



NEVADA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2022 and 2021

PREPARED BY: Matt Bowman, CPA
Chief Financial Officer

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Truckee Meadows Water Authority

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December 28, 2022,

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, 2022. 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, 2022 and 2021. 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 Budget and Finance Act.

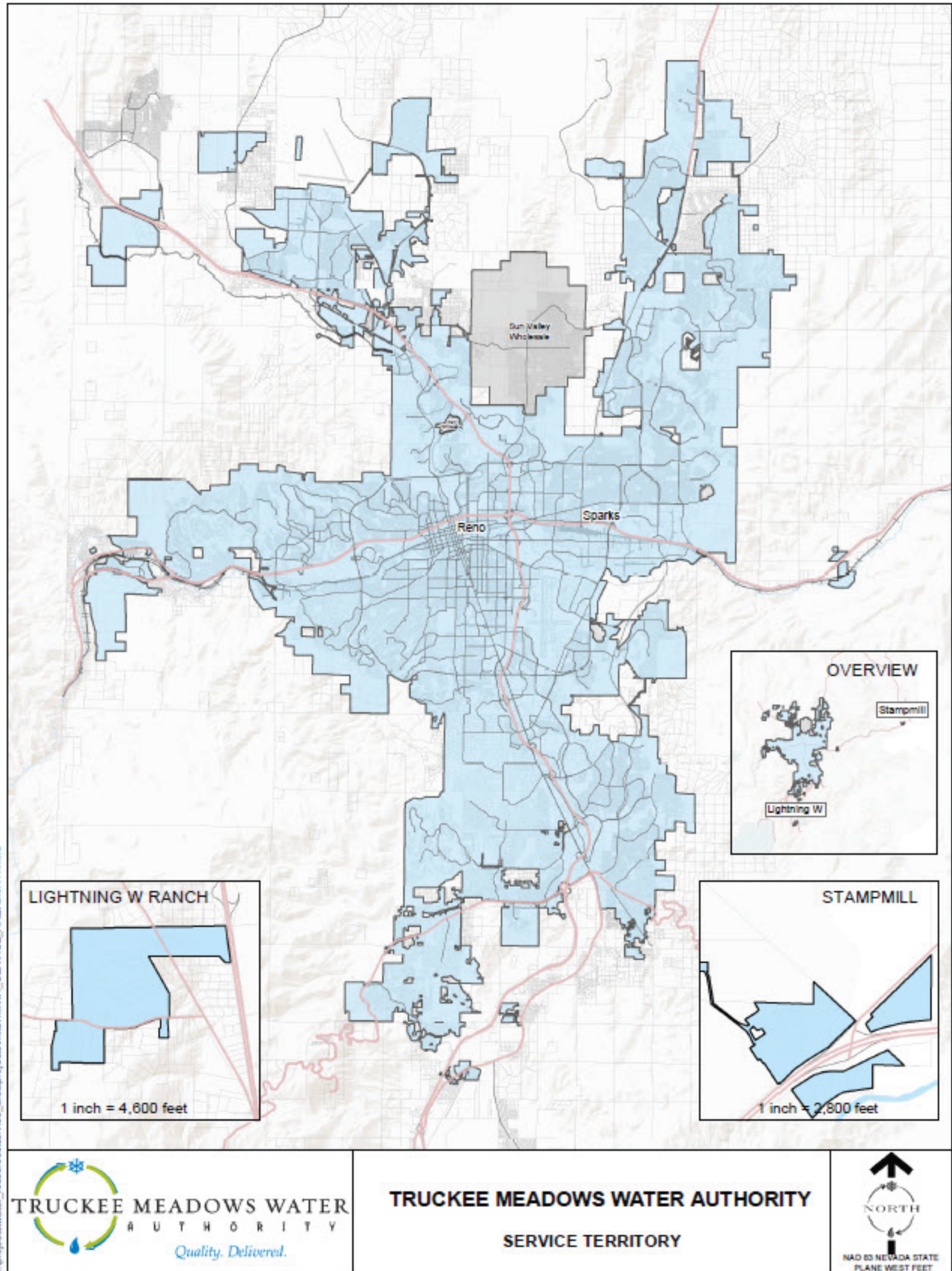
REPORTING ENTITY

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.

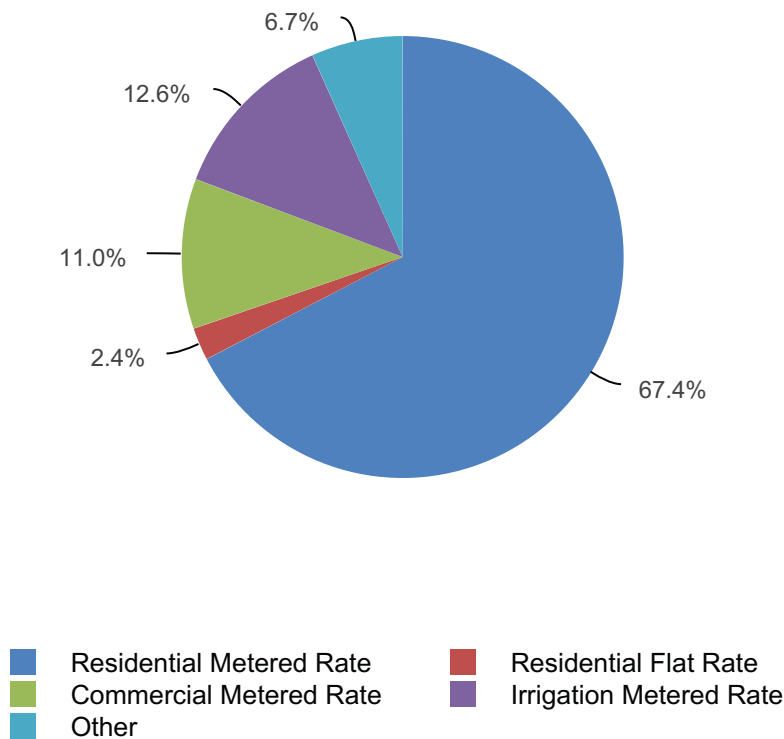
TMWA has over 130,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly 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 2022:

TMWA Operating Revenues \$114.6 Million



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are less than 275 water services that do not have a meter installed and are billed on a flat rate. These 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 primarily a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent

manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien debt coverage was approximately 1.83x and with certain developer fees and charges was approximately 2.70x as of June 30, 2022.

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 nearly 40% to over 493,000 in 2021.

Reflecting a diverse and strong regional economy, taxable sales in Washoe County continued to grow in fiscal year 2022 with an increase of 11% from the prior year. Prior to fiscal year 2022, Washoe County experienced taxable sales increases of 19% and 5% in fiscal years 2021 and 2020, respectively. Despite a brief commercial shut-down due to COVID, Washoe County's unemployment rate has remained low and is typically lower than the national unemployment rate. At June 30, 2022, Washoe County's unemployment rate was 3.3% 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, 2022, TMWA had nearly 70,000 acre feet stored in these TMWA owned and federally operated reservoirs.

The winters of 2019/2020, 2020/2021 and 2021/2022 were all below average for precipitation in the Sierra Nevada mountains. As a result, the region is in a Drought Situation as defined by TROA, and conditions in the Truckee Meadows are currently classified as Severe according to the U.S. Drought Monitor. While drought conditions are never ideal, TMWA is well positioned to continue to provide water to its customers, even during the current Drought Situation. This is primarily due to provisions for water management set forth by TROA. During a drought, TROA allows for changes in the way upstream water is managed to allow TMWA to store more Truckee River water in federal reservoirs as a drought persists.

Since the implementation of TROA, TMWA's storage in upstream reservoirs has more than doubled. 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 (ASR) groundwater recharge efforts, the TMWA service area is well positioned with regards to drought resiliency.

Advanced Purified Water Program

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

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

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), hydrogeological studies at Bedell Flat and American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno 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 fiscal year 2024.

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 270 locations throughout the TMWA water system to insure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Department of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

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

Water-Efficiency Codes

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

The Water Meter Retrofit Program

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

Water Pricing Structure

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

Water Usage Review Program

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

Water Watcher Program

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

Landscape Retrofit Program

The Landscape Retrofit Program promotes water-efficiency measures on municipal landscapes. The program includes financial support of landscape augmentation projects by institutional irrigators. Projects supported under this program promote drought-tolerant landscapes and educational programs focused on smart landscaping practices.

Water Conservation Education Program

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

FINANCIAL INFORMATION

Internal Controls

TMWA employs various internal controls for the safeguarding of assets against losses from unauthorized use or disposition. TMWA's management is responsible for establishing and maintaining a system of internal controls designed to meet these objectives. Internal controls are also used to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with 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 \$114.6 million were \$2.0 million or 1.8% above the final budget for fiscal year ended June 30, 2022. Charges for water sales were \$108.2 million or 0.3% lower than budget. TMWA's water sales can fluctuate from budget based on weather conditions, especially during the spring and fall. During the first part of the fiscal year, hot and dry weather led to increased water consumption as customers were irrigating more than usual. However, a cooler spring led to lower water consumption in the second half of the fiscal year, ultimately leading to slightly lower than average water consumption during the year.

Total operating expenses of \$98.6 million were approximately \$6.1 million under the budget of \$104.7 million. Operating expenses before depreciation were \$5.5 million under budget or approximately 7.8% lower. Salaries and wages and employee benefits were both lower by \$1.9 million and \$4.2 million or 7.1% and 35.8% respectively. Salaries and wages were lower due to position vacancies and increased labor charged to capital projects. Employee benefits were lower due to positive adjustments to net pension and OPEB liabilities due to positive investment performance during calendar year 2021. Service and supplies expenses were \$0.6 million over budget, a variance of 1.8%. The primary driver for the budget variance was electric power costs which were increased during the year by NV Energy, TMWA's electric power provider, through quarterly base tariff increases. These increases were due to the cost of power purchased by NV Energy during the fiscal year.

Total net nonoperating revenues and expenses were \$11.3 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold.

Capital contributions of \$51.6 million were \$11.7 million above budget. This was mostly driven by developer facility charges. Developer facility charges include supply, treatment and storage

charges. Both the volume of projects and higher dollar projects are continuing in the Truckee Meadows which has led to increased levels of developer payments. All other developer related cash contributions were also higher than budget, reflecting increased growth in the service territory.

Total capital spending was approximately \$40.8 million for fiscal year 2022, which was approximately \$19.3 million less than the \$60.1 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, 2022, TMWA has approximately \$169.2 million of unrestricted cash and investments to fund future operations and capital projects.

