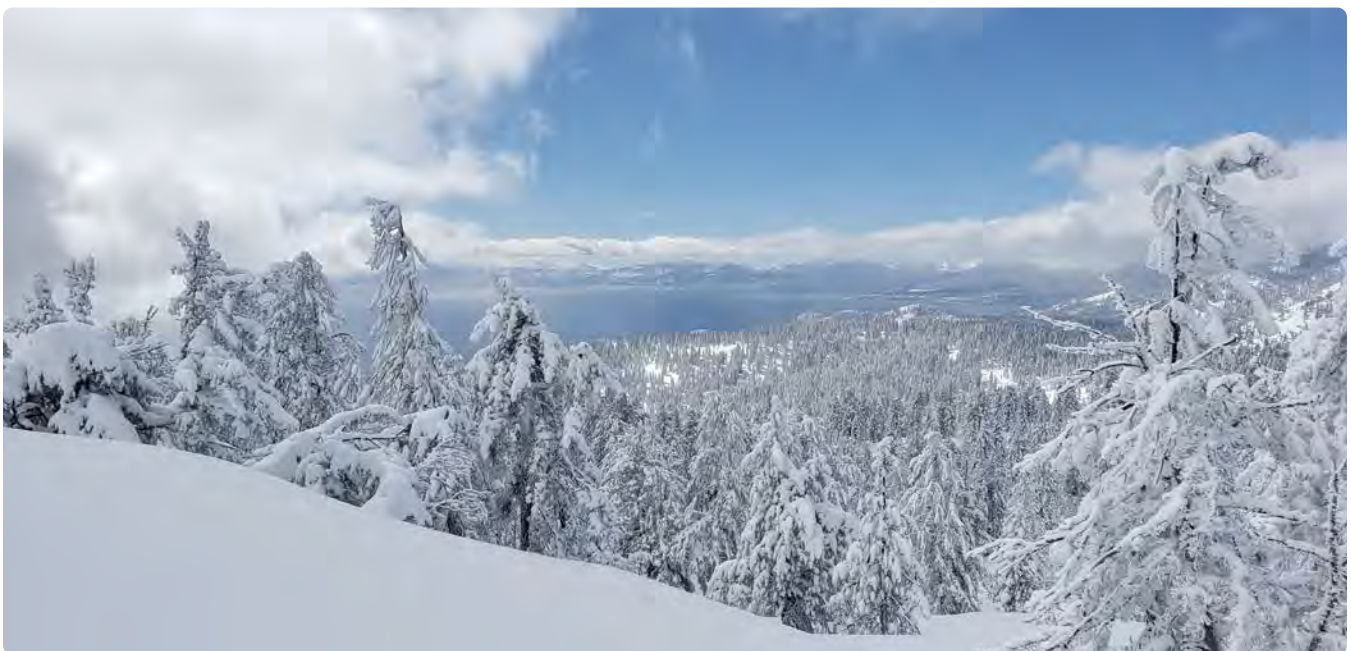
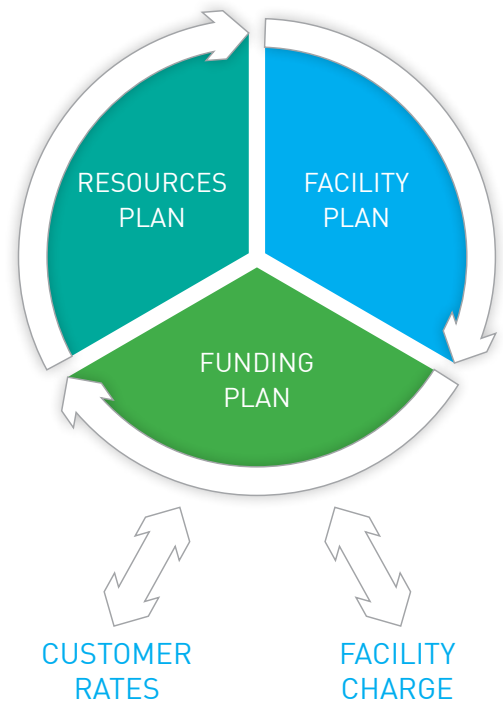
For example:

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 protects customer rates 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 and of any capital improvements and infrastructure needed. This plan also provides an assessment of overall spending and identification of funding options.

This integrated planning approach is how TMWA can 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](https://tmwa.com/planning).



*Winter in the Lake Tahoe Basin*



**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, Chief Financial Officer  
**DATE:** December 4, 2023  
**SUBJECT:** Presentation of Fiscal Year 2024 Q1 Year-to-Date Financial Results

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 2024	Budget YTD 2024	Variance \$	Variance %
<b>CHANGE IN NET POSITION</b>	<b>\$ 21,437,483</b>	<b>\$ 24,731,031</b>	<b>\$ (3,293,548)</b>	<b>(13)%</b>

Change in net position was \$3.3m or 13% lower than budget in 2024. This was driven by lower operating revenues, and lower than budgeted contributions related to lower connection fees and less contributions related to the construction of the Advanced Purified Water (APW) facility at American Flat.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>CHANGE IN NET POSITION</b>	<b>\$ 21,437,483</b>	<b>\$ 26,737,638</b>	<b>\$ (5,300,155)</b>	<b>(20)%</b>

Change in net position was \$5.3m or 20% lower than the prior year. This was due to higher operating and nonoperating revenues offset by higher operating expenses and lower capital contributions.

**Revenue**

**Budget to Actual**

	<b>Actual YTD 2024</b>	<b>Budget YTD 2024</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>OPERATING REVENUES</b>				
Charges for Water Sales	41,376,966	44,850,097	(3,473,131)	(8)%
Hydroelectric Sales	1,061,073	1,027,177	33,896	3 %
Other Operating Sales	1,113,232	830,507	282,725	34 %
Total Operating Revenues	43,551,271	46,707,781	(3,156,510)	(7)%

Operating revenue was \$3.2m or 7% lower than budget through Q1 2024. This was mostly driven by lower water sales. Water consumption was significantly lower than budget due to high precipitation through the summer and into fall with lower temperatures.

**Year over Year**

	<b>Actual YTD 2024</b>	<b>Actual YTD 2023</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>OPERATING REVENUES</b>				
Charges for Water Sales	41,376,966	42,173,720	(796,754)	(2)%
Hydroelectric Sales	1,061,073	937,481	123,592	13 %
Other Operating Sales	1,113,232	917,385	195,847	21 %
Total Operating Revenues	43,551,271	44,028,586	(477,315)	(1)%

Total operating revenues were lower than prior year by \$0.5m or 1%. Water sales were lower than prior year due lower consumption primarily due to high precipitation in summer and into fall offset by 2.5% rate increase in June 2023. Hydroelectric sales were higher due to sustained river flows and plants online for more time than in the prior year.

## Operating Expenses

### Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	7,458,008	8,036,169	(578,161)	(7)%
Employee Benefits	3,218,596	3,629,331	(410,735)	(11)%
Services and Supplies	11,568,110	13,276,781	(1,708,671)	(13)%
Total Operating Expenses Before Depreciation	22,244,714	24,942,281	(2,697,567)	(11)%
Depreciation	8,722,958	8,865,152	(142,194)	(2)%
Total Operating Expenses	30,967,672	33,807,433	(2,839,761)	(8)%

Total operating expenses were \$2.8m lower or 8% than budget through Q1 2024. Salaries and wages and employee benefits are both lower due primarily to position vacancies. Services and supplies were \$1.7m or 13% lower than budget mostly due to lower pricing, less turbidity events and improved operating efficiency have led to a decrease in chemical costs of \$0.7m in Q1 along with various other services offset by an increase of \$0.3m in electric power costs.

### Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>OPERATING EXPENSES</b>				
Salaries and Wages	7,458,008	6,867,903	590,105	9 %
Employee Benefits	3,218,596	2,867,956	350,640	12 %
Services and Supplies	11,568,110	11,952,517	(384,407)	(3)%
Total Operating Expenses Before Depreciation	22,244,714	21,688,376	556,338	3 %
Depreciation	8,722,958	8,583,425	139,533	2 %
Total Operating Expenses	30,967,672	30,271,801	695,871	2 %

Year over year operating expenses were \$0.7m or 2% higher compared to the prior year. Salaries and wages and benefits are higher than prior year to due to Labor Market Index (LMI) increases, step increases, and additions to staff during FY 2024. Services and supplies expenses are lower due to less consumption and timing of spending.

Non-Operating ExpensesBudget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	907,317	1,166,773	(259,456)	(22)%
Net Increase (Decrease) in FV of Investments	452,432	—	452,432	— %
Gain (Loss) on Disposal of Assets	—	(410,750)	410,750	(100)%
Amortization of Bond/note Issuance Costs	—	—	—	— %
Interest Expense	(2,771,473)	(2,757,180)	(14,293)	1 %
Total Nonoperating Revenues (Expenses)	(1,411,724)	(2,001,157)	589,433	(29)%

Nonoperating expenses were \$0.6m or 29% lower than budgeted than in 2024. The primary driver was a gain on fair value of investments, which is caused when the value of investments held (based on the coupon rate) is higher than current market value of the same investment. Investment earnings were lower than budget due to lower cash flows from revenues resulting in lower cash balances. Investment earnings is also lower than budget due the amortization of investment premiums which have not been historically considered in the investment income budget. Also contributing to the variance is lower losses on disposals of assets which is due to timing of completing and capitalizing projects and recording the loss on disposal related demolition costs.

Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	907,317	613,892	293,425	48 %
Net Increase (Decrease) in FV of Investments	452,432	(4,153,045)	4,605,477	(111) %
Gain (Loss) on Disposal of Assets	—	(16,078)	16,078	(100)%
Amortization of Bond/note Issuance Costs	—	—	—	— %
Interest Expense	(2,771,473)	(2,869,475)	98,002	(3)%
Total Nonoperating Revenues (Expenses)	(1,411,724)	(6,424,706)	5,012,982	(78)%

Nonoperating expenses were lower than prior year by \$5.0m or 78%, primarily due a net increase in fair value of investments compared to a net loss in the prior year. In FY 2023 in Q1, interest rates rose at a very rapid rate, compared to Q1 2023 when rates were more stable.

## Capital Contributions

### Budget to Actual

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	671,925	(671,925)	(100)%
Water Resource Sustainability Program	300,416	282,082	18,334	6 %
Developer Infrastructure Contributions	2,181,542	3,836,198	(1,654,656)	(43)%
Developer Will-serve Contributions (Net of Refunds)	1,742,740	1,303,500	439,240	34 %
Developer Capital Contributions - Other	327,235	—	327,235	— %
Developer Facility Charges (Net of Refunds)	4,427,046	4,213,135	213,911	5 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,286,629	3,525,000	(2,238,371)	(63)%
Net Capital Contributions	10,265,608	13,831,840	(3,566,232)	(26)%

Capital contributions were \$3.6m or 26% lower than budget. The primary driver is lower contributions from other governments related to the American Flat APW project. This is timing related and is based on the actual spend on the project which is in the design phase. These contributions are expected throughout the fiscal year. Also contributing the variance is lower developer infrastructure contributions, these contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA as well as lower grant revenue due to timing of receipt of funds.

