



STANDING ADVISORY COMMITTEE AGENDA

NEW DAY: Tuesday, January 9, 2024 at 3:00 p.m.
Truckee Meadows Water Authority
Independence Room, 1355 Capital Blvd., Reno, NV

NOTES:

1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at <http://www.tmwa.com>, and State of Nevada Public Notice Website, <https://notice.nv.gov/>.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 at least 24 hours before the meeting date.
3. Staff reports and supporting material for the meeting are available on the TMWA website at <http://www.tmwa.com/meeting/> or you can contact Sonia Folsom at (775) 834-8002. Supporting material is made available to the general public in accordance with NRS 241.020(6).
4. The Committee may elect to combine agenda items, consider agenda items out of order, remove agenda items, or delay discussion on agenda items. Arrive at the meeting at the posted time to hear item(s) of interest.
5. Asterisks (*) denote non-action items.
6. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a "Request to Speak" card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.
7. In the event the Chairman and Vice-Chairman are absent, the remaining SAC members may elect a temporary presiding officer to preside over the meeting until the Chairman or Vice-Chairman are present (**Standing Item of Possible Action**).

1. Roll call*
2. Public comment — limited to no more than three minutes per speaker*
3. Approval of the agenda (**For Possible Action**)
4. Recognition of Karl Katt and Jim Smith for their years serving on the Standing Advisory Committee — Neil McGuire*
5. Election of Chair and Vice Chair for 2024 — Justina Caviglia (**For Possible Action**)
6. Approval of the minutes of October 3, 2023 meeting (**For Possible Action**)
7. Water Supply Update — Bill Hauck*
8. Presentation on the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2023 — Matt Bowman and Sophie Cardinal*

9. Presentation of Fiscal Year 2024 Q1 Year-to-Date Financial Results — Matt Bowman*
10. Presentation of public comment regarding TMWA proposed rate increase — Matt Bowman*
11. Proposed amendments to the Standing Advisory Committee Governing Rules — Justina Caviglia **(For Possible Action)**
12. Discussion and possible direction to staff regarding agenda items for future meetings **(For Possible Action)**
13. Staff Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
14. Committee Items* (Unless otherwise listed with a topic description, this portion of the agenda is limited to announcements)
15. Public Comment — limited to no more than three minutes per speaker*
16. Adjournment **(For Possible Action)**



STANDING ADVISORY COMMITTEE

DRAFT MINUTES

October 3, 2023

The Standing Advisory Committee (SAC) met at TMWA, 1355 Capital Blvd, Reno, NV. Chair McGuire called the meeting to order at 3:01 p.m.

1. ROLL CALL

Primary Members and Voting Alternates Present: Fred Arndt, Jordan Hastings, Neil McGuire, Ken McNeil, Chris Melton, *Jonnie Pullman, Alex Talmant and Jerry Wager.

Alternates Present: Ken Becker and Kevin Ryan.

Primary Members and Alternates Absent: Robert Chambers, Colin Hayes, Karl Katt, John Krmptic, Dale Sanderson, Ann Silver and Jim Smith.

Staff Present: Matt Bowman, John Enloe, Sophie Cardinal, Sonia Folsom, Andy Gebhardt, Bill Hauck, David Kershaw, Lauren Jones, Dan Nubel, Shawn Stoddard, Sandra Tozi, John Zimmerman, and Legal Counsel Justina Caviglia (PBL).

**Member Pullman left the meeting at 4:03 p.m.*

2. PUBLIC COMMENT

Chair McGuire welcomed Justina Caviglia, TMWA's new general counsel, to the Committee.

3. APPROVAL OF THE AGENDA

Chair McGuire requested to move item #10 to the next meeting since there were a number of Committee Members absent.

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

4. APPROVAL OF THE MINUTES OF AUGUST 1, 2023 MEETING

Upon motion duly made by Member Melton and seconded by Member Arndt, and carried by unanimous consent of the members present, the Committee approved the minutes of August 1, 2023.

5. PRESENTATION OF FISCAL YEAR 2023 FINANCIAL RESULTS

Matt Bowman, TMWA Chief Financial Officer, presented the staff report.

Members of the Committee inquired how the financial results have impacted the proposed rate adjustments and if they were better, would the proposed rate adjustments be reduced. Mr. Bowman replied no, the proposed rate adjustments are as balanced as possible to ensure TMWA's financial stability. Mr. Bowman further explained the Board had requested two additional scenarios (higher rates and delayed implementation) at the August Board meeting which were presented at the September Board meeting and the Board decided to approve Scenario B, which the Committee approved at the August meeting, of 4.5%, 4.0%, and 3.5% in fiscal years 2024, 2025 and 2026 (with the option to defer or lower the rates before final implementation). He added that there will be four open houses to gain public feedback and answer questions which will be followed by two readings in front of the Board at their January and February Board meetings; implementation will be the June billing cycle.

6. WATER SUPPLY UPDATE

Bill Hauck, TMWA Water Supply Supervisor, informed the Committee that the snowpack in Lake Tahoe Basin was the largest on record and effectively ended the drought, Lake Tahoe rose about 5.8 feet from December 2022 to mid-July 2023, normal river flows are projected through the end of 2024 and into 2025, and the region is well positioned from a water supply perspective.

Committee Members inquired about the status of the springtime releases and flood management and how much water is used for irrigation. Mr. Hauck replied that the study with the Army Corps of Engineers is almost complete. A draft report will be available in November 2023, but it will take some time for it to be finalized. However, TMWA can apply for deviations to start filling earlier than April. Mr. Bowman added that 12% of revenue is from commercial customers and only 1-2% is from irrigation.

Andy Gebhardt, TMWA Director of Distribution, added that TMWA uses only 3% of water out of the river in a normal year and 8-9% during dry years.

7. AQUIFER STORAGE RECOVERY UPDATE

Lauren Jones, TMWA Hydrogeologist, presented on TMWA's Aquifer Storage and Recovery (ASR) program. Ms. Jones explained how regulations changed in 2016 regarding permitting and compliance sampling, which prompted staff to be more strategic in the well sites where to inject water and how

resting of wells during the winter, especially on the Mt. Rose-Galena Fan area, has improved water table levels.

8. UPDATE ON STANDING ADVISORY COMMITTEE MEMBERSHIP

Sonia Folsom, TMWA SAC Liaison, presented the updated Committee membership for 2024-2025 that will be presented to the Board at the December meeting.

9. PRESENTATION AND POSSIBLE APPROVAL OF 2024 MEETING SCHEDULE

Ms. Folsom presented the 2024 meeting schedule.

Upon motion duly made by Member Wager and seconded by Member Arndt, and carried by unanimous consent of the members present, the Committee approved the 2024 meeting schedule.

10. ELECTION OF CHAIR AND VICE CHAIR FOR 2024

This item was not heard.

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

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

Next meeting:

1. Election of Chair and Vice Chair for 2024
2. Amendment to the Standing Advisory Committee Governing Rules
3. Water supply update
4. Presentation on the rate adjustment public open houses
5. Presentation of FY2023 Annual Comprehensive Financial Report (ACFR)
6. Presentation of Q2 financial performance

12. STAFF ITEMS

John Zimmerman, TMWA General Manager, introduced Dan Nubel, TMWA's Attorney, who joined in September.

13. COMMITTEE ITEMS

Chair McGuire inquired if it was appropriate to introduce staff who are sitting in the meeting. Ms. Folsom replied that it would be okay to do so.

14. PUBLIC COMMENT

There was no public comment.

15. ADJOURNMENT

With no further items for discussion, Chair McGuire adjourned the meeting at 4:12 p.m.

Approved by the Standing Advisory Committee in session on _____.

Sonia Folsom, Recording Clerk

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

DRAFT

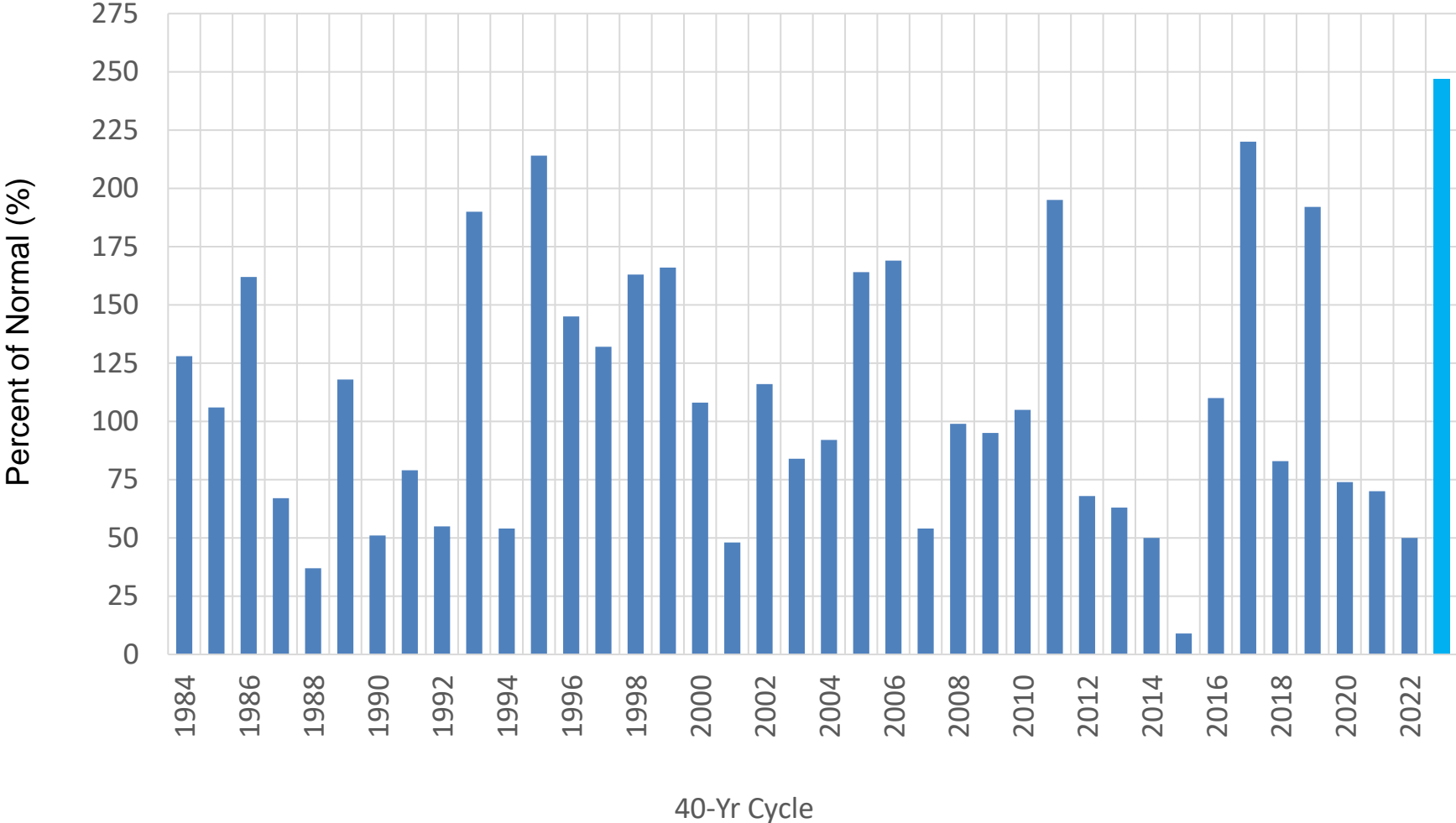


Water Supply Update

Standing Advisory Committee Meeting

January 9, 2024

April 1 Lake Tahoe Basin Snowpack (last 40 years)



Truckee River System



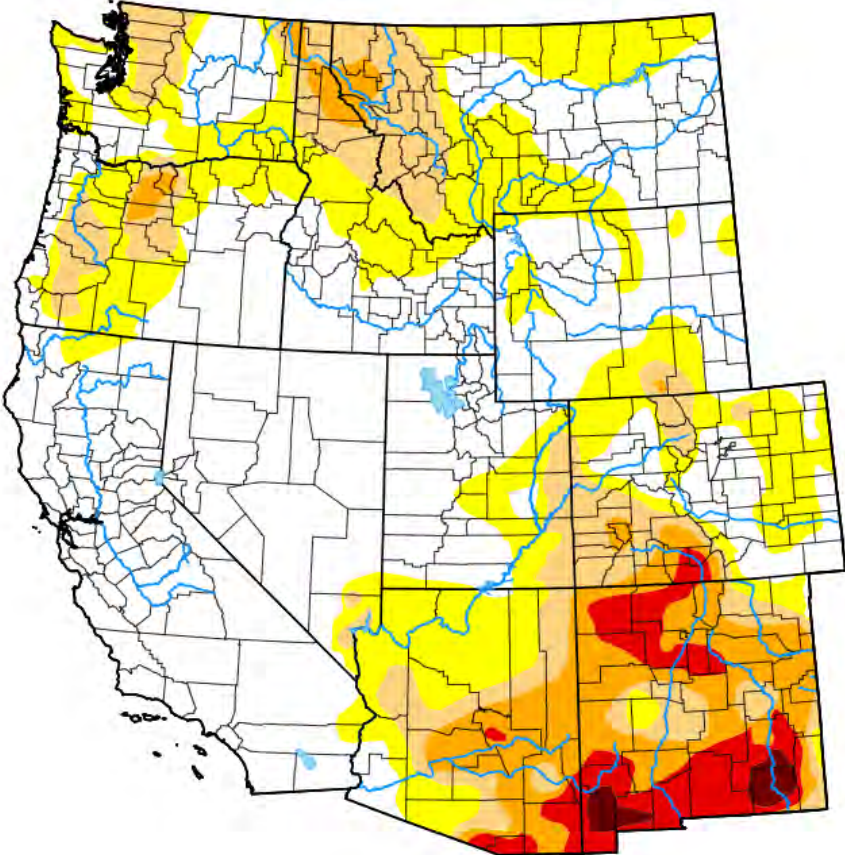
U.S. Drought Monitor

West

[Home](#) / [West](#)

Map released: Thurs. January 4, 2024

Data valid: January 2, 2024 at 7 a.m. EST



Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

United States and Puerto Rico Author(s):

[Lindsay Johnson](#), National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

[Richard Heim](#), NOAA/NCEI

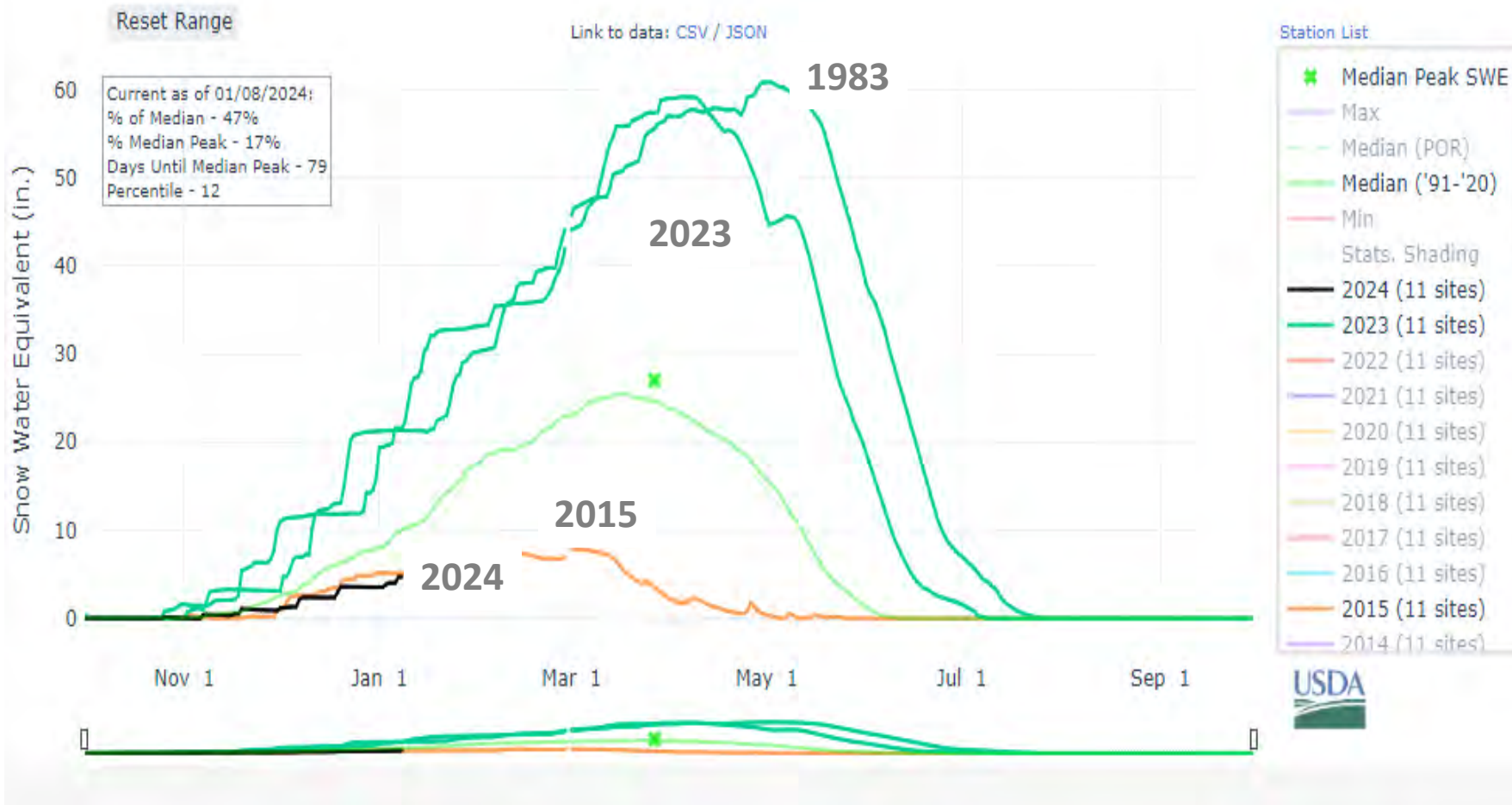


DANGER
DROWNING HAZARD
UNDEPTON & STRONG CURRENT
NO SWIM

Donner Lake PTZ

Page 5 of 13
01/08/2024 15:56:53

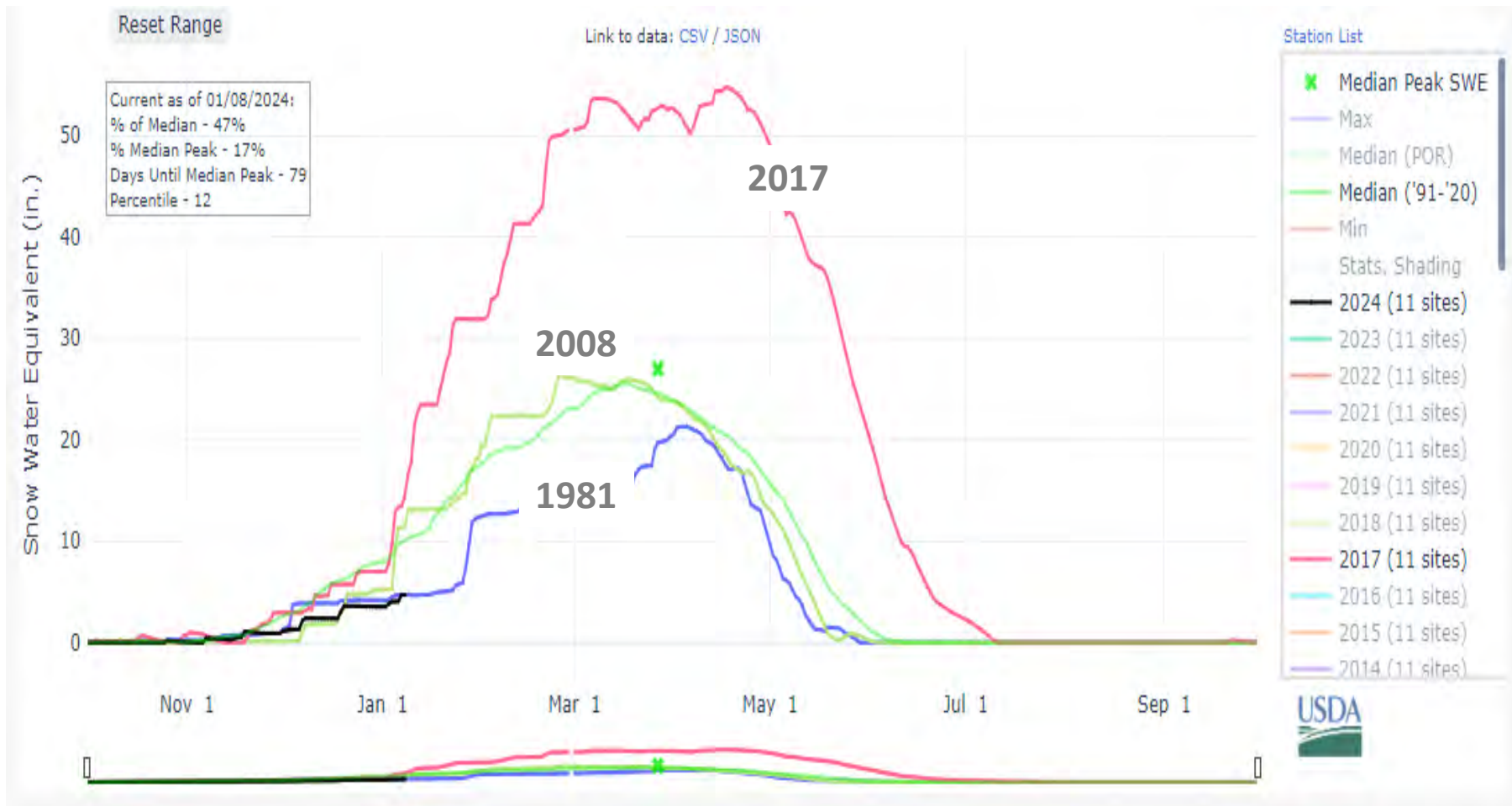
Lake Tahoe Basin Snowpack Comparison (NRCS)