TMWA complied with bond covenants during fiscal year 2022 with respect to funding cash reserves. TMWA's renewal and replacement reserve is fully funded at \$10 million. The operations and maintenance reserve fund, which TMWA is required to maintain at a balance equal to one-sixth of TMWA's revised final operating budget, contained \$11.7 million as of June 30, 2022. As of June 30, 2022, TMWA retained a \$10.4 million water rate stabilization reserve of which \$0.5 million is restricted and \$9.9 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, 2022**

TMWA Board of Directors

Vaughn Hartung, Washoe County Commissioner, Chairman of the Board

Kristopher Dahir, City of Sparks Council Member, Vice Chairman

Paul Anderson, City of Sparks Council Member

Jenny Brekhus, City of Reno Council Member

Naomi Duerr, City of Reno Council Member

Alexis Hill, Washoe County Commissioner

Neoma Jardon, City of Reno Council Member

Management

Mark Foree, PE, (outgoing) General Manager

John Zimmerman, Esq., (incoming) General Manager

Matt Bowman, CPA, Chief Financial Officer

Scott Estes, PE, Director of Systems Planning and Engineering

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

Andy Gebhardt, Director of Distribution, Maintenance, and Generation

Stefanie Morris, Director of Legal & Regulatory Affairs

Will Raymond, Director of Operations and Water Quality

Lucas Foletta, General Counsel



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Truckee Meadows Water Authority
Nevada**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

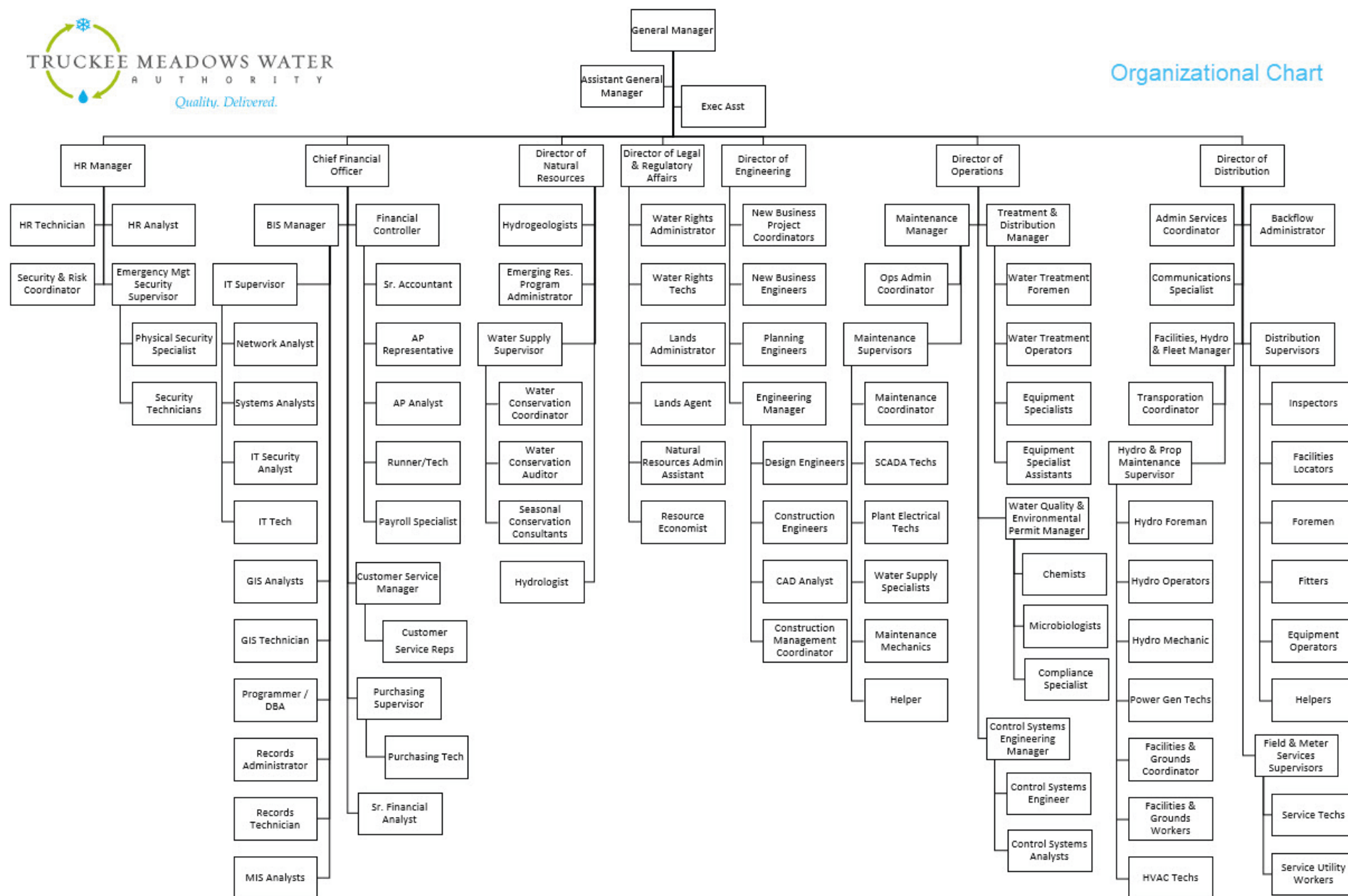
June 30, 2021

Christopher P. Morrell

Executive Director/CEO



Organizational Chart





Independent Auditor's Report

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

Report on the 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 year ended June 30, 2022 and 2021, 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, 2022 and 2021, 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.

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.

Adoption of New Accounting Standard

As discussed in Note 14 to the financial statements, TMWA has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2021. Accordingly, a restatement has been made to the net position as of July 1, 2020, to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of Error

As described in Note 14 to the financial statements, TMWA determined there were errors in amounts previously reported on the Statement of Cash Flows of the proprietary fund. The beginning balance of cash and cash equivalents as of July 1, 2020 was restated to correct the errors. Our opinions are not modified with respect to these matters.

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.

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 schedule 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, combining statement of changes in fiduciary net position and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual, combining statement of fiduciary net position, combining statement of changes in fiduciary net position and schedule of expenditures of federal awards 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 December 28, 2022, on our consideration of TMWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.

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

Reno, Nevada
December 28, 2022

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, 2022, June 30, 2021, and June 30, 2020. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

FINANCIAL HIGHLIGHTS

TMWA's Net Position

(in millions)

	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>	<u>June 30, 2020</u>
Unrestricted Current Assets	\$ 189.4	\$ 192.8	\$ 168.7
Restricted Current Assets	33.3	31.1	27.7
Long-Term Restricted and Other Assets	27.2	27.7	29.8
Net Other Postemployment Benefits Asset	6.0	3.4	2.3
Capital Assets, net	1,044.9	1,021.8	1,007.7
Total Assets	<u>1,300.8</u>	<u>1,276.8</u>	<u>1,236.2</u>
Deferred Outflow of Resources	22.5	12.8	14.9
Total Assets & Deferred Outflow of Resources	<u>1,323.3</u>	<u>1,289.6</u>	<u>1,251.1</u>
Total Current Liabilities	46.8	47.2	47.9
Long Term Debt Outstanding	355.4	376.3	383.3
Net Pension Liability	28.5	42.2	40.6
Net Other Postemployment Benefits Liability	0.4	0.5	0.7
Long Term Compensated Absences	2.8	2.9	2.2
Total Liabilities	<u>433.9</u>	<u>469.1</u>	<u>474.7</u>
Deferred Inflow of Resources	29.1	6.4	6.7
Net Investment in Capital Assets	693.0	649.1	617.5
Restricted	52.5	50.7	50.0
Unrestricted	<u>114.8</u>	<u>114.4</u>	<u>102.2</u>
Total Net Position	<u><u>\$ 860.3</u></u>	<u><u>\$ 814.2</u></u>	<u><u>\$ 769.7</u></u>

During the fiscal year ended June 30, 2022, TMWA implemented GASB Statement No. 87, *Leases*. This resulted in the restatement of amounts previously reported for the year ended June 20, 2021. See Note 14 - Implementation of New Standard for more information.

Financial Position

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 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 (PERS). See Note 11 to the financial statements for additional information on pensions.

Fiscal Year 2021 Summary

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

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

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

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

Net Other Postemployment Benefits Asset increased by \$1.1 million as result of an actuarial analysis. See Note 12 to the financial statements for additional information on TMWA's other post-employment benefit plans (OPEB).

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

Total current liabilities decreased by \$0.7 million. The primary decrease was due to the redemption of \$3.0 million of commercial paper, as well as the refunding of the remaining balance of \$13.0 million of commercial paper. The current portion of the new 2021 refunding

bonds, or \$1.8 million, remains in current liabilities. Offsetting this decrease was an increase in contracts and retention payable of \$12.3 million, of which \$9.0 million is due to a payable related to the resource exchange agreement with TRIC and TRIGID mentioned earlier. Cash received in this transaction is held as a payable until certain provisions of the contract are met by TMWA. TMWA will supply return flow water to the Truckee River on behalf of the contracting parties in certain situations to fulfill its obligations. Payables related to construction contracts increased \$3.0 million and retention payable increased \$0.3 million due to timing differences in the accounts payable cycle year over year.

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

Net pension liability increased by \$1.6 million as a result of an actuarial analysis performed for the Public Employees' Retirement System of the State of Nevada (PERS). See Note 11 to the financial statements for additional information on pensions.

TMWA's Changes in Net Position
(in millions)

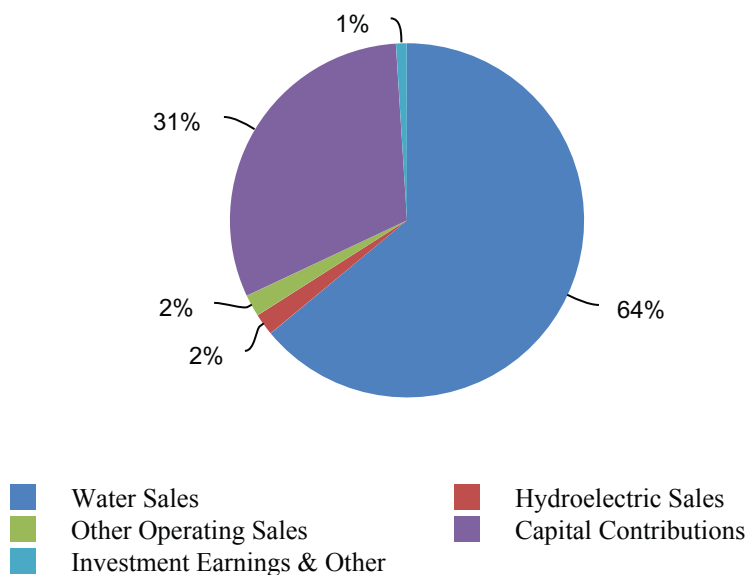
	<u>June 30, 2022</u>	Restated <u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenues	\$ 114.6	\$ 115.4	\$ 108.1
Operating Expenses	98.6	98.2	94.1
Operating Income	16.0	17.2	14.0
Nonoperating Revenues (Expenses) Net	(21.5)	(14.1)	(6.6)
Income before Capital Contributions	(5.5)	3.1	7.4
Capital Contributions	51.6	41.4	44.2
Change in Net Position	46.1	44.5	51.6
Net Position, Beginning of Year	814.2	769.7	718.1
Net Position, End of Year	<u>\$ 860.3</u>	<u>\$ 814.2</u>	<u>\$ 769.7</u>

TMWA's Revenues
(in millions)

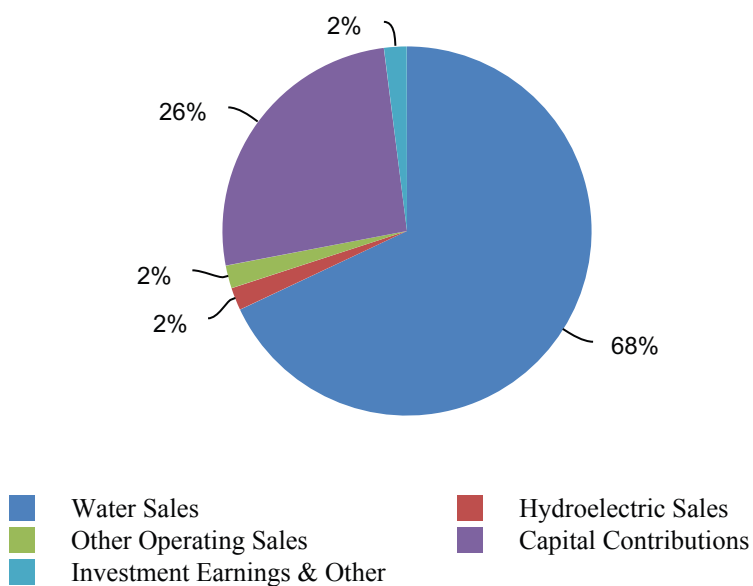
	<u>June 30, 2022</u>	Restated <u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues			
Operating Revenues			
Water Sales	\$ 108.2	\$ 109.8	\$ 102.5
Hydroelectric Sales	2.6	2.8	3.3
Other Operating Sales	3.8	2.8	2.3
	114.6	115.4	108.1
Nonoperating Revenues			
Investment Earnings	2.0	2.6	4.1
Other	—	—	3.4
	2.0	2.6	7.5
Capital Contributions	51.6	41.4	44.2
Total Revenues	<u>\$ 168.2</u>	<u>\$ 159.4</u>	<u>\$ 159.8</u>