### Year over Year

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	—	—	— %
Water Resource Sustainability Program	300,416	383,680	(83,264)	(22)%
Developer Infrastructure Contributions	2,181,542	11,874,761	(9,693,219)	(82)%
Developer Will-serve Contributions (Net of Refunds)	1,742,740	1,849,748	(107,008)	(6)%
Developer Capital Contributions - Other	327,235	2,569,367	(2,242,132)	(87)%
Developer Facility Charges (Net of Refunds)	4,427,046	2,622,919	1,804,127	69 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,286,629	105,084	1,181,545	1,124 %
Net Capital Contributions	10,265,608	19,405,559	(9,139,951)	(47)%

Year over year, capital contributions are \$9.1m or 47% lower than the prior year primarily due to lower connection lower developer infrastructure contributions discussed above.



**Capital Spending**

Cash spent on capital outlays and construction projects during the first quarter was approximately \$10.5m. Total budgeted capital spend for fiscal year 2024 is \$103.7m, which includes \$20.0m and \$19.8m for the American Flat APW facility and Orr Ditch pump station and hydro facility, respectively. Spending on the top three projects is listed below:

American Flat APW facility	\$1.8m
Orr Ditch pump station and hydro facility	\$1.5m
Spring Creek South Zone Conversion	\$1.1m

**Cash Position**

At September 30, 2023 total cash and investments was \$196.3m or \$11.1m lower than at the beginning of the fiscal year. Of the total cash and investments, \$138.6m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$57.7m 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, 2023

	Actual YTD 2024	Budget YTD 2024	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 41,376,966	\$ 44,850,097	\$ (3,473,131)	(8)%
Hydroelectric Sales	1,061,073	1,027,177	33,896	3 %
Other Operating Sales	1,113,232	830,507	282,725	34 %
Total Operating Revenues	43,551,271	46,707,781	(3,156,510)	(7)%
<b>OPERATING EXPENSES</b>				
Salaries and Wages	7,458,008	8,036,169	(578,161)	(7)%
Employee Benefits	3,218,596	3,629,331	(410,735)	(11)%
Services and Supplies	11,568,110	13,276,781	(1,708,671)	(13)%
Total Operating Expenses Before Depreciation	22,244,714	24,942,281	(2,697,567)	(11)%
Depreciation	8,722,958	8,865,152	(142,194)	(2)%
Total Operating Expenses	30,967,672	33,807,433	(2,839,761)	(8)%
<b>OPERATING INCOME</b>	<b>12,583,599</b>	<b>12,900,348</b>	<b>(316,749)</b>	<b>(2)%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	907,317	1,166,773	(259,456)	(22)%
Net Increase (Decrease) in FV of Investments	452,432	—	452,432	— %
Gain (Loss) on Disposal of Assets	—	(410,750)	410,750	(100)%
Amortization of Bond/note Issuance Costs	—	—	—	— %
Interest Expense	(2,771,473)	(2,757,180)	(14,293)	1 %
Total Nonoperating Revenues (Expenses)	(1,411,724)	(2,001,157)	589,433	(29)%
Gain (Loss) Before Capital Contributions	11,171,875	10,899,191	272,684	3 %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	671,925	(671,925)	(100)%
Water Resource Sustainability Program	300,416	282,082	18,334	6 %
Developer Infrastructure Contributions	2,181,542	3,836,198	(1,654,656)	(43)%
Developer Will-serve Contributions (Net of Refunds)	1,742,740	1,303,500	439,240	34 %
Developer Capital Contributions - Other	327,235	—	327,235	— %
Developer Facility Charges (Net of Refunds)	4,427,046	4,213,135	213,911	5 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,286,629	3,525,000	(2,238,371)	(63)%
Net Capital Contributions	10,265,608	13,831,840	(3,566,232)	(26)%
<b>CHANGE IN NET POSITION</b>	<b>\$ 21,437,483</b>	<b>\$ 24,731,031</b>	<b>\$ (3,293,548)</b>	<b>(13)%</b>

# Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position

For the first quarter ended September 30, 2023

	Actual YTD 2024	Actual YTD 2023	Variance \$	Variance %
<b>OPERATING REVENUES</b>				
Charges for Water Sales	\$ 41,376,966	\$ 42,173,720	\$ (796,754)	(2)%
Hydroelectric Sales	1,061,073	937,481	123,592	13 %
Other Operating Sales	1,113,232	917,385	195,847	21 %
Total Operating Revenues	43,551,271	44,028,586	(477,315)	(1)%
<b>OPERATING EXPENSES</b>				
Salaries and Wages	7,458,008	6,867,903	590,105	9 %
Employee Benefits	3,218,596	2,867,956	350,640	12 %
Services and Supplies	11,568,110	11,952,517	(384,407)	(3)%
Total Operating Expenses Before Depreciation	22,244,714	21,688,376	556,338	3 %
Depreciation	8,722,958	8,583,425	139,533	2 %
Total Operating Expenses	30,967,672	30,271,801	695,871	2 %
<b>OPERATING INCOME</b>	<b>12,583,599</b>	<b>13,756,785</b>	<b>(1,173,186)</b>	<b>(9)%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	907,317	613,892	293,425	48 %
Net Increase (Decrease) in FV of Investments	452,432	(4,153,045)	4,605,477	(111) %
Gain (Loss) on Disposal of Assets	—	(16,078)	16,078	(100)%
Amortization of Bond/note Issuance Costs	—	—	—	— %
Interest Expense	(2,771,473)	(2,869,475)	98,002	(3)%
Total Nonoperating Revenues (Expenses)	(1,411,724)	(6,424,706)	5,012,982	(78)%
Gain (Loss) Before Capital Contributions	11,171,875	7,332,079	3,839,796	52 %
<b>CAPITAL CONTRIBUTIONS</b>				
Grants	—	—	—	— %
Water Resource Sustainability Program	300,416	383,680	(83,264)	(22)%
Developer Infrastructure Contributions	2,181,542	11,874,761	(9,693,219)	(82)%
Developer Will-serve Contributions (Net of Refunds)	1,742,740	1,849,748	(107,008)	(6)%
Developer Capital Contributions - Other	327,235	2,569,367	(2,242,132)	(87)%
Developer Facility Charges (Net of Refunds)	4,427,046	2,622,919	1,804,127	69 %
Contributions from Others	—	—	—	— %
Contributions from Other Governments	1,286,629	105,084	1,181,545	1,124 %
Net Capital Contributions	10,265,608	19,405,559	(9,139,951)	(47)%
<b>CHANGE IN NET POSITION</b>	<b>\$ 21,437,483</b>	<b>\$ 26,737,638</b>	<b>\$ (5,300,155)</b>	<b>(20)%</b>



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, CFO  
 Jessica Atkinson, Director of Human Resources  
**DATE:** December 4, 2023  
**SUBJECT:** **Discussion and action on adoption of a Resolution No. 322: A resolution to approve changes to employees' leave policies**

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### Summary

TMWA Staff recommends the TMWA Board adopt Resolution No. 322 to replace the current TMWA-funded short-term disability plan, available to TMWA management, professional, administrative and technical employees (“MPAT”) with a sick leave plan. As part of the implementation of the new sick leave plan, staff proposes a transition period in which MPAT employees will continue to be eligible under the existing TMWA-funded short-term disability plan for up to four years (as further described below). Additionally, staff proposes to rename paid time off (“PTO”) to vacation time and limit the accrual rate for that time so that it will be capped at 25 years of service, which equates to a limit of 244 hours per year.

### Background

Current MPAT employee benefits include a TMWA-funded short-term disability plan. The current plan is lacking in detail, which can lead to uncertainty and potentially inconsistent results as to how claims may be administered. TMWA has consulted with employment counsel regarding the current plan and he concurs that its ambiguities can create potential risk as TMWA is regularly called upon to interpret unilaterally its intended parameters. If the current plan is left in place, TMWA carries both a financial risk and a significant administrative burden. Staff proposes to replace the plan with a sick leave benefit for the following reasons. First, sick leave is similar to what other local agencies offer and is comparable, in terms of benefit to the employee, to the existing short-term disability plan. Second, compensation reviews have shown that TMWA’s MPAT employees are lagging the market in total paid days off, which has dampened some recruitment. Third, maintaining a bank of sick days gives employees more flexibility than the current short-term disability plan because, under the proposal, sick days could be used to care for immediate family members and there is no waiting period (the current short-term disability plan can be used for the employee only and requires a five day (40 hour) waiting period). The pandemic resulted in several instances of required employee absences to care for

immediate family members including quarantine periods, sickness, and doctors’ visits which would now be covered under the proposed sick leave.

Staff believes the transition from TMWA-funded short-term disability plan to a sick leave benefit strikes an appropriate balance. The proposed sick leave plan will consist of a one-time credit of 120 hours (15 days) upon implementation, then employees will begin to accrue additional sick leave at a rate of 4.6154 hours each bi-weekly pay period, up to a maximum 120 hours per year. There would be no limit on the number of sick leave hours that can be carried over year to year. Employees with ten or more years of service would be able to, when they leave TMWA employment, cash out 50% of any accrued and unused sick leave hours over 450 hours, up to \$25,000 total. This is intended to incentivize employees to maintain an appropriate amount of sick leave.

To ease the transition from the TMWA-funded short-term disability plan, employees will still have access to the existing benefit for up to four years from the date of implementation. The number of years employees will have access to the current plan depends on the employees’ years of service and will be based on the following table. For example, employees with one to two years of service will have access to the current plan for one year from implementation. Employees with eight or more years of service will have access for four years. Lastly, employees will have access to a new, voluntary, employee-paid short-term disability plan.

<b>Years of Service the day before the effective date:</b>	<b>Bridge Period:</b>	<b>End of Bridge Period:</b>
Less than 1 year	None	N/A
1 <sup>st</sup> through 2 <sup>nd</sup> year	12 months (1 year)	XX/XX/2025
3 <sup>rd</sup> through 4 <sup>th</sup> year	24 months (2 years)	XX/XX/2026
5 <sup>th</sup> through 7 <sup>th</sup> year	36 months (3 years)	XX/XX/2027
8 or more years	48 months (4 years)	XX/XX/2028

**Fiscal Impact**

Staff estimates the present value fiscal impact of the changes to be between \$900,000 and \$1,000,000 over 20 years, or \$45,000 to \$50,000 per year.

**Recommended Motion**

Move to approve Resolution No. 322: a resolution to approve changes to employees’ leave policies as proposed by staff.

**TRUCKEE MEADOWS WATER AUTHORITY**  
**(TMWA)**

**RESOLUTION NO. 322**

**A RESOLUTION AMENDING EMPLOYEE BENEFITS**

WHEREAS, the Truckee Meadows Water Authority provides, by resolution, benefits to management, professional, administrative and technical (MPAT) employees of the Truckee Meadows Water Authority; and

WHEREAS, the Board desires to amend the benefits as described in the Attached Exhibit A;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority that the MPAT benefits are hereby amended as set forth in Exhibit A and staff is directed to implement the changes as soon as practicable.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Resolution was passed and adopted on December 14, 2023 by the following vote of the Board:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Abstain: \_\_\_\_\_ Absent: \_\_\_\_\_

Approved: December 14, 2023

\_\_\_\_\_  
Kristopher Dahir, Chair

**EXHIBIT A**

Resolution No. 322 hereby adopts the following changes to TMWA's benefits to management, professional, administrative and technical (MPAT) employees:

(1) Elimination of the existing TMWA-funded short-term disability. The currently existing TMWA-funded short-term disability plan will be temporarily extended, for a period not to exceed 4 years as described in the table below.