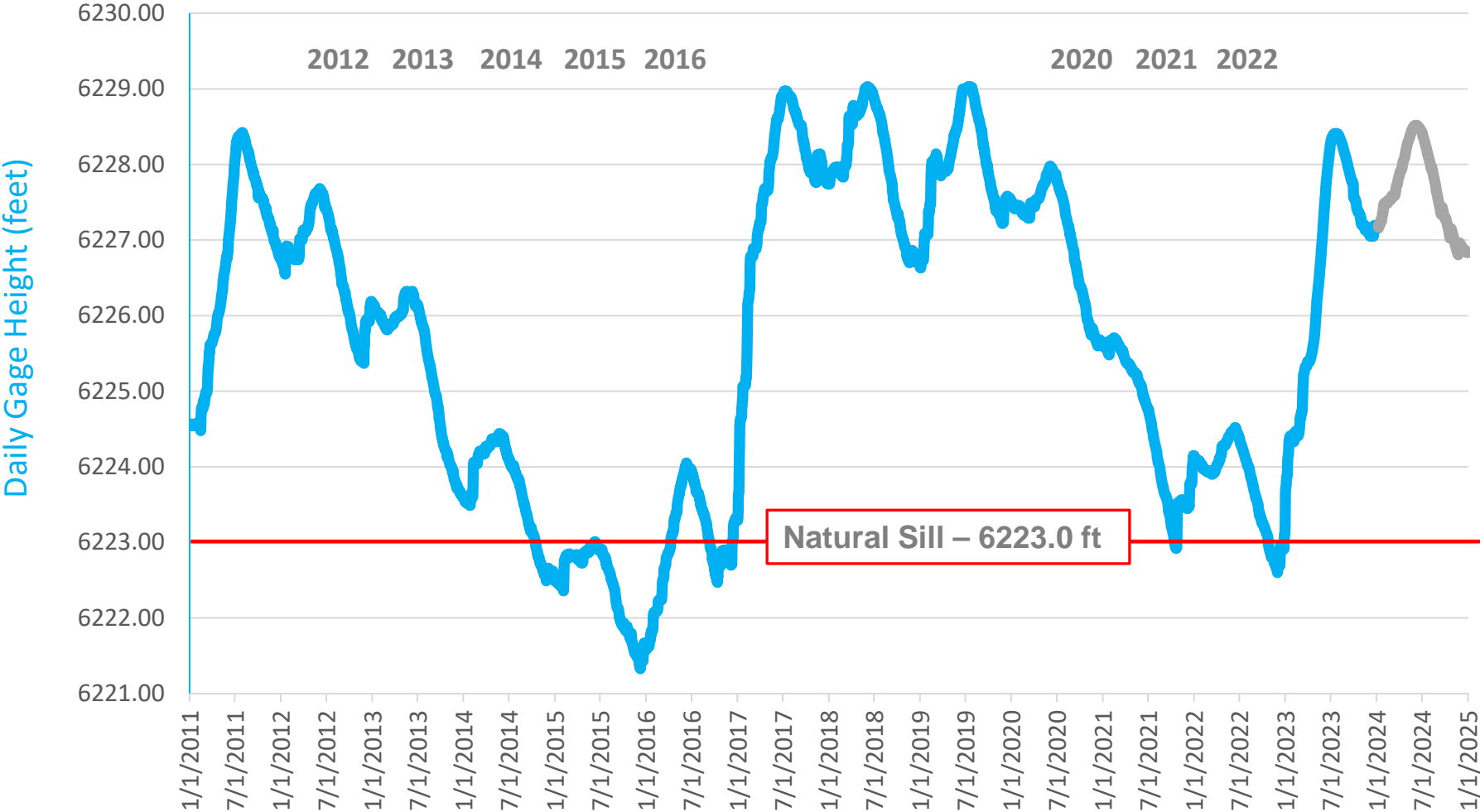
Lake Tahoe Basin Snow Water Equivalent Report (NRCS)

California/Nevada SNOTEL Snow/Precipitation Update Report							
Based on Mountain Data from NRCS SNOTEL Sites							
Provisional data, subject to revision							
Data based on the first reading of the day (typically 00:00) for Tuesday, January 09, 2024							
Basin Site Name	Elev (ft)	Snow Water Equivalent			Water Year-to-Date Precipitation		
		Current (in)	Median (in)	Pct of Median	Current (in)	Median (in)	Pct of Median
LAKE TAHOE							
Mt Rose Ski Area	8801	7.6	14.4	53	11.4	18.0	63
Heavenly Valley	8534	4.8	8.9	54	6.5	10.2	64
Carson Pass	8355	3.3	13.2 ₍₁₆₎	25	7.9	14.8 ₍₁₆₎	53
Palisades Tahoe	8013	11.8	16.9	70	13.7	21.5	64
Marlette Lake	7884	4.3	8.3	52	6.4	10.8	59
Hagans Meadow	7742	1.2	6.4	19	6.1	10.3	59
Echo Peak	7653	6.3	15.0	42	12.3	21.0	59
Rubicon #2	7619	3.4	9.3	37	9.9	13.0	76
Tahoe City Cross	6797	1.3	5.6	23	9.0	12.4	73
Ward Creek #3	6745	6.1	12.1	50	17.4	22.4	78
Fallen Leaf	6242	1.0	2.6	38	7.1	10.4	68
Basin Index (%)		45			65		

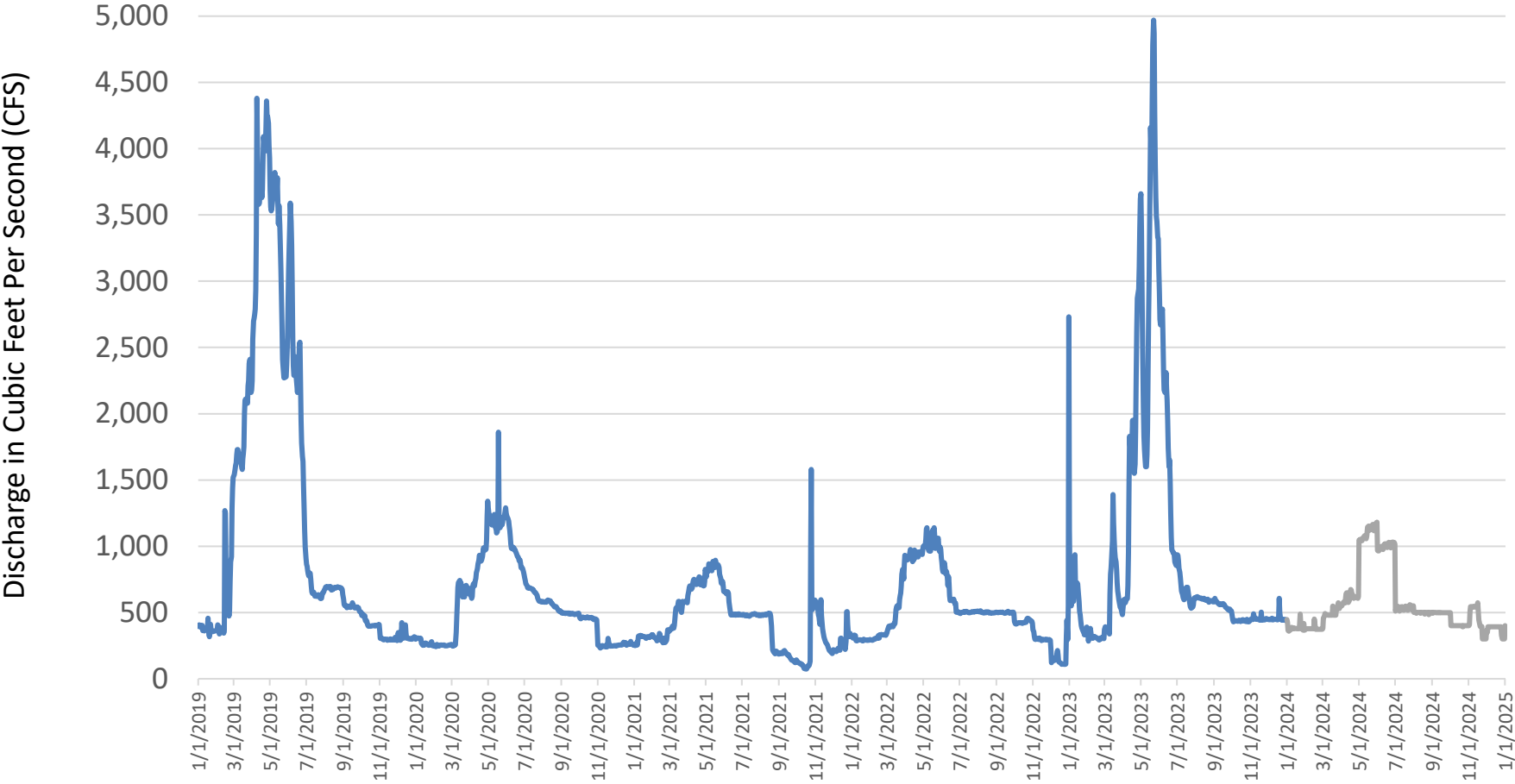
Slow Start - What Does it Mean?



Lake Tahoe Elevation Actual and Projected (2011-2024)



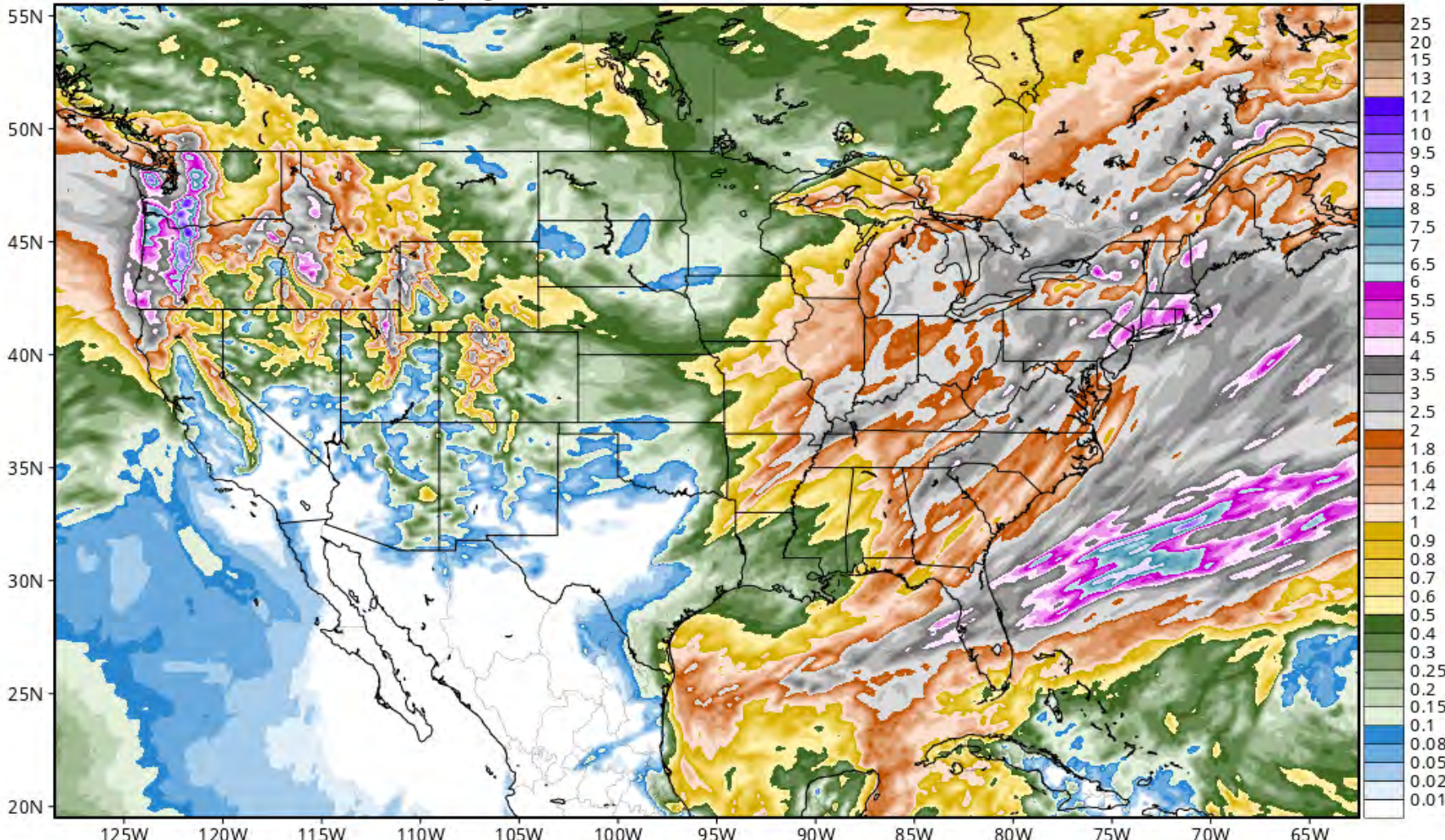
Actual and Projected Truckee River Flow through 2024 @ CA/NV State Line



GFS Total Accumulated Precipitation (inches) from hr 0 to hr 240
Init: 12z Jan 09 2024 Forecast Hour: [240] valid: 12z Fri, Jan 19 2024

Maximum: 11.6 inches

WEATHERSTREET.COM



Fri 7am EST, Jan 19 2024

Key Points

- The record snowpack in 2023 ended the 3-year drought on the Truckee System
- All reservoirs on the Truckee River system filled and spilled (Lake Tahoe filled ~90% capacity)
- A significant amount of this reservoir storage was carried-over into the winter setting this region up for the next couple of years or so
- An average winter this year 2023/2024 would mean that Lake Tahoe fills or comes close to filling again next summer
- The region is off to a slow start as far as snowpack is concerned (~1/3 way through season), but still too early to predict outcome and write this year off
- Normal river flows are projected through the end of this year (2024) and into 2025, *regardless* of what happens this winter
- The region is *still well positioned* from a water supply perspective

Thank you!

Questions?

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



STAFF REPORT

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

Recommendation

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

Summary

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

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

TMWA's ACFR for the fiscal year ended June 30, 2023, has been audited by Eide Bailly LLP. The ACFR includes the letter of transmittal, management's discussion and analysis, the audit report, the financial statements, required supplementary information, statistical schedules, and the compliance section. The financial statements include the Statements of Net Position (Balance Sheets); Statements of Revenues, Expenses and Changes in Net Position (Income Statements); Statements of Cash Flows; and Statements of Fiduciary Net Position and Changes in Fiduciary Net Position for TMWA's Other Postemployment Benefit Trust Funds.

Financial Performance

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

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

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

Audit Results

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

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

Additional Reporting

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

visually striking way. TMWA intends for the PAFR to increase transparency, accountability, and communication with interested parties.



NEVADA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2023 and 2022

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

**Matt Bowman, CPA
Chief Financial Officer**

INTRODUCTORY SECTION

Letter of Transmittal	1
List of Principal Officials	12
Certificate of Achievement for Excellence in Financial Reporting	13
Organizational Chart	14

FINANCIAL SECTION

Independent Auditor's Report	15
Management's Discussion and Analysis	18
Basic Financial Statements	
Statements of Net Position	29
Statements of Revenues, Expenses, and Changes in Net Position	31
Statements of Cash Flows	32
Statements of Fiduciary Net Position	34
Statements of Changes in Fiduciary Net Position	35
Notes to Financial Statements	36
Required Supplementary Information	
Schedules of Changes in Net OPEB Liability and Related Ratios	70
Schedules of OPEB Contributions	72
Schedules of TMWA's Share of Net Pension Liability	74
Schedules of TMWA's Pension Contributions	76
Supplementary Information	
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual	78
Combining Statement of Fiduciary Net Position	80
Combining Statement of Changes in Fiduciary Net Position	81

STATISTICAL SECTION

Schedule No. 1 - Net Position by Component	84
Schedule No. 2 - Changes in Net Position	85
Schedule No. 3 - Operating Revenues by Customer Class	86
Schedule No. 4 - Operating Expenses	87
Schedule No. 5 - Nonoperating Revenues and Expenses	88
Schedule No. 6 - Capital Contributions by Source	89
Schedule No. 7 - Gallons of Water Sold and Revenues by Category	90
Schedule No. 8 - Ten Largest Customers	91
Schedule No. 9 - Debt Service Coverage Ratios	92
Schedule No. 10 - Schedule of Total Building Permits Issued by Jurisdiction/Member Entity	93
Schedule No. 11 - Selected Demographic and Economic Statistics for Washoe County	94
Schedule No. 12 - Principal Employers	95
Schedule No. 13 - Customer and Water Sales by Category	96
Schedule No. 14 - Schedule of Insurance Coverage	98
Schedule No. 15 - Authorized Full-Time Equivalent Employees by Department	99
Schedule No. 16 - Current and Historical Water Rates	100
Schedule No. 17 - Selected Operating and Capital Indicators	101
Schedule No. 18 - Schedule of Changes in Debt	102
Schedule No. 19 - Debt by Service Connection	103

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	105
Auditor's Comments	107



November 21, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for the Truckee Meadows Water Authority (TMWA) for the fiscal year ended June 30, 2023. The purpose of the report is to provide the Board of Directors (Board), our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the Annual Report in accordance with Generally Accepted Accounting Principles (GAAP).

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

Nevada Revised Statutes and bond covenants require that an independent certified public accounting firm selected by the Board audit TMWA's financial statements on an annual basis. Eide Bailly LLP, a firm of licensed certified public accountants, has audited TMWA's basic financial statements as of and for the fiscal years ended June 30, 2023 and 2022. The independent auditor's report is presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 and Public Investments as embodied in Chapter 355 of the Nevada Revised Statutes.