The table above and the graphs that follow represent the makeup of TMWA's total revenues for fiscal years ended June 30, 2022, 2021 and 2020:

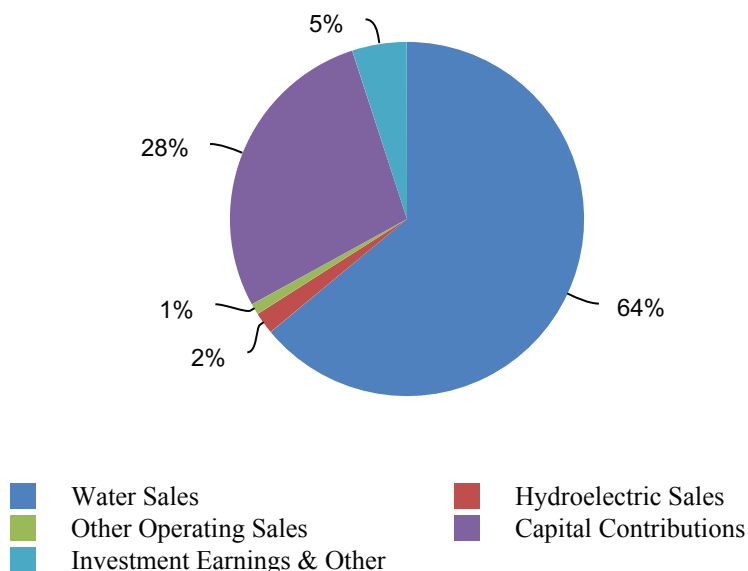
Total Revenues for the Year Ended June 30, 2022



Total Revenues for the Year Ended June 30, 2021



Total Revenues for the Year Ended June 30, 2020



Results of Operations-Revenues

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 is developer infrastructure contributions which were \$8.0 million greater than 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 2021 primarily from the grant award TMWA received to repair the Glendale diversion, which was damaged in the 2017 flood event.

Fiscal Year 2021 Summary

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

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

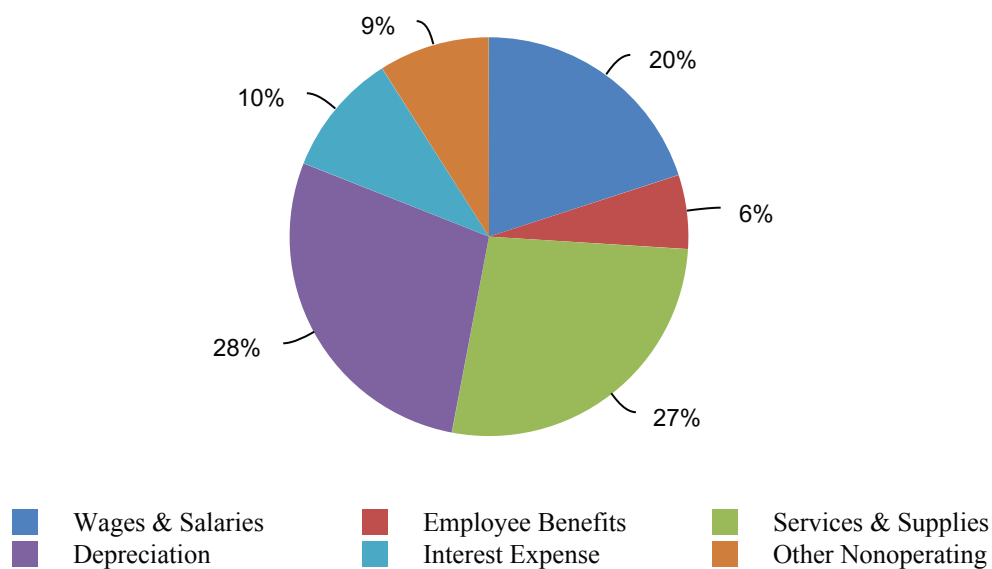
For fiscal year 2021, capital contributions decreased by \$2.8 million. The main driver of the decrease is developer infrastructure contributions which were \$9.9 million lower than 2020. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated to TMWA. Other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

TMWA's Expenses
(in millions)

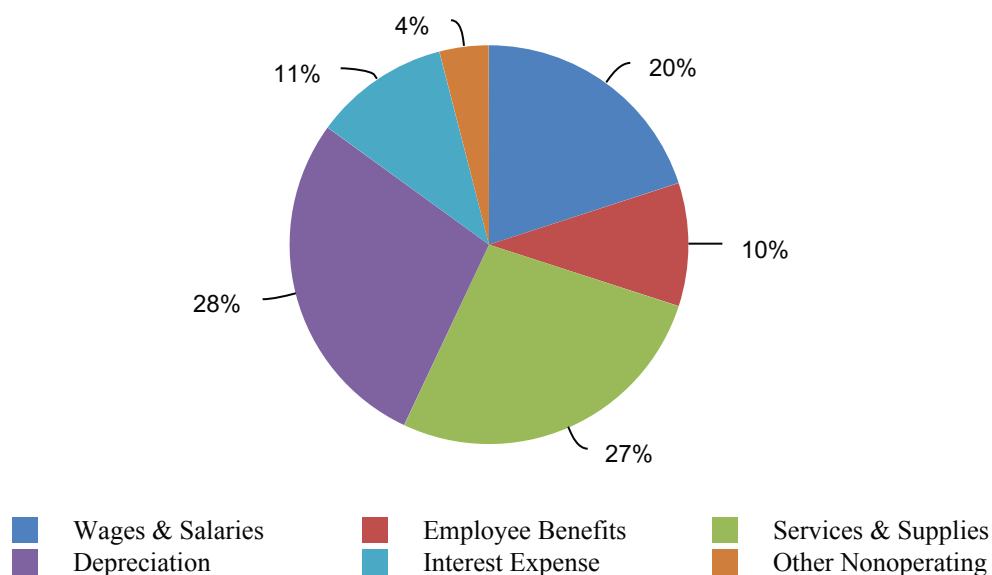
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 24.7	\$ 23.1	\$ 21.5
Employee Benefits	7.5	11.3	11.5
Services & Supplies	32.8	30.5	27.8
Depreciation	33.6	33.3	33.3
	<u>98.6</u>	<u>98.2</u>	<u>94.1</u>
Nonoperating Expenses			
Interest Expense	12.0	12.3	12.7
Other Nonoperating Expenses	11.5	4.4	1.4
	<u>23.5</u>	<u>16.7</u>	<u>14.1</u>
Total Expenses	<u><u>\$ 122.1</u></u>	<u><u>\$ 114.9</u></u>	<u><u>\$ 108.2</u></u>

The table above and the graphs that follow represent the makeup of total operating and non-operating expenses for the years ended June 30, 2022, 2021 and 2020:

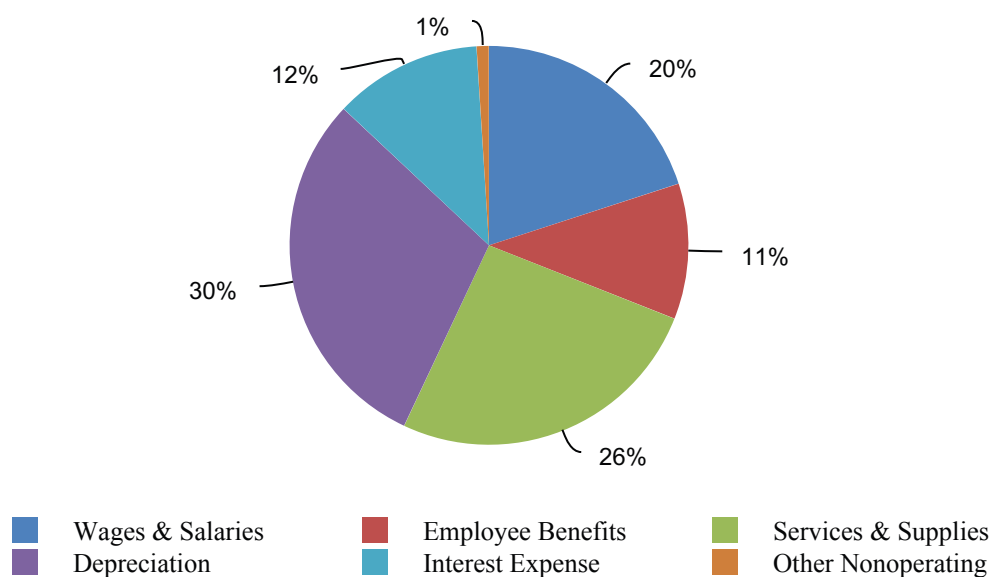
Total Expenses for the Year Ended June 30, 2022



Total Expenses for the Year Ended June 30, 2021



Total Expenses for the Year Ended June 30, 2020



Results of Operations-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.

Fiscal Year 2021 Summary

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

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

CAPITAL ASSETS

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.

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

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

LONG-TERM DEBT

At June 30, 2022, TMWA had \$371.8 million in total reported debt outstanding. This amount reflects \$338.5 million in total outstanding principal indebtedness and \$33.4 million net bond premium. Of the \$338.5 million in total reported debt outstanding, \$16.5 million was due within one year and is classified as short term indebtedness.

Total outstanding principal indebtedness of \$338.5 million as of June 30, 2022 reflects a decrease of \$15.4 million or 4.3% from total outstanding principal of \$353.9 million as of June 30, 2021. Total outstanding principal indebtedness of \$353.9 million as of June 30, 2021 reflects a decrease of \$16.5 million or 4.4% from total outstanding principal of \$370.3 million as of June 30, 2020.

During fiscal year 2022, 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, 2022 and 2021

	2022	Restated 2021
Assets		
Current Assets		
Cash and investments	\$ 169,195,095	\$ 171,977,503
Accounts receivable, net	15,395,317	16,712,476
Due from others	357,337	330,497
Due from other governments	807,876	480,233
Interest receivable	760,415	815,015
Prepaid assets and other assets	2,887,338	2,520,934
	<u>189,403,378</u>	<u>192,836,658</u>
Restricted Current Assets		
Cash and investments		
Water meter retrofit program	5,711,052	5,711,052
Water resource sustainability program	5,290,637	3,881,614
Current bond debt service	22,271,247	21,507,623
	<u>33,272,936</u>	<u>31,100,289</u>
Total current assets	<u>222,676,314</u>	<u>223,936,947</u>
Restricted Noncurrent Assets		
Cash and investments		
Future bond debt service	2,337,315	2,332,198
Operations and maintenance	11,740,835	11,107,402
Renewal and replacement	11,544,050	12,554,388
Water rate stabilization	500,000	500,000
	<u>26,122,200</u>	<u>26,493,988</u>
Noncurrent Assets		
Capital assets, not depreciated	178,003,697	204,128,838
Capital assets, depreciated	866,871,905	817,716,868
Other noncurrent assets	1,123,455	1,206,948
Net other postemployment benefits	6,024,714	3,448,866
	<u>1,052,023,771</u>	<u>1,026,501,520</u>
Total noncurrent assets	<u>1,078,145,971</u>	<u>1,052,995,508</u>
Total assets	<u>1,300,822,285</u>	<u>1,276,932,455</u>
Deferred Outflow of Resources		
Bond refundings	2,088,177	2,298,058
Net pension liability	19,946,649	10,129,907
Net other postemployment benefits	411,188	414,834
	<u>22,446,014</u>	<u>12,842,799</u>
Total deferred outflow of resources	<u>22,446,014</u>	<u>12,842,799</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,323,268,299</u>	<u>\$ 1,289,775,254</u>