<b>Years of Service the day before the Effective Date:</b>	<b>Bridge Period:</b>	<b>End of Bridge Period:</b>
Less than 1 year	None	N/A
1 <sup>st</sup> through 2 <sup>nd</sup> year	12 months (1 year)	XX/XX/2025
3 <sup>rd</sup> through 4 <sup>th</sup> year	24 months (2 years)	XX/XX/2026
5 <sup>th</sup> through 7 <sup>th</sup> year	36 months (3 years)	XX/XX/2027
8 or more years	48 months (4 years)	XX/XX/2028

(2) Establishment of a voluntary, employee-funded short-term disability option.

(3) Creation of a sick leave policy to include 120 hours at implementation of the policy. Thereafter, employees will accrue sick leave at a rate of 4.6154 hours per bi-weekly pay period, up to a maximum of 120 hours of sick leave per year. Upon separation of employment after 10 years of full-time employment, an employee shall be compensated for 50% of the accrued, unused sick leave hours in excess of 450 hours at the employee's then-current payrate. The maximum payout for accrued, unused sick leave shall not exceed \$25,000.

(4) All references to "PTO" are replaced with "Vacation Leave." Additionally, vacation accrual is capped at 244 hours per year, the equivalent of 25 years of service. Employees earning more than 244 hours per year on the date the new policy is adopted will be capped at their accrual rate as of the date of the new policy's adoption.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, CFO  
**DATE:** December 4, 2023  
**SUBJECT:** **Discussion and action, and possible authorization for General Manager to amend Sun Valley General Improvement District wholesale agreement to increase Tier 1 usage**

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### Summary

TMWA Staff requests the TMWA Board authorize the General Manager to amend the wholesale agreement with Sun Valley General Improvement District (SVGID) to increase the commodity rate for Tier 1 from 34,000,000 gallons to 38,000,000 gallons, effective January 1, 2024.

The Large Volume Resale Service (LVS) rate schedule allows for annual adjustments to the tier usage level based on the average winter usage. Upon review of the related usage, staff recommends an increase to the first tier of 4,000,000 gallons. The analysis is based on the expected water services in the SVGID with an allocation of 6,000 gallons of water used at Tier 1 per service. This analysis should be performed regularly to allow for updated tiers based on estimated service connections. This change will reduce TMWA's revenue from SVGID by approximately \$30,000 per year. Attached is a redline of the LVS rate schedule and related contract with SVGID.

### Recommended Motion

Move to authorize the General Manager to amend the wholesale agreement with SVGID as proposed by staff.



**THIRD AMENDMENT TO CONTRACT FOR DELIVERY OF WATER**

THIS THIRD AMENDMENT TO CONTRACT FOR DELIVERY OF WATER (“Amendment”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2023, by and between TRUCKEE MEADOWS WATER AUTHORITY, a Joint Powers Authority (“Authority”), and SUN VALLEY GENERAL IMPROVEMENT DISTRICT, a general improvement district created pursuant to NRS Chapter 318 (“Customer”). Authority and Customer are hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

**WITNESSETH:**

WHEREAS, Authority is engaged in the distribution, sale and delivery of water service to residents of Reno and Sparks, Nevada, and areas of Customer;

WHEREAS, Customer is a quasi-municipal corporation governed pursuant to the provisions of Nevada Revised Statutes, Chapter 318, and provides water service within the Customer's Service Area;

WHEREAS, Authority and Customer entered into that certain Contract For Delivery of Water dated July 14, 2004 (Original Agreement), which sets forth terms and conditions pursuant to which Authority agreed to provide wholesale water service to Customer up to the maximum delivery rate of 3,600 gallons/minute (Original Capacity);

WHEREAS, Authority and Customer entered into that certain First Amendment to Contract for Delivery of Water dated January 8, 2008, which increased the Original Capacity by 1,100 gpm and added an additional point of delivery;

WHEREAS, Authority and Customer entered into that certain Second Amendment on February 19, 2020 (the Second Amendment, together with the First Amendment and Original Agreement is hereafter referred to as the “Agreement”), to expand the Customer’s Service Area and to expand the wholesale service area to allow Customer to receive wholesale water service within the expanded service area;

WHEREAS, Authority and Customer desire to increase the Commodity Rate Threshold as specified herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Authority and Customer do covenant and agree as follows:

1. **Capitalized Terms.** Capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to them in the Agreement.
  
2. **Conflicting Terms.** To the extent the provisions of this Amendment conflict with any of the terms and conditions of the Agreement, as amended by the First Amendment, the provisions of this Amendment shall control. Except as specifically modified hereby, each of the terms and conditions of the Agreement shall remain in full force and effect and are enforceable in accordance with their respective terms.

3. **Commodity Rate Threshold Change.** The first tier of Authority's existing Large Volume Resale Service (LVS) rate schedule shall be increased from 34,000,000 gallons/billing period to 38,000,000/billing period. Subject to approval by Authority's Board, this change shall be effective January 1, 2024. Authority shall retain full authority and discretion to adjust Authority's rates and rules of service, including without limitation LVS tiers, from time to time after the Effective Date.

4. **Conditions to Service.** Customer acknowledges and agrees that this Amendment merely addresses the Commodity Rate Threshold Change, and Customer and Customer's retail customers must comply with all applicable requirements in Authority's Rules before the Authority has any obligation to provide water service.

5. **Binding Effect.** This Amendment shall be binding upon and inure to the benefit of Authority, Customer and their respective permitted successors and assigns.

6. **Authorization.** The undersigned, by their signatures, represent and warrant that they are authorized agents of their respective entities and are authorized to execute this Amendment.

7. **Governing Law.** The laws of the State of Nevada shall govern the validity, construction, enforcement and interpretation of this Amendment. Venue for any legal action arising out of this Amendment shall be in Washoe County, Nevada.

8. **Entire Agreement.** This Amendment may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought. No oral statements or representations made before or after the execution of this Amendment regarding the subject matter of this Amendment are binding on a party, nor may any such oral statements or representations be relied on by a party.

9. **Severability.** If any provision of this Amendment is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable. The Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of the Amendment. The remaining provisions of the Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Amendment.

10. **Attorney's Fees.** In the event that any action is necessary to enforce the rights of any party hereto, the prevailing party in any such action shall be entitled to reasonable costs and attorneys' fees.

11. **Effective Date.** This Amendment shall be effective upon the date of approval by the Authority's Board of Directors "Effective Date."

**IN WITNESS WHEREOF,** the parties have executed this Amendment as of the date written below.

**"Customer"**

SUN VALLEY GENERAL IMPROVEMENT  
DISTRICT

By: *Ann S. Dent*

Its: Chair

Dated: 12/04/2023

**"Authority"**

TRUCKEE MEADOWS WATER  
AUTHORITY, a joint powers authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Matt Bowman, CFO  
**DATE:** December 1, 2023  
**SUBJECT:** Discussion and action, and possible direction to staff regarding request for approval of revisions to Other Post Employment Benefits Trust (OPEB) Plan

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### Recommendation

TMWA Staff recommends that the TMWA Board accept the revisions to the §115 Other Post-Employment Benefit Trust (§115 Trust) plan document.

### Summary

- TMWA's §115 Trust plan document has been revised at the request of Trustees to clear up the ambiguity around dental benefits as reimbursable expenses under the Trust.
- Revisions do not increase TMWA's financial obligations for post-retirement benefits under this trust.

### Background

To support the transfer of affected employees in connection with the merger between Truckee Meadows Water Authority (TMWA) and Washoe County Water Utility Division (WCUD), the TMWA Board adopted resolution No. 220 approving the §115 Trust for eligible incoming Washoe County Employees and adopted the current OPEB Trust Document.

The §115 Trust provides benefits for those former employees of WCUD who were hired by Washoe County on or before September 16, 1997 and who became employees of TMWA as a result of the merger (classified as Tier I retirees ) and for those former employees of WCUD who were hired by Washoe County after September 16, 1997 and before July 1, 2010 and who became employees of TMWA as a result of the merger (classified as Tier II retirees).

### Discussion

Currently the §115 Trust plan document contains conflicting language regarding the eligibility of dental premiums for reimbursement. This was discussed at the January 2023 Trustees meeting, where the Trustees directed staff to research the financial impact to the §115 Trust by allowing

the reimbursement of eligible dental premiums. Upon review and discussion with the §115 Trust actuaries, it was determined there would be no financial impact to the plan. This was presented to the Trustees at the April meeting where staff was directed to make the requisite changes to the plan document.

Staff worked with the §115 Trust attorney to clear up the language and ensure dental premiums are eligible for reimbursement. The Trustees approved the changes to the Plan document at the October 17, 2023 Trustees meeting.

**Recommended Motion**

Move to approve the changes to the §115 Other Post-Employment Benefit Trust Plan document as included in Attachment A.

**TRUST AGREEMENT  
FOR  
TRUCKEE MEADOWS WATER AUTHORITY  
OPEB TRUST FUND  
RESTATED \_\_\_\_\_, 201923**

## **ARTICLE I**

### Purpose of the Trust

The Truckee Meadows Water Authority OPEB Trust Fund was originally established January 1, 2015. The Trust is now being amended and restated to make certain changes thereto. This Trust is intended to provide the means to fund all or a portion of the post-retirement benefits to be provided to those former employees of Washoe County, Nevada who became employees of Truckee Meadows Water Authority as a result of the merger of water utility services between Washoe County, Nevada and Truckee Meadows Water Authority which became effective on January 1, 2015. The Trust is intended to qualify as a governmental trust established to provide an essential governmental function under Section 115 of the Internal Revenue Code of 1986, as amended, and is created pursuant to Nevada Revised Statutes § 287.017. The name of this Trust shall be the Truckee Meadows Water Authority OPEB Trust Fund.

## **ARTICLE II**

### Definitions

When used in this Trust, the following words shall have the following meanings, unless the context clearly indicates otherwise:

2.1 “Benefit Plans” mean the following:

(i) For those Participants classified as Tier I Retirees, the term “Benefit Plans” are to include and be limited to those benefit plans described in Exhibit A-1 attached hereto; and

(ii) For those Participants classified as Tier II Retirees, the term “Benefit Plans” are to include and be limited to those benefit plans described in Exhibit A-2 attached hereto.

The Benefit Plans described in Exhibits A-1 and A-2 may be amended from time to time pursuant to the terms of this Trust.

2.2 “Benefits” mean the following:

(i) For those Participants classified as Tier I Retirees, the term “Benefits” mean those premiums described in Exhibit D-1 attached hereto that are required to be paid or reimbursed by TMWA on behalf of Tier I Retirees to provide such Tier I Retirees with coverage under one or more of the Benefit Plans described in Exhibit A-1; and

(ii) For those Participants classified as Tier II Retirees, the term “Benefits” mean those premiums described in Exhibit D-2 attached hereto that are required to be paid or reimbursed by TMWA on behalf of Tier II Retirees to provide such Tier II Retirees with coverage under one or more of the Benefit Plans described in Exhibit A-2.