The Annual Report consists of four sections:

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

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

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

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

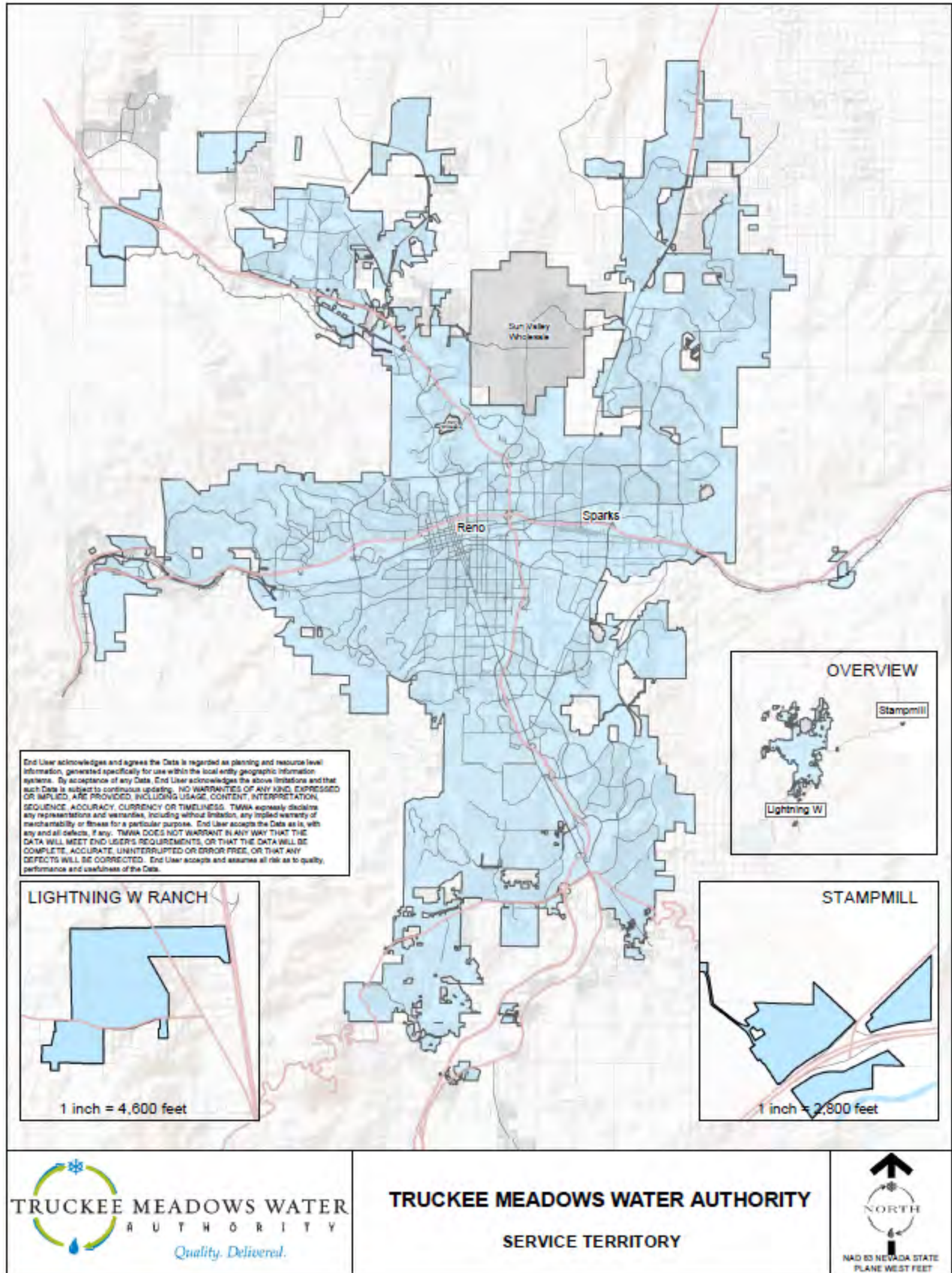
REPORTING ENTITY

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

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

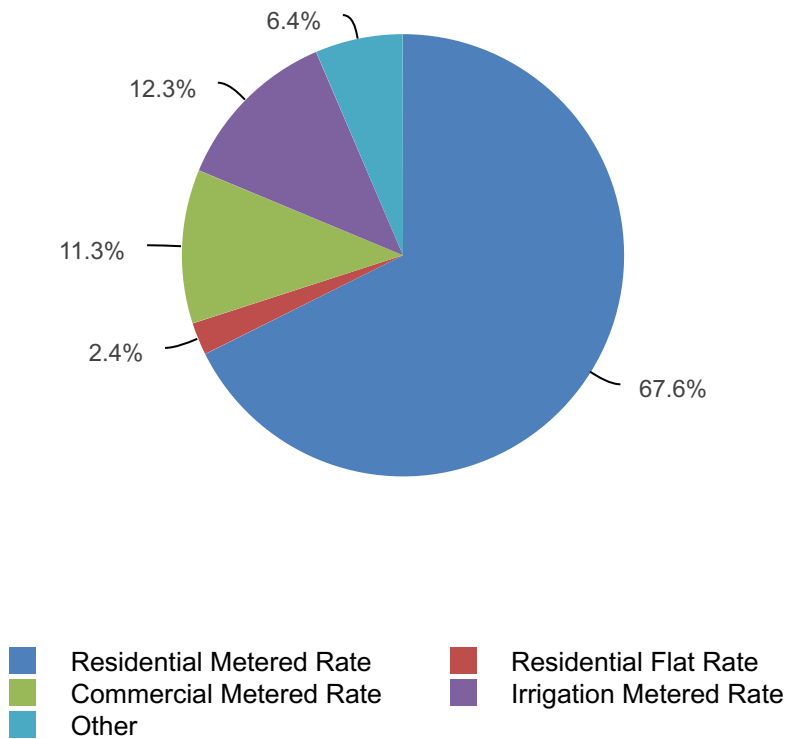
TMWA has over 135,000 service connections and two wholesale customers. TMWA operates within the Truckee Meadows Service Area. TMWA has only one significant wholesale customer, the Sun Valley General Improvement District (SVGID) located north of the Reno-Sparks main metropolitan area. SVGID is wholly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

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



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

TMWA Operating Revenues \$113.1 Million



The metering of the water system, which began under Sierra Pacific in 1995, presents various operational solutions for TMWA. These solutions present the opportunity to collect accurate data on water usage by customer class. This allows TMWA to make more accurate cost of service analyses, to make water rates more equitable across customer classes, and to better anticipate future water resource and water facility requirements. Since the acquisition of the water system, TMWA has metered nearly 100% of water services. Currently, there are approximately less than 650 water services that do not have a meter installed and are billed on a flat rate. These are problematic and relatively expensive services to convert to meters with multiple customers on a single service line.

The Board adopted a goal in August 2003 of maintaining a senior lien debt coverage ratio of at least 1.5 times recurring revenues less operating expenses divided by annual senior lien debt service. This calculation excludes developer facility charges and other fees associated with new development. This target is sufficient to meet minimum debt service coverage requirements, fund reconstruction of the water system on a pay-go basis, and manage TMWA's senior lien bonding capacity to allow for potential future senior lien bond sales if necessary. These measures were deemed necessary to maintain water system infrastructure in a prudent manner and ensure that

TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien debt coverage was approximately 1.33x and with certain developer fees and charges was approximately 1.92x as of June 30, 2023. The senior lien debt coverage ratio dipped below the Board adopted goal of 1.5 primarily due to lower water consumption in the spring paired with inflation, particularly in electric power and chemical costs.

ECONOMIC OUTLOOK AND WATER RESOURCES

The Reno-Sparks metropolitan area enjoys a moderate climate, offers a wide variety of year-round recreational opportunities, and has a favorable tax structure. It is also centrally located in the Pacific region affording efficient distribution of goods throughout the western United States. Northern Nevada's favorable business tax environment nurtures steady growth in TMWA's service area and nearby communities in manufacturing, distribution, warehousing and industrial businesses. TMWA's service area has experienced steady growth since TMWA's inception in 2001. With a population of approximately 353,000 in 2001, Washoe County's population has grown 41% to almost 497,000 in 2022.

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

To ensure appropriate and responsible water resource availability for current and future water demands, TMWA prepares and frequently updates a detailed Water Resource Plan (WRP). In October 2020, the TMWA Board approved the most recent iteration of the WRP for the years 2020-2040. The WRP was previously updated in fiscal year 2016 and covered years 2016-2035. The WRP addresses current water resources, future water resources and water rights availability, defined drought standards and most recently, impacts of climate change. These analyses performed in the most recent WRP conclude that TMWA can utilize the aforementioned water resources to meet incremental water demands required by growth for the next twenty years and beyond. The focal point of the WRP is the population and water demand forecasts for the TMWA consolidated water utility service territory.

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

Since inception, TMWA has made and will continue to make strategic water rights acquisitions to ensure sufficient inventory of water rights are available to issue will-serve commitments for

the foreseeable future. Any given year, as much as 80% or more of the water supply to TMWA's service area is supplied from surface water from the Truckee River. As such, TMWA played a critical role in negotiating and implementing the Truckee River Operating Agreement (TROA). TMWA is a primary signatory to the TROA along with the Pyramid Lake Paiute Tribe (PLPT), the States of Nevada and California, and U.S. Department of the Interior. TROA provides TMWA customers with benefits regarding a new, revised operation of the Truckee River system that provides additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Truckee River water rights, were concluded when TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. TMWA made available to the PLPT certain water rights that met requirements to put TROA into effect in October 2015. In November 2015, remaining related lawsuits were dismissed and TROA became effective December 1, 2015 providing significant additional drought resources for TMWA's service area and completing a multi-decade effort.

TMWA owns and operates 27,000 acre-feet of Privately Owned Stored Water (POSW) reservoir storage comprised of 9,500 and 17,500 acre-feet in Donner Lake and Independence Lake, respectively (both owned and controlled by TMWA). In addition to the owned storage, as a result of TROA, TMWA can access additional storage capacity in certain federal lakes and reservoirs, including Lake Tahoe. As of June 30, 2023, TMWA had 38,000 acre feet stored in these TMWA owned and federally operated reservoirs.

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

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

Advanced Purified Water Program

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

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

TMWA has contributed to the operation and funding of OneWater Nevada since the effort began in 2016. This participation includes the construction and operation of a small-scale pilot treatment facility at the Reno Stead Water Reclamation Facility (RSWRF), a hydrogeological study at American Flat, management of groundwater recharge and recovery facilities, and overall technical and operational support. Through an Interlocal Agreement (ILA) with City of Reno, a Basis of Design Report for the RSWRF American Flat APW Aquifer Storage and Recovery Project was completed in fiscal year 2021. Leveraging the information from this Report, TMWA and City of Reno have executed an ILA for a cost sharing agreement for construction of a two million gallon per day (MGD) APW treatment facility. This facility will take several years to build with construction activities expected to commence in Fall 2024, subject to final TMWA and City of Reno Board approval.

WATER QUALITY

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries. The Truckee River travels into Nevada through the Reno-Sparks Metropolitan area and terminates at Pyramid Lake, a distance of approximately 120 miles. The river's natural water quality is excellent; however, additional steps are taken to purify the water to meet safe drinking water standards that were set forth by the United States Department of Environmental Protection in the early 1990's. TMWA owns and operates the 90 MGD Chalk Bluff Water Treatment Plant, the 34.5 MGD Glendale Water Treatment Plant and the 4 MGD Mount Rose Water Treatment Plant. The Mount Rose Water Treatment Plant treats surface water from Whites Creek, a tributary of the Truckee River. Attesting to TMWA's commitment to the protection of public health, TMWA's Chalk Bluff Water Treatment Plant received the Presidents Award from the Partnership for Safe Water in 2015. This recognition exemplifies TMWA staff's experience, passion, and commitment to producing and delivering outstanding water quality to customers. TMWA has since requalified for this award on an annual basis.

TMWA spends approximately \$1 million annually monitoring water quality by analyzing nearly 15,000 samples covering approximately 20,000 constituents at over 300 locations throughout the TMWA water system to ensure compliance with all current drinking water standards promulgated by the United States Environmental Protection Agency and administered by the Nevada Division of Environmental Protection, Bureau of Safe Drinking Water.

WATER CONSERVATION

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

Water-Efficiency Codes

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

The Water Meter Retrofit Program

Under TMWA's Water Meter Retrofit Program, unmetered services were retrofitted with a meter. Customers without meters pay a flat, monthly water rate: thus, they have no simple way to know their water usage and have less monetary incentive to conserve. Through a charge of \$1,830 for every acre-foot of new surface water demand, developers and others have provided funding for this program to retrofit meters in the system. Due to the program's success, TMWA estimates less than 650 water services do not have a meter installed. In fiscal year 2019, the Water Meter Retrofit Program was replaced by the Water Resource Sustainability Program. Further, the Water Meter Retrofit Program restricted fund balance was entirely depleted during fiscal year 2023.

Water Pricing Structure

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

Water Usage Review Program

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

Water Watcher Program

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

Landscape Retrofit Program

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

Water Conservation Education Program

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

FINANCIAL INFORMATION

Internal Controls

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

Budgetary Controls

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

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

BUDGET ANALYSIS AND VARIANCES

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

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

Total net nonoperating revenues and expenses were \$0.7 million unfavorable to budget. This variance was primarily due to lower investment earnings, specifically a loss on the change in fair value of investments. This was caused by changing invested interest rates during the year and is not realized until the related investment matures or is sold.

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

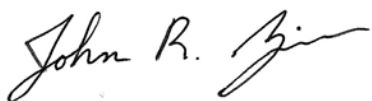
Total capital spending was approximately \$52.1 million for fiscal year 2023, which was approximately \$31.8 million less than the \$83.9 million planned in the final capital budget. The underspend is due to various projects having been deferred to future years.

As reflected in the Statement of Cash Flows, TMWA funded the operating budget, debt service requirements and capital spending from operating revenues, capital contributions and investment income. As of June 30, 2023, TMWA has approximately \$152.2 million of unrestricted cash and investments to fund future operations and capital projects.

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

ACKNOWLEDGMENTS

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



John Zimmerman, Esq.
General Manager



Matt Bowman, CPA
Chief Financial Officer

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

TMWA Board of Directors

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

Naomi Duerr, Reno City Council Member, Vice Chairman

Paul Anderson, Sparks City Council Member

Clara Andriola, Washoe County Commissioner

Jenny Brekhus, Reno City Council Member

Alexis Hill, Washoe County Commissioner

Devon Reese, Reno City Council Member

Management

John R. Zimmerman, Esq., General Manager

Matt Bowman, CPA, Chief Financial Officer

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

Danny Rotter, Director of Engineering

Will Raymond, Director of Operations and Water Quality

Andy Gebhardt, Director of Distribution, Maintenance, and Generation

Jessica Atkinson, Director of Human Resources



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

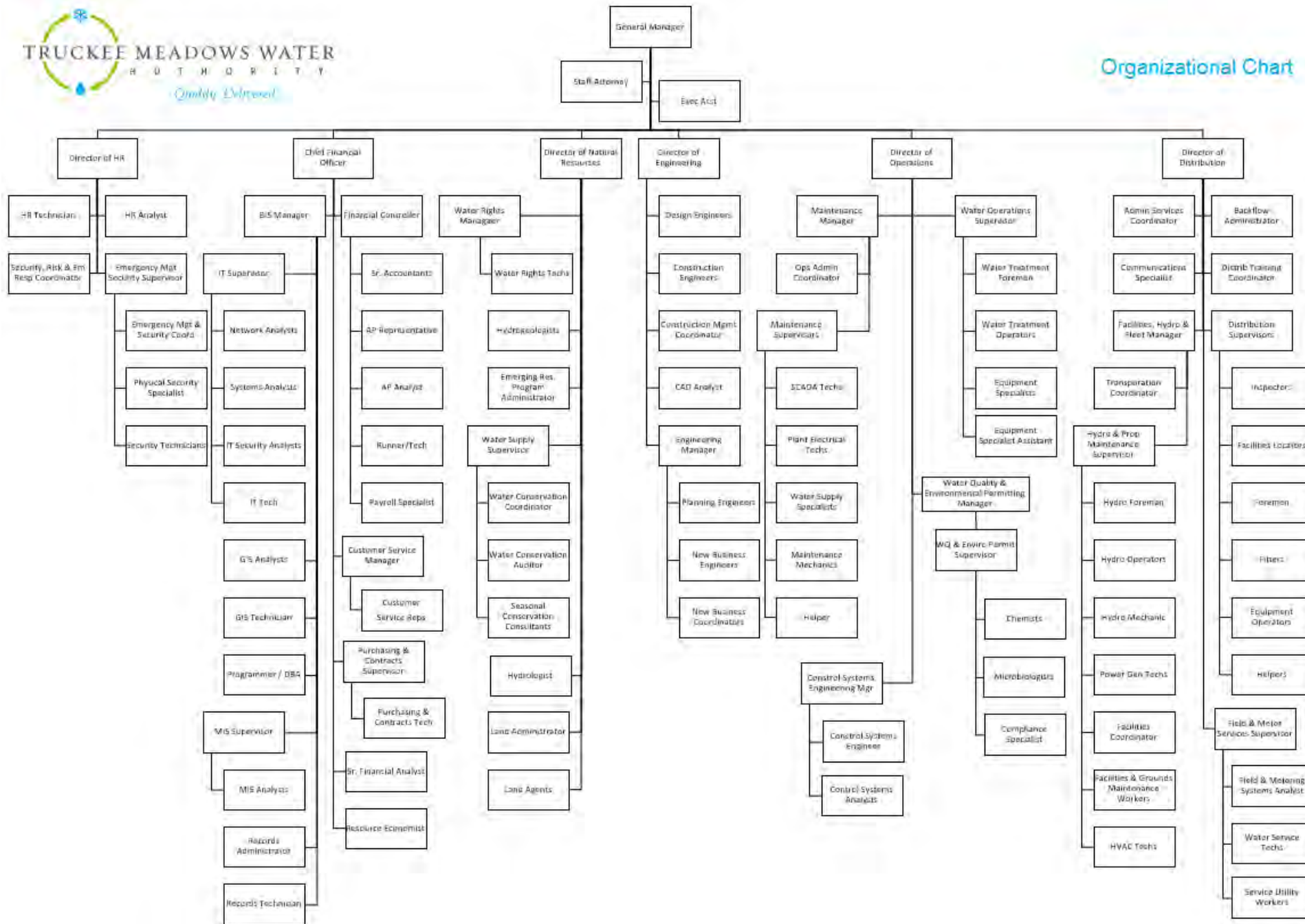
June 30, 2022

Christopher P. Morill

Executive Director/CEO



Organizational Chart





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

What inspires you, inspires us. Let's talk. | eidebailly.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net OPEB liability and related ratios, schedules of OPEB contributions, schedules of TMWA's share of net pension liability, and schedules of TMWA's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of TMWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TMWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMWA's internal control over financial reporting and compliance.



Reno, Nevada
November 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of TMWA's Annual Comprehensive Financial Report presents management's discussion and analysis of TMWA's financial performance during the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021. This section should be read in conjunction with the transmittal letter at the front of this report and TMWA's financial statements following this section.

FINANCIAL HIGHLIGHTS

TMWA's Net Position

(in millions)

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

Financial Position

Fiscal Year 2023 Summary

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

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

Restricted current assets decreased \$4.6 million from June 30, 2022. The Water Resource Sustainability Program fund increased \$0.8 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$0.3 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$2.7 million, mainly due to a \$1.5 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and were depleted entirely in fiscal year ended June 30, 2023. Net other postemployment benefits (OPEB) asset decreased by \$2.9 million as result of the actuarial analysis and a lower return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

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

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

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

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

Fiscal Year 2022 Summary

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

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

Restricted current assets increased \$2.2 million from June 30, 2021. The Water Resource Sustainability Program fund increased \$1.4 million due to contributions collected related to water will-serve sales. When a surface water will-serve is sold to a customer, a fee is collected to fund this program. Current Bond Debt Service increased \$0.8 million due to principal payments due within the next year.

Long-term restricted and other assets decreased \$0.5 million, mainly due to a \$1.0 million reduction in restricted funds related to the consolidation of STMGID in 2015. Funds received from STMGID were restricted for use in the former STMGID service area and continue to decrease annually. Net other postemployment benefits (OPEB) asset increased by \$2.6 million as result of the actuarial analysis and a high return on investments held within the two OPEB trusts. See Note 12 to the financial statements for additional information on TMWA's OPEB plans.

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

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

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

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

TMWA’s Changes in Net Position
(in millions)

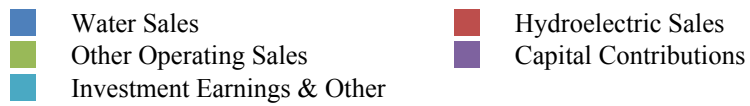
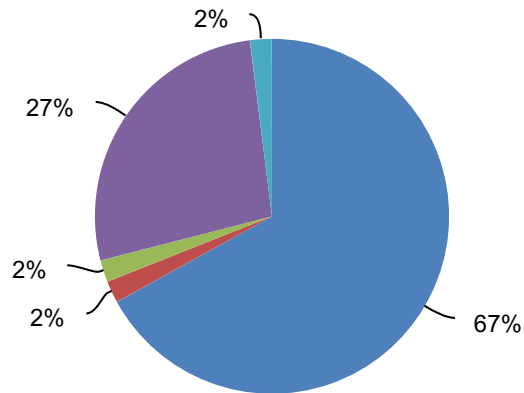
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Operating Revenues	\$ 113.1	\$ 114.6	\$ 115.4
Operating Expenses	114.4	98.6	98.2
Operating Income (Loss)	<u>(1.3)</u>	<u>16.0</u>	<u>17.2</u>
Nonoperating Revenues (Expenses)	<u>(10.8)</u>	<u>(21.5)</u>	<u>(14.1)</u>
Income (Loss)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

TMWA’s Revenues
(in millions)

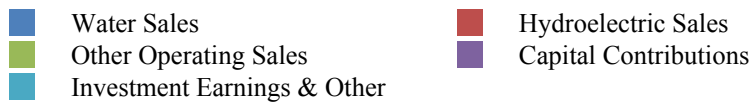
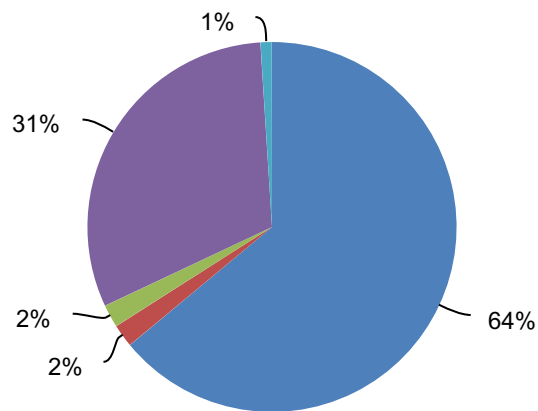
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Revenues			
Operating Revenues			
Water Sales	\$ 107.1	\$ 108.2	\$ 109.8
Hydroelectric Sales	2.9	2.6	2.8
Other Operating Sales	3.1	3.8	2.8
	<u>113.1</u>	<u>114.6</u>	<u>115.4</u>
Nonoperating Revenues			
Investment Earnings	<u>3.6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