Truckee Meadows Water Authority
Statements of Net Position
June 30, 2022 and 2021

	2022	Restated 2021
Liabilities		
Current Liabilities Payable from Unrestricted Current Assets		
Accounts payable	\$ 2,489,317	\$ 2,304,958
Contracts and retention payable	13,722,146	14,921,843
Accrued liabilities	2,109,336	1,862,440
Current portion of compensated absences	525,397	595,774
Due to other governments	1,839,020	1,834,639
Accrued interest payable	185,280	212,526
Current portion of long-term debt	2,064,081	2,009,193
Customer deposits and amounts due to developers	1,600,628	1,983,091
	<u>24,535,205</u>	<u>25,724,464</u>
Current Liabilities Payable from Restricted Current Assets		
Current portion of long-term debt	14,430,000	13,375,000
Interest payable	7,841,247	8,132,623
	<u>22,271,247</u>	<u>21,507,623</u>
Total current liabilities	<u>46,806,452</u>	<u>47,232,087</u>
Noncurrent Liabilities		
Net pension liability	28,552,406	42,191,934
Long-term debt, net of current portion	355,355,275	376,289,346
Net other postemployment benefits liability	376,724	547,743
Compensated absences, net of current portion	2,784,275	2,928,666
Total noncurrent liabilities	<u>387,068,680</u>	<u>421,957,689</u>
Total liabilities	<u>433,875,132</u>	<u>469,189,776</u>
Deferred Inflow of Resources		
Net pension liability	23,710,557	2,445,779
Bond refundings	70,045	78,858
Leases	358,459	399,741
Other postemployment benefits	4,989,033	3,485,815
Total deferred inflows of resources	<u>29,128,094</u>	<u>6,410,193</u>
Total liabilities and deferred inflow of resources	<u>463,003,226</u>	<u>475,599,969</u>
Net Position		
Net investment in capital assets	692,996,744	649,138,921
Restricted for water meter retrofit program	5,711,052	5,711,052
Restricted for water resource sustainability program	5,290,637	3,881,613
Restricted for debt service	22,271,247	21,507,623
Restricted for operations and maintenance reserve	7,140,835	6,507,402
Restricted for renewal and replacement reserve	11,544,050	12,554,388
Restricted for water rate stabilization	500,000	500,000
Unrestricted	114,810,508	114,374,286
Total net position	<u>860,265,073</u>	<u>814,175,285</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 1,323,268,299</u>	<u>\$ 1,289,775,254</u>

Truckee Meadows Water Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Operating Revenues		
Charges for water sales	\$ 108,172,970	\$ 109,822,836
Hydroelectric sales	2,551,333	2,768,274
Other operating sales	3,846,679	2,799,694
Total operating revenues	114,570,982	115,390,804
Operating Expenses		
Salaries and wages	24,735,686	23,101,987
Employee benefits	7,461,199	11,282,823
Services and supplies	32,768,771	30,562,803
Total operating expenses before depreciation	64,965,656	64,947,613
Depreciation	33,642,537	33,286,373
Total operating expenses	98,608,193	98,233,986
Operating Income	15,962,789	17,156,818
Nonoperating Revenues (Expenses)		
Investment earnings	2,028,627	2,563,447
Net decrease in fair value of investments	(10,605,392)	(2,389,723)
Loss on disposal of assets	(938,661)	(1,755,873)
Debt issuance costs	801	(235,494)
Interest expense	(11,954,097)	(12,262,581)
Total nonoperating revenues (expenses)	(21,468,722)	(14,080,224)
Income (loss) before Capital Contributions	(5,505,933)	3,076,594
Capital Contributions		
Grants	2,164,651	—
Water resource sustainability program	1,409,024	1,708,110
Developer infrastructure contributions	18,167,149	10,201,446
Developer will-serve contributions (net of refunds)	4,436,788	5,632,381
Developer capital contributions-other	11,835,501	11,461,850
Developer facility charges (net of refunds)	12,862,786	12,218,607
Contributions from other governments	719,822	132,800
Net capital contributions	51,595,721	41,355,194
Change in Net Position	46,089,788	44,431,788
Net Position, Beginning of Year	814,175,285	769,743,497
Net Position, End of Year	\$ 860,265,073	\$ 814,175,285

Truckee Meadows Water Authority
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Operating Activities		
Cash received from customers	\$ 115,440,042	\$ 113,523,515
Cash paid to employees	(35,600,437)	(31,733,248)
Cash paid to suppliers	(33,053,731)	(29,068,889)
Net Cash from Operating Activities	46,785,874	52,721,378
Capital and Related Financing Activities		
Cash received on lease receivables	33,452	37,905
Cash received for interest on lease receivables	11,878	7,196
Acquisition and construction of capital assets	(40,754,019)	(35,639,318)
Interest paid on financing	(16,510,042)	(16,945,779)
Principal paid on financing	(15,384,193)	(13,460,867)
Proceeds from refunding bonds	—	13,000,000
Redemption of commercial paper notes	—	(16,000,000)
Proceeds from capital asset disposal	110,377	24,795
Proceeds from resource exchange agreement	—	8,978,200
Grants	1,849,748	480,533
Contributions for water resource sustainability program	1,409,024	1,708,110
Contributions from developers-will-serve letters	4,436,788	5,632,381
Contributions from developers-other	11,835,501	11,461,850
Contributions from developers-facility charges	12,862,786	12,218,607
Contributions from other governments	819,822	132,800
Bond/note issuance costs	801	(235,494)
Net Cash used for Capital and Related Financing Activities	(39,278,077)	(28,599,081)
Investing Activities		
Amounts received on water service loans	46,296	45,119
Payments made for water service loans	—	(446,658)
Proceeds from the sale and maturity of investment securities	86,160,653	184,501,745
Purchase of investment securities	(99,773,888)	(205,621,725)
Investment interest/earnings	2,987,217	3,365,581
Net Cash used for Investing Activities	(10,579,722)	(18,155,938)
Net Change in Cash and Cash Equivalents	(3,071,925)	5,966,359
Cash and Cash Equivalents, Beginning of Year	18,928,280	12,961,921
Cash and Cash Equivalents, End of Year	<u>\$ 15,856,355</u>	<u>\$ 18,928,280</u>
Reconciliation of Amounts Reported on the Statement of Net Position to Cash and Cash Equivalents		
Reported on the Statement of Net Position:		
Cash and investments	\$ 169,195,095	\$ 171,977,503
Restricted current cash and investments	33,272,936	31,100,289
Restricted noncurrent cash and investments	26,122,200	26,493,988
Total Cash and Investments	228,590,231	229,571,780
Investments not meeting the definition of cash and cash equivalents	(212,733,876)	(210,643,500)
Total Cash and Cash Equivalents	<u>\$ 15,856,355</u>	<u>\$ 18,928,280</u>

Truckee Meadows Water Authority

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	Restated 2021
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating Income	\$ 15,962,789	\$ 17,156,818
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	33,642,537	33,286,373
OPEB expense	(1,177,786)	(645,359)
OPEB contributions	(62,217)	(66,740)
Pension expense	1,305,093	5,491,411
Pension contributions	(3,496,584)	(3,277,098)
Changes in assets and liabilities		
Accounts receivable, net	1,278,363	(1,790,395)
Due from others	(26,840)	(84,364)
Due from other governments	(112,740)	524,799
Prepaid assets and other assets	(365,145)	76,586
Accounts payable	184,359	595,274
Accrued liabilities	246,896	253,480
Compensated absences	(214,769)	896,972
Due to other governments	4,381	296,151
Customer deposits and amounts due to developers	(382,463)	7,470
Total adjustments	30,823,085	35,564,560
Net Cash from Operating Activities	<u>\$ 46,785,874</u>	<u>\$ 52,721,378</u>
Non-Cash Capital and Related Financing Activities		
Amortization of net bond premium	\$ (4,439,990)	\$ (4,657,082)
Amortization of refunding allowances to interest expense	201,068	203,083
Developer infrastructure contributions	18,167,149	10,201,446
Change in contracts and retention payable	(1,199,697)	3,338,521
Acquisition and Construction of Capital Assets		
Acquisition and construction of capital assets financed by cash	\$ 40,754,019	\$ 35,639,318
Developer infrastructure contributions	18,167,149	10,201,446
Change in contracts and retention payable	(1,199,697)	3,338,521
Total acquisition and construction of capital assets	<u>\$ 57,721,471</u>	<u>\$ 49,179,285</u>

Truckee Meadows Water Authority
Statements of Fiduciary Net Position - Other Post-employment Benefit Trust Funds
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 119,589	\$ 47,142
Receivables from plan members	11,745	22,041
Investments, at fair value	<u>17,775,142</u>	<u>15,543,313</u>
Total assets	<u>17,906,476</u>	<u>15,612,496</u>
Liabilities		
Accounts payable	<u>122,196</u>	<u>74,631</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u><u>\$ 17,784,280</u></u>	<u><u>\$ 15,537,865</u></u>

Truckee Meadows Water Authority
 Statements of Changes in Fiduciary Net Position - Other Post-employment Benefit Trust Funds
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions		
Investment Income		
Net increase in fair value of investments	\$ 2,351,683	\$ 1,763,646
Interest and dividends	265,600	275,824
Investment expense	<u>(5,454)</u>	<u>(3,259)</u>
Net investment income	2,611,829	2,036,211
Employer contributions	<u>97,848</u>	<u>217,010</u>
Total additions	<u>2,709,677</u>	<u>2,253,221</u>
Deductions		
Benefit payments	430,487	416,612
Administrative expenses	<u>32,775</u>	<u>32,490</u>
Total deductions	<u>463,262</u>	<u>449,102</u>
Change in Net Position	2,246,415	1,804,119
Net Position Restricted For Post-employment Benefits Other Than Pensions		
Beginning of year	<u>15,537,865</u>	<u>13,733,746</u>
End of year	<u><u>\$ 17,784,280</u></u>	<u><u>\$ 15,537,865</u></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 Post-Employment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans do not present the results of operations of TMWA or have a measurement focus and are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

Budgets and Budgetary Accounting

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

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

Cash and Investments

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

Investments authorized by State statutes and TMWA's bond resolutions include, but are not limited to, U.S. Treasury instruments, U.S. government agency securities, agency issued mortgage backed securities (FNMA, FHLMC, GNMA), corporate notes meeting certain rating standards, money market mutual funds meeting certain criteria, certificates of deposit, repurchase agreements, commercial paper meeting certain standards, bankers acceptances, long-term forward sale contracts and guaranteed investment contracts meeting certain rating standards, the State's Local Government Investment Pools (LGIP), medium-term obligations of municipal issuers in the State that meet certain rating standards, and asset backed securities that meet certain rating standards. Investments are reported at fair value, including the investment with LGIP which is the same as TMWA's proportionate share of the pool's fair value.

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

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

Cash Equivalents

Cash equivalents include short-term highly liquid investments (3 months or less at time of purchase) that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes of value.

Accounts Receivable

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

Restricted Assets

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

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

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit and water resource sustainability programs adopted under Title II of Public Law 101-618.

Prepaid Items

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

Capital Assets

All purchased property, plant, and equipment is stated at cost. TMWA capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. The cost of maintenance and repairs that do not increase productive capacity or materially extend the life of an asset are not capitalized. Developer contributed capital assets are recorded at acquisition value in the year of contribution to TMWA.

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Other Post-Employment Benefits

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

Compensated Absences

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

Long-Term Debt

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

Classification of Revenues

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

Net Position

Net Position is displayed in three classifications:

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

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.

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 June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. Implementation of Statement No. 87 during the fiscal year ended June 30, 2022 had an impact on TMWA's financial statements. Also as a result of the implementation, amounts previously reported in TMWA's financial statements for the year ended June 30, 2021 were restated. See Note 6 for additional disclosures required by this standard and Note 14 for information on the restated amounts.