2.3 “CBA” means the current collective bargaining agreement entered into between TMWA and the bargaining unit referred to as Local #1245 of the International Brotherhood of Electrical Workers (IBEW), together with any future amendments and successor agreements thereto.

2.4 “Code” means the Internal Revenue Code of 1986, as amended.

2.5 “Effective Date” means the Effective Date of this Trust, which is January 1, 2015.

2.6 “Investment Plan” means an investment plan developed by the Trustees pursuant to NRS 287.017(2)(g) and NAC 287.788(2).

2.7 “NAC” means the Nevada Administrative Code, as amended from time to time.

2.8 “NRS” means the Nevada Revised Statutes, as amended from time to time.

2.9 “Participant” means a Retiree who is entitled to receive Benefits from this Trust pursuant to Section 3.1. and elects to receive such Benefits in accordance with the procedures adopted by the Trustees from time to time. A Participant shall not include any spouse and/or dependents of a Retiree, even if such spouse and/or dependents are covered under one or more of the Benefit Plans.

2.10 “Plan Year” means the calendar year.

2.11 “Retiree” means a Tier I Retiree or Tier II Retiree who separates from service or retires from TMWA, and under the terms of this Trust, and the CBA or resolutions adopted by TMWA, is eligible to receive Benefits from this Trust.

2.12 “TMWA” means the Truckee Meadows Water Authority, a local government agency within the meaning of NRS 354.474, and an entity the income of which is excluded from gross income under Code Section 115.

2.13 “Tier I Retirees” and “Tier II Retirees” mean the following:

(i) “Tier I Retirees” mean those Retirees who were former employees of Washoe County, who were hired by Washoe County on or before September 16, 1997, and who became employees of TMWA as a result of the merger of water utility services between Washoe County and TMWA which became effective on January 1, 2015; and

(ii) “Tier II Retirees” means those Retirees who were former Employees of Washoe County, who were hired by Washoe County after September 16, 1997 and before July 1, 2010, and who became employees of TMWA as a result of the merger of water utility services between Washoe County and TMWA which became effective on January 1, 2015.

2.14 “Trust” and “Trust Fund” means the Trust established and administered under this Trust Agreement, together with all subsequent amendments thereto.



2.15 “Trust Year” means the year beginning on January 1 of each calendar year and ending on December 31 of the same calendar year.

2.16 “Trustees” collectively mean the persons appointed under Article VII who have accepted the position as Trustees, and any duly appointed and qualified successor Trustees. “Trustee” means any one of the Trustees. The Trustees shall constitute the “board of trustees” as that term is used in NRS 287.017(2)(e).

2.17 “Washoe County” means Washoe County, Nevada, a political subdivision of the State of Nevada.

2.18 Words used in the singular shall include the plural, words used in the plural shall include the singular, and words of one gender shall include other genders when the context so requires.

### **ARTICLE III.**

#### **Eligibility and Participation**

3.1 Eligibility and Commencement of Coverage. Each Tier I Retiree entitled to coverage under a Benefit Plan described in Exhibit A-1 and each Tier II Retiree entitled to coverage under a Benefit Plan described in Exhibit A-2 who satisfies the eligibility requirements set forth in Exhibit “B” attached hereto shall be entitled to receive Benefits from this Trust.

3.2 Termination of Participation. A Participant’s right to receive Benefits under this Trust is to terminate upon the occurrence of the earliest event described in Exhibit “C” attached hereto.

### **ARTICLE IV.**

#### **Benefits Payable by the Trust**

The Benefits to be paid and/or reimbursed by this Trust on behalf of a Participant are to include and be limited to (i) the actual share of the total premiums attributable to Benefits required to be paid and/or reimbursed by the Trust on behalf of a Participant classified as a Tier I Retiree as set forth in Exhibit “D-1” attached hereto, and (ii) the actual share of the total premiums attributable to Benefits required to be paid and/or reimbursed by the Trust on behalf of a Participant classified as a Tier II Retiree as set forth in Exhibit “D-2” attached hereto. If the amount of the Benefits required to be paid and/or reimbursed by the Trust is modified by the CBA or resolutions adopted by TMWA, then Exhibits “D-1” and “D-2” are to be amended to reflect such changes. All Benefits required to be paid by this Trust for coverage of a Participant under a Benefit Plan will be paid (i) to the company or institution that issues or administers the Benefit Plan, or (ii) to the Participant to reimburse the Participant for his or her payment of the Benefits required to be paid by the Trust. The Trustees of this Trust may fund additional Benefits through this Trust, after amending the Trust, but only if such Benefits are authorized under the CBA and/or resolutions

adopted by TMWA, and are Benefits which may be funded by a trust described in NRS Section 287.017.

## ARTICLE V

### Contributions

#### 5.1 Determination of Contribution:

(a) This Trust shall be funded with contributions by Participants and/or TMWA, and all such contributions to the Trust, and any earnings on such contributions, shall be irrevocable and shall become and remain the property of the Trust.

(b) Contributions to this Trust shall be made in accordance with, and in amounts prescribed by, the Benefit Plans and this Trust.

(c) TMWA shall annually commission actuarial studies that estimate its obligations and liabilities to provide Benefits under the Benefit Plans in accordance with applicable law and with generally accepted accounting principles. TMWA shall annually notify the Trustees of the level of funding it expects to contribute to the Trust Fund.

5.2 Funding Policy: The policy of TMWA is that this Trust shall be funded by Participants' and/or TMWA's contributions. Such funding shall be determined pursuant to NAC 287.786(1) in a manner consistent with the Code and any other applicable laws and regulations, in accordance with generally accepted accounting principles, and on a sound actuarial basis.

5.3 To Whom Contributions are to be Paid: Contributions shall be paid to the Trustees and shall become a part of the Trust Fund. All contributions to the Trust Fund and any earnings thereon shall be used only to:

(a) Provide Benefits to Participants in accordance with the terms of the CBA, resolutions adopted by TMWA, this Trust, and the Benefit Plans; and

(b) Pay the reasonable administrative expenses incident to the provision of those Benefits and expenses incurred in the administration of the Trust.

5.4 Corpus of Trust: The Trust shall consist of contributions made to the Trust, together with investments and reinvestments of the proceeds thereof, and all earnings and profits thereon, if any, less any losses, and less any expenses charged and distributions made pursuant to the terms of the Trust.

#### 5.5 Investment of Trust:

(a) In accordance with the purpose of the Trust Fund stated in NRS 287.017(2)(a), the Trust Fund shall invest monies for the purpose of funding all or a portion of the unfunded actuarial accrued liabilities associated with providing future Benefits for Participants covered by the Benefit

Plans. The Trust Fund may also be used to pay Benefits to current Participants under the Benefit Plans.

(b) The investment of the assets of the Trust Fund shall be limited to the Retirement Benefits Investment Fund established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1); provided however, that the Trustees may direct that the assets of the Trust Fund be invested on a short-term basis in any investment described in NRS 355.170 and authorized pursuant to NRS 287.017(2)(g)(2).

(c) All interest, earnings, dividends and distributions with respect to the investment of the Trust Fund, less any expenses charged with respect to such investments, must be deposited in the Trust Fund.

(d) The Trust Fund shall be maintained as a separate account and no other funds shall be co-mingled with the funds in the Trust Fund, except to the extent otherwise permitted by NRS 287.017(2)(h) and NAC 287.790(5).

(e) Trust Fund monies and assets shall not be used to finance the debt of TMWA and shall not be available for loans to other funds of TMWA.

## **ARTICLE VI**

### Payments From Trust

6.1 Payments Directed by TMWA: The Trustees must transfer funds from the Trust Fund to the account designated by TMWA upon the request of TMWA's governing body in accordance with the requirements of the Retiree Benefits Investment Board pursuant to NRS 355.220. The request must include:

(a) An explanation of how the proposed transfer will be used to fulfill the requirements of the Benefit Plans;

(b) A copy of TMWA's approved budget reflecting the authorization of retirement Benefits;

(c) Minutes of the meeting of TMWA's governing body during which the transfer was proposed; and

(d) The signature of the chairperson of the TMWA's governing body.

If the request and supporting documentation do not meet the criteria of this Section 6.1, the Trustees may delay transfer until TMWA's governing body corrects the request. Payments from the Trust may be made only to the extent that the Benefits for which such payment is made are benefits permitted under the NRS.

6.2 Trust for Exclusive Benefit of Participants; Reversion Prohibited: This Trust has been established for the exclusive benefit of those Retirees who are entitled to receive Benefits from this Trust pursuant to Article III. Under no circumstances shall any funds contributed to or held by the Trustees at any time revert to the benefit of TMWA, except upon termination of the Trust as provided in Article IX.

6.3 Transfer of Trust Assets Permitted: Notwithstanding Section 6.2 above, TMWA's governing body may amend the Benefit Plans to reserve the classification of Participants eligible for Benefits under the Trust, and terminate such Participants' participation in the Trust or transfer their coverage to another trust complying with the provisions of NRS 287.017, but only to the extent permitted under the CBA, or resolutions adopted by TMWA, and Code Section 115. In the event a classification of Participants is transferred to another such trust, the Trustees may determine the allocable portion of assets held by the Trust attributable to such transferred Participants and authorize such portion of Trust assets to be transferred to the new trust. Any such transferred Trust assets shall be used exclusively for the purpose of providing Benefits to the Participants so transferred and similarly situated Participants. Upon the transfer of such Participants, any and all rights of such Participants under this Trust shall terminate, except as provided in the Benefit Plans, to the extent not inconsistent with the terms of this Trust, and except as otherwise required by law.

## **ARTICLE VII.**

### Trustees - Appointment, Resignation, and Removal

7.1 Appointment Of Trustees: The Trust shall be administered by at least three, but not more than five, Trustees who shall be selected by the General Manager of TMWA and confirmed and approved by TMWA's governing board, and such Trustees are to act in a fiduciary capacity for the beneficiaries of the Trust pursuant to NRS 287.017(2)(e) and NAC 287.778(1)(a). No member of TMWA's governing body may be appointed as a Trustee. By signing this Trust, each Trustee hereby accepts his or her trusteeship and agrees to receive and hold the Trust solely for the uses and purposes set forth herein and solely in accordance with the terms hereof.

(a) Pursuant to Section 5.5(b), assets of the Trust Fund shall be invested in the Retirement Benefits Investment Fund established pursuant to NRS 355.220; provided, however, that the Trustees may direct that the assets of the Trust Fund be invested in investments established pursuant to NRS 355.170. As a result, TMWA's governing body shall appoint at least three but no more than five Trustees who must include:

- (i) At least one member who has a combination of education and experience of at least 5 (five) years in finance or economics;
- (ii) A public officer or employee of TMWA who manages its fiscal affairs; and
- (iii) A beneficiary of the Trust.

(b) A person appointed as a Trustee shall not have a substantial financial interest in the ownership or negotiation of securities or other financial instruments in which monies in the Trust Fund are invested.

(c) Each Trustee shall be appointed for a term of at least two years but not to exceed four years. However, TMWA's governing body may renew the term of any Trustee.