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

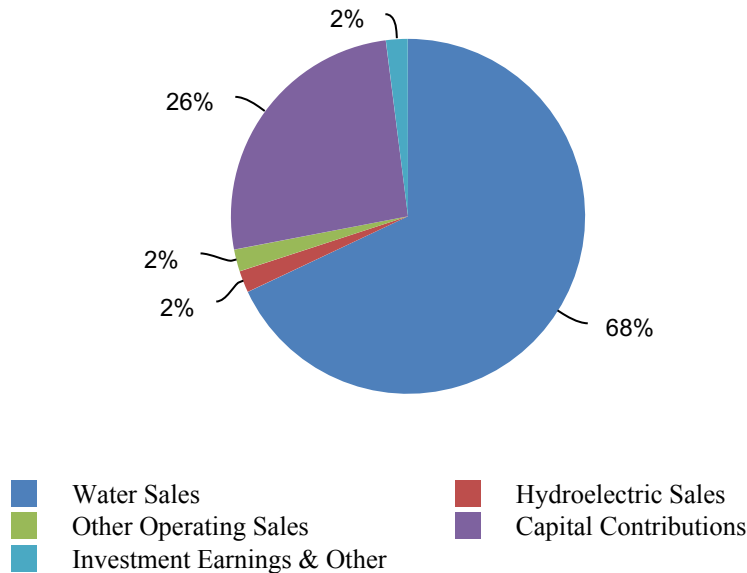
Total Revenues for the Year Ended June 30, 2023



Total Revenues for the Year Ended June 30, 2022



Total Revenues for the Year Ended June 30, 2021



Results of Operations-Revenues

Fiscal Year 2023 Summary

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

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

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

Fiscal Year 2022 Summary

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

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

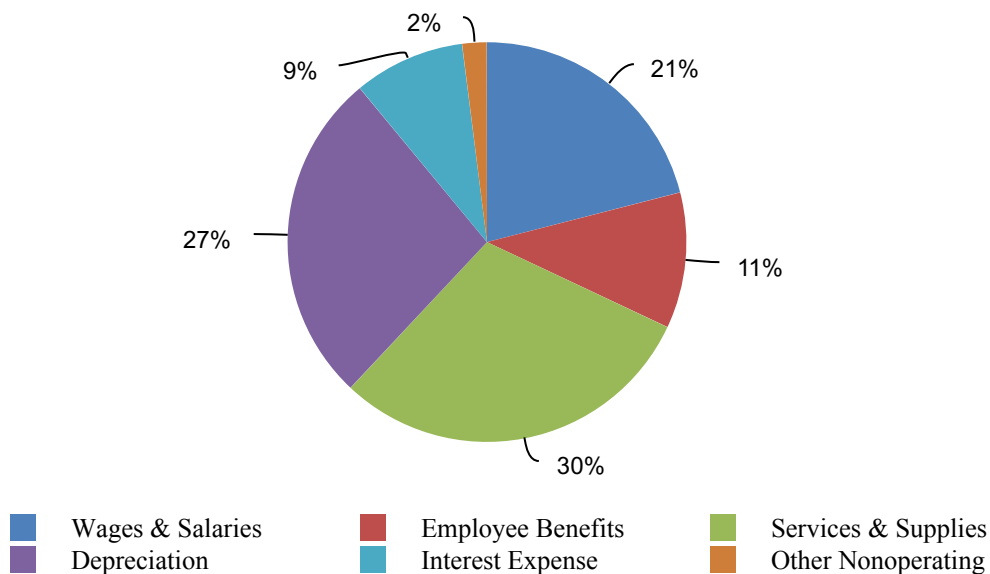
For fiscal year 2022, capital contributions increased by \$10.2 million. The main driver of the increase was developer infrastructure contributions which were \$8.0 million greater than fiscal year 2021. These contributions are infrastructure built by developers to TMWA's specifications and then dedicated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

TMWA’s Expenses
(in millions)

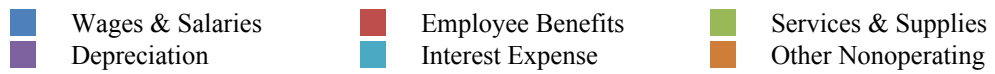
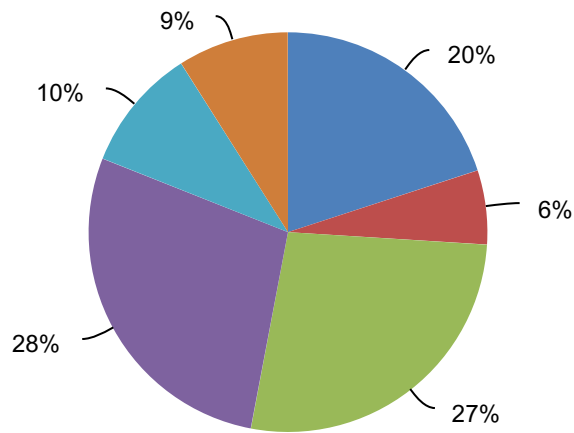
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Restated June 30, 2021</u>
Expenses			
Operating Expenses			
Wages & Salaries	\$ 27.3	\$ 24.7	\$ 23.1
Employee Benefits	13.9	7.5	11.3
Services & Supplies	38.3	32.8	30.5
Depreciation	34.9	33.6	33.3
	<u>114.4</u>	<u>98.6</u>	<u>98.2</u>
Nonoperating Expenses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

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

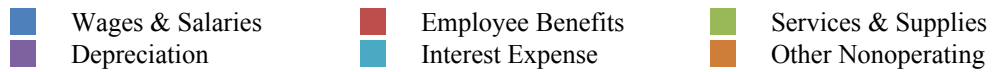
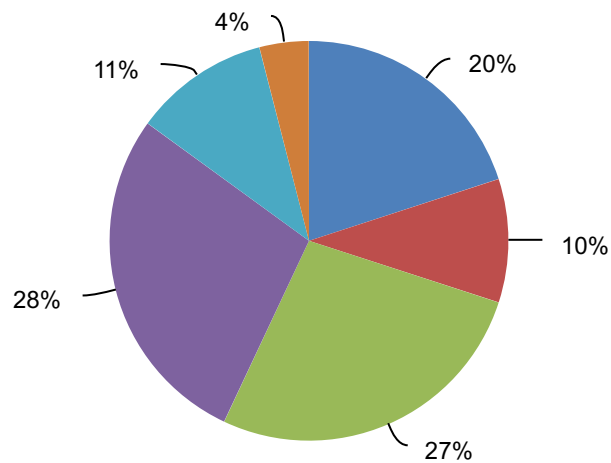
Total Expenses for the Year Ended June 30, 2023



Total Expenses for the Year Ended June 30, 2022



Total Expenses for the Year Ended June 30, 2021



Results of Operations-Expenses

Fiscal Year 2023 Summary

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

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

Fiscal Year 2022 Summary

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

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

CAPITAL ASSETS

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

At June 30, 2022, TMWA's total capital assets were \$1,599.0 million before accumulated depreciation of \$554.1 million, for a net book value of \$1,044.9 million. Included in the total capital assets reported on the Statement of Net Position was \$46.6 million in construction work in progress.

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

LONG-TERM DEBT

At June 30, 2023, TMWA had \$351.2 million in total reported debt outstanding. This amount reflects \$322.0 million in total outstanding principal indebtedness and \$29.1 million net bond

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

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

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

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

CONTACTING TMWA'S FINANCIAL MANAGEMENT

This financial report was prepared for the benefit of the customers, bond investors, and the Board of Directors of the Truckee Meadows Water Authority. The Annual Comprehensive Financial Report was prepared to provide interested parties with a general overview of the Truckee Meadows Water Authority's accountability for the financial resources it manages. For questions or additional information, please contact the Truckee Meadows Water Authority's Finance Department at P.O. Box 30013, Reno, Nevada 89520-3013.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity and Purpose

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

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

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

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

Basis of Accounting

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

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

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

In accordance with GASB Statement No. 84, TMWA reports its two Other Postemployment Benefit (OPEB) Plans as a fiduciary fund. The OPEB Plans, which have a December 31 year-end, do not present the results of operations of TMWA or have a measurement focus. They are therefore not consolidated in TMWA's Statements of Net Position or Statements of Revenue, Expenses and Changes in Net Position.

Budgets and Budgetary Accounting

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

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

Cash and Investments

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

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

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

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

Cash Equivalents

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

Accounts Receivable

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

Restricted Assets

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

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

Certain assets of TMWA are classified as restricted assets on the Statements of Net Position because they were derived from contributions from developers to fund the water meter retrofit and water resource sustainability programs adopted under Title II of Public Law 101-618. Other assets of TMWA are classified as restricted assets on the Statements of Net Position because they are set aside to provide other postemployment benefits per the §501(c)(9) Plan.

Prepaid Items

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Other Postemployment Benefits

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

Compensated Absences

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

Long-Term Debt

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

Classification of Revenues

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

Net Position

Net Position is displayed in three classifications:

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

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

Reclassifications

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

Use of Estimates in Preparing Financial Statements

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

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting concerning subscription-based information technology arrangements. This Statement requires governments to report such arrangements as intangible assets and corresponding liabilities in their statements of net position. The adoption of this guidance in the fiscal year ended June 30, 2023, did not have a material impact on TMWA's financial statements.

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

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

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

Note 3 - Accounts Receivable, Net

Accounts receivable, net consisted of the following:

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

Note 4 - Cash and Investments

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

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

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

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

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	\$ 79,381,722	\$ 76,355,786	\$ 72,852,723	\$ 228,590,231

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

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

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

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

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations and is a function of the credit quality ratings of investments. TMWA follows State statute for reducing exposure to investment credit risk by investing in U.S. Agencies securities; “AAA” rated money market mutual funds that invest in securities issued by the U.S. Government or agencies of the U.S. Government, and the State of Nevada Local Government Pooled Investment Fund (LGIP). TMWA has a debt reserve fund with LGIP, which is an unrated external investment pool with investment duration of 113 days at June 30, 2023, and 125 days at June 30, 2022.

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

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

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>

Concentration of Credit Risk

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

At June 30, 2023 and 2022, the following investments by issuer exceeded 5% of TMWA's total investments:

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

Investments Measured at Fair Value

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

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

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 51,920,446	\$ 51,920,446	\$ —
U.S. Agencies	85,897,376	—	85,897,376
Certificates of Deposit	4,118,909	—	4,118,909
Corporate Notes	30,012,335	—	30,012,335
	171,949,066	\$ 51,920,446	\$ 120,028,620
LGIP	2,404,342		
Money Market Mutual Funds*	31,381,893		
	<u>\$ 205,735,301</u>		

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

	Fair Value	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasuries	\$ 42,223,874	\$ 42,223,874	\$ —
U.S. Agencies	104,674,294	—	104,674,294
Certificates of Deposit	8,186,868	—	8,186,868
Corporate Notes	33,241,835	—	33,241,835
	188,326,871	\$ 42,223,874	\$ 146,102,997
LGIP	2,337,315		
Money Market Mutual Funds*	35,281,891		
	<u>\$ 225,946,077</u>		

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

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

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

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

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

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2023 follows:

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

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

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

Note 6 - Leases

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

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

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

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

Note 7 - Long-Term Liabilities**Long-Term Debt**

On June 8, 2005, TMWA entered into a loan contract with the State of Nevada Drinking Water State Revolving Fund (DWSRF) to fund TMWA's Arsenic Mitigation Project. TMWA made draws on this contract as construction proceeded, totaling \$4,669,565. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On August 15, 2006, TMWA began an inaugural Tax-Exempt Commercial Paper (TECP) program that originally authorized the issuance of up to \$160,000,000 in TECP notes. The first draw was on August 16, 2006 for \$30,000,000, and a second draw was on December 5, 2006 for \$13,000,000. The proceeds from the first two draws were used solely to purchase water rights for future sale of will-serve commitments to developers. A third draw was made on February 15, 2008 for \$25,000,000 to fund certain construction projects on an interim basis. A fourth draw was made on June 28, 2011 for \$11,400,000 for the purpose of redeeming the remaining outstanding Series 2001A Bonds which were callable on July 1, 2011. TMWA redeemed the \$11,400,000 issued in the fourth draw on December 10, 2012. TMWA issued a fifth draw for \$27,000,000 on December 17, 2014 to refund, on an advanced basis, \$26,100,000 in Washoe County water obligations to effect the water utility consolidation between Washoe County and TMWA with proceeds transferred to escrow on the date of issuance. The funds in escrow were distributed to the Washoe County bondholders as of July 1, 2015, the call date of the bonds. On various dates in fiscal year 2016, TMWA redeemed \$7,200,000. On September 7, 2016, TMWA redeemed \$4,400,000, and on September 5, 2017, TMWA redeemed \$9,200,000. On May 15, 2018 TMWA redeemed \$44,200,000 as part of the Series 2018 Water Revenue Refunding (see below). This left an outstanding balance of \$30,000,000 as of June 30, 2018. On September 4, 2018, TMWA redeemed \$6,500,000, on October 2, 2019, TMWA redeemed \$5,000,000, and on March 3, 2020, TMWA redeemed \$2,500,000. This left an outstanding balance of \$16,000,000 as of June 30, 2020. In the first half of fiscal year 2021, TMWA redeemed \$3,000,000 of the \$16,000,000 outstanding. The remaining \$13,000,000 was redeemed in June 2021 as part of the 2021 Subordinate Water Refunding Bonds (see below). TMWA has remaining authorization to issue \$53,600,000 as of June 30, 2023.

On July 25, 2009, TMWA entered into a loan contract with the DWSRF, the 2009A DWSRF Loan, to partially fund TMWA's Mogul Bypass Siphon Project. The loan was provided through the American Recovery and Reinvestment Act (ARRA) stimulus funding provided by the federal government. TMWA made draws on this contract as construction proceeded, totaling \$2,401,120. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan will be payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds, and any future senior lien bonds.

On February 11, 2010, TMWA entered into a loan contract with DWSRF, the 2010A DWSRF Loan, to fund TMWA's Glendale Water Treatment Plant Diversion Project. Total construction costs for the Glendale Diversion Project were less than expected. Consequently, TMWA requested and was granted that the remaining loan authorization be able to fund final improvements on the Highland Canal. During fiscal year 2013, the loan was finalized in the total amount of \$4,381,614. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the,

senior lien 2015A Refunding Bonds the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On December 31, 2014, TMWA entered into a loan contract with the DWSRF, to transfer the remaining loan balance of the Washoe County Water Utility 2005 DWSRF loan to TMWA. The transfer was in conjunction with the transfer of operations of the Washoe County Water Utility into TMWA on January 1, 2015. The loan contract was entered into by the Washoe County Water Utility to construct the Longley Lane Water Treatment Facility, a facility that was transferred to TMWA. The loan balance of \$9,109,437 was transferred to TMWA under the same terms that existed with Washoe County as the TMWA 2014 DWSRF loan. The original balance of the loan was \$14,162,268. The loan constitutes a special limited obligation of TMWA, and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues, derived from the operation of the Water System. When it was transferred this loan had a remaining term of 10 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds.

On April 14, 2015, TMWA issued \$28,750,000 in Series 2015A Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund on a current basis \$33,050,000 in maturities of the Series 2005A Bonds. The proceeds of the refunding bond issue were placed in an irrevocable trust for the purpose of generating financial resources to defease the callable portion of the Series 2005A Bonds. The Series 2005A refunded bonds are considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The net carrying amount of the old debt exceeded the reacquisition price by \$140,645. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over approximately 21 years by \$6,563,813 and resulted in an economic gain of \$4,575,309. The funds held in the irrevocable trust were distributed to 2005A bondholders as of July 1, 2015, the call date of the 2005A Bonds.

On July 30, 2015, TMWA entered into a loan contract with the DWSRF, the 2015B DWSRF Loan, to fund TMWA's surface and groundwater supplies in the North Valleys particularly the Stead area, Lemmon Valley area, and North Virginia Corridor. TMWA made draws on this contract as construction proceeded, totaling \$8,971,562. The loan constitutes a special limited obligation of TMWA and the principal and interest on the loan are payable solely from and secured by an irrevocable pledge of the net revenues derived from the operation of the Water System. This loan has a term of 20 years. This loan is subordinate to the senior lien 2015A Refunding Bonds, the 2016 Refunding Bonds, the 2017 Refunding Bonds, the 2018 Refunding Bonds as well as any future senior lien bonds. This loan is also subordinate to the 2005 DWSRF Bonds, the 2009A DWSRF ARRA Bonds, the 2010A DWSRF Bonds, the 2014 DWSRF Bonds, and the 2015B DWSRF Bonds.

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

On April 11, 2017, TMWA issued \$147,415,000 in Series 2017 Water Revenue Refunding Bonds which constitute special limited obligations of TMWA. These bonds were sold to refund \$214,290,000 in maturities of the Series 2007 Bonds. The proceeds of the refunding bond issue along with \$32,865,308 from TMWA's cash balances were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating financial resources for the future debt service payments of the refunded Series 2007 Bonds. As a result, the refunded bonds were considered to be defeased and the liability has been removed from TMWA's Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$289,903. The unamortized balance is being amortized as a component of interest income over the remaining life of the old and new debt, which has the same remaining life. This current refunding was undertaken to reduce total debt service payments over 14 years by \$15,301,534, and resulted in an economic gain of \$15,948,105. The funds in the irrevocable trust were distributed to 2007 bondholders as of July 1, 2017, the call date of the 2007 Bonds.

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

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

The following schedules summarize the changes in long-term debt obligations as of June 30, 2023:

	Final Maturity Date	Authorized	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due in 2023-2024
Direct Borrowings							
2005 - DWSRF Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 955,680	\$ —	\$ 308,471	\$ 647,209	\$ 318,452
2009 A - DWSRF ARRA Bonds 0.00%	7/1/2029	2,401,120	927,515	—	123,669	803,846	123,669
2010 A - DWSRF Bonds 3.25%	1/1/2030	4,381,614	2,360,812	—	262,896	2,097,916	271,509
2014 - DWSRF Bonds 2.81%	1/1/2025	9,109,437	2,880,336	—	933,448	1,946,888	959,863
2015 B - DWSRF Bonds 2.62%	7/1/2035	15,000,000	6,954,935	—	435,597	6,519,338	447,085
2021 - Refunding Bonds 1.19%	6/1/2028	13,000,000	11,215,000	—	1,815,000	9,400,000	1,835,000
		48,561,736	25,294,278	—	3,879,081	21,415,197	3,955,578
Bonds Payable							
2015 A - Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	23,295,000	—	1,055,000	22,240,000	1,110,000
2016 - Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	—	—	124,790,000	—
2017 - Refunding Bonds 4.00%-5.00%	7/1/2030	147,415,000	126,285,000	—	11,560,000	114,725,000	12,135,000
2018 - Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	—	—	38,835,000	—
		339,790,000	313,205,000	—	12,615,000	300,590,000	13,245,000
Subtotal		388,351,736	338,499,278	—	16,494,081	322,005,197	17,200,578
Plus unamortized net bond premium			33,350,078	—	4,203,500	29,146,578	
Total debt before TECP			371,849,356	—	20,697,581	351,151,775	
TECP		53,600,000	—	—	—	—	—
Total Debt		<u>\$441,951,736</u>	<u>\$371,849,356</u>	<u>\$ —</u>	<u>\$ 20,697,581</u>	<u>\$351,151,775</u>	<u>\$ 17,200,578</u>

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

	Final Maturity Date	Authorized	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in 2022-2023
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>

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

Year Ending June 30,	Direct Borrowings		Bonds Payable		Total Debt Service
	Principal Payment	Interest Payment	Principal Payment	Interest Payment	
2024	\$ 3,955,578	\$ 406,559	\$ 13,245,000	\$ 14,698,375	\$ 32,305,512
2025	4,038,730	326,481	13,920,000	14,019,250	32,304,461
2026	2,764,237	254,213	13,535,000	13,332,875	29,886,325
2027	2,806,146	209,873	15,355,000	12,610,625	30,981,644
2028	2,853,693	164,657	16,135,000	11,823,375	30,976,725
2029-2033	3,517,980	417,441	104,940,000	45,305,750	154,181,171
2034-2038	1,478,833	58,622	101,460,000	16,238,000	119,235,455
2039-2041	—	—	22,000,000	1,112,500	23,112,500
Total	<u>\$ 21,415,197</u>	<u>\$ 1,837,846</u>	<u>\$ 300,590,000</u>	<u>\$ 129,140,750</u>	<u>\$ 452,983,793</u>

Compensated Absences

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

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

Note 8 - Net Position

Restricted Net Position

TMWA records the following restrictions of net position:

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

Restricted for water meter retrofit program: This restriction was created to segregate the portion of net position derived from contributions made by developers to fund the water meter retrofit program. The restricted balance of \$5,711,052 as of June 30, 2022 was entirely depleted during the fiscal year ended June 30, 2023.

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

Restricted in accordance with the STMGID merger agreement: The merger agreement with STMGID required that certain funds transferred to TMWA by STMGID may only be used for three purposes: a) payment of contingent liabilities b) construction of facilities to move surface water into the STMGID water utility, and c) replacement, rehabilitation and/or repair of the STMGID facilities. The restricted balance of \$1,544,050 as of June 30, 2022 was entirely depleted during fiscal year ended June 30, 2023.

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

Board Designation

On September 19, 2018, the Board adopted a resolution to designate 3% of total projected water sales for the most recent three year forecast as a rate stabilization fund. This amount was \$11,126,919 and \$10,422,851 as of June 30, 2023 and 2022, respectively. This designation is not reflected as restricted net position but is considered a designated portion of unrestricted net position.