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, 2022	June 30, 2021
Billed amounts	\$ 7,302,435	\$ 7,692,875
Earned, but unbilled amounts	8,336,557	9,445,936
	15,638,992	17,138,811
Allowance for uncollectible accounts	(243,675)	(426,335)
Accounts receivable, net	<u>\$ 15,395,317</u>	<u>\$ 16,712,476</u>

Note 4 - Cash and Investments

In accordance with State statutes, TMWA's cash is deposited with insured banks. All money deposited by TMWA that is not within the limits of insurance must be secured by collateral. TMWA's deposits are collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The OPEB Plans' bank balances were covered by the Federal Deposit Insurance Corporation. Under the Plans' investment policies, the Plans' assets are limited to investments in the State of Nevada RBIF, and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. The Plans invest their assets in the RBIF as allowed by the NRS 287.017 and the Nevada Administrative Code. The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to its proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly.

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2022 and 2021

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

	Less than 1 Year	1 - 3 Years	4 - 5 Years	Total
Investments				
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
Total Investments	76,737,568	76,355,786	72,852,723	225,946,077
Total Cash	2,644,154	—	—	2,644,154
Total Cash and Investments	<u>\$ 79,381,722</u>	<u>\$ 76,355,786</u>	<u>\$ 72,852,723</u>	<u>\$ 228,590,231</u>

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

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

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

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

As of December 31, 2020, the OPEB Plans had the following cash and investments maturities:

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

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 125 days at June 30, 2022, and 143 days at June 30, 2021.

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
Total Investments	<u>\$ 42,223,874</u>	<u>\$ 104,674,294</u>	<u>\$ 2,337,315</u>	<u>\$ 35,281,891</u>	<u>\$ 8,186,868</u>	<u>\$ 33,241,835</u>	<u>\$ 225,946,077</u>

Truckee Meadows Water Authority
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At June 30, 2021, 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	\$ —	\$ —	\$ —	\$ 411,650	\$ —	\$ —	\$ 411,650
AA+	47,091,438	100,410,425	—	—	—	514,458	148,016,321
AA	—	—	—	—	—	4,482,263	4,482,263
A+	—	—	—	—	1,563,523	4,988,236	6,551,759
A	—	—	—	—	256,049	4,671,513	4,927,562
A-	—	—	—	—	516,033	14,345,154	14,861,187
BBB+	—	—	—	—	1,031,009	1,536,183	2,567,192
BBB	—	—	—	—	511,503	—	511,503
BBB-	—	—	—	—	262,907	—	262,907
NR	—	—	2,332,198	36,255,147	5,706,001	—	44,293,346
Total Investments	<u>\$ 47,091,438</u>	<u>\$ 100,410,425</u>	<u>\$ 2,332,198</u>	<u>\$ 36,666,797</u>	<u>\$ 9,847,025</u>	<u>\$ 30,537,807</u>	<u>\$ 226,885,690</u>

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, 2022 and 2021, the following investments by issuer exceeded 5% of TMWA's total investments:

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

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, 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>		

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

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 47,091,438	\$ 47,091,438	\$ —
U.S. Agencies	100,410,425	—	100,410,425
Certificates of Deposit	9,847,025	—	9,847,025
Corporate Notes	30,537,807	—	30,537,807
	187,886,695	\$ 47,091,438	\$ 140,795,257
LGIP	2,332,198		
Money Market Mutual Funds*	36,666,797		
	<u>\$ 226,885,690</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, 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	204,128,838	38,639,996	(64,765,137)	178,003,697
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	1,338,168,180	82,800,394	(5,264)	1,420,963,310
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	(520,451,312)	(33,642,537)	2,444	(554,091,405)
Total capital assets, being depreciated net	817,716,868	49,157,857	(2,820)	866,871,905
Total Capital Assets, Net	\$ 1,021,845,706	\$ 87,797,853	\$ (64,767,957)	\$ 1,044,875,602

Truckee Meadows Water Authority
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Capital asset activity for the year ended June 30, 2021 follows:

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

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, 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. During the fiscal year ended June 30, 2021, TMWA recognized \$9,729 in lease revenue and \$2,079 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$65,903 in lease receivables and \$64,050 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, 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. During the fiscal year ended June 30, 2021, TMWA recognized \$8,149 in lease revenue and \$1,216 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$37,118 in lease receivables and \$36,671 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, 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. During the fiscal year ended June 30, 2021, TMWA recognized \$19,995 in lease revenue and \$8,955 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$291,619 in lease receivables and \$289,931 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 2028. 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, 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. During the fiscal year ended June 30, 2021, TMWA recognized \$3,409 in lease revenue and \$334 in interest revenue related to this agreement. At June 30, 2021, TMWA reported \$8,478 in lease receivables and \$9,090 in deferred inflows of resources, which will be recognized as revenue over the term of the lease, related to this agreement.

Annual payments expected to be received for TMWA's leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 35,938	\$ 10,522	\$ 46,460
2024	32,533	9,497	42,030
2025	33,501	8,479	41,980
2026	32,313	7,457	39,770
2027	28,780	6,577	35,357
2028-2032	106,740	22,655	129,395
2033-2037	99,861	5,869	105,730
Total	<u>\$ 369,666</u>	<u>\$ 71,056</u>	<u>\$ 440,722</u>

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, 2022.

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.

Truckee Meadows Water Authority
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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
Direct Borrowings							
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
Bonds Payable							
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>

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

	Final Maturity Date	Authorized	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in 2021-2022
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 1,543,918	\$ —	\$ 289,436	\$ 1,254,482	\$ 298,802
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	1,174,853	—	123,669	1,051,184	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,861,847	—	246,480	2,615,367	254,555
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	4,670,879	—	882,781	3,788,098	907,762
2015 B - DWSRF Bonds 2.62%	7/1/2035	8,971,562	7,792,841	—	413,501	7,379,340	424,405
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	—	13,000,000	—	13,000,000	1,785,000
		42,533,298	18,044,338	13,000,000	1,955,867	29,088,471	3,794,193
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	25,260,000	—	970,000	24,290,000	995,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	147,415,000	—	10,535,000	136,880,000	10,595,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	336,300,000	—	11,505,000	324,795,000	11,590,000
Subtotal		382,323,298	354,344,338	13,000,000	13,460,867	353,883,471	15,384,193
Plus unamortized net bond premium			42,447,151	—	4,657,083	37,790,068	
Total debt before TECP			396,791,489	13,000,000	18,117,950	391,673,539	
TECP		53,600,000	16,000,000	—	16,000,000	—	—
Total Debt		<u>\$435,923,298</u>	<u>\$412,791,489</u>	<u>\$ 13,000,000</u>	<u>\$ 34,117,950</u>	<u>\$391,673,539</u>	<u>\$ 15,384,193</u>

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	
2023	\$ 3,879,081	\$ 484,684	\$ 12,615,000	\$ 15,344,875	\$ 32,323,640
2024	3,955,578	406,559	13,245,000	14,698,375	32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027	2,806,146	209,873	15,355,000	12,610,625	30,981,644
2028-2032	5,806,564	532,224	94,615,000	50,294,625	151,248,413
2033-2037	2,043,942	108,496	112,430,000	21,585,250	136,167,688
2038-2041	—	—	37,490,000	2,599,750	40,089,750
Total	<u>\$ 25,294,278</u>	<u>\$ 2,322,530</u>	<u>\$ 313,205,000</u>	<u>\$ 144,485,625</u>	<u>\$ 485,307,433</u>

Compensated Absences

The following schedules summarize the changes in the compensated absences liability as of June 30, 2022 and 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Next Fiscal Year
2022 Compensated absences liability	\$ 3,524,440	\$ 2,952,403	\$ 3,167,171	\$ 3,309,672	\$ 525,397
2021 Compensated absences liability	\$ 2,627,468	\$ 3,435,800	\$ 2,538,828	\$ 3,524,440	\$ 595,774

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.

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

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted amount of \$1,544,050 and \$2,554,388 as of June 30, 2022 and 2021, respectively, is included in the amount restricted for renewal and replacement.

Board Designation

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$10,422,851 and \$9,596,733 as of June 30, 2022 and 2021, 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.

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

The employer-pay contribution (EPC) rate was 29.75% and 29.25% for fiscal years June 30, 2022 and 2021, respectively.

TMWA's contributions were \$3,496,584 and \$3,277,098 for the years ended June 30, 2022 and 2021, 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, 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%

The following was the PERS Board adopted policy target asset allocation as of June 30, 2020:

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

Net Pension Liability

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.

At June 30, 2021, TMWA reported a liability for its proportionate share of the net pension liability of \$42,191,934. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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, 2021 and 2020, TMWA's proportion was 0.3131 and 0.3029 percent, respectively, representing an increase of 0.0102 percent and an increase of 0.0053 percent from its proportion measured at June 30, 2020 and 2019, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2021 and 2020, calculated using the discount rate of 7.25% and 7.50%, respectively, 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, 2021	\$ 56,846,925	\$ 28,552,406	\$ 5,211,743
	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability, June 30, 2020	\$ 65,803,116	\$ 42,191,934	\$ 22,560,991

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.

Actuarial Assumptions

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. TMWA's June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2021	June 30, 2020
Inflation Rate	2.50%	2.75%
Payroll Growth	3.50% including inflation	5.50% including inflation
Investment Rate of Return	7.25%	7.50%
Productivity Pay Increase	0.50%	0.50%
Projected Salary Increases	4.20% to 9.10%, depending on service. Rates include inflation and productivity increases.	4.25% to 9.15%, depending on service. Rates include inflation and productivity increases.
Consumer Price Index	2.50%	2.75%
Other Assumptions	Same as those used in the June 30, 2021 funding actuarial valuation	Same as those used in the June 30, 2020 funding actuarial valuation

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.

For the year ended June 30, 2020, mortality rates for non-disabled regular members were based on the RP-2014 Combined Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members is the RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of the experience reviews issued September 10, 2021 and October 16, 2017, respectively.

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021 and June 30, 2020.

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

For the years ended June 30, 2022 and 2021, TMWA recognized pension expense of \$4,812,879 and \$8,725,471, respectively.

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	—
	<u>\$ 19,946,649</u>	<u>\$ 23,710,557</u>

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

At June 30, 2021, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2022 and 2021

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

Deferred outflows of resources of \$3,277,098 resulted from TMWA contributions subsequent to the measurement date, and were recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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, 2020 (the beginning of the measurement period ended June 30, 2021) is 6.14 years.

Other estimated amounts reported by TMWA as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ (1,876,189)
2024	(2,558,950)
2025	(2,568,942)
2026	(2,982,399)
2027	2,395,948
Thereafter	330,040

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 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, 2022 and June 30, 2021, TMWA had matching contributions totaling \$1,550,717, and \$1,473,019, respectively.

Note 12 - Other Post-Employment Benefit (OPEB) Plans

TMWA has two Other Post–Employment Benefit (OPEB) Plans referred to as the §501(c)(9) and §115 plans. The §501(c)(9) plan was established for the benefit of transferred employees from Sierra Pacific Power Company and all subsequent new hires until the plan closed, effective December 13, 2018. The §115 Plan plan was formed to provide post-employment benefits for employees who transferred from Washoe County as a result of the water utility consolidation. Both plans reference the Internal Revenue Code sections that the plans were formed under. Both plans' investments are held by the Nevada Retirement Benefits Investment Board.

Census data as of June 30, 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

Census data as of June 30, 2021 for both plans is as follows:

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

Plan Descriptions, Eligibility Information and Funding Policies

§501(c)(9) Plan

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

Eligibility. Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired 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 post-employment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

§115 Plan

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with post-employment health benefits. This specific plan was formed to provide post-employment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this plan. 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 post-employment health benefits. TMWA funds the §115 Plan based on the ADC each year.

OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2022 and 2021 is below:

	§501(c)(9) Plan	§115 Plan	Total
2022	\$ (1,059,573)	\$ (13,529)	\$ (1,073,102)
2021	\$ (582,026)	\$ 19,979	\$ (562,047)

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	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
<i>Measurement Date - December 31, 2020</i>						
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	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724
<i>Measurement Date - December 31, 2021</i>						

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2022 and 2021

Changes in Net Position for each plan for the measurement period ended December 31, 2020 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2020 <i>Measurement Date - December 31, 2019</i>	<u>\$ 10,118,664</u>	<u>\$ 12,444,083</u>	<u>\$ (2,325,419)</u>	<u>\$ 1,950,233</u>	<u>\$ 1,289,663</u>	<u>\$ 660,570</u>
Changes During the Period:						
Service Cost	222,602	—	222,602	34,777	—	34,777
Interest Cost	609,728	—	609,728	117,350	—	117,350
Expected Investment Income	—	739,192	(739,192)	—	77,772	(77,772)
Employer Contributions	—	131,267	(131,267)	—	85,743	(85,743)
Auditing Fees	—	(18,490)	18,490	—	(14,000)	14,000
Investment & Administrative Fees	—	(2,954)	2,954	—	(306)	306
Retiree Contributions In	—	111,103	(111,103)	—	22,947	(22,947)
Retiree Contributions Out	—	(111,103)	111,103	—	(22,947)	22,947
Benefit Payments	(358,251)	(358,251)	—	(58,361)	(58,361)	—
Investment Experience	—	1,106,762	(1,106,762)	—	115,745	(115,745)
Net Changes	<u>474,079</u>	<u>1,597,526</u>	<u>(1,123,447)</u>	<u>93,766</u>	<u>206,593</u>	<u>(112,827)</u>
Balance at Fiscal Year Ending June 30, 2021 <i>Measurement Date - December 31, 2020</i>	<u><u>\$ 10,592,743</u></u>	<u><u>\$ 14,041,609</u></u>	<u><u>\$ (3,448,866)</u></u>	<u><u>\$ 2,043,999</u></u>	<u><u>\$ 1,496,256</u></u>	<u><u>\$ 547,743</u></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><u>\$ 281,193</u></u>	<u><u>\$ 4,621,805</u></u>	<u><u>\$ 129,995</u></u>	<u><u>\$ 367,228</u></u>

Truckee Meadows Water Authority
Notes to Financial Statements
June 30, 2022 and 2021

A schedule of the plans' deferred resources as of June 30, 2021 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 237,362	\$ —	\$ 30,963	\$ —
Differences Between Expected and Actual Experience	—	1,584,020	—	125,527
Net Difference Between Projected and Actual Earnings on Investments	—	1,616,872	—	159,396
Contributions Made Subsequent to the Measurement Date	59,696	—	86,813	—
Total	<u>\$ 297,058</u>	<u>\$ 3,200,892</u>	<u>\$ 117,776</u>	<u>\$ 284,923</u>

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, 2022 is shown below.

	§501(c)(9) Plan	§115 Plan
	Deferred Inflows Recognized in OPEB Expense	Deferred Inflows Recognized in OPEB Expense
Year ended June 30,		
2023	\$ 927,286	\$ 80,541
2024	1,162,993	102,224
2025	825,677	70,581
2026	604,322	40,310
2027	296,560	(128)
Thereafter	599,811	—

Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 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%		

The total OPEB liability as of December 31, 2020 was determined using the following actuarial assumptions. Healthcare trend rate (both plans) - TMWA plan medical premiums and per capita claims costs were assumed to increase at the following rates:

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

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 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	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment 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. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

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

Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021
Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2021
Measurement Date	December 31, 2020
Measurement Period	January 1, 2020 to December 31, 2020
Valuation Date	December 31, 2019

The discount rates used for the fiscal years ended June 30, 2022 and 2021 is 6.0%. The Healthcare Cost Trend Rate for the fiscal year ended June 30, 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 Healthcare Cost Trend Rate for the fiscal year ended June 30, 2021 was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

Measurement Date - December 31, 2021

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,064,599	\$ 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		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

Measurement Date - December 31, 2020

§501(c)(9) Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 11,809,700	\$ 10,592,743	\$ 9,556,963	\$ 9,709,226	\$ 10,592,743	\$ 11,648,321
Net OPEB Liability (Asset)	\$ (2,231,909)	\$ (3,448,866)	\$ (4,484,646)	\$ (4,332,383)	\$ (3,448,866)	\$ (2,393,288)
§115 Plan	Discount Rate			Medical Cost Inflation		
	Discount Rate		Discount Rate	Medical Trend	Current	Medical Trend
	- 1%	Discount Rate	+ 1 %	- 1%	Medical Trend	+ 1 %
Total OPEB Liability	\$ 2,333,010	\$ 2,043,999	\$ 1,804,821	\$ 1,783,527	\$ 2,043,999	\$ 2,365,624
Net OPEB Liability (Asset)	\$ 836,754	\$ 547,743	\$ 308,565	\$ 287,271	\$ 547,743	\$ 869,368

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 2022.

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 expects to make a final \$250,000 payment by July 2023.

Note 14 - Restatements

GASB Statement No. 87, *Leases*

As of July 1, 2021, TMWA adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain right to use lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. Following the implementation of GASB Statement No. 87, amounts previously reported for the year ended June 30, 2021 were restated as follows:

	As Originally Stated	As Restated	Increase (Decrease)
Statement of Net Position			
Accounts receivable, net	\$ 16,679,024	\$ 16,712,476	\$ 33,452
Interest receivable	809,628	815,015	5,387
Other noncurrent assets	837,284	1,206,948	369,664
Deferred inflow of resources - leases	—	399,741	399,741
Unrestricted net position	114,365,522	114,374,286	8,764
Statement of Revenues, Expenses, and Changes in Net Position			
Other operating sales	2,803,513	2,799,694	(3,819)
Investment earnings	2,550,864	2,563,447	12,583
Change in net position	44,423,024	44,431,788	8,764
Statement of Cash Flows			
Cash received from customers	113,568,616	113,523,515	(45,101)
Cash received on lease receivables	—	37,905	37,905
Cash received for interest on lease receivables	—	7,196	7,196

Statements of Cash Flows

In prior years, TMWA's cash flow statements included amounts in cash and cash equivalents not meeting the definition of cash and cash equivalents as provided for by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. GASB Statement No. 9 states that amounts should be included as cash equivalents when they are 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. TMWA holds certain investments that have been determined to not meet both of these criteria. Therefore, TMWA corrected beginning cash and cash equivalents at July 1, 2020 to exclude investments not meeting its cash equivalents definition. This change resulted in a restatement of beginning cash and cash equivalents reported in the cash flow statement as follows:

	<u>Total</u>
Cash and cash equivalents on July 1, 2020, as previously reported	\$ 205,759,049
Adjustment to correct misstatement	<u>(192,797,128)</u>
Cash and cash equivalents on July 1, 2020, as restated	<u><u>\$ 12,961,921</u></u>

Note 15 - Subsequent Events

In November 2022, TMWA paid \$1 million to Fish Springs Ranch, LLC (FSR) under a Water Resource Purchase Agreement effective March 2022. The agreement allows for TMWA to purchase from FSR 400 acre-feet of water rights for a total purchase price of \$10 million, payable in ten \$1 million tranches over 10 years.

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*

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

Notes to Schedule

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

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

⁽²⁾ In 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*

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

Notes to Schedule

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

⁽¹⁾In 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*

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

Notes to Schedule

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

In fiscal year 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.

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

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 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	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.	In fiscal year 2022, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward. In fiscal year 2020, the mortality rates were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment 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. This plan is now closed.	Only current active employees and retired participants and covered dependents are valued. This plan is now closed.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement. MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.	Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above). Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.

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

	2021	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	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	\$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	\$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	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	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.

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

Significant assumptions are listed below:

Assumption	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*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$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	\$3,496,584	\$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	\$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	14.86 %	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, 2022 and 2021

Truckee Meadows Water Authority

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	(4,060,725)
Nonoperating Revenues (Expenses)			
Investment earnings	2,583,886	2,028,627	(555,259)
Net change in fair value of investments	—	(10,605,392)	(10,605,392)
Loss on disposal of assets	(750,000)	(938,661)	(188,661)
Bond/note issue costs and amortization of bond insurance	(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)	(15,349,723)
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 (net of refunds)	2,884,048	4,436,788	1,552,740
Developer capital contributions-other	9,360,299	11,835,501	2,475,202
Developer facility charges (net of refunds)	7,301,331	12,862,786	5,561,455
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	\$ (3,634,329)

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

	Final Budget	Actual	(Under) Over Budget
Operating Revenues			
Charges for water sales	\$ 102,260,229	\$ 109,822,836	\$ 7,562,607
Hydroelectric sales	3,193,880	2,768,274	(425,606)
Other operating sales	2,800,120	2,799,694	(426)
Total operating revenues	108,254,229	115,390,804	7,136,575
Operating Expenses			
Salaries and wages	24,563,727	23,101,987	(1,461,740)
Employee benefits	10,661,572	11,282,823	621,251
Services and supplies	31,419,113	30,562,803	(856,310)
Total operating expenses before depreciation	66,644,412	64,947,613	(1,696,799)
Depreciation	33,518,852	33,286,373	(232,479)
Total operating expenses	100,163,264	98,233,986	(1,929,278)
Operating Income	8,090,965	17,156,818	5,207,297
Nonoperating Revenues (Expenses)			
Investment earnings	2,854,243	2,563,447	(290,796)
Net change in fair value of investments	—	(2,389,723)	(2,389,723)
Loss on disposal of assets	—	(1,755,873)	(1,755,873)
Bond/note issue costs and amortization of bond insurance	(87,400)	(235,494)	(148,094)
Interest expense	(12,514,133)	(12,262,581)	251,552
Total nonoperating revenues (expenses)	(9,747,290)	(14,080,224)	(4,332,934)
Income (Loss) before Capital Contributions	(1,656,325)	3,076,594	874,363
Capital Contributions			
Grants	1,900,000	—	(1,900,000)
Water resource sustainability program	869,696	1,708,110	838,414
Developer infrastructure contributions	11,226,546	10,201,446	(1,025,100)
Developer will-serve contributions (net of refunds)	4,185,412	5,632,381	1,446,969
Developer capital contributions-other	10,242,156	11,461,850	1,219,694
Developer facility charges (net of refunds)	5,998,608	12,218,607	6,219,999
Contributions from others	275,000	—	(275,000)
Contributions from other governments	—	132,800	132,800
Net capital contributions	34,697,418	41,355,194	6,657,776
Change in Net Position	\$ 33,041,093	\$ 44,431,788	\$ 7,532,139

Truckee Meadows Water Authority
Combining Statement of Fiduciary Net Position - Other Post-employment Benefit Trust Funds
December 31, 2021 and 2020

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
December 31, 2021			
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 Post-employment Benefits Other Than Pensions	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>
December 31, 2020			
Assets			
Cash	\$ 26,777	\$ 20,365	\$ 47,142
Receivables from plan members	18,217	3,824	22,041
Investments, at fair value	<u>14,068,245</u>	<u>1,475,068</u>	<u>15,543,313</u>
Total assets	<u>14,113,239</u>	<u>1,499,257</u>	<u>15,612,496</u>
Liabilities			
Accounts payable	<u>71,630</u>	<u>3,001</u>	<u>74,631</u>
Net Position Restricted For Post-employment Benefits Other Than Pensions	<u>\$ 14,041,609</u>	<u>\$ 1,496,256</u>	<u>\$ 15,537,865</u>

Truckee Meadows Water Authority

Combining Statement of Changes in Fiduciary Net Position - Other Post-employment Benefit Trust Funds
Year Ended December 31, 2021 and 2020

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
Year Ended December 31, 2021			
Additions			
Investment Income			
Net increase in fair value of investments	\$ 2,128,775	\$ 222,908	\$ 2,351,683
Interest and dividends	240,434	25,166	265,600
Investment expense	(4,937)	(517)	(5,454)
Net investment income	2,364,272	247,557	2,611,829
Employer contributions	—	97,848	97,848
Total additions	2,364,272	345,405	2,709,677
Deductions			
Benefit payments	379,624	50,863	430,487
Administrative expenses	18,775	14,000	32,775
Total deductions	398,399	64,863	463,262
Change in Net Position	1,965,873	280,542	2,246,415
Net Position Restricted For Post-employment Benefits Other Than Pensions			
Beginning of year	14,041,609	1,496,256	15,537,865
End of year	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>
Year Ended December 31, 2020			
Additions			
Investment Income			
Net increase in fair value of investments	\$ 1,595,995	\$ 167,651	\$ 1,763,646
Interest and dividends	249,958	25,866	275,824
Investment expense	(2,953)	(306)	(3,259)
Net investment income	1,843,000	193,211	2,036,211
Employer contributions	131,267	85,743	217,010
Total additions	1,974,267	278,954	2,253,221
Deductions			
Benefit payments	358,251	58,361	416,612
Administrative expenses	18,490	14,000	32,490
Total deductions	376,741	72,361	449,102
Change in Net Position	1,597,526	206,593	1,804,119
Net Position Restricted For Post-employment Benefits Other Than Pensions			
Beginning of year	12,444,083	1,289,663	13,733,746
End of year	<u>\$ 14,041,609</u>	<u>\$ 1,496,256</u>	<u>\$ 15,537,865</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.