#### 7.2 Resignation, Removal and Substitution of Trustees:

(a) **Resignation and Removal:** Any Trustee may resign at any time upon thirty days' written notice to TMWA's governing body. Any Trustee may be removed with or without cause at any time by TMWA's governing body upon thirty days' written notice to such Trustee. TMWA's governing body may remove a Trustee if the Trustee fails to attend two consecutive meetings or three meetings during a calendar year. Upon resignation or removal of any Trustee, TMWA's governing body shall appoint a successor Trustee who shall have the same powers and duties as are conferred upon the Trustees appointed under this Trust. TMWA's governing body may reappoint a Trustee and may alter the composition of the Trustees if required pursuant to Section 7.1.

(b) **Successors' Liability:** No successor Trustee shall be liable or responsible for any acts or defaults of his or her predecessor or any predecessor co-Trustees, or for any losses or expenses resulting from or occasioned by anything done or neglected to be done in the administration of the Trust prior to his or her appointment as Trustee, nor shall a successor Trustee be required to inquire into or take any notice of the prior administration of the Trust.

#### 7.3 Organization and Operation of Offices of Trustees:

(a) The Trustees may adopt such procedures and regulations as they deem desirable for the conduct of their affairs.

(b) The Trustees shall select a Chairman and Vice Chairman from among their membership.

(c) The Chairman shall preside at all meetings of the Trustees. In case of the absence of the Chairman from any meeting of the Trustees or in case of the inability of the Chairman to act, the Vice Chairman shall perform the duties and acts authorized or required by the Chairman to be performed, as long as the inability of the Chairman to act may continue.

(d) TMWA's governing body shall provide the staff necessary to organize and notice meetings of the Trustees, take the minutes of the meetings, receive and disseminate financial reports of financial managers to the Trustees, and prepare financial reports and budgets for the Trustees.

(e) The Trustees shall meet quarterly or at the call of the Chairman whenever business is presented.

- (f) A majority of the Trustees shall constitute a quorum of the Trustees for all purposes.
- (g) All action by the Trustees at a meeting (and such meeting may be in person or a telephonic meeting) at which a quorum is present shall be by a majority of those present.
- (h) Any action to be taken without a meeting (either in person or telephonically) of the Trustees must be approved in writing by all of the Trustees.
- (i) Any action of the Trustees must be in writing.
- (j) No item of business shall be considered at a meeting of the Trustees unless it shall first have been entered upon the agenda for that meeting, provided, however, that items not appearing on the agenda may be taken up with the approval of a majority of the Trustees present when it has been determined that the matter is an emergency as permitted under NRS Chapter 241.
- (k) No member of the Trustees can bind the Trustees by word or action unless the Trustees have designated such member as the Trustees' agent for some specific purpose and for that purpose only.
- (l) In the event of a deadlock in any vote of the Trustees with respect to the operation or administration of the Trust, then the matter at issue shall remain in status quo until the next meeting of the Trustees. If the Trustees do not resolve such deadlock among themselves prior to the next meeting of Trustees, the question or matter shall again be presented at such next meeting. If at such next meeting the Trustees shall still be deadlocked and remain so until such meeting is adjourned, then, upon written notice of any Trustee to the other Trustees, the Trustees shall, within thirty days after receipt of such notice by the Trustees, appoint an independent fiduciary solely for the purpose of deciding upon the deadlocked matter. Such independent fiduciary shall render its decision on the matter, which decision shall be implemented as if decided at a meeting of the Trustees.
- (m) Any member of the Trustees may request a roll call vote of the Trustees, which shall be recorded in the minutes of the meeting.

## **ARTICLE VIII.**

### Trustees – Duties and Powers

8.1 Duties and Powers of Trustees--In General: Subject to the requirements imposed by law, the Trustees shall be fiduciaries who shall have all powers necessary or advisable to carry out the provisions of this Trust and all inherent, implied, and statutory powers now or subsequently provided by law and shall be subject to the duties imposed on fiduciaries under applicable law. The Trustees shall be responsible for the management and control of the Trust Fund. The Trustees shall formulate and execute appropriate investment policies to govern the Investment Plan of the Trust Fund consistent with the requirements of NRS 287.017 and Section 5.5 of this Trust. The Trustees shall decide all questions arising in the administration, interpretation, and application of the Trust, except as may be reserved under this Trust to TMWA. In addition:

(a) As required by NRS 287.017(2)(e)(1), the Trust shall be administered in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of Benefits to Participants;

(b) To the extent required by NRS 287.017(2)(f)(3) or any similar applicable regulation, the Trustees shall cause the Trust to be audited each Trust Year by an independent certified public accountant, and the results of such audit shall be reported to TMWA's governing body;

(c) As permitted by NRS 287.017, the Trust Fund assets may be pooled for the purposes of investment with the assets of any other employer and of any other trust fund established pursuant to NRS 287.017; provided, however, that each employer's interest in such pooled assets (1) is to be accounted for separately from the interest of any other employer, (2) is to be used to provide benefits only to the participants covered by the plan or plans of such employer; and (3) is not to be subject to the liabilities of any other employer.

(d) In accordance with NRS 287.017 and NAC 287.786(2), the Trustees shall annually submit a tentative budget to TMWA's governing body for its consideration, approval and inclusion in the tentative and final budgets of the TMWA's governing body. The tentative budget submitted by the Trustees must incorporate the amount of contributions to the Trust determined pursuant to NAC 287.786(1). TMWA's governing body may modify the Trustees' tentative budget at its discretion.

8.2 Duties and Powers of Trustees--Investment: To the extent permitted under NRS 287.017, the Trustees shall have the power to invest and/or reinvest any and all money or property of any description at any time held by them and constituting a part of the Trust, without previous application to, or subsequent ratification of, any court, tribunal, or commission, or any federal or state governmental agency, in such investments as are permitted under the express terms of this Trust.

None of the earnings of the Fund shall inure to the benefit of any Trustee or any private person, except that a Trustee or other individual may be a beneficiary of the Trust through participation in a Benefit Plan. A Trustee shall not be interested, directly or indirectly, as principal, partner, agent or otherwise, in any contract or expenditure created by the Trustees, or in the profits or results thereof.

In addition, to the extent permitted under NRS 287.017 and as provided in NAC 287.790(1)(a), the Trustees shall have the following specific powers:

(a) To invest Trust assets in the "Retirement Benefits Investment Fund" established pursuant to NRS 355.220 and authorized pursuant to NRS 287.017(2)(g)(1) and Section 5.5(b); provided, however, that the Trustees may direct that the Trust assets be invested in investments established pursuant to NRS 355.170 and authorized pursuant to NRS 287.017(2)(g)(2) and Section 5.5(b).

(b) To collect and receive any and all money and other property of whatsoever kind or nature due or owing or belonging to the Trust Fund.

(c) To cause any securities or other property to be registered in, or transferred to, the individual names of the Trustees or in the name of one or more of their nominees, or to retain them in unregistered form, but the books and records of the Trust shall at all times show that all such investments are a part of the Trust Fund.

(d) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the Trust requires it; and to represent the Trust in all suits or legal proceedings in any court of law or equity or before any other body or tribunal, insofar as such suits or proceedings relate to any property forming part of the Trust Fund or to the administration of the Trust Fund.

(e) Generally, to do all acts, whether or not expressly authorized, which the Trustees deem necessary, but acting at all times according to the provisions of Nevada law to the extent permitted under NRS 287.017(2)(e), which provides the Trustees with all powers and duties that may be exercised by a nonprofit corporation under Nevada laws, but prohibits the Trust from borrowing money.

(f) To file any tax returns required of the Trust.

Notwithstanding the above, the Trustees may not deposit the assets of the Trust Fund in the Retirement Benefits Investment Fund established pursuant to NRS 355.220, unless the Trustees obtain an opinion from TMWA's legal counsel that the investment of those Trust assets will not violate the provisions of Section 10 of Article 8 of the Constitution of the State of Nevada. Fiduciary responsibility for assets of the Trust Fund invested in the Retirement Benefits Investment Fund remains with the Trustees and not with the Retirement Benefits Investment Board. In addition, the Trustees have no authority to negotiate or otherwise determine the Benefits afforded the Participants of the Trust Fund pursuant to the Benefit Plans.

8.3 Valuation of Trust Fund: As of the last day of each Trust Year, the Trustees shall determine the fair market value of all assets of the Trust Fund.

8.4 Advice and Assistance to Trustees: The Trustees may employ such staff and may contract for the provision of such management, investment and other services, including without limitation, the services of accountants, actuaries and investment managers, as the Trustees determine necessary for the administration of the Trust. In addition, the Trustees may retain and consult with legal counsel, who may be counsel for TMWA or the Trustees' own counsel with respect to the meaning or construction of the Trust or the Trustees' obligations or duties. The Trustees shall be protected from any responsibility with respect to any action taken or omitted by them in good faith pursuant to the advice of such counsel, to the extent permitted by law.

8.5 Records and Accounts of the Trustees: The Trustees shall keep a record of all the Trustees' proceedings and shall keep all such books of account records, and other data as may be



necessary in the administration and conduct of this Trust, including records to reflect the affairs of this Trust, to determine the amount of the respective Participants' interests in the Trust Fund, and to determine the amount of all Benefits payable under this Trust. Subject to the requirements of law, any person dealing with the Trustees may rely on, and shall incur no liability in relying on, a certificate or memorandum in writing signed by the Trustees as evidence of any action taken or resolution adopted by the Trustees. The Trustees' records and accounts shall be open to inspection by TMWA's governing body at all reasonable times during business hours. The books and records of the Trust shall be kept in accordance with generally accepted accounting principles and the end of the fiscal year of the Trust shall be the Trust Year. After the close of each year of the Trust, the Trustees shall render a statement of assets and liabilities of the Trust Fund for such year.

8.6 Fees and Expenses: The Trustees may be paid such reasonable compensation as provided pursuant to NAC 287.784. In addition, the Trustees shall be reimbursed for any necessary and reasonable expenses, including reasonable counsel and accounting fees, as well as the expense of the audit required pursuant to NRS 287.017 and Section 8.1(b) of this Trust, incurred by the Trustees in the administration of the Trust Fund. Such compensation and expenses may be paid from the Trust Fund. All taxes of any kind that may be levied or assessed under existing or future laws upon, or in respect of, the Trust Fund or the income thereof shall be paid by the Trustees from the Trust Fund.

## **ARTICLE IX.**

### Continuance, Termination, and Amendment of Trust

9.1 Termination of Trust: This Trust shall continue in full force and effect for such time as may be necessary to accomplish the purposes for which it is created. The expectation of TMWA is to continue this Trust indefinitely, but the continuance of the Trust is not assumed as a contractual obligation by TMWA. TMWA's governing body reserves the right to terminate this Trust in whole or in part at any time, including the termination of its participation in this Trust.

9.2 Disposition of Trust Upon Termination: Upon the termination of the Trust, to the extent that the Trust assets are not transferred to a successor trust pursuant to Section 6.3, the Trustees shall hold the Trust Fund until it is completely exhausted by paying those Benefits provided under the Benefit Plans and paying the reasonable expenses of the Trust, including expenses incurred in the termination and liquidation of the Trust; provided, however, that upon the complete satisfaction of all obligations under the Benefit Plans and the satisfaction of all liabilities of the Trust, any remaining Trust Fund assets may be transferred to TMWA as determined by the Trustees and to the extent permitted by applicable law.