Note 9 - Contingent Liabilities

Mt. Rose Fan Domestic Well Program

As part of the transfer of operations with the Washoe County water utility, TMWA also agreed to continue Washoe County's Mt. Rose-Galena Fan Domestic Well Mitigation Program, which provides for the reimbursement of specific well deepening costs or water system connection charges, incurred by property owners within the program area, whom experienced or will experience an "unreasonable adverse effect" as a result of municipal groundwater pumping. TMWA's continuation of the program provides continuity for domestic well owners in the specific program and provides protection of shared groundwater resources in the program area. TMWA's budget includes projected costs for administering the domestic well mitigation plan.

Litigation

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

Note 10 - Risk Management

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

Note 11 - Defined Benefit Pension Plan and Other Employee Benefits

Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.5% multiplier. Members entering PERS on or after July 1, 2015 have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

Members entering PERS prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and a third years of service.

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

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans.

Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. TMWA contributes under the employer-pay option.

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

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

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

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

PERS Investment Policy

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2022:

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2021:

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

Net Pension Liability

At June 30, 2023, TMWA reported a liability for its proportionate share of the net pension liability of \$57,394,508. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2022, TMWA reported a liability for its proportionate share of the net pension liability of \$28,552,406. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

TMWA's proportion of the net pension liability was based on TMWA's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2022 and 2021, TMWA's proportion was 0.3179 and 0.3131 percent, respectively, representing an increase of 0.0048 percent and an increase of 0.0102 percent from its proportion measured at June 30, 2021 and 2020, respectively.

Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of TMWA measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.25%, and what TMWA’s net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the discount rates used in each year's valuation:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2022	\$ 88,119,345	\$ 57,394,508	\$ 32,041,907
	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability, June 30, 2021	\$ 56,846,925	\$ 28,552,406	\$ 5,211,743

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the PERS ACFR, available on the PERS website, www.nvpers.org.

Actuarial Assumptions

TMWA’s June 30, 2023 net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMWA’s June 30, 2022 net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The projection of cash flows used to determine the discount rate of 7.25% assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022 and June 30, 2021.

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

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

At June 30, 2023, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,431,641	\$ 41,001
Changes in assumptions or other inputs	7,372,725	—
Net difference between projected and actual earnings on pension plan investments	700,249	—
Changes in TMWA's proportion and differences between TMWA's contributions and TMWA's proportionate contributions	2,918,918	116,374
TMWA contributions subsequent to the measurement date	3,819,668	—
	\$ 22,243,201	\$ 157,375

Deferred outflows of resources of \$3,819,668 resulted from TMWA contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

At June 30, 2022, TMWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Deferred outflows of resources of \$3,496,584 resulted from TMWA contributions subsequent to the measurement date and were recognized as a reduction of the net pension liability in the year ended June 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2021 (the beginning of the measurement period ended June 30, 2022) is 5.7 years.

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

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

Additional Information

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

Deferred Compensation Plans

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

Note 12 - Other Postemployment Benefit (OPEB) Plans

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

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

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

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

	§501(c)(9) Plan	§115 Plan
Retirees currently receiving benefits	62	7
Retirees entitled to, but not yet receiving benefits	1	1
Active plan members	161	14
Total	224	22

Plan Descriptions, Eligibility Information and Funding Policies

§501(c)(9) Plan

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

Eligibility. Effective December 13, 2018, the Board adopted a resolution to close the Plan to employees hired after December 13, 2018. Existing employees and plan participants currently receiving benefits were not impacted by this resolution. There are three employee classifications eligible for benefits: a pre-January 1, 1998 collective bargaining unit group, a post-December 31, 1997 collective bargaining unit group, and a group for management, professional, and administrative (MPAT) personnel hired prior to December 14, 2018. Eligibility requirements benefit levels, employee contributions, and employer contributions are amended through TMWA's collective bargaining agreements for its represented employees and by the TMWA Board with respect to MPAT employees.

Employees must have at least ten years of service to be eligible for benefits and must be at least 55 years of age. The pre-January 1, 1998 group of represented employees will receive a subsidy as a percentage of the total health premium, dependent upon years of service and age of retirement, with a maximum subsidy of 85% with 20 years

of credited service. Employees with 20 or more years of service electing the Medicare Risk Contract would pay nothing towards health premiums. For this group, dependents are also covered. The post-December 31, 1997 group of represented employees will receive a total subsidy of \$1,250 times years of service towards health care premiums. This amount does not grow with interest and once exhausted a retiree may convert to COBRA, but only for the 18 month continuation period.

For MPAT employees, the annual subsidy is \$235 times years of service, up to 30 years, prorated for each month of retirement while under the age of 65. On or after the age of 65, the subsidy is \$105 times years of service prorated for each month of retirement while age 65 and older. If an MPAT employee retires and draws benefits before age 62, the subsidy is reduced by 5% for each full year retirement precedes age 62.

There is no extra subsidy for spousal or dependent coverage except continuation benefits provided for under COBRA. Retirees are responsible for the remaining portion of premiums.

Funding Policy. Beginning in fiscal year 2011, the plan has funded retiree benefits through its Voluntary Employee Benefit Association (VEBA) that TMWA established as an irrevocable trust for funding of the postemployment health benefits. TMWA funds the plan based on the actuarially determined contribution (ADC) each year.

§115 Plan

Plan Description. On December 17, 2014, TMWA formed The Truckee Meadows Water Authority OPEB Trust Fund (§115 Plan), a single-employer defined benefit OPEB plan that was established to provide certain eligible TMWA employees with postemployment health benefits. This specific plan was formed to provide postemployment benefits to qualified transferred Washoe County employees as a result of the water utility transfer of operations. STMGID had no employees and was contractually operated by Washoe County. The §115 Plan is a closed plan that will provide future benefits to the remaining eligible transferred employees and no new beneficiaries can be enrolled in this plan. The Plan issues a financial report that includes the financial statements and required supplementary information. That report may be obtained by contacting TMWA in writing at P.O. Box 30013, Reno, NV 89520-3013.

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

For Tier I retirees that have at least ten years but less than 15 years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 50% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least fifteen years but less than twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 75% of the premium for coverage of such retiree under the benefit plans. For Tier I employees that have at least twenty years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the §115 Plan will be 100% of the premium for coverage of such retiree under the benefit plans.

Tier I retirees who have attained the Medicare Eligibility Age (currently age 65) during a plan year must enroll in and pay the cost of Medicare Part “A” and Medicare Part “B” or Medicare Part “C” coverage, and the §115 Plan will become the secondary payer regardless of whether the retiree enrolls in the Medicare program or not. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

For Tier II retirees the maximum benefits to be paid by the §115 Plan who have not attained Medicare Eligibility Age (currently age 65) is to be the same amount as the premium paid for group health coverage by an employer for coverage of non-state employees under the Nevada State Public Employee Benefit Plan (PEBP) Retiree Health Insurance plan. The 2003 Nevada Legislature passed legislation (AB 286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement in the PEBP Retiree Health Insurance Plan and obligated public employers of enrolled retirees to pay a portion of the medical premium on the retiree's behalf (the Subsidy). Tier II Retirees are entitled to receive the Subsidy from the §115 Plan towards their coverage under the employer Benefit Plans rather than the PEBP Retiree Health Plan.

Tier II retirees who have attained the Medicare Eligibility Age (currently age 65) or older will instead receive benefits equal to the equivalent of the State of Nevada's Medicare Exchange Retiree HRA Contribution Subsidy based upon the combined years of service with Washoe County and/or TMWA and must elect Medicare. The Medicare Eligibility Age is currently defined as age 65 but will be changed if Medicare changes the eligibility age.

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

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

OPEB Expense and Net Position

Total OPEB Expense (Benefit) recognized for fiscal years June 30, 2023 and 2022 is below:

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

Changes in Net Position for each plan for the measurement period ended December 31, 2022 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2022	\$ 9,982,768	\$ 16,007,482	\$ (6,024,714)	\$ 2,153,522	\$ 1,776,798	\$ 376,724
<i>Measurement Date - December 31, 2021</i>						
Changes During the Period:						
Service Cost	181,309	—	181,309	29,587	—	29,587
Interest Cost	596,546	—	596,546	128,719	—	128,719
Expected Investment Income	—	948,700	(948,700)	—	105,886	(105,886)
Employer Contributions	—	76,785	(76,785)	—	71,680	(71,680)
Auditing Fees	—	(18,600)	18,600	—	(14,800)	14,800
Investment & Administrative Fees	—	(4,605)	4,605	—	(496)	496
Legal Fees	—	(1,931)	1,931	—	(4,888)	4,888
Retiree Contributions In	—	128,878	(128,878)	—	20,741	(20,741)
Retiree Contributions Out	—	(128,878)	128,878	—	(20,741)	20,741
Benefit Payments	(443,277)	(443,277)	—	(75,573)	(75,573)	—
Investment Experience	—	(3,138,783)	3,138,783	—	(340,287)	340,287
Net Changes	334,578	(2,581,711)	2,916,289	82,733	(258,478)	341,211
Balance at Fiscal Year Ending June 30, 2023	\$ 10,317,346	\$ 13,425,771	\$ (3,108,425)	\$ 2,236,255	\$ 1,518,320	\$ 717,935
<i>Measurement Date - December 31, 2022</i>						

Changes in Net Position for each plan for the measurement period ended December 31, 2021 is below:

	§ 501(c)(9) Plan			§115 Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability	Total OPEB Liability	Fiduciary Net Position	Net OPEB (Asset)/ Liability
Balance at Fiscal Year Ending June 30, 2021 <i>Measurement Date - December 31, 2020</i>	\$ 10,592,743	\$ 14,041,609	\$ (3,448,866)	\$ 2,043,999	\$ 1,496,256	\$ 547,743
Changes During the Period:						
Service Cost	229,280	—	229,280	35,820	—	35,820
Interest Cost	636,038	—	636,038	122,661	—	122,661
Expected Investment Income	—	830,396	(830,396)	—	90,749	(90,749)
Employer Contributions	—	63,156	(63,156)	—	117,922	(117,922)
Auditing Fees	—	(18,775)	18,775	—	(14,000)	14,000
Investment & Administrative Fees	—	(4,938)	4,938	—	(517)	517
Retiree Contributions In	—	110,022	(110,022)	—	23,102	(23,102)
Retiree Contributions Out	—	(110,022)	110,022	—	(23,102)	23,102
Benefit Payments	(442,780)	(442,780)	—	(70,936)	(70,936)	—
Assumption Changes	(271,660)	—	(271,660)	(39,674)	—	(39,674)
Plan Experience	(760,853)	—	(760,853)	61,652	—	61,652
Investment Experience	—	1,538,814	(1,538,814)	—	157,324	(157,324)
Net Changes	(609,975)	1,965,873	(2,575,848)	109,523	280,542	(171,019)
Balance at Fiscal Year Ending June 30, 2022 <i>Measurement Date - December 31, 2021</i>	<u>\$ 9,982,768</u>	<u>\$ 16,007,482</u>	<u>\$ (6,024,714)</u>	<u>\$ 2,153,522</u>	<u>\$ 1,776,798</u>	<u>\$ 376,724</u>

A schedule of the plans' deferred resources as of June 30, 2023 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 172,950	\$ 211,758	\$ 17,647	\$ 23,900
Differences Between Expected and Actual Experience	—	1,747,243	37,138	71,537
Net Difference Between Projected and Actual Earnings on Investments	807,714	—	99,895	—
Contributions Made Subsequent to the Measurement Date	162,174	—	40,904	—
Total	<u>\$ 1,142,838</u>	<u>\$ 1,959,001</u>	<u>\$ 195,584</u>	<u>\$ 95,437</u>

A schedule of the plans' deferred resources as of June 30, 2022 is below:

	§501(c)(9) Plan		§115 Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 205,156	\$ 241,709	\$ 24,305	\$ 31,787
Differences Between Expected and Actual Experience	—	2,046,058	49,395	98,532
Net Difference Between Projected and Actual Earnings on Investments	—	2,334,038	—	236,909
Contributions Made Subsequent to the Measurement Date	76,037	—	56,295	—
Total	<u>\$ 281,193</u>	<u>\$ 4,621,805</u>	<u>\$ 129,995</u>	<u>\$ 367,228</u>

TMWA will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of other deferred resources as of June 30, 2023 is shown below.

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

Actuarial Valuation Assumptions

The total OPEB liability as of December 31, 2022 and 2021 was determined using the following actuarial assumptions.

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

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2050-2059	4.6%
2023	5.8%	2060-2066	4.5%
2024	5.6%	2067-2068	4.4%
2025	5.4%	2069-2070	4.3%
2026-2027	5.2%	2071	4.2%
2028-2029	5.1%	2072-2073	4.1%
2030-2038	5.0%	2074-2075	4.0%
2039	4.9%	2076	3.9%
2040-2043	4.8%	Thereafter	3.9%
2044-2049	4.7%		

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p>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, 2023
Measurement Date	December 31, 2022
Measurement Period	January 1, 2022 to December 31, 2022
Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021
Valuation Date	December 31, 2021

The discount rates used for the fiscal years ended June 30, 2023 and 2022 is 6.0%. The Healthcare Cost Trend Rate for the fiscal years ended June 30, 2023 and 2022 was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the charts below.

Measurement Date - December 31, 2022

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

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

Measurement Date - December 31, 2021

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

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

OPEB Plans Fiduciary Net Position

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

Note 13 - Commitments

TMWA has committed \$800,000 as a contribution to the Truckee River Fund of the Community Foundation of Western Nevada for the purposes of water shed protection and enhancements to the Truckee River that will benefit the water customers of TMWA. This payment was made in July 2023.

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

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

Required Supplementary Information
Truckee Meadows Water Authority

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

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

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

	2023	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	162,922	76,785	60,499	127,724	258,430	324,529	445,063
Contribution deficiency (excess)	(162,922)	(13,108)	(4,176)	(77,611)	39,647	(39,647)	—
Covered-employee payroll	20,627,142	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	0.8 %	0.4 %	0.3 %	0.6 %	1.2 %	1.7 %	2.5 %
§115 Plan							
Actuarially Determined Contribution	\$ 56,289	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Contributions in relation to the actuarially determined contribution	56,289	87,404	101,635	70,921	121,798	119,366	103,441
Contribution deficiency (excess)	—	—	(14,822)	14,822	—	—	—
Covered-employee payroll	1,690,741	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	3.3 %	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 years 2023 and 2022, the healthcare cost trend rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% for years 2076 and later. Previously, the healthcare cost trend rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4.0% for years 2076 and later.

Additional significant assumptions are listed below for each plan:

Assumption	§501(c)(9) Plan	§115 Plan
Valuation Date	December 31, 2021	December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets	Fair value of assets
Mortality	MacLeod Watts Scale 2022 applied generationally from 2010	MacLeod Watts Scale 2022 applied generationally from 2010
Long-Term Return on Assets and Discount Rate	6.0% net of plan investment and trust expenses	6.0% net of plan investment and trust expenses
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.5% per year	2.5% per year
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65. Retirees over age 65 who are not eligible for Medicare are assumed to remain ineligible.	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at 65.
Employer Cost Sharing	<p>IBEW Pre - 1998 Hires: Increases in the PRMPT-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>IBEW Post-1997 Hires: The \$1,250 service multiplier is assumed to remain fixed at its current level in all future years. Retirees are expected to exhaust the lifetime allowance 4 years following retirement.</p> <p>MPAT: The \$235 (pre-65) and \$105 (post-65) service multipliers are assumed to remain fixed at their current level in all future years.</p>	<p>Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).</p> <p>Tier 2: The TMWA subsidy provided prior to age 65 is assumed to increase at the same rates as medical trend. The subsidy provided at ages 65 and above is assumed to increase by 4.5% per year.</p>

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TMWA's proportion of the net pension liability	0.3179 %	0.3131 %	0.3029 %	0.2976 %	0.2761 %	0.2806 %	0.2674 %	0.2345 %	0.2139 %
TMWA's proportionate share of the net pension liability	\$57,394,508	\$28,552,406	\$42,191,934	\$40,582,611	\$37,658,701	\$37,323,782	\$35,783,246	\$26,869,406	\$22,293,306
TMWA's covered payroll	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995	\$12,573,558
TMWA's proportionate share of the net pension liability as a percentage of its covered payroll	243.99 %	127.58 %	195.08 %	198.54 %	206.24 %	207.96 %	219.33 %	190.86 %	177.30 %
Plan fiduciary net position as a percentage of the total pension liability	75.12 %	86.51 %	77.04 %	76.46 %	75.24 %	74.42 %	72.23 %	75.13 %	76.30 %

Notes to Schedule

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

Significant assumptions are listed below:

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

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

***Amount-Weighted Above-Median.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contributions in relation to the statutorily required contribution	\$ 3,819,668	\$ 3,496,584	\$ 3,277,098	\$ 3,156,332	\$ 2,865,963	\$ 2,562,356	\$ 5,037,877	\$ 4,534,811	\$ 3,629,441
Contribution (deficiency) excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
TMWA's covered payroll	\$25,655,419	\$23,523,549	\$22,379,402	\$21,627,820	\$20,440,658	\$18,259,883	\$17,947,692	\$16,314,669	\$14,077,995
Contributions as a percentage of covered payroll	14.89 %	14.86 %	14.64 %	14.59 %	14.02 %	14.03 %	28.07 %	27.80 %	25.78 %

Notes to Schedule

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

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

Supplementary Information
June 30, 2023 and 2022

Truckee Meadows Water Authority

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

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

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

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

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

	<u>§501(c)(9) Plan</u>	<u>§115 Plan</u>	<u>Total</u>
December 31, 2022			
Assets			
Cash	\$ 74,782	\$ 55,240	\$ 130,022
Receivables from plan members	12,452	1,545	13,997
Investments, at fair value	<u>13,457,829</u>	<u>1,467,726</u>	<u>14,925,555</u>
Total assets	<u>13,545,063</u>	<u>1,524,511</u>	<u>15,069,574</u>
Liabilities			
Accounts payable	<u>119,292</u>	<u>6,191</u>	<u>125,483</u>
Net Position Restricted for Postemployment Benefits Other than Pensions	<u>\$ 13,425,771</u>	<u>\$ 1,518,320</u>	<u>\$ 14,944,091</u>
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 Postemployment Benefits Other than Pensions	<u>\$ 16,007,482</u>	<u>\$ 1,776,798</u>	<u>\$ 17,784,280</u>

Truckee Meadows Water Authority

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

Year Ended December 31, 2022 and 2021

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

Statistical Section
Truckee Meadows Water Authority

This part of the Truckee Meadows Water Authority Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TMWA's overall financial health.