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

Sources: Unless otherwise noted, the information in these schedules is derived from the 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									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Net Position										
Net investment in capital assets	\$ 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	\$ 227,319,870
Restricted	52,457,821	50,662,078	50,034,746	29,351,818	30,123,412	28,589,861	40,505,804	42,158,803	25,198,683	22,644,404
Unrestricted	<u>114,810,508</u>	<u>114,374,286</u>	<u>102,167,112</u>	<u>115,662,201</u>	<u>104,893,903</u>	<u>95,037,226</u>	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>	<u>51,471,349</u>
Total Net Position	<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>	<u>\$ 301,435,623</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									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Operating Revenues	\$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	\$ 85,577,107
Operating Expenses	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	59,619,074
Operating Income	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	25,958,033
Total Nonoperating Revenues/(Expenses)	(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)	(20,675,251)
Income/(Loss) before Capital Contributions	(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	5,282,782
Capital Contributions	51,595,721	41,355,194	44,180,319	42,182,118	37,410,827	43,351,171	19,268,194	19,638,821	5,516,204	2,947,604
Special Item	—	—	—	—	—	—	—	231,516,024	—	—
Change in Net Position	46,089,788	44,431,788	51,555,402	50,111,906	37,748,630	46,595,857	21,108,180	247,542,921	10,127,395	8,230,386

* 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									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Revenues from water sales										
Residential unmetered water sales	\$ 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	\$ 10,288,324
Residential metered water sales	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	43,957,551
Commercial metered water sales	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	10,885,539
Irrigation metered & fire protection	14,408,203	14,950,021	13,457,574.1	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156	11,031,924
Wholesale sales	1,262,221	1,283,606	1,273,982.44	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593	3,748,276
Total water sales	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	79,911,614
Hydroelectric revenue	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	3,557,965
Other operating revenues	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	2,107,528
Total operating revenues	<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>	<u>\$ 85,577,107</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									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Salaries and wages	\$ 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	\$ 11,128,162
Employee benefits	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	4,819,187
Contract services	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	4,868,532
Utilities/power	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	4,571,453
Information Technology	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	556,536
Prof services (general/legal/media/leg)	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	1,610,614
Supplies	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	1,522,106
Chemicals	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	1,333,002
Insurance and claims	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300	534,577
Leases and rentals	400,745	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196	74,596
Other expenses	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	3,254,285
Total operating expenses before depreciation	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	34,273,049
Depreciation	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	22,349,225
Total Operating Expenses	<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>	<u>\$ 56,622,274</u>

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

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Investment Earnings	\$ 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	\$ 2,007,375
Interest Expense	(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)	(21,791,975)
Gain/(Loss) on Disposal of Assets	(938,661)	(1,755,873)	(1,189,776)	(225,687)	133,972	(155,722)	6,460,373	(653,698)	(136,300)	(21,463)
Other Revenue or Expenses	(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)	(869,188)
Total Nonoperating Expenses	(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)	(20,675,251)

* 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									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Developer Water Rights/Will Serves	\$ 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	\$ 201,871
Developer Infrastructure	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	702,699
Developer Other	11,835,501	11,461,850	7,847,962	6,636,417	6,448,549	6,062,247	2,473,163	1,588,158	410,447	469,732
Water Meter Retrofit Program	—	—	—	994,706	2,379,206	341,074	482,081	1,013,896	479,488	174,698
Developer Facility Charges	12,862,786	12,218,607	9,657,274	9,154,403	6,464,559	5,116,956	2,931,940	2,494,434	963,660	1,047,715
Grants	2,164,651	—	232,153	831,116	348,248	1,226,863	224,138	276,260	343,628	208,227
Water Resource Sustainability Program	1,409,024	1,708,110	1,484,443	689,060	—	—	—	—	—	—
From Others	719,822	132,800	730,567	100,000	100,000	11,855,511	356,200	9,698,535	66,829	142,662
Total	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	2,947,604

* 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	2022		2021	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,730,559	—	\$ 2,423,033
Residential Metered	17,832,778	77,184,825	18,481,075	79,124,628
Commercial	4,131,960	12,587,162	3,891,086	12,041,548
Other (2)	3,187,878	14,408,203	3,204,611	14,950,021
Wholesale	580,248	1,262,221	623,909	1,283,606
Total	25,732,864	\$ 108,172,970	26,200,681	\$ 109,822,836

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

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

Category	2016		2015*	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 3,725,916	—	\$ 9,366,307
Residential Metered	14,633,319	60,198,267	15,151,881	51,796,871
Commercial	4,086,057	11,026,132	4,350,417	11,339,953
Other (2)	2,579,408	11,554,063	2,913,757	11,123,168
Wholesale	542,875	1,029,954	1,598,995	2,560,399
Total	21,841,659	\$ 87,534,332	24,015,050	\$ 86,186,698

Category	2014		2013	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 9,731,811	—	\$ 10,288,324
Residential Metered	11,581,326	44,137,033	11,916,455	43,957,551
Commercial	3,913,088	10,755,824	4,083,972	10,885,539
Other (2)	2,688,389	10,720,156	2,816,474	11,031,924
Wholesale	2,070,593	3,845,593	1,982,557	3,748,276
Total	20,253,396	\$ 79,190,417	20,799,458	\$ 79,911,614

* 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, 2022

Customer Name	Water Used (000s Gallons)	Total Revenue	% of Total Water Sales
1. Sun Valley Water	664,028	\$ 1,273,216	1.2 %
2. City of Reno*	310,862	1,102,804	1.0 %
3. Washoe County School District	336,633	1,097,367	1.0 %
4. Washoe County	165,790	541,121	0.5 %
5. City of Sparks	123,187	455,696	0.4 %
6. Silver Legacy	117,744	362,272	0.3 %
7. University of Nevada, Reno	144,344	355,870	0.3 %
8. Somersett HOA	88,428	345,652	0.3 %
9. Nevada Properties, Peppermill	103,073	284,943	0.3 %
10. Renown System	70,236	272,028	0.3 %
Totals	2,124,325	\$ 6,090,969	5.6 %

*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)									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Charges for water sales ⁽¹⁾	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190	\$ 79,912
Other operating and nonoperating revenue ⁽²⁾	8,427	8,131	9,705	9,722	8,653	11,790	11,132	5,970	7,176	7,672
Gross revenues	116,600	117,954	112,192	111,499	104,126	104,477	98,666	92,157	86,366	87,584
Operation and maintenance expenses ⁽³⁾	64,244	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850	36,672
Taxes other than income taxes ⁽⁴⁾	722	715	719	678	470	462	451	443	440	429
Total expenses	64,966	64,948	60,795	59,633	57,491	51,420	48,481	42,215	36,290	37,101
Net Revenues	<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>	<u>\$ 50,483</u>
Senior Lien Annual Debt Service ⁽⁵⁾	<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>	<u>\$ 29,672</u>
Senior Lien Debt Coverage excluding SDCs	<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>	<u>1.70</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 12,863	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964	\$ 1,048
Developer capital contributions - other	11,836	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410	470
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	<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>	<u>1.75</u>

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

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

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

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

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

⁽⁵⁾ 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.

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

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

Fiscal Year	Washoe County	City of Reno	City of Sparks
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
2013	1,516	6,211	2,393

Source: As reported by each local governmental entity.

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

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Total Personal Income (1)	Unemployment rate (Percent) (5)	Total Labor Force (5)	Construction Activity Total Value (6)	Number of New Family Units (6)	Taxable Sales (7)	Gross Income Gaming Revenue (8)	Total Passenger Air Traffic (9)
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	21,265,000	4.0 %	232,719	240,534,583	378	7,989,009,111	805,557,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,165,000	5.9 %	231,570	231,741,537	320	7,550,466,734	789,359,000	3,563,818
2015	441,165	42,967	37.4	63,108	19,077,000	6.4 %	228,430	246,627,580	255	6,817,588,648	765,248,320	3,297,642
2014	436,647	43,130	37.6	62,986	18,833,000	7.2 %	222,607	225,096,997	120	6,370,684,534	744,962,250	3,312,839
2013	434,120	45,253	37.6	62,424	18,284,145	9.8 %	219,607	126,468,377	74	5,824,726,136	741,038,030	3,514,421

Sources:

- (1) US Census-Nevada, 2011 - 2012. Washoe County Community Development, 2013 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (2) U.S. Department of Commerce, 2008. Washoe County Community Demographic Information 2009 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (3) Center for Regional Studies, University of Nevada, Reno 2011 - 2017. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (4) Washoe County School District. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (5) State Department of Employment, Training and Rehabilitation (DETR). Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (6) Washoe County Building and Safety. Department. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (7) Nevada State Department of Taxation. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (8) Nevada State Gaming Control Board. Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022
- (9) Reno/Tahoe International Airport. (RTIA) Washoe County Schedule 4.1, 2018, 2019, 2020, 2021, 2022

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

Employer	December, 2021			December, 2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Washoe County School District	8,750	1	3.85 %	7,750	1	3.89 %
University of Nevada - Reno	4,750	2	2.09 %	4,250	2	2.13 %
Renown Medical Center	3,250	3	1.43 %	2,750	3	1.38 %
Washoe County	2,750	4	1.21 %	2,250	4	1.13 %
Peppermill Hotel Casino - Reno	2,500	5	1.10 %	2,250	5	1.13 %
Nugget Casino	2,500	6	1.10 %	—	—	—
Grand Sierra Resort	2,500	7	1.10 %	1,250	9	0.63 %
Harrahs	2,500	8	1.10 %	—	—	—
St. Mary's	2,500	9	1.10 %	—	—	—
Silver Legacy Resort Casino	2,500	10	1.10 %	1,750	7	0.88 %
Eldorado Hotel & Casino	—	—	—	1,250	10	0.63 %
Atlantis Casino Resort	—	—	—	1,750	8	0.88 %
International Game Technology PLC	—	—	—	2,250	6	1.13 %
Total Washoe Covered Employment	<u>227,275</u>			<u>199,079</u>		

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

Source: Nevadaworkforce.com

Nevada Employment and Unemployment Data (DES and Laus)