9.3 Amendments to Trust: Subject to the provisions of NRS 287.017, NAC 287.760 through NAC 287.792, inclusive, and other laws applicable to this Trust, TMWA's governing body may amend this Trust for any purpose by delivering to the Trustees signed copies of such amendment. Such amendment shall be effective as of the date specified by TMWA's governing body, or if no date is specified, then on the first day of the next succeeding Trust Year.

## **ARTICLE X.**

### Miscellaneous

10.1 Trust Not Subject to Creditors' Claims: No assignment of any Benefits under the Trust will be recognized or permitted; nor shall any such Benefits or any assets of the Trust Fund be subject to attachment, garnishment or the claims of any creditors of TMWA or any Participant or beneficiary of the Trust.

10.2 Text to Control: The headings of articles and sections are included solely for convenience of reference. If any conflict between any heading and the text of this Trust exists, the text shall control.

10.3 Severability: If any provision of this Trust is illegal, invalid or unenforceable for any reason, such illegality, invalidity or unenforceability shall not affect the remaining provisions. On the contrary, such remaining provisions shall be fully severable, and this Trust shall be construed and enforced as if such illegal, invalid or unenforceable provisions never had been inserted in the agreement.

10.4 Applicable Law: All questions, disputes or other issues relating to the Trust including but not limited to the interpretation, administration, operation and/or application of the Trust or its provisions shall be governed by the laws of the State of Nevada.

10.5 Changes in Governing Law: To the extent any provision in this Trust is included in compliance with the requirements of the NRS or the NAC, if any change to such requirement is made in the NRS or the NAC, this Trust Agreement shall be deemed to be amended to the extent required to reflect the corresponding change in the NRS or the NAC, provided that such deemed amendment does not cause the Trust to violate Code Section 115.

10.6 Execution in Counterparts. This Trust may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same agreement (and all signatures need not appear on any one counterpart), and this Trust will become effective when one or more counterparts has been signed by each party and delivered to the other party.

This Trust has been executed this \_\_\_\_ day of \_\_\_\_\_, 201~~2~~3.

**TRUCKEE MEADOWS WATER AUTHORITY**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**TRUSTEES**

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT A-1

BENEFIT PLANS FUNDED THROUGH TRUST FOR TIER I RETIREES

The Benefit Plans that Tier I Retirees may elect to participate in under the Trust are to include and be limited to the following:

1. Those group health/medical policies or plans ~~\_(other than dental policies or plans)\_~~ offered to active employees of TMWA from time to time.

2. Those group prescription drug policies or plans offered to active employees of TMWA from time to time.

3. Those group dental policies or plans offered to active employees of TMWA from time to time.

34. Those group visions policies or plans offered to active employees of TMWA from time to time.

45. Those group life insurance policies or plans offered to Tier I Retirees from time to time who enroll in a group health/medical plan described in paragraph 1. above. The amount of life insurance coverage currently available to a Tier I Retiree varies according to the Tier I Retiree's age as indicated below:

For Tier I Retirees –

Under age 70 – the maximum life insurance benefits available to a Tier I Retiree is equal to 1 times the Tier I Retiree's "Basic Annual Earnings" at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000, with a maximum benefit of \$175,000.

Ages 70 to 74 – the maximum life insurance benefits available to a Tier I Retiree is equal to 50% of the Tier I Retiree's Basic Annual Earnings at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000.

Ages 75 or older – the maximum life insurance benefits available to a Tier I Retiree is equal to \$2,000.

Although a Tier I Retiree may elect coverage for himself or herself, the spouse and/or other qualified dependents of a Tier I Retiree under TMWA's group dental policies and plan(s), and may also elect coverage for his or her spouse and/or other qualified dependents under TMWA's group health/medical policies or plans, group prescription policies or plans, group vision policies or plans, and group life insurance policies or plans described above, the Tier I Retiree is to be responsible for 100% of the premiums attributable to such coverages. Accordingly, the Trust does not fund any portion of the premiums attributable to the coverages described in this paragraph.



EXHIBIT A-2

BENEFIT PLANS FUNDED THROUGH TRUST FOR TIER II RETIREES

The Benefit Plans that Tier II Retirees may elect to participate in under the Trust are to include and be limited to the following:

1. The health/medical, prescription, [dental](#), and/or vision Benefit Plans offered to Tier II Retirees will vary depending upon whether a Tier II Retiree has attained Medicare Eligibility Age (currently age 65) as discussed below:

a. Health/medical, prescription, [dental](#), and/or vision Benefit Plans Available to Tier II Retirees who have not Attained Medicare Eligibility Age (currently age 65). The following health/medical, prescription, [dental](#), and/or vision Benefit Plans are available to Tier II Retirees who have not attained Medicare Eligibility Age (currently age 65): (i) those group health/medical policies or plans ~~(other than dental policies or plans)~~, group prescription drug policies or plans, [group dental policies or plans](#), and/or group vision policies or plans offered to active employees of TMWA from time to time, (ii) those individual policies or plans that are procured by a Tier II Retiree that provide medical, dental, prescription, and/or vision coverage to a Tier II Retiree, and (iii) those group policies or plans offered by an employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree (other than TMWA) that provide medical, dental, prescription, and/or vision coverage to a Tier II Retiree. Tier II Retirees who have not attained Medicare Eligibility Age (currently age 65) may elect coverage under any of the plans described in this paragraph 1.a. Notwithstanding anything contained in this subparagraph 1.a. to the contrary, the term “Benefit Plans” shall not include a policy or plan offered by the employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree to the extent that the premiums are paid by such employer on a “pre-tax” basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a “Cafeteria Plan”).

At the time a Tier II Retiree attains Medicare Eligibility Age (currently age 65), and assuming that the Tier II Retiree continues to be eligible to receive Benefits under this Trust, the Tier II Retiree will then be eligible to participate in the Benefit Plans described in subparagraph 1.b. below. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

b. Health/medical, prescription, [dental](#), and/or vision Benefit Plans Available to Tier II Retirees who have Attained Medicare Eligibility Age (currently age 65). The following health/medical, prescription, [dental](#), and/or vision Benefit Plans are available to Tier II Retirees who have attained Medicare Eligibility Age (currently age 65): (i) those group health/medical policies or plans ~~(other than dental plans)~~, group prescription policies or plans, [group dental policies or plans](#), and/or group vision policies or plans offered to active employees of TMWA from time to time, (ii) those individual policies or plans that are procured by a Tier II Retiree that provide health/medical, dental, prescription, and/or vision coverage to a Tier II Retiree, (iii) those Medicare Plans Part B and Part D, Medicare Supplemental Plans, Medicare Advantage Plans, and/or Medicare Gap Plans that provide health/medical, dental, prescription and/or vision coverage for a Tier II Retiree, together with any current and future plans available to individuals eligible for

Medicare coverage that are approved and authorized by the United States Department of Health and Human Services or its successor, and (iv) those group policies or plans offered by an employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree (other than TMWA) that provide health/medical, dental, prescription, and/or vision coverage to a Tier II Retiree. Tier II Retirees who have attained Medicare Eligibility Age (currently age 65) may elect coverage under any of the plans described in this subparagraph 1.b. Notwithstanding anything contained in this subparagraph 1.b. to the contrary, the term “Benefit Plans” shall not include a policy or plan offered by the employer of a Tier II Retiree or an employer of a spouse of a Tier II Retiree to the extent that the premiums are paid by such employer on a “pre-tax” basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a “Cafeteria Plan”). If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

2. The group life insurance policies or plans offered to Tier II Retirees from time to time who enroll in a group health/medical plan offered by TMWA described in clause (i) of subparagraph 1.a or 1.b. above, as the case may be. The amount of life insurance coverage available to a Tier II Retiree varies according to the Tier II Retiree’s age as indicated below:

For Tier II Retirees –

Under age 70 – the maximum life insurance benefits available to a Tier II Retiree is equal to 1 times the Tier II Retiree’s “Basic Annual Earnings” at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000, with a maximum benefit of \$175,000.

Ages 70 to 74 – the maximum life insurance benefits available to a Tier II Retiree is equal to 50% of the retiree’s Basic Annual Earnings at the time of his or her retirement (as defined in the life insurance plan rounded to the next highest \$1,000), if not already a multiple of \$1,000.

Ages 75 or older – the maximum life insurance benefits available to a Tier II Retiree is equal to \$2,000.

Although a Tier II Retiree may elect coverage for his or her spouse and/or other qualified dependents under the Benefit Plans described in this Exhibit A-2, the Tier II Retiree is responsible for 100% of the premiums attributable to coverages elected for a spouse and/or a qualified dependent of a Tier II Retiree. Accordingly, the Trust does not fund any portion of the premiums attributable to coverage for any spouse and/or qualified dependent of a Tier II Retiree.

## EXHIBIT B

### ELIGIBILITY REQUIREMENTS FOR RETIREE TO RECEIVE BENEFITS

To be eligible to become a Participant and receive Benefits from the Trust, a Retiree must meet all the following requirements:

1. The Retiree must be a Tier I Retiree or Tier II Retiree (as defined in Section 2.13 of Article II of the Trust),
2. The Retiree must receive monthly retirement payments under the Public Employees Retirement System (“PERS”) of Nevada, and
3. The Retiree must complete such forms to enroll for Benefits from the Trust as the Trustees may require from time to time.

In addition, a Retiree who separates from service from TMWA prior to his or her retirement may receive Benefits from the Trust if TMWA was the Retiree’s last public employer, the Retiree satisfies the requirements described in paragraphs 1. through 3. above, and the Retiree meets any requirements of NRS Section 287.045, but only to the extent that NRS Section 287.045 is applicable to Benefits provided by the Trust.



## EXHIBIT C

### EVENTS CAUSING TERMINATION OF BENEFITS

A Participant's Benefits received from the Trust shall cease upon the occurrence of the earliest of the following events:

1. The death of the Participant,
2. The date the Participant's coverage under the Benefit Plans is cancelled for any reason whatsoever, including, without limitation, the failure of the Participant to pay his or her share of the premiums for coverage under the Benefit Plans, or the execution of an instrument permanently waiving coverage under the Benefit Plans and/or the Benefits from the Trust, or
3. The date this Trust is terminated.

In addition to the events causing termination of Benefits described above, for "Tier II Retirees" only (as defined in Section 2.13 of this Trust), Benefits under this Trust will be terminated if the Tier II Retiree becomes employed by another public employer in the State of Nevada.

## EXHIBIT D-1

### BENEFITS TO BE PAID TO PARTICIPANTS CLASSIFIED AS TIER I RETIREES

The Benefits to be paid by the Trust to or on behalf of Participants classified as Tier I Retirees shall be as follows:

1. For a Tier I Retiree with at least ten (10) years of combined full-time employment with Washoe County and/or TMWA, but less than fifteen (15) years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 50% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

2. For a Tier I Retiree with at least fifteen (15) years of combined full-time employment with Washoe County and/or TMWA, but less than twenty (20) years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 75% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

3. For a Tier I Retirees with twenty (20) or more years of combined full-time employment with Washoe County and/or TMWA, the maximum Benefits payable by the Trust will be 100% of the premiums attributable to the coverage elected by such Tier I Retiree under the Benefit Plans described in Exhibit A-1.