<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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Net Position										
Net investment in capital assets	\$ 749,158,166	\$ 692,996,744	\$ 649,138,921	\$ 617,541,639	\$ 573,147,076	\$ 533,058,874	\$ 506,700,472	\$ 478,543,111	\$ 444,402,572	\$ 232,327,785
Restricted	50,396,905	54,141,923	54,110,944	52,360,165	29,351,818	30,355,635	28,589,861	40,505,804	42,158,803	25,198,683
Unrestricted	<u>90,934,077</u>	<u>113,126,406</u>	<u>110,925,420</u>	<u>99,841,693</u>	<u>115,662,201</u>	<u>104,661,680</u>	<u>95,037,226</u>	<u>65,933,399</u>	<u>77,312,759</u>	<u>54,036,550</u>
Total Net Position	<u>\$ 890,489,148</u>	<u>\$ 860,265,073</u>	<u>\$ 814,175,285</u>	<u>\$ 769,743,497</u>	<u>\$ 718,161,095</u>	<u>\$ 668,076,189</u>	<u>\$ 630,327,559</u>	<u>\$ 584,982,314</u>	<u>\$ 563,874,134</u>	<u>\$ 311,563,018</u>

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

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

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

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Revenues from water sales										
Residential unmetered water sales	\$ 2,694,166	\$ 2,730,559	\$ 2,423,033	\$ 2,571,216	\$ 2,558,779	\$ 2,505,172	\$ 2,446,144	\$ 3,725,916	\$ 9,366,307	\$ 9,731,811
Residential metered water sales	76,537,384	77,184,825	79,124,628	73,295,343	71,651,437	67,393,672	65,829,635	60,198,267	51,796,871	44,137,033
Commercial metered water sales	12,736,096	12,587,162	12,041,548	11,888,963	12,807,427	12,238,940	11,369,179	11,026,132	11,339,953	10,755,824
Irrigation metered & fire protection	13,914,208	14,408,203	14,950,021	13,457,574	13,509,567	12,169,406	11,887,395	11,554,063	11,123,168	10,720,156
Wholesale sales	1,216,727	1,262,221	1,283,606	1,273,982	1,249,439	1,165,607	1,154,907	1,029,954	2,560,399	3,845,593
Total water sales	107,098,581	108,172,970	109,822,836	102,487,078	101,776,649	95,472,797	92,687,260	87,534,332	86,186,698	79,190,417
Hydroelectric revenue	2,928,163	2,551,333	2,768,274	3,298,850	2,624,285	3,757,043	1,788,934	1,175,195	1,366,786	3,045,147
Other operating revenues	3,122,397	3,846,679	2,799,694	2,286,729	2,688,584	2,582,252	2,791,989	3,219,416	2,475,832	2,079,826
Total Operating Revenues	<u>\$ 113,149,141</u>	<u>\$ 114,570,982</u>	<u>\$115,390,804</u>	<u>\$108,072,657</u>	<u>\$107,089,518</u>	<u>\$101,812,092</u>	<u>\$ 97,268,183</u>	<u>\$ 91,928,943</u>	<u>\$ 90,029,316</u>	<u>\$ 84,315,390</u>

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Salaries and wages	\$ 27,309,513	\$ 24,735,686	\$ 23,101,987	\$ 21,455,982	\$ 20,973,151	\$ 18,735,892	\$ 17,257,014	\$ 16,541,811	\$ 13,763,006	\$ 12,007,022
Employee benefits	13,905,722	7,461,199	11,282,823	11,529,749	10,184,189	12,919,692	8,931,838	6,364,279	5,271,735	5,045,922
Contract services	9,739,129	10,365,323	8,294,629	8,191,575	8,191,575	8,678,689	6,204,863	7,335,521	6,321,061	4,826,066
Utilities/power	9,155,795	7,144,034	5,801,118	5,953,121	5,953,121	5,322,771	5,201,870	5,386,413	5,449,347	5,189,312
Information technology	2,334,145	1,998,876	4,172,257	1,334,300	1,225,262	1,054,648	1,112,663	1,004,622	749,917	597,101
Prof services (general/legal/media/leg)	2,436,284	2,371,990	2,142,911	2,821,923	2,821,923	2,905,859	2,258,454	2,512,154	3,132,132	2,538,097
Supplies	3,798,410	3,424,124	2,745,163	2,660,187	2,660,187	2,317,853	2,635,229	2,700,906	2,572,699	1,736,763
Chemicals	4,277,866	2,622,826	2,430,441	2,286,659	2,286,659	1,605,280	1,984,300	1,803,614	1,554,496	1,383,824
Insurance and claims	1,310,943	1,303,403	1,104,859	847,844	847,844	675,430	719,604	742,006	684,021	501,300
Leases and rentals	562,421	400,745	137,780	256,836	256,836	104,243	146,999	96,290	79,640	70,196
Other expenses	4,696,567	3,137,450	3,733,645	3,456,514	4,232,553	3,170,545	3,716,782	3,993,701	2,637,356	3,205,586
Total operating expenses before depreciation	79,526,795	64,965,656	64,947,613	60,794,690	59,633,300	57,490,902	50,169,616	48,481,317	42,215,411	37,101,189
Depreciation	34,848,532	33,642,537	33,286,373	33,327,134	32,833,604	32,820,720	32,169,578	32,134,190	27,899,449	22,517,885
Total Operating Expenses	<u>\$114,375,327</u>	<u>\$ 98,608,193</u>	<u>\$ 98,233,986</u>	<u>\$ 94,121,824</u>	<u>\$ 92,466,904</u>	<u>\$ 90,311,622</u>	<u>\$ 82,339,194</u>	<u>\$ 80,615,507</u>	<u>\$ 70,114,860</u>	<u>\$ 59,619,074</u>

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

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

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

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

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

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

Category	2023		2022	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
	Residential-Unmetered (1)	—	\$ 2,694,166	—
Residential Metered	16,840,055	76,537,384	17,858,374	77,184,825
Commercial	4,014,114	12,736,096	4,146,528	12,587,162
Other (2)	3,033,747	13,914,208	3,335,861	14,408,203
Wholesale	603,144	1,216,727	627,804	1,262,221
Total	24,491,060	\$ 107,098,581	25,968,567	\$ 108,172,970
	2021		2020	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,423,033	—	\$ 2,571,216
Residential Metered	18,481,075	79,124,628	17,111,305	73,295,343
Commercial	3,891,086	12,041,548	3,952,196	11,888,963
Other (2)	3,204,611	14,950,021	2,896,243	13,457,574
Wholesale	623,909	1,283,606	606,627	1,273,982
Total	26,200,681	\$ 109,822,836	24,566,371	\$ 102,487,078
	2019		2018	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,558,779	—	\$ 2,505,172
Residential Metered	16,970,042	71,651,437	16,335,308	67,393,672
Commercial	4,315,407	12,807,427	4,232,836	12,238,940
Other (2)	2,974,110	13,509,567	2,698,977	12,169,406
Wholesale	619,928	1,249,439	591,624	1,165,607
Total	24,879,487	\$ 101,776,649	23,858,745	\$ 95,472,797
	2017		2016	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 2,446,145	—	\$ 3,725,916
Residential Metered	16,487,693	65,829,634	14,633,319	60,198,267
Commercial	4,277,917	11,887,395	4,086,057	11,026,132
Other (2)	2,749,795	11,369,179	2,579,408	11,554,063
Wholesale	613,051	1,154,907	542,875	1,029,954
Total	24,128,456	\$ 92,687,260	21,841,659	\$ 87,534,332
	2015*		2014	
	Gallons Sold (000)	Revenue	Gallons Sold (000)	Revenue
Residential-Unmetered (1)	—	\$ 9,366,307	—	\$ 9,731,811
Residential Metered	15,151,881	51,796,871	11,581,326	44,137,033
Commercial	4,350,417	11,339,953	3,913,088	10,755,824
Other (2)	2,913,757	11,123,168	2,688,389	10,720,156
Wholesale	1,598,995	2,560,399	2,070,593	3,845,593
Total	24,015,050	\$ 86,186,698	20,253,396	\$ 79,190,417

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

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

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

Truckee Meadows Water Authority
Schedule No. 8 - Ten Largest Customers
June 30, 2023

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

*City of Reno includes the Reno Housing Authority.

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

	Fiscal Year (in millions)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Charges for water sales ⁽¹⁾	\$ 107,099	\$ 108,173	\$ 109,823	\$ 102,487	\$ 101,777	\$ 95,473	\$ 92,687	\$ 87,534	\$ 86,187	\$ 79,190
Other operating and nonoperating revenue ⁽²⁾	9,627	8,427	8,131	9,705	9,722	8,653	11,790	11,132	5,970	7,176
Gross revenues	<u>116,726</u>	<u>116,600</u>	<u>117,954</u>	<u>112,192</u>	<u>111,499</u>	<u>104,126</u>	<u>104,477</u>	<u>98,666</u>	<u>92,157</u>	<u>86,366</u>
Operation and maintenance expenses ⁽³⁾	78,795	64,244	64,233	60,076	58,955	57,021	50,958	48,030	41,772	35,850
Taxes other than income taxes ⁽⁴⁾	731	722	715	719	678	470	462	451	443	440
Total expenses	<u>79,527</u>	<u>64,966</u>	<u>64,948</u>	<u>60,795</u>	<u>59,633</u>	<u>57,491</u>	<u>51,420</u>	<u>48,481</u>	<u>42,215</u>	<u>36,290</u>
Net Revenues	<u>\$ 37,199</u>	<u>\$ 51,634</u>	<u>\$ 53,007</u>	<u>\$ 51,397</u>	<u>\$ 51,866</u>	<u>\$ 46,635</u>	<u>\$ 53,057</u>	<u>\$ 50,185</u>	<u>\$ 49,942</u>	<u>\$ 50,076</u>
Senior Lien Annual Debt Service ⁽⁵⁾	<u>\$ 27,960</u>	<u>\$ 28,275</u>	<u>\$ 27,830</u>	<u>\$ 28,186</u>	<u>\$ 17,891</u>	<u>\$ 15,696</u>	<u>\$ 18,916</u>	<u>\$ 31,780</u>	<u>\$ 29,955</u>	<u>\$ 31,285</u>
Senior Lien Debt Coverage excluding SDCs	<u>1.33</u>	<u>1.83</u>	<u>1.90</u>	<u>1.82</u>	<u>2.90</u>	<u>2.97</u>	<u>2.80</u>	<u>1.58</u>	<u>1.67</u>	<u>1.60</u>
System Development Charges (SDCs):										
Developer facility charges	\$ 14,632	\$ 23,205	\$ 12,219	\$ 9,657	\$ 9,154	\$ 6,465	\$ 5,117	\$ 2,932	\$ 2,494	\$ 964
Developer capital contributions - other	1,847	1,493	11,462	7,848	6,636	6,449	6,062	2,473	1,588	410
Senior Lien Debt Coverage including SDCs ⁽⁶⁾	<u>1.92</u>	<u>2.70</u>	<u>2.76</u>	<u>2.44</u>	<u>3.78</u>	<u>3.79</u>	<u>3.40</u>	<u>1.75</u>	<u>1.80</u>	<u>1.64</u>

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

⁽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 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
2023	4,258	9,639	4,890
2022	5,142	12,008	4,789
2021	4,694	10,453	4,616
2020	4,194	9,625	4,103
2019	4,307	10,323	3,890
2018	4,241	10,101	3,935
2017	2,615	9,058	3,636
2016	2,121	9,080	3,712
2015	1,807	7,345	3,581
2014	1,669	6,846	2,579

Source: As reported by each local governmental entity.

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

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Total Personal Income	Unemployment rate (Percent)	Total Labor Force	Construction Activity Total Value	Number of New Family Units	Taxable Sales	Gross Income Gaming Revenue	Total Passenger Air Traffic
2023	496,745	\$ 74,292	39.5	64,322	\$ 35,246,181	4.5 %	263,078	\$ 466,715,000	443	\$12,383,862,000	\$ 971,243,000	4,460,048
2022	486,492	66,076	38.5	64,820	31,523,753	3.3 %	254,381	678,435,000	596	12,267,766,000	970,727,000	4,155,405
2021	478,355	63,360	38.6	65,121	29,875,442	4.9 %	251,933	719,607,000	692	11,049,067,000	837,334,000	2,472,843
2020	472,069	59,639	38.1	66,913	27,776,003	3.2 %	255,915	450,868,000	617	9,250,416,000	630,862,000	3,378,405
2019	464,630	55,487	38.0	66,960	22,556,498	3.6 %	250,005	458,823,000	572	8,829,864,000	785,532,000	4,298,555
2018	460,237	48,996	37.9	66,989	22,549,907	4.2 %	239,119	345,710,000	481	8,531,253,000	779,347,000	4,128,476
2017	459,142	46,315	37.5	63,919	21,265,239	4.0 %	223,409	301,127,000	378	7,989,009,000	738,373,000	3,819,896
2016	451,248	44,687	37.5	63,670	20,164,911	6.4 %	213,923	231,742,000	320	7,550,467,000	789,359,000	3,563,818
2015	441,165	42,967	37.4	63,108	19,077,494	6.4 %	213,773	246,628,000	255	6,817,589,000	765,248,000	3,297,642
2014	436,647	43,130	37.6	62,986	18,832,669	7.2 %	206,624	203,086,000	120	6,370,685,000	744,962,000	3,312,839

Source: Washoe County Schedule 4.1, 2023

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

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

Note: Each of the years reflect respective 4th quarter calendar year information. Nevada Revised Statutes Chapter 612 stipulate that actual employment for individual employers may not be published. The Nevada Department of Employment Training and Rehabilitation outsources the publication of this information to Infogroup. Infogroup publishes employee counts in ranges of 5,000. The number of employees are estimated using the midpoint.

Source: Washoe County Schedule 4.2, 2023

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

2023				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	621	0.45 %	\$ 2,694,166	2.52 %
Residential metered	126,635	91.50 %	76,537,384	71.46 %
Commercial metered	7,258	5.24 %	12,736,096	11.89 %
Other ⁽²⁾	3,896	2.81 %	13,914,208	12.99 %
Wholesale	2	— %	1,216,727	1.14 %
Total	138,412	100.00 %	\$ 107,098,581	100.00 %
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	91.40 %	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 %

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

2018				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	672	0.55 %	\$ 2,505,172	2.62 %
Residential metered	111,963	91.27 %	67,393,672	70.59 %
Commercial metered	10,038	8.18 %	12,238,940	12.82 %
Other ⁽²⁾	2	— %	12,169,406	12.75 %
Wholesale	2	— %	1,165,607	1.22 %
Total	122,677	100.00 %	\$ 95,472,797	100.00 %
2017				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	695	0.58 %	\$ 2,446,144	2.64 %
Residential metered	109,939	91.18 %	65,829,635	71.01 %
Commercial metered	9,931	8.24 %	11,369,179	12.27 %
Other ⁽²⁾	2	— %	11,887,395	12.83 %
Wholesale	2	— %	1,154,907	1.25 %
Total	120,569	100.00 %	\$ 92,687,260	100.00 %
2016				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential-Unmetered	2,062	1.74 %	\$ 3,725,916	4.26 %
Residential Metered	106,730	89.94 %	60,198,267	68.76 %
Commercial and Irrigation	9,873	8.32 %	11,026,132	12.60 %
Other ⁽²⁾	3	— %	11,554,063	13.20 %
Wholesale	1	— %	1,029,954	1.18 %
Total	118,669	100.00 %	\$ 87,534,332	100.00 %
2015*				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,224	5.15 %	\$ 9,366,307	10.87 %
Residential metered	100,446	83.12 %	51,796,871	60.09 %
Commercial metered	9,648	7.98 %	11,339,953	13.16 %
Other ⁽²⁾	4,528	3.75 %	11,123,168	12.91 %
Wholesale	2	— %	2,560,399	2.97 %
Total	120,848	100.00 %	\$ 86,186,698	100.00 %
2014				
Category	Average Number of Accounts	% of Total Accounts	Fiscal Year Water Revenues ⁽¹⁾	% of Total Revenues
Residential unmetered	6,379	6.68 %	\$ 9,731,811	12.29 %
Residential metered	76,422	79.98 %	44,137,033	55.73 %
Commercial 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 %

* 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, 2023

Coverage	Carrier/Policy	Term	Limits/Deductible
Property/Boiler and Machinery Policy	America Home Assurance Company (AIG)	6/11/2022 to 6/11/2023	Blanket limit of \$250,000,000 per occurrence with sub-limits of \$50,000,000 for Earth Movement (excluding CA properties) and \$10,000,000 for flood (excluding Glendale plant). Equipment Breakdown \$100,000,000. Deductibles for flood and earth movement are \$100,000 per occurrence for each location; general policy deductible is \$100,000.
General Liability and Business Automobile Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First \$1,000,000 in liability limits. General Liability Aggregate limit of \$3,000,000. Inland Marine Physical Damage \$979,730. General liability deductible of \$25,000 per occurrence. Auto Physical Damage deductible of \$1,000.
Excess Umbrella Liability Policy	Philadelphia Indemnity Insurance Company	6/11/2022 to 6/11/2023	First Layer Excess Liability limit of \$10,000,000.
Excess Umbrella Liability Policy	Travelers Insurance Company	6/11/2022 to 6/11/2023	Second Layer Excess Liability Limit of \$10,000,000.
Workers' Compensation	Berkshire Hathaway Homestate Companies	6/11/2022 to 6/11/2023	Fully insured for statutory limits under Workers' Compensation with no deductible. Policy also provides \$1,000,000 limit for Employer's Liability.
Employee Health Insurance	By contract with the City of Reno's health insurance programs	6/11/2022 to 6/11/2023	Varies by plan selected.
Commercial Crime/ Government Crime	Fidelity & Deposit Company of Maryland	6/11/2022 to 6/11/2023	Employee Theft/Forgery or Alteration Computer Fraud/ Funds Transfer Fraud \$3,000,000 per loss. Employee Theft including expenses, Inside/Outside Premises Money and Securities, Robbery or Safe Burglary, Money Orders, Counterfeit Currency, Credit Card Forgery, Faithful Performance \$1,000,000.
Commercial Crime/ Government Crime	Zurich	6/11/2022 to 6/11/2023	Fraudulent Impersonation \$250,000.
Network Security/ Cyber Risk	Houston Casualty Company	6/11/2022 to 6/11/2023	Multimedia, Security and Privacy, Regulatory Proceedings, Payment Card Industry, Privacy Breach, System Failure Coverage, Bricking Loss: \$4,000,000. Cyber Extortion, Financial Fraud, Telecom Fraud \$250,000.
Kidnap and Ransom	National Union Fire Insurance Company	6/11/2022 to 6/11/2025	Ransom, In-Transit Delivery, Expenses, Judgements, Settlements, and Defense \$3,000,000 Death or Dismemberment \$250,000/\$1,250,000 person/event. Disappearance/Threat \$100,000, Hostage Crisis \$500,000

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

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

* 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															
2023			2022			2021			2020			2019			
TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	TMWA	WC	STMGID	

Customer Charges by Meter Size

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

Commodity Charge (all meter sizes)

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

Above rates are for metered single family residential service.

Monthly Base Rates Unmetered by Size

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

Above rates are for unmetered single family residential service.

TMWA rates took effect on June 11, 2001, and were revised effective May 2009, May 2010, February 2012, February 2014, June 2016, May 2017, May 2018, June 2021, June 2022 and June 2023.

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

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

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

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

	Final Maturity Date	Authorized	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
			June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015*	June 30, 2014
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	1/1/2025	\$ 4,669,565	\$ 647,209	\$ 955,680	\$ 1,254,482	\$ 1,543,918	\$ 1,824,283	\$ 2,095,861	\$ 2,358,926	\$ 2,613,744	\$ 2,860,578	\$ 3,099,675
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	—	—	—	—	—	—	—	—	890,000	34,795,000
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	—	—	—	—	—	—	—	400,000	148,415,000	148,785,000
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	—	—	—	—	—	—	—	214,290,000	214,800,000	215,285,000
2009 A Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2029	2,401,120	803,846	927,515	1,051,184	1,174,853	1,298,522	1,422,190	1,545,859	1,669,527	1,793,196	1,916,866
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2015	28,240,000	—	—	—	—	—	—	—	—	9,435,000	19,855,000
2010 A Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	1/1/2030	4,381,614	2,097,916	2,360,812	2,615,367	2,861,847	3,100,507	3,331,595	3,555,353	3,772,013	3,981,798	4,184,928
2014 Water Revenue DWSRF (Tax Exempt) Bonds 2.81%	1/1/2025	9,109,437	1,946,888	2,880,336	3,788,098	4,670,879	5,529,367	6,364,231	7,176,120	7,965,667	8,733,487	—
2015-A Water Revenue (Tax Exempt) Refunding Bonds 2.00%-5.00%	7/1/2036	28,750,000	22,240,000	23,295,000	24,290,000	25,260,000	26,185,000	27,070,000	27,920,000	28,750,000	28,750,000	—
2015-B Water Revenue DWSRF (Tax Exempt) Bonds 2.62%	7/1/2035	15,000,000	6,519,338	6,954,935	7,379,340	7,792,841	8,195,717	8,589,045	8,971,562	8,239,034	—	—
2016 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2037	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	124,790,000	—	—
2017 Water Revenue (Tax Exempt) Refunding Bonds 4.50%-5.00%	7/1/2030	147,415,000	114,725,000	126,285,000	136,880,000	147,415,000	147,415,000	147,415,000	147,415,000	—	—	—
2018 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2039	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	38,835,000	—	—	—	—
2021 Water Revenue (Tax Exempt) Refunding Bonds 1.19%	6/1/2028	13,000,000	9,400,000	11,215,000	13,000,000	—	—	—	—	—	—	—
Subtotal			322,005,197	338,499,278	353,883,471	354,344,338	357,173,396	359,912,922	323,732,820	392,489,985	419,659,059	427,921,469
Plus unamortized net bond premium			29,146,578	33,350,078	37,790,068	42,447,151	47,320,705	52,014,598	51,182,862	28,441,399	3,673,290	35,590
Total debt before tax exempt commercial paper			351,151,775	371,849,356	391,673,539	396,791,489	404,494,101	411,927,520	374,915,682	420,931,384	423,332,349	427,957,059
Tax-Exempt Commercial Paper		\$ 53,600,000	—	—	—	16,000,000	23,500,000	30,000,000	83,400,000	87,800,000	95,000,000	68,000,000
Total Debt			<u>\$ 351,151,775</u>	<u>\$ 371,849,356</u>	<u>\$ 391,673,539</u>	<u>\$ 412,791,489</u>	<u>\$ 427,994,101</u>	<u>\$ 441,927,520</u>	<u>\$ 458,315,682</u>	<u>\$ 508,731,384</u>	<u>\$ 518,332,349</u>	<u>\$ 495,957,059</u>

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014
Total Debt	\$ 322,005,197	\$ 338,499,278	\$ 353,883,471	\$ 354,344,338	\$ 357,173,396	\$ 359,912,922	\$ 323,732,820	\$ 392,489,985	\$ 419,659,060	\$ 427,921,468
Total Service Connections	134,507	131,632	128,988	127,977	125,911	123,845	121,572	119,772	114,529	89,070
Debt per Service Connection	<u>\$ 2,394</u>	<u>\$ 2,572</u>	<u>\$ 2,744</u>	<u>\$ 2,769</u>	<u>\$ 2,837</u>	<u>\$ 2,906</u>	<u>\$ 2,663</u>	<u>\$ 3,277</u>	<u>\$ 3,664</u>	<u>\$ 4,804</u>

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

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

Compliance Section
Truckee Meadows Water Authority



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of the Truckee Meadows Water Authority (“TMWA”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TMWA’s basic financial statements, and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered TMWA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMWA’s internal control. Accordingly, we do not express an opinion on the effectiveness of TMWA’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TMWA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Reno, Nevada
November 20, 2023



Auditor's Comments

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

In connection with our audit of the financial statements of the Truckee Meadows Water Authority ("TMWA") as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that TMWA failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding TMWA's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

There were no potential statute violations reported in the June 30, 2022 audit report.