Washoe County Schedule 4.2

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

2022				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% 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 ⁽²⁾	3,535	2.62 %	14,408,203	13.32 %
Wholesale	2	— %	1,262,221	1.17 %
Total	134,844	100.00 %	\$ 108,172,970	100.00 %
2021				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	673	0.51 %	\$ 2,423,033	2.21 %
Residential metered	120,074	91.46 %	79,124,628	72.05 %
Commercial metered	10,545	8.03 %	12,041,548	10.96 %
Other ⁽²⁾	2	— %	14,950,021	13.61 %
Wholesale	2	— %	1,283,606	1.17 %
Total	131,296	100.00 %	\$ 109,822,836	100.00 %
2020				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	652	0.51 %	\$ 2,571,216	2.51 %
Residential metered	116,104	91.41 %	73,295,343	71.52 %
Commercial metered	10,262	8.08 %	11,888,963	11.60 %
Other ⁽²⁾	2	— %	13,457,574	13.13 %
Wholesale	2	— %	1,273,982	1.24 %
Total	127,022	100.00 %	\$ 102,487,078	100.00 %
2019				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	663	0.53 %	\$ 2,558,779	2.51 %
Residential metered	113,934	91.32 %	71,651,437	70.41 %
Commercial metered	10,161	8.14 %	12,807,427	12.58 %
Other ⁽²⁾	2	— %	13,509,567	13.27 %
Wholesale	2	— %	1,249,439	1.23 %
Total	124,762	100.00 %	\$ 101,776,649	100.00 %
2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other ⁽²⁾	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	100.00 %

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

2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other ⁽²⁾	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential metered	106,730	89.94 %	60,198,267	68.76 %
Commercial metered	9,873	8.32 %	11,026,132	12.60 %
Other ⁽²⁾	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential Metered	100,446	83.12 %	51,796,871	60.09 %
Commercial and Irrigation	9,648	7.98 %	11,339,953	13.16 %
Other ⁽²⁾	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	120,848	100.00 %	\$ 86,186,698	100.00 %
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial metered	8,743	9.15 %	10,755,824	13.58 %
Other ⁽²⁾	4,008	4.19 %	10,720,156	13.54 %
Wholesale	2	— %	3,845,593	4.86 %
Total	95,554	100.00 %	\$ 79,190,417	100.00 %
2013				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,927	7.31 %	\$ 10,288,324	12.87 %
Residential metered	75,113	79.31 %	43,957,551	55.01 %
Commercial metered	8,702	9.19 %	10,885,539	13.62 %
Other ⁽²⁾	3,965	4.19 %	11,031,924	13.81 %
Wholesale	2	— %	3,748,276	4.69 %
Total	94,709	100.00 %	\$ 79,911,614	100.00 %

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

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

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

Truckee Meadows Water Authority
Schedule No. 14 - Schedule of Insurance Coverage
June 30, 2022

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2021 to 6/11/2022	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$25,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2021 to 6/11/2022	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000 Inland Marine Physical Damage \$903,431. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2021 to 6/11/2022	First Layer Excess Liability limit of \$10,000,000.
	Travelers Insurance Company	6/11/2021 to 6/11/2022	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2021 to 6/11/2022	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	6/11/2021 to 6/11/2022	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2021 to 6/11/2022	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance \$1,000,000.
	Zurich		Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Houston Casualty Company	6/11/2021 to 6/11/2022	Network Information, Communications Media, Regulatory Defense, Crisis Management, Security Breach Remediation, Computer Program/Data Restoration, Computer Fraud, E-Commerce Extortion Business Interruption \$4,000,000. Crisis Management Expenses \$1,000,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2016 to 6/11/2022	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Administration/IT	38	32	33	30	28	25	28	22	20	18
Supply/Treatment Operations	48	48	48	44	40	40	32	30	31	26
Distribution Maintenance	78	72	71	71	65	65	63	62	48	45
Hydroelectric	8	7	8	7	7	7	6	6	6	7
Customer Service/Conservation	22	23	26	23	23	25	25	24	20	26
Water Planning/Resources	19	19	15	15	15	17	19	19	13	15
Engineering/Construction	31	30	30	31	28	25	24	23	14	15
Total Authorized Employees	<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>	<u>152</u>

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

⁽¹⁾ Source - Truckee Meadows Water Authority Budget

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

Truckee Meadows Water Authority

Schedule No. 16 - Current and Historical Water Rates

Last Five Fiscal Years

Fiscal Year														
2022			2021			2020			2019			2018		
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID

Customer Charges by Meter Size

3/4"	20.66	19.42	10.58	20.16	18.95	10.32	19.67	18.49	10.07	19.67	18.49	10.07	19.67	18.49	10.07
1"	22.73	24.99	12.95	22.18	24.38	12.63	21.64	23.79	12.32	21.64	23.79	12.32	21.64	23.79	12.32
1 1/2"	25.86	35.74	18.36	25.23	34.87	17.91	24.61	34.02	17.47	24.61	34.02	17.47	24.61	34.02	17.47
2"	29.98	47.65	n/a	29.25	46.49	n/a	28.54	45.36	n/a	28.54	45.36	n/a	28.54	45.36	n/a
3"	34.10	76.74	n/a	33.27	74.87	n/a	32.46	73.04	n/a	32.46	73.04	n/a	32.46	73.04	n/a
4"	39.23	112.39	n/a	38.27	109.65	n/a	37.34	106.98	n/a	37.34	106.98	n/a	37.34	106.98	n/a
6"	45.47	204.93	n/a	44.36	199.93	n/a	43.28	195.05	n/a	43.28	195.05	n/a	43.28	195.05	n/a

Commodity Charge (all meter sizes)

TMWA Tier 1	1.92			1.87			1.82			1.82			1.82		
TMWA Tier 2	3.10			3.02			2.95			2.95			2.95		
TMWA Tier 3	3.63			3.54			3.45			3.45			3.45		
WC Tier 1		2.92			2.85			2.78			2.78			2.78	
WC Tier 2		3.65			3.56			3.47			3.47			3.47	
WC Tier 3		4.38			4.27			4.17			4.17			4.17	
WC Tier 4		5.85			5.71			5.57			5.57			5.57	
STMGID Tier 1			1.52			1.48			1.44			1.44			1.44
STMGID Tier 2			2.01			1.96			1.91			1.91			1.91
STMGID Tier 3			2.46			2.40			2.34			2.34			2.34
STMGID Tier 4			2.88			2.81			2.74			2.74			2.74
STMGID Tier 5			3.04			2.97			2.90			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	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
1"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
1 1/2"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
2"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
3"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	n/a	n/a	47.65	n/a	n/a	47.65
4"	n/a	n/a	50.06	n/a	n/a	48.84	n/a	n/a	47.65	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, and June 2022.

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Miles of water mains	2,095	2,064	2,048	2,019	1,986	1,961	1,940	1,915	1,341	1,337
Number of storage tanks	97	96	95	95	93	93	93	93	42	42
Number of finished water storage	2	2	2	2	2	2	2	2	2	2
Number of pump stations	117	115	115	114	113	113	121	112	93	94
Number of wells	100	99	99	100	82	81	79	86	32	32
Treatment capacity (millions of gallons/day)										
Glendale Plant	34.5	34.5	34.5	34.5	34.5	34.5	34.5	37.5	37.5	37.5
Chalk Bluff	90.0	90.0	90.0	90.0	90.0	90.0	90.0	95.0	95.0	95.0
Longley Lane	3.6	3.6	3.6	3.6	3.6	3.6	3.6	—	—	—
Mt. Rose	4	—	—	—	—	—	—	—	—	—

* 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		Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
	Date	Authorized	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	June 30, 2013
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 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	\$ 3,331,277
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	—	—	890,000	34,795,000	35,620,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	—	400,000	148,415,000	148,785,000	149,140,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	—	214,290,000	214,800,000	215,285,000	215,745,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	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	2,040,534
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	—	9,435,000	19,855,000	28,240,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	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	4,381,614
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	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	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	6,954,935	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	—	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	7/1/2030	147,415,000	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	—	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	11,215,000	13,000,000	—	—	—	—	—	—	—	—
Subtotal			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	438,498,425
Less unamortized net bond discount (premium)			(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)	(661,198)
Total debt before tax exempt commercial paper			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	439,159,623
Tax-Exempt Commercial Paper		\$ 53,600,000	—	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000	68,000,000
Total Debt			<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>	<u>\$ 507,159,623</u>

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015*	2014	2013
Total Debt	\$ 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	\$ 438,498,425
Total Service Connections	131,632	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070	88,268
Debt per Service Connection	<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>	<u>\$ 4,968</u>

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

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

Compliance Section

Truckee Meadows Water Authority



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate remaining fund information of Truckee Meadows Water Authority (TMWA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise TMWA's basic financial statements, and have issued our report thereon dated December 28, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

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*.

TMWA's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on TMWA's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. TMWA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

Reno, Nevada
December 28, 2022



**Independent Auditor's Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Truckee Meadows Water Authority's (TMWA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the TMWA's major federal program for the year ended June 30, 2022. TMWA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TMWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TMWA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of TMWA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to TMWA's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TMWA's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TMWA's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 TMWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of TMWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TMWA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Reno, Nevada
December 28, 2022



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, 2022, 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, 2021 audit report.

Prior Year Recommendations

There were no findings for the year ended June 30, 2021.

Current Year Recommendations

Our current year recommendation is included in the schedule of findings and questioned costs.

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

Reno, Nevada
December 28, 2022

Truckee Meadows Water Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Award or Pass- Through Entity Identifying Number	Expenditures	Payments to Subrecipients
<u>U.S. Department of Homeland Security (DHS):</u>				
Passed through Nevada Department of Public Safety Division of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TMWAC04	\$ 314,902	\$ —
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TMWAD01v1	1,767,144	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	143060	71,409	—
Total U.S. Department of Homeland Security			<u>2,153,455</u>	<u>—</u>
<u>U.S. Environmental Protection Agency (EPA):</u>				
Passed through One Truckee River:				
Nonpoint Source Implementation Grants	66.460	DEPS 22-011	11,196	—
Total U.S. Environmental Protection Agency			<u>11,196</u>	<u>—</u>
Total Federal Financial Assistance			<u><u>\$ 2,164,651</u></u>	<u><u>\$ —</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Truckee Meadows Water Authority (TMWA) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TMWA, it is not intended to and does not present the financial position, changes in net position, or cash flows of TMWA.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

TMWA has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	No

Identification of Major Program:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings:

**2022-001: Financial Statement and Reconciliation Controls
Significant Deficiency**

<i>Criteria:</i>	TMWA is to provide GAAP basis financial data for preparation of the annual financial statement . The Governmental Accounting Standards Board (GASB) Statement No. 9, <i>Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting</i> provides guidance for the Statement of Cash Flows required to be presented under GAAP.
<i>Condition:</i>	Based on audit procedures performed, we identified the Statement of Cash Flows has historically been prepared by management to focus on both cash and investments and should only focus on activity that relates to cash and cash equivalents as described in GASB Statement No. 9. This resulted in a restatement to Cash and cash equivalents, July 1, 2020 to restate the amount to only cash and cash equivalents as defined by GASB and remove investment amounts from the total.
<i>Cause:</i>	TMWA had internal controls over the financial statement reconciliation and based on the nature of their investment policies, all amounts are available on demand and are therefore, classified as cash equivalents. However, the policy did not adequately consider the external financial reporting presentation required by GASB Statement No. 9.
<i>Effect:</i>	Cash and cash equivalent included investment balances in the statement of cash flows which required a prior period adjustment as of July 1, 2020 to properly reflect the cash and cash equivalent as defined under GASB Statement No. 9.
<i>Recommendation:</i>	We recommend TMWA revisit how cash and equivalents are defined within policies and financial statement disclosures and to ensure that only cash and cash equivalents are included as the focus of the cash flow statements prepared within the financial statements moving forward.
<i>Views of Responsible Officials:</i>	TMWA agrees with this finding.