The foregoing Benefits will be provided to a Tier I Retiree in accordance with and are subject to all applicable laws in effect at the time of the retirement of the Tier I Retiree.

NOTE:---For those Tier I Retirees who were hired by Washoe County on or after January 13, 1981, in order to receive the Benefits described in this Exhibit A-1, the Tier I Retiree must have been an employee of TMWA immediately prior to receiving Benefits from the Trust.

NOTE----In order for Tier I Retirees to be eligible to receive the Benefits listed in this Exhibit A-1, Tier I Retirees who have attained Medicare Eligibility Age (currently age 65) during a Trust's Plan Year must enroll in and pay the cost of Medicare Part "A" and Medicare Part "B," or Medicare Part "C" coverage, and the TMWA plans will become the secondary payer regardless of whether the Tier I Retiree enrolls in the Medicare program or not. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

EXHIBIT D-2

BENEFITS TO BE PAID TO PARTICIPANTS  
CLASSIFIED AS TIER II RETIREES

The Benefits to be paid by the Trust to or on behalf of Participants classified as Tier II Retirees shall be as follows:

1. Benefits for Tier II Retirees who have not Attained Medicare Eligibility Age. The maximum Benefits to be paid by the Trust to a Tier II Retiree who has 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. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65.

By way of background, the 2003 Nevada Legislature passed legislation (AB286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement, in the PEBP Retiree Health Insurance Plan. The 2003 legislation also obligated public employers of said retirees who enrolled in the plan to pay a portion of the medical premium on the retiree’s behalf (the “Subsidy”). Tier II Retirees are entitled to receive this same Subsidy from the Trust towards their coverage under the Benefit Plans described in Exhibit A-2 rather than the PEBP Retiree Health Insurance Plan.

2. Benefits for Tier II Retirees who have Attained Medicare Eligibility Age. 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 number of years of service with Washoe County and/or TMWA and must elect Medicare. If the Medicare Eligibility Age is revised, the revised age is to be substituted for the current Medicare Eligibility Age of 65. In order to receive the Benefits described in this paragraph 2., the Tier II Retiree must be an employee of TMWA immediately prior to receiving his or her Benefits under the Trust.

NOTE: The PEBP non-State retiree Subsidy described in paragraph 1. above and the Medicare Exchange Retiree HRA Contribution Subsidy described in paragraph 2. above are revised annually by the State of Nevada. In the event that either or both of these Subsidies are discontinued by the State of Nevada, then a Tier II Retiree shall continue to receive a Benefit under this Trust equal to the Subsidy that he or she was entitled to receive during the last year that such Subsidy remained in effect.



## STAFF REPORT

**TO:** Chairman and Board Members  
**FROM:** John R. Zimmerman, General Manager  
**FROM:** Sonia Folsom, SAC Liaison  
**DATE:** December 4, 2023  
**SUBJECT:** **Discussion and action, and possible direction to staff regarding appointments to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2023, such appointments to be made for new terms from January 1, 2024 to December 31, 2025 from the following list of candidates: (1) Brian Bosma, primary representative, Reno-Sparks Chamber of Commerce appointment; (2) Colin Hayes, primary representative, BANN appointment; (3) John Krmptic, primary representative, commercial customer; (4) Justin McDougal, alternate representative, BANN appointment; (5) Chris Melton, primary representative, wholesale customer; (6) Conner Naisbitt, alternate representative, Reno-Sparks Chamber of Commerce appointment; (7) Jonnie Pullman, alternate representative, multi-family residential customer; (8) Kevin Ryan, alternate representative, residential 3 customer; and (9) Alex Talmant, alternate representative, senior citizen customer**

### **Recommendation**

Staff recommends that current Standing Advisory Committee (SAC) members whose terms are set to expire on December 31, 2023, four primary and five alternates, be reappointed (with the recommended changes identified in the chart) for an additional two-year term beginning January 1, 2024. *(Please refer to the attached membership chart.)*

### **Background**

In August 2005, a Subcommittee of the TMWA Board appointed the original, eight SAC members along with six alternate members. Subsequently, additional members and alternates were appointed by the Builders Association of Northern Nevada and Reno-Sparks Chamber of Commerce. In September 2016, the TMWA Board decided to remove the two appointments made by the Northern Nevada Water Planning Commission and the Office of Consumer Advocate and replace those with two at-large positions.

### **Discussion**

The attached chart reflects the proposed SAC members and their alternates (if any). SAC primary members and their alternates confirmed their willingness to be reappointed.

**TMWA Standing Advisory Committee**  
 Term Appointments  
 2024-2025 Membership List

<b>Customer Class</b>	<b>Primary Representative</b>	<b>Member Since</b>	<b>Term Ends</b>	<b>Alternate Representative</b>	<b>Member Since</b>	<b>Term Ends</b>
<b>Wholesale (Sun Valley)</b>	Chris Melton	2020	12/31/2025	<i>Vacant</i>		
<b>Irrigation</b>	Neil McGuire	2005	12/31/2024	<i>Vacant</i>		
<b>Multi-family Residential</b>	<i>Vacant</i>			Jonnie Pullman	2012	12/31/2025
<b>Commercial</b>	John Krmptotic	2020	12/31/2025	<i>Vacant</i>		
<b>Senior Citizen</b>	Robert Chambers	2005	12/31/2024	Alex Talmant	2021	12/31/2025
<b>At-Large 1</b>	Ken McNeil	2013	12/31/2024	<i>Vacant</i>		
<b>At-Large 2</b>	Jordan Hastings	2017	12/31/2024	Ken Becker	2017	12/31/2024
<b>Residential:</b>						
<b>Representative 1</b>	Dale Sanderson	2017	12/31/2024	<i>Vacant</i>		
<b>Representative 2</b>	Fred Arndt	2017	12/31/2024	<i>Vacant</i>		
<b>Representative 3</b>	Jerry Wager	2014	12/31/2024	Kevin Ryan	2021	12/31/2025
<b>Appointments:</b>						
<b>BANN</b>	Colin Hayes	2010	12/31/2025	Justin McDougal	2024	12/31/2025
<b>Reno-Sparks Chamber</b>	Brian Bosma	2024	12/31/2025	Conner Naisbitt	2024	12/31/2025



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Sonia Folsom, Executive Assistant  
**DATE:** December 4, 2023  
**SUBJECT:** **Discussion and action on scheduling regular board meeting dates and times for the Calendar Year 2024**

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### **Recommendation**

Staff requests Board input on the schedule proposed for the TMWA Board of Directors meetings as well as confirmation of meeting times, including approval of the date for the Fall Strategic Planning Workshop.

### **Discussion**

The regular schedule for TMWA Board meetings has traditionally been for the third Wednesday of the month at the Sparks Council Chambers beginning at 10 a.m. (except for the dates noted in blue and green are to be held at Washoe County Commission Chambers). In checking the current Cities and County calendars, the third Wednesday of the month continues to present the best option in terms of avoiding conflicts with the other agency meetings; except for the months noted in blue (indicates a conflict with scheduled Reno City Council meetings or Juneteenth holiday), the May Budget Hearing (noted in orange) to be held on the fourth Thursday, and finally, staff proposes to move up the December Board meeting to avoid the holidays (noted in green.)

Staff requests the Board confirm or adjust the following dates and times. Based on your input, Staff will then issue the agreed-upon schedule.

**2024 Board Meeting Dates – Proposed**

<b>Thursday January 18</b>	<b>10 a.m.</b>
Wednesday February 21	10 a.m.
Wednesday March 20	10 a.m.
Wednesday April 17	10 a.m.
<b>Thursday May 23</b>	<b>10 a.m. NOTE: NRS-MANDATED BUDGET HEARING DATE</b>
<b>Thursday, June 20</b>	<b>10 a.m.</b>
Wednesday July 17	10 a.m.
Wednesday August 21	10 a.m.
Wednesday September 18	10 a.m.
*Wednesday October 16	10 a.m. – 2:00 p.m. – STRATEGIC PLANNING WORKSHOP
<b>Thursday November 21</b>	<b>10 a.m.</b>
<b>Thursday, December 12</b>	<b>10 a.m.</b>

\*Due to the nature of the October 16 Strategic Planning Workshop, please allow for extra time, **approximately 4-hours**, to complete a thorough review of relevant agenda items.



## STAFF REPORT

**TO:** Board of Directors  
**FROM:** John R. Zimmerman, General Manager  
**DATE:** December 4, 2023  
**SUBJECT:** **General Manager's Report**

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Attached please find the written reports from the Management team including the Operations Report (*Attachment A*), the Water Resource and the Annexation Activity Report (*Attachment B*), and the Customer Services Report (*Attachment C*).

Last month we received thank you cards from customers who were experiencing a personal loss and received cards of support from Dianna and Larhonda and also a thank you to Artisha for help with an account, all are part of our Faneuil call center team (**see attached**).

Also, listed below are news clippings from October 10 through December 4, 2023:

- 10/12/23 [How will El Niño affect Nevada's winter? New NOAA outlook](#) Yahoo.com
- 10/15/23 [Study Reveals Artificial Turf as Important Source of Aquatic Pollution](#) Phys.org
- 10/15/23 [Face the State: Interview with John Enloe and Lydia Teel-OneWater](#) KTVN
- 10/15/23 [Nevada Takes New Approach to Groundwater Overuse](#) Nevada Independent
- 10/20/23 [University of Nevada, Reno at Lake Tahoe Researchers Present at the 2023 Tahoe Science Conference](#) UNR.edu
- 10/23/23 [Quarterly Climate Report and Projections](#) UNR.edu
- 10/25/23 [First Snow Predicted this Week](#) RGJ
- 10/25/23 [Landscape Professionals Encourage Home Winterization](#) KTVN
- 10/31/23 [Grant funding to help local non-profit protect Truckee River \(from TRF\)](#) KOLO TV
- 11/07/23 [\\$3 Million Available Though Conservation Program from NDCNR](#) Record Courier
- 11/07/23 [Truckee Canal Revitalization Project Major Milestone in Operations, Commerce](#) BOR
- 11/11/23 [El Nino May Bring Warmer Weather](#) ThisisReno
- 11/18/23 [New Zealand mud snail could threaten Lake Tahoe ecosystem](#) KUNR.org
- 11/15/23 [Portland Loo Coming to City Plaza](#) Reno.gov
- 11/20/23 [The significant environmental impact of Tahoe's scarce wetlands](#) Tahoe Daily Tribune
- 11/29/23 [AMI Deployment Exceeds Expectations](#) Computer Weekly
- 11/26/23 [Four Public Restrooms to be Installed in City Parks](#) ThisisReno
- 11/28/23 [National report tracks huge costs of climate change in Southwest](#) Nevada Current



10/26/23

DEAR DIANNA,

THANK YOU FOR YOUR  
KIND NOTE AND KIND  
THOUGHTS.

REBECCA WAS A GEM  
AND A REAL SWEETHEART.

MUCH APPRECIATED.