Prior Year Recommendations

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

Current Year Recommendations

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

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

Reno, Nevada
November 20, 2023



Popular Annual Financial Report 2023





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



TO OUR CUSTOMERS

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

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

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

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

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

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

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

Sincerely,



Matt Bowman
Chief Financial Officer
Truckee Meadows Water Authority

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

TMWA is a nonprofit, community-owned water utility. Its Board of Directors is comprised of seven elected officials and citizen appointees from Reno, Sparks, and Washoe County. TMWA has no financial interdependence with any of its governing municipalities.

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



KRISTOPHER DAHIR
Chair
City of Sparks
Council Member



NAOMI DUERR
Vice Chair
City of Reno
Council Member



PAUL ANDERSON
Director
City of Sparks
Council Member



CLARA ANDRIOLA
Director
Washoe County
Commissioner



JENNY BREKHUS
Director
City of Reno
Council Member



ALEXIS HILL
Director
Washoe County
Commissioner



DEVON REESE
Director
City of Reno
Council Member

SENIOR MANAGEMENT

JOHN ZIMMERMAN
General Manager

MATT BOWMAN
Chief Financial Officer

ANDY GEBHARDT
Director of Distribution,
Maintenance, and Generation

JOHN ENLOE
Director of Natural Resources
Planning and Management

WILL RAYMOND
Director of Operations
and Water Quality

DANNY ROTTER
Director of Engineering

JESSICA ATKINSON
Director of Human Resources

YOUR WATER AUTHORITY

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

WATER DELIVERY

4

Number of water treatment facilities

242

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

100%

Safe Drinking Water Act compliance

WHO WE SERVE

138,412

Customer accounts

440,000+

Residents

171 sq.mi.

Service area

ASSETS

\$832M

Capital asset investment since 2001

2,817

Miles of pressurized mainline

\$1.083B

Total capital assets

FY 2023 PERFORMANCE

\$113M

Operating revenue

\$114M

Operating expenses

\$12M

Interest expense

FINANCIAL RATINGS

Aa2

Moody's

AA+

S&P

AAA

Fitch



Chalk Bluff Water Treatment Plant

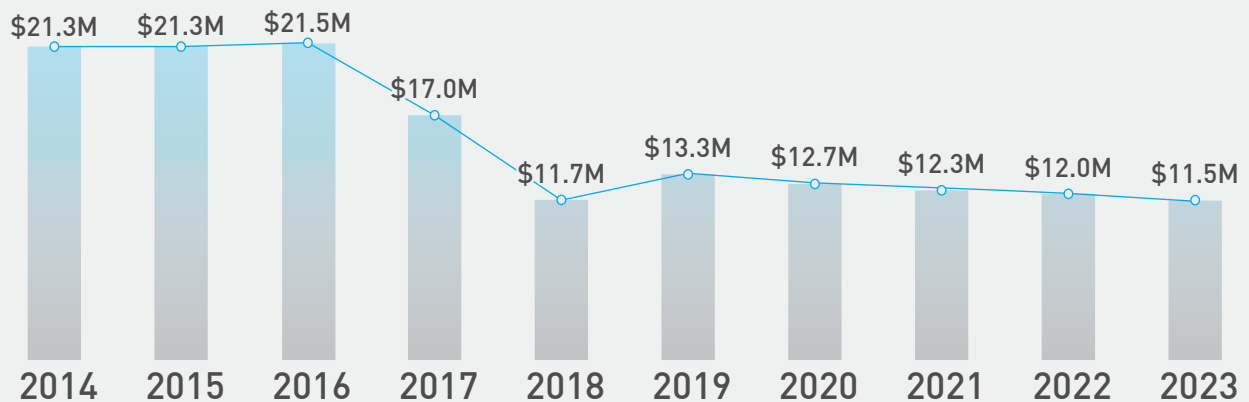
MEETING OUR OBLIGATIONS

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

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

This pay-down strategy has been accomplished by refunding older bonds and issuing newer ones with a lower interest rate, when favorable market conditions exist. Proactive approaches like this have helped strengthen TMWA’s financial ratings, while also paying off debt faster.

TMWA’S REDUCED INTEREST EXPENSE OVER THE PAST 10 YEARS

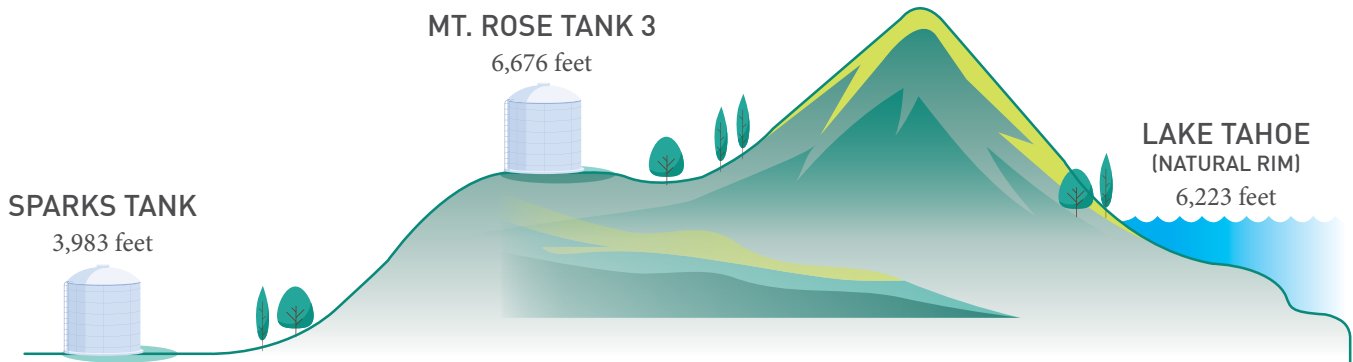


DELIVERING WATER TO YOU: AN INFRASTRUCTURE PERSPECTIVE

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

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

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



TMWA’S ASSIGNED-DAY WATERING: VALUE BEYOND CONSERVATION


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

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

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

ASSIGNED-DAY WATERING

<p>ODD ADDRESSES:</p> <ul style="list-style-type: none"> ✓ WEDNESDAYS ✓ FRIDAYS ✓ SUNDAYS 	<p>EVEN ADDRESSES:</p> <ul style="list-style-type: none"> ✓ TUESDAYS ✓ THURSDAYS ✓ SATURDAYS
---	--



NO WATERING ON MONDAYS. DO NOT WATER BETWEEN NOON AND 6 P.M.

MAINTAINING RELIABILITY AND BOOSTING RESILIENCY

ORR DITCH HYDROELECTRIC PLANT AT CHALK BLUFF

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

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

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



7TH STREET BOOSTER PUMP STATION

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

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

Short-term benefits include increased water distribution reliability.

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

ADVANCED METER INFRASTRUCTURE

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

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



WHERE TMWA STANDS

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

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

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

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

Very Low Operating Cost Burden and Manageable Capital Needs

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

Affordable Rates and Strong Local Economy

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

Financial Performance with Reductions in Debt

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

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



STRENGTHENING RATE FLEXIBILITY THROUGH TMWA’S RATE STABILIZATION FUND

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

DIVERSIFYING THE SUPPLY IN THE DESERT

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

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

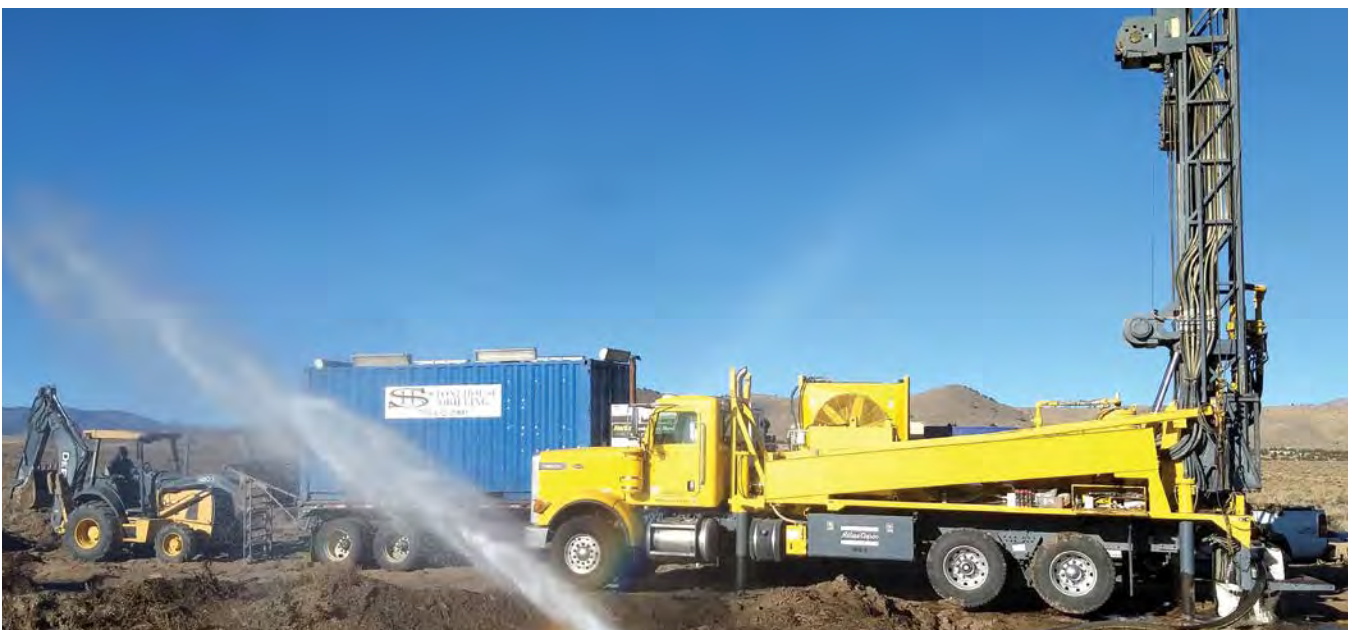
TMWA, in partnership with multiple local organizations and municipalities, has been piloting a new inland-friendly treatment process for several years. This innovative approach not only meets all Environmental Protection Agency (EPA) and State of Nevada drinking water standards, but also effectively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

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

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

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

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

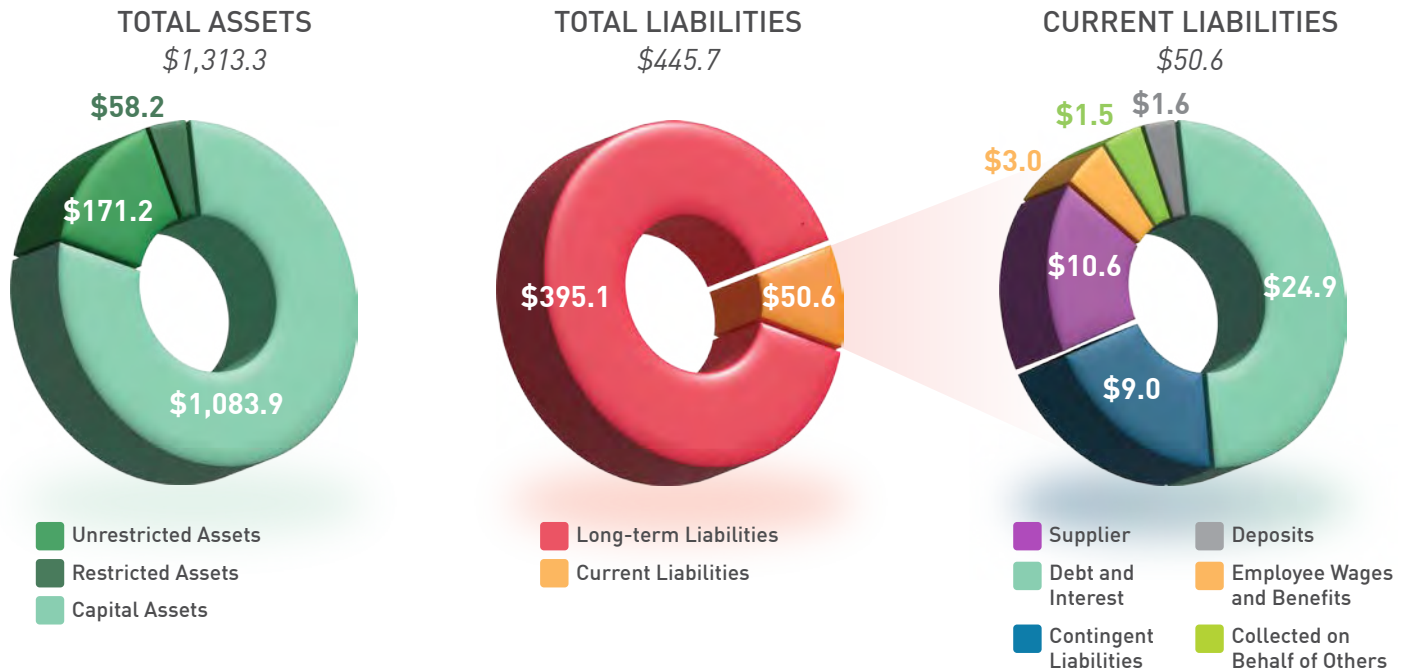


Drilling at American Flat

THE BIG PICTURE ON TMWA'S FINANCIAL POSITION

Net Position (formally, the Statement of Net Position) provides a point-in-time "snapshot" of the financial status for governmental organizations. Much like a balance sheet, Net Position provides insight into what government agencies own (assets) and what they owe (liabilities) at the end of each fiscal year. The charts below show TMWA's assets and liabilities as of June 30, 2023.

AT-A-GLANCE *(in millions)*



STATEMENT OF NET POSITION *(in millions)*

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

CHANGE IN NET POSITION

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

CHANGE IN NET POSITION *(in millions)*

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

See full financial statements in TMWA's Annual Comprehensive Financial Report at tmwa.com/financial-information.

EXPLANATION OF TERMS

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

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

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

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

TOTAL NET POSITION: Balance of a governmental organization's assets against its liabilities.

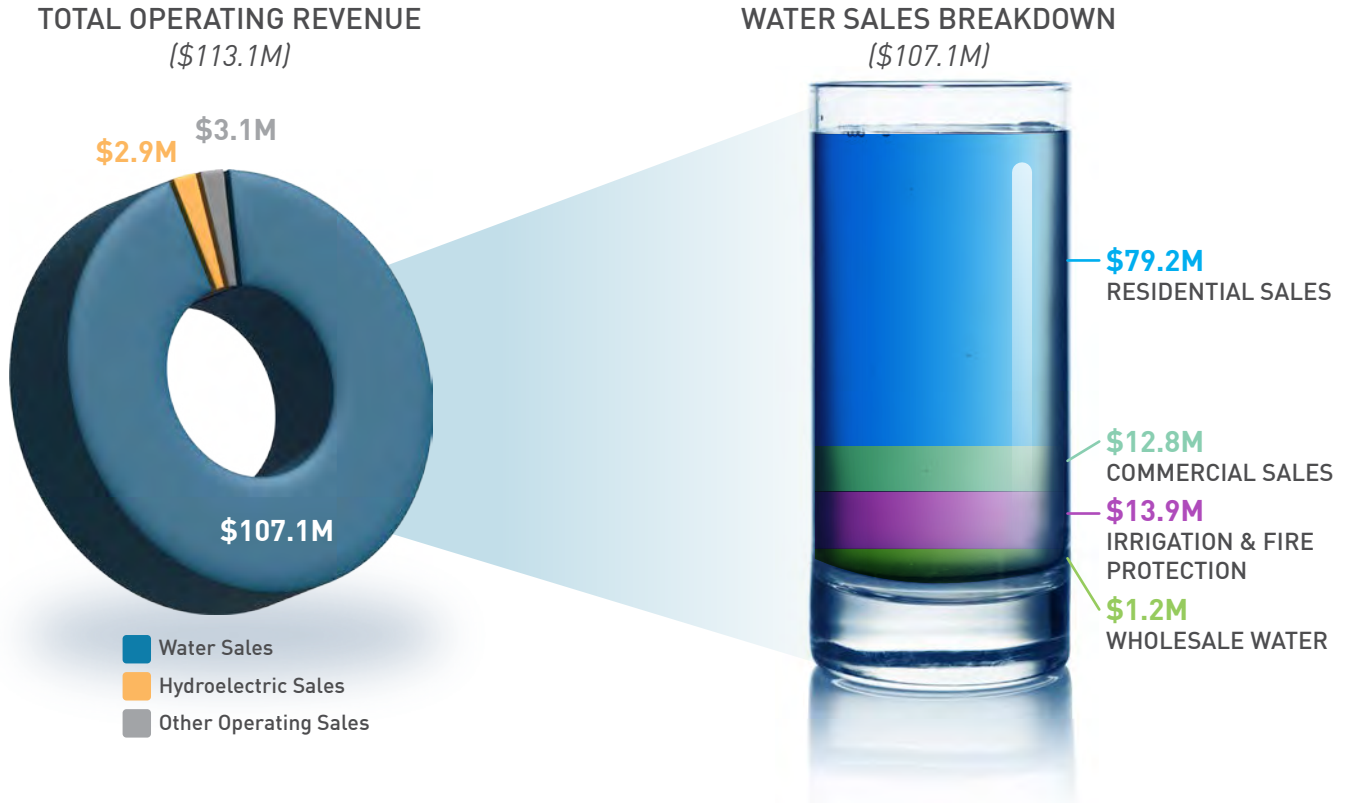
OPERATING REVENUES: Money generated from water, hydroelectric, and other operating sales. From this amount, operating expenses are subtracted to determine operating income or loss.

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

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

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

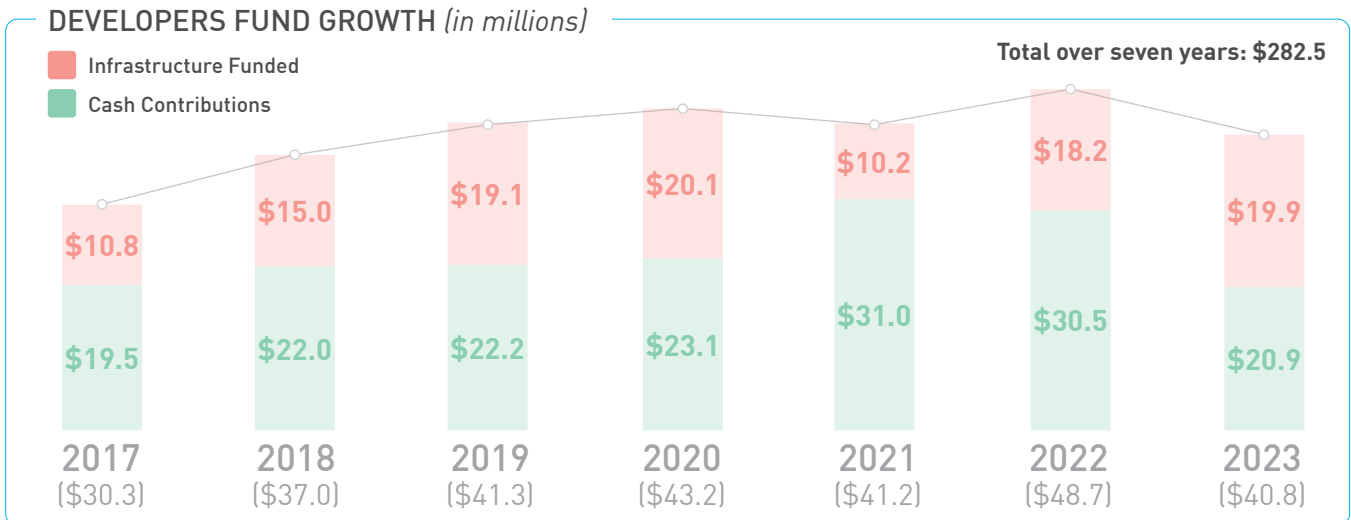
INCOMING: WATER SALES PROVIDE 95% OF TMWA'S OPERATING REVENUE



GROWTH PAYING FOR GROWTH

Neither TMWA nor its customers underwrite or pay for new infrastructure needed for residential or commercial development. To protect ratepayers from the short and long-term costs of service-area expansion, fees and infrastructure contributions from developers are required. Over the past seven years, total developer contributions for new growth have exceeded \$282 million.