SINCERELY, Robert

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**From:** Dawn Seymour [REDACTED]  
**Sent:** Tuesday, October 31, 2023 4:31 PM  
**To:** April Schanaman [REDACTED]  
**Subject:** ACCNT 182079301 - KUDOS FOR ARTISHA - YEAH ADDED TO ACCNT

KUDOS CALL FOR ARTISHA PER CUST VERNON WOULD LIKE TO KNOW WHERE WE GET GREAT AGENTS LIKE ARTISHA: HE SAID HE APPRECIATED HER SENSE OF HUMOR,KNOWLEDGABILTY, KINDNESS AND PATIENCE. HE SAID THIS REFLECTS GREAT FOR MNGMNT & TMWA. HE HAS LIVED IN RENO FOR 14 YRS AND WAS BIAS OF OCC OPT, AS WAS HARD TO REGOSTER WHEN HE TRIED, WHEN HE CLLD & SPOKE WITH ARTISHA SHE GOT HIM REGISTERED. HE HAD NOTHING BUT PRAISE FOR ARTISHA. I THANKED HIM FOR TAKING TIME OUT TO EXPRESS HIS FEELINGS

*Dawn Marie Seymour*

Faneuil, Inc TMWA CSR

Merry Christmas &  
Have a Happy New Year!

Charhonda & Kelon I just  
wanted to say Thank You  
for the sympathy card.  
Your card & kind words  
were a wonderful surprise.  
Charhonda, you not only made  
my day ~ you made my year  
Talk about great customer  
service! Sincerely,  
Micaela Kadner



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** John Enloe, Director Natural Resources  
**BY:** Bill Hauck, Water Supply Supervisor  
**DATE:** December 6, 2023  
**SUBJECT:** **December 2023 Water Operations Report**

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### SUMMARY

- TMWA is still positioned very well from a water supply perspective.
- Lake Tahoe storage is in very good shape @ 66% of capacity (~2' from maximum elevation).
- Total combined Truckee River reservoir storage is ~69% of capacity.
- TMWA's privately-owned storage reservoirs (Donner and Independence lakes) are at a combined 66% of capacity (@ 17,916 acre-feet (AF)).
- TMWA also has 13,297 AF stored under the terms of TROA, for a combined upstream storage total of ~31,213 AF.
- A significant amount of upstream reservoir storage will be carried over into this winter.
- Normal Truckee River flows are anticipated for all of 2024 and into 2025 because of the significant amount of reservoir storage expected to be carried over into the new year, regardless of what type of winter we have.
- Customer demand averaged 38 MGD through the last full week of November.
- Estimated hydroelectric generation for November 2023 is ~\$352,000 (@ 4,633 MWh).

### **(A) Water Supply**

- **River Flows** - Truckee River discharge at the CA/NV state line was about 450 cubic feet per second (CFS) this morning. This is above average, as the 114-year median daily discharge for this day at Farad is 379 CFS.
- **Reservoir Storage** - Overall Truckee River reservoir storage is ~69% of capacity. The elevation of Lake Tahoe is 6227.05 feet (~2.05' from full). Storage values for each reservoir as of December 6<sup>th</sup> are as follows:

<b>Reservoir</b>	<b>Current Storage (Acre-Feet)</b>	<b>% Capacity (Percent)</b>
Tahoe	492,900	66%
Boca	14,490	35%
Stampede	202,783	90%
Prosser	7,082	24%
Donner	3,390	36%
Independence	14,526	83%

In addition to the 17,916 acre-feet of storage between Donner and Independence reservoirs, TMWA also has about 13,297 acre-feet of water stored between Stampede and Boca reservoirs under the terms of TROA. TMWA’s total combined upstream reservoir storage as of this writing is approximately 31,213 acre-feet.

- **Outlook** - Due to the significant amount of storage on the Truckee system expected to be carried-over into next year (2024), the water supply outlook for our region is extremely good. This carry-over storage provides a hedge against drought should this upcoming winter turn out drier than hoped for. Just an average snowpack year this time around would likely fill Lake Tahoe, so we are hopeful that will occur. But regardless of what happens this winter, normal river flows are projected through 2024 and into 2025. The state of the regional water supply is excellent.

**(B) Water Production**

- **Demand** - TMWA customer demand is now at its wintertime low. Consumption averaged thirty-eight (38) million gallons per day (MGD) through the last full week of November. Surface water made up 79% of the supply, and groundwater pumping the other 21%. We are currently recharging (injecting) about 1.7 MGD back into the aquifer.

**(C) Hydro Production**

**Generation** - The average flow in the Truckee River at Farad (CA/NV state line) during the month of November was 452 CFS. All three of TMWA’s hydroelectric plants were on-line all month and 100% available.

Statistics and generation for the month as follows:

<b>Plant</b>	<b>Generation Days</b>	<b>% Availability</b>	<b>Generation (Megawatt Hours)</b>	<b>Revenue (Dollars)</b>	<b>Revenue (Dollars/Day)</b>
Fleish	30	100%	1,819	\$138,553	\$4,618
Verdi	30	100%	1,609	\$121,463	\$4,049
Washoe	30	100%	1,205	\$91,942	\$3,065
<b>Totals</b>	<b>90</b>	<b>-</b>	<b>4,633</b>	<b>\$351,958</b>	<b>\$11,732</b>



## STAFF REPORT

**TO:** Chairman and Board Members  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Eddy Quaglieri, Water Rights Manager  
**DATE:** December 4, 2023  
**SUBJECT:** **Water Resources and Annexation Activity Report**

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### RULE 7

Rule 7 water resource purchases and will-serve commitment sales against purchased water resources through this reporting period:

Beginning Balance		3,166.49 AF
Purchases of water rights	126.35 AF	
Refunds	0.00 AF	
Sales	-43.21 AF	
Adjustments	0.00 AF	
Ending Balance		3,249.63 AF

Price per acre foot at report date: \$7,900

### FISH SPRINGS RANCH, LLC GROUNDWATER RESOURCES

Through the merger of Washoe County's water utility, TMWA assumed a Water Banking and Trust Agreement with Fish Springs Ranch, LLC, a subsidiary of Vidler. Under the Agreement, TMWA holds record title to the groundwater rights for the benefit of Fish Springs. Fish Springs may sell and assign its interest in these groundwater rights to third parties for dedication to TMWA for a will-serve commitment in Areas where TMWA can deliver groundwater from the Fish Springs groundwater basin. Currently, TMWA can deliver Fish Springs groundwater to Area 10 only (Stead-Silver Lake-Lemmon Valley). The following is a summary of Fish Springs' resources.

Beginning Balance		7,402.34 AF
Committed water rights	- 43.50 AF	
Ending Balance		7,358.84 AF

Price per acre foot at report date: \$45,753.75 (SFR and MFR); \$39,690 (for all other services)<sup>1</sup>

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<sup>1</sup> Price reflects avoided cost of Truckee River water right related fees and TMWA Supply & Treatment WSF charge.

**WATER SERVICE AREA ANNEXATIONS**

Since the date of the last report, there have been 0 acres annexed into TMWA's service area.

**INTERRUPTIBLE LARGE VOLUME NON-POTABLE SERVICE**

No new ILVNPS customers have been added during this reporting period.



## STAFF REPORT

**TO:** Board of Directors  
**THRU:** John R. Zimmerman, General Manager  
**FROM:** Marci Westlake, Manager Customer Service  
**DATE:** December 6, 2023  
**SUBJECT:** **October/November Customer Service Report**

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The following is a summary of Customer Service activity for October/November 2023

### **Ombudsman Report -Kim Mazerer**

- Missed call. When I called the customer back he had submitted a public records request regarding information about the company that is insuring the service lines. Customer resolved it himself.
- Claims issue. Pipe broke in the street and it impacted her pipes. No one is calling her back from insurance company. Has been well over a month since submission to insurance. Spoke to safety and claim was resolved.
- Concerned that an emergency repair on the pipe in front of the business that was done on Friday still has standing water. Someone was sent out to double check the repair.
- Customer wanted to know average water bill of a condo she is moving in to. Referred to call center.
- Water was cut-out-for-nonpayment. There is a medical patient in home who uses dialysis. Wanted to know when water would be turned back on. Resolved by the time the call was returned.
- Doesn't like that she was charged twice to pay by credit card. Had to make two payments because she was paying \$1,000, and the limit is \$700. Explained why customers who pay by card are charged a fee (in order to cover the merchant fee). Promised her I would pass her complaint along to TMWA. Customer service manager looked into complaints.
- Complaint about getting through on the phone system. Customer service manager contacted regarding complaints.
- Voice mail stated he "needs info." Called back several times with no answer and no call back.



**Communications- Public Outreach – October/November**

**October-**

- Chuck Swegles and Lauren Kunin had a Winterize Your Irrigation System Workshop and 15 people attended.
- Lauren Kunin and Shannon Giolito had a Winterize Your Irrigation System Workshop and 9 people attended.
- Chuck Swegles, Robert Charpentier and Sonia Folsom had a Winterize Your Irrigation System Workshop and 16 attended.
- Chuck Swegles and Lauren Kunin had a Winterize Your Irrigation System Workshop and 20 people attended.
- Kevin Johnson, Kendal Price and Matt Lawton had a presentation for Enterprise Field Data Collection Improvements for Water Utility Assets and 35 people attended.
- Stephanie M., Ryan M., Jennie F.B., Stacey R., and Darrin Garland had a Water Quality presentation for Envirovolution at Chalk Bluff and 25 people attended.
- Lydia, John, Nick W., Greg, Angel and Matt B. had a public meeting for American Flat at the Stead Airport and 20 people attended.

**November-**

- Lydia Teel, John Enloe, Robert Charpentier, Danny Rotter, Greg Pohll, Nick White, Angel Lecroix and Matt Bowman had a presentation for APWF at American Flat and 10 people attended.
- Robert Charpentier, Sophie Cardinal, Matt Bowman, Andy Gebhardt and Marci Westlake held a Public Customer Rates Open House at the South Valley’s Library and 3 people attended.
- Robert Charpentier, Matt Bowman, John Zimmerman and Marci Westlake held a Public Customer Rates Open House at TMWA and 0 people attended.

**Conservation (2023 Calendar year)**

- 1,123 Water Usage Reviews
- 5,804 Water Watcher Contacts

**Customer Calls – October/November**

- 14,345 phone calls handled.
- Average handling time 4 minutes 59 seconds per call.
- Average speed of answer :18 seconds per call.

**Billing – October/November**

- 273,853 bills issued.
- 55,325 customers (40%) have signed up for paperless billing to date, which equates to an annual savings of \$398,340.00.

**Remittance – October/November**

- 30,706 Mailed-in payments.
- 46,760 Electronic payments
- 112,431 Payments via AutoPay (EFT)
- 27,103 One-time bank account payments
- 237 Store payments
- 1,413 Pay by Text
- 8,977 IVR Payments
- 1,654 Reno office Payments
- 19 Kiosk Payments

**Collections – October/November**

- 31,912 accounts received a late charge.
- 7,214 Mailed delinquent notices, 0.03% of accounts.
- 1,588 accounts eligible for disconnect.
- 1,353 accounts were disconnected. (Including accounts that had been disconnected-for-non-payment that presented NSF checks for their reconnection)
- 0.14% write-off to revenue.

**Meter Statistics – Fiscal Year to Date**

- 2,796 Meter exchanges completed.
- 722 New business meter sets completed.