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



OUTGOING: HOW TMWA SPENDS BY THE DOLLAR

TMWA'S SPENDING ALLOCATIONS, REPRESENTED AS CENTS ON THE DOLLAR



EXPLANATION OF EXPENSES

SALARIES, WAGES & EMPLOYEE BENEFITS

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

SERVICES & SUPPLIES

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

PRINCIPAL & INTEREST ON CUSTOMER RELATED DEBT

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

REHABILITATIVE CAPITAL SPENDING

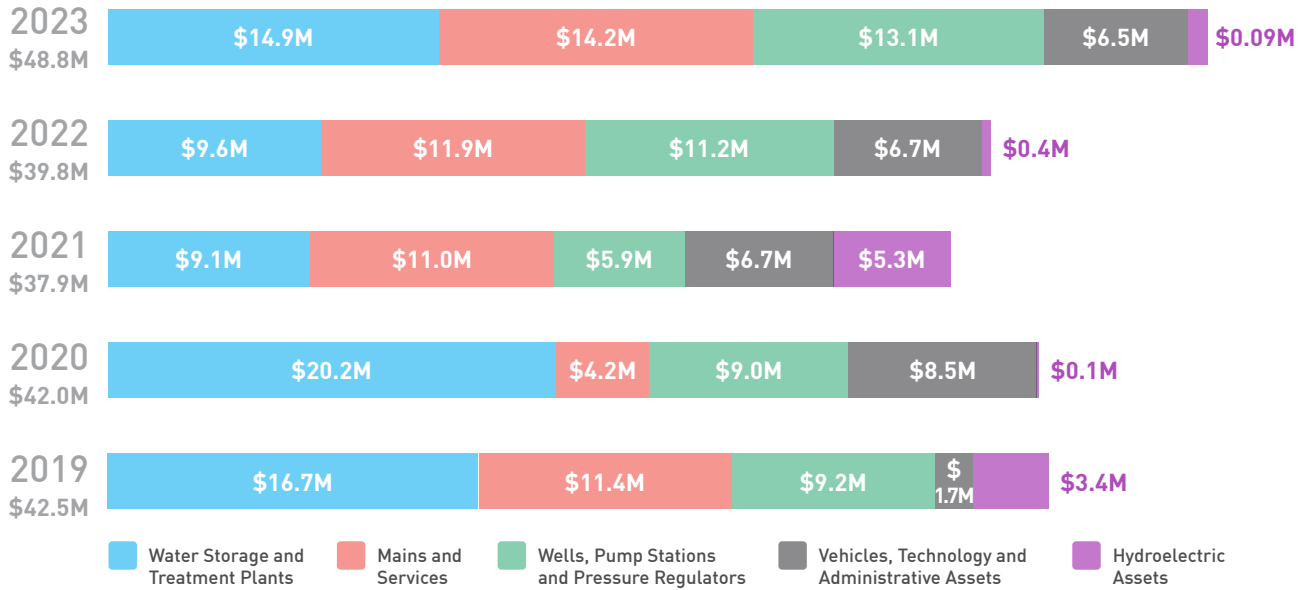
The cost of replacing and maintaining existing capital assets, (e.g., water treatment plants, infrastructure replacements, storage tanks).

KEEPING WATER FLOWING

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

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

CAPITAL SPENDING BY CATEGORY



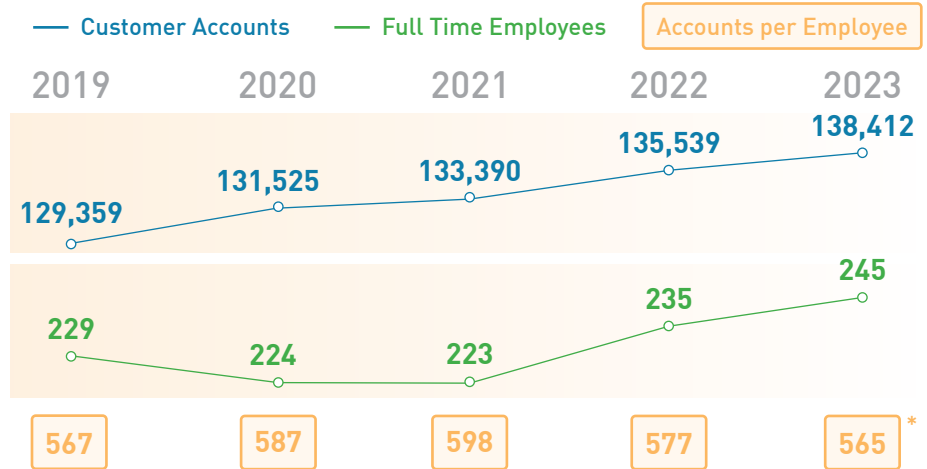
Chalk Bluff Water Treatment Plant

MEETING NATIONAL BENCHMARKS

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

WORKFORCE EFFICIENCY

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



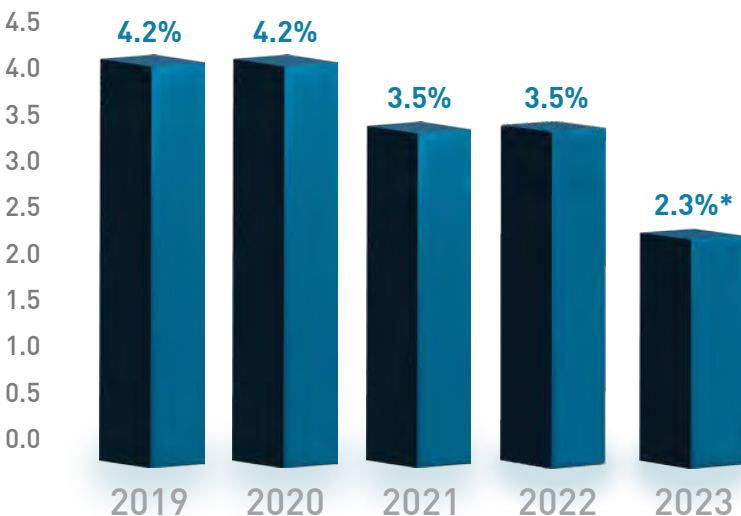
*2023 AWWA Top Quartile Benchmark for Workforce Efficiency Is 547

FINANCIAL EFFECTIVENESS

Financial effectiveness is measured by the change in net position divided by total assets. This demonstrates an organization’s ability to use its assets to generate income.

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

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



*2023 AWWA TOP QUARTILE BENCHMARK IS 3.7%



INTEGRATING IT ALL

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

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

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

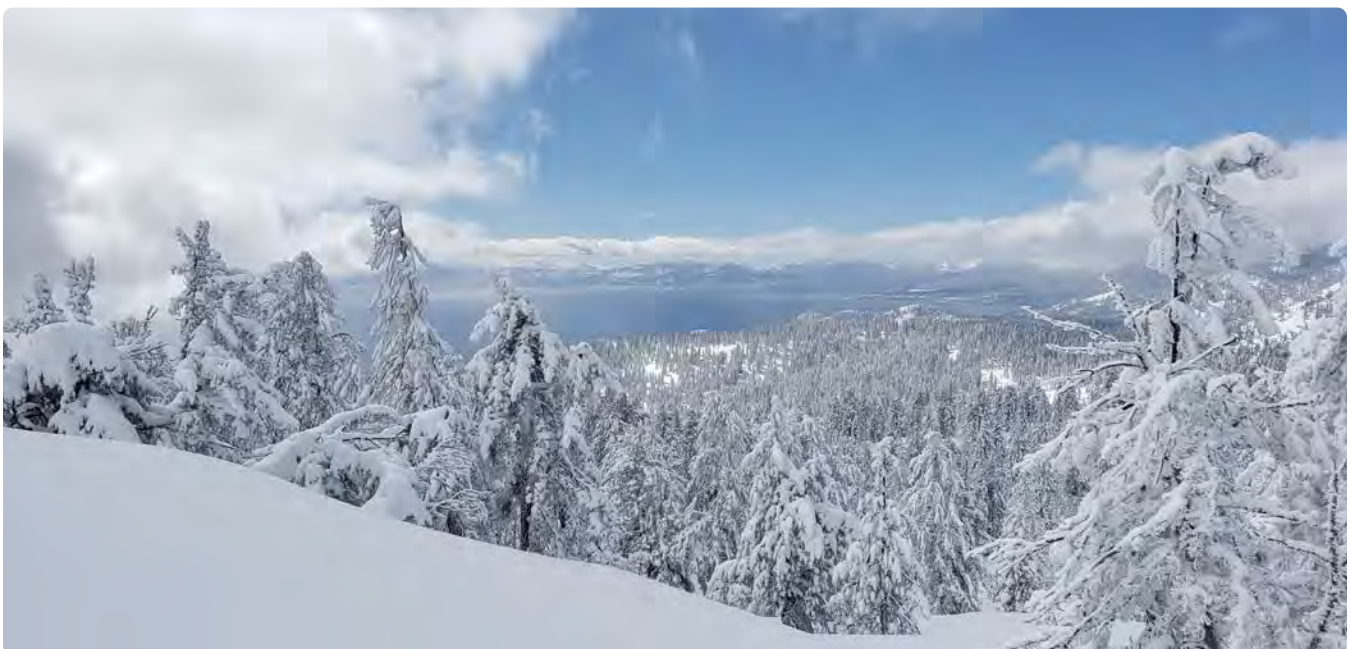
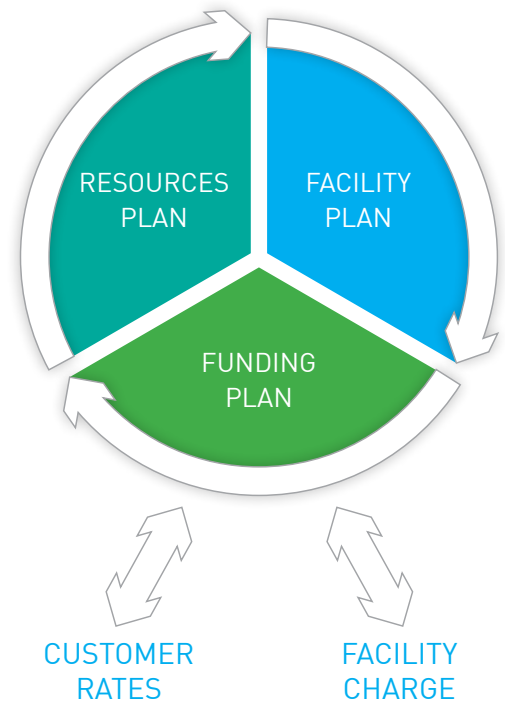
For example:

The **Water Resource Plan** estimates water supply and demand, giving insight into the facility capacity that will be needed for TMWA's future infrastructure.

The **Facility Plan** identifies the condition of TMWA's existing capital assets and project expansions needed to meet future growth, as identified in the Water Resource Plan. Facility charges are calculated based on the Facility Plan and are what builders and developers pay to connect new construction to the water system. This protects customer rates from the cost of new developments, ensuring growth pays for growth.

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

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



Winter in the Lake Tahoe Basin



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

Summary

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

Budget to Actual

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

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

Year over Year

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

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

Revenue

Budget to Actual

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

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

Year over Year

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

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

Operating Expenses

Budget to Actual

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

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

Year over Year

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

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

Non-Operating Expenses

Budget to Actual

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

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

Year over Year

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

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

Capital Contributions

Budget to Actual

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

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

Year over Year

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

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

Capital Spending

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

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

Cash Position

At September 30, 2023 total cash and investments was \$196.3m or \$11.1m lower than at the beginning of the fiscal year. Of the total cash and investments, \$138.6m was unrestricted to be used to meet upcoming and future operating & maintenance expenses, principal & interest payments and construction project payments. The remaining \$57.7m was restricted to pay for scheduled bond principal and interest payments as well as maintaining required reserves as stipulated in our bond covenants.

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the first quarter ended September 30, 2023

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

Truckee Meadows Water Authority

Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the first quarter ended September 30, 2023

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



STAFF REPORT

TO: Board of Directors
THRU: John R. Zimmerman, General Manager
FROM: Robert Charpentier, Communications Specialist
Matt Bowman, Chief Financial Officer
DATE: January 3, 2024
SUBJECT: **Presentation on results of TMWA public outreach regarding the proposed rate increases**

SUMMARY:

At the September 20, 2023 meeting, the Board tentatively approved the proposed rate adjustments and directed staff to proceed with the outreach process for notifying the public and obtaining comments. The following communications tactics were used to inform customers about the proposed rate adjustment and how formal public comments could be submitted for consideration by the Board.

- Held four customer open house style meetings, which were set in locations across the TMWA service area.
- Dedicated bill insert (October) sent to all customers who receive paper bills (81,870 accounts).
- Email sent (Nov. 7) to all customers receiving electronic billing (54,948 accounts).
- TMWA homepage banner announcing public meetings.
- TMWA Rate Adjustment webpage with FAQs, detailed information regarding the proposed rate adjustment, and a schedule and locations of public open houses. (<https://tmwa.com/rates2024>)
- Legal notices of public meetings posted in RGJ, TMWA lobby, TMWA website, and the State of Nevada Public Notices website.

Public Comment was taken via a dedicated email address (rates@tmwa.com), a comment form on the TMWA website, and via hand-written notes at the open houses. A total of 11 public comments have been received to date, which are included at the end of the report.

Additional Agendized & Noticed Public Comment Opportunities:

- TMWA Standing Advisory Committee meeting - January 9, 2024
- TMWA Board of Directors - January 18, 2024 – (First Public Hearing)
- TMWA Board of Directors - Wednesday, February 21, 2024 – (Second & Final Public Hearing)

CUSTOMER OPEN HOUSES (4):

All of the scheduled public open houses were staffed by members of TMWA’s Finance and Communications teams as well as representatives from GoodStanding Outreach. All public attendees were invited to submit written comments and provided with FAQ sheet. Finance staff walked attendees through posters, featuring information on the following topics:

- General information, including population served, water production, and infrastructure scope
- Distribution of TMWA expenses – services & supplies, wages & benefits, debt service, and capital spending
- Inflationary impact on power and chemical costs
- TMWA rates vs. Inflation (CPI-U vs. TMWA rate increases over time)
- Debt management & reduced interest expenses
- The importance of strong financial ratings
- Chart showing how the proposed, June 2024 increase will impact various billing levels

Most customers left satisfied that their question(s) were answered and chose to not leave a written comment. Transcripts of the four written comments are included below.

Tuesday, November 14, 2023 from 5:30 - 6:30 p.m.

South Valleys Library, Diamond Room at 15650 Wedge Pkwy., Reno, NV

In attendance: 3 customers

Written comments submitted: 1

Questions and concerns fielded by staff:

- Growth’s impact on rates and how the increase impacts my bill
- Unrelated questions about the Advanced Purified Water Facility project

Wednesday, November 15, 2023 from 5:30 - 6:30 p.m.

Truckee Meadows Water Authority, Independence Room, 1355 Capital Blvd, Reno, NV

In attendance: 0 customers

Written comments submitted: 0

Questions and concerns fielded by staff:

- NA
-

Tuesday, December 5, 2023 from 5:30 p.m. to 6:30 p.m.

McKinley Arts & Culture Center, Auditorium, 925 Riverside Drive, Reno NV

In attendance: 4 customers

Written comments submitted: 2

Questions and concerns fielded by staff:

- How will this increase impacts my bill?
- Growth's impact on the rate increase?
- Considerations of rate design and tier structure

Monday, December 11, 2023 from 5:30 p.m. to 6:30 p.m.

Spanish Springs Library, Paiute Room, 7100 Pyramid Way, Sparks, NV

In attendance: 4 customers

Written comments submitted: 1

Questions and concerns fielded by staff:

- Consideration of those on a fixed income
- Questions about Advanced Purified Water Project at American Flat

DETAIL OF ALL COMMENTS RECEIVED:

Note: Comments below are shown exactly as provided by the customer

SUBMITTED AT PUBLIC MEETINGS (ORIGINAL COMMENT CARDS ARE AVAILABLE)

- **Connie/Dallas Westbrook:** Good presentation by several employees/managers. All my questions were answered. I am impressed by the presentation. Thank you everyone for giving up personal time at night. (Lived in Reno 30 yrs. From Bay Area).
- **William Mantel:** Understanding the CPI is critical. I would like to see how much hasn't been generated in revenue by not adjusting until now. That shows sacrifice. Otherwise, as TMWA has tiers I wondered if these increases could practically be split amongst them. It sounds challenging. Thanks for all you do!!
- **Dale Sanderson:** Matt did an excellent job in presenting a complex issue.
- **Brad Kaneyuk:** Great job in explaining the rates and reuse water.

COMMENTS SUBMITTED FROM E-NEWSLETTER

- **npatterson285@gmail.com:** So we do not receive curstiosity calls before we get shut off. Which allows TMWA to reach another million in revenue but now on top of the "it isn't fair for us to have to call when your haven't paid your bill" you want to increase 4.5%. This is ridiculous if you will not fix your office problem. Have you not been paying attention to what has been going on in Reno? This increase should also come with new policies and procedures for your office to implement curstiosity calls. EVERY OTHER BUSINESS DOES IT. Have a wonderful day.
- **Jack Kiserow:** I have a big issue with your: The proposed single-digit rate adjustment is intended to help the utility meet revenue requirements. The proposed series of increases will begin with a 4.5 percent increase, How about you put the full schedule of your intended rate gouging you plan to ask for up front in this message.
- **Mark Hutchings:** My only comment is that this Public Notice is misleading. Are you proposing a rate increase or decrease? After reading the entire email, it is an increase but calling it an "adjustment" in the headline is misleading and an attempt to make it unclear to the public what you are proposing. Identifying it as a Rate Increase in the Headline would likely create more public outcry which you seem determined to minimize through unethical means. Do better.
- **Berna & Stephen Arnold:** As Reno residents at 6243 Chesterfield Lane, Reno 89523, we are against rate increases. People cannot afford living with the gas prices, inflation, high insurance rates, and no pay increases that keep up with Biden's financial ruinous agenda. Please no more rate increases until inflation drops down.

Thank You.

- **Lorraine Benson:** No to raising the rates. Food, gas costs and property taxes all have increased. For those of on a fixed income this is out of the question.

No to raising rates.

Thank you,

Lorraine Benson

SUBMITTED TO WEBSITE COMMENT FORM

- **Julie Ruiz:** We absolutely do not agree to this rate hike! With our new larger population due to the new housing developments, apartment developments AND warehouse buildings, there is no reason for us to pay a higher water rate because there are thousands more people living here !!!!!!!

You don't need a rate hike.

We vote NO!

- **Donnald Manni:** On your rate increase "it's only" 1.24 in winter and 2.56 in summer. For us older residence at the end of the month, SS dos not refund us that increase. With all construction going on, have them pay the increase.

**TRUCKEE MEADOWS WATER AUTHORITY
STANDING ADVISORY COMMITTEE
GOVERNING RULES**

1. **Members:** Membership in the Standing Advisory Committee (“Committee”) is governed by the Truckee Meadows Water Authority’s Board of Directors (“Board”). Each Member is appointed for a two-year term. Members serve and may be reappointed at the Board’s pleasure. As requested by the Board, the Committee shall take action to make recommendations to the Board regarding membership in the Committee.
2. **Alternates:** In its discretion, the Board may appoint a Member to serve in either a primary (“Primary”) or alternate (“Alternate”) position. When making a recommendation to the Board to fill a Primary position vacancy, the Committee shall give preference to the existing Alternate(s). During the two-year term each Member will alternate between the Primary and Alternate position, rotating each January. If no Alternate Member has been appointed, the Primary Member may stay in the Primary position for a second year.
3. **Participation:** Each Member is expected to attend all Committee meetings and review the agenda and all supporting materials prior to arrival. Failure by a Member to attend more than two meetings in a year may result in the Committee making a recommendation to the Board that the Member be replaced.
4. **Compliance with NRS Chapter 241:** Meetings shall be conducted in compliance with NRS Chapter 241, the Nevada “Open Meeting Law.”
5. **Quorum:** A quorum shall consist of a simple majority of the Primary Members. Members may participate telephonically in meetings, but telephonic participation shall not be considered in establishing a quorum. In the absence of a Primary Member, the Alternate Member for that customer class who is physically present at the meeting may be considered in establishing a quorum.
6. **Action:** For items other than those that constitute recommendations to the Board, an action may be taken by affirmative vote of the majority of Primary Members physically present. For items that constitute recommendations to the Board, an action shall be taken only by an affirmative vote of the majority of ~~the~~ Primary Members ~~hip~~. Each ~~an~~ Primary Member shall have one vote. Members participating telephonically may not vote on action items. An Alternate Member sitting in for an absent Primary Member has all of the voting rights of the absent Primary Member. Otherwise, an Alternate Member has no voting rights.
7. **Agenda Items:** The Committee may, by action at a prior meeting, make suggestions to staff as to items to be placed on a future agenda. Except as otherwise directed by the Board, Staff shall have discretion as to the items that will be placed on the Committee’s agendas.
8. **Officers:** There shall be a Chair and a Vice Chair, elected by the Members. The Chair will conduct the meetings. The Vice Chair or such other Member as the Chair or Vice Chair may designate will conduct the meeting in the absence of the Chair. Or, in the absence of the Chair and Vice Chair, a majority of the Members present may designate an Alternate to conduct the meeting. The Chair and Vice Chair each shall serve for a one-year term, with their terms expiring at the first meeting scheduled following the beginning of the calendar year following their election. The Vice Chair shall automatically succeed to the position of Chair for the subsequent term, unless an alternate action is made by the Members. Officers

- may be reelected. The Chair or the Chair's designee is the only Member who may speak on behalf of the Committee to the Board, to any member of the Board, or to the public.
9. **Conflicts of Interest:** Members shall disclose conflicts of interest regarding any decisions of the Committee and shall disclose any financial interest in Committee decisions and in organizations affected by Committee action, other than the financial interest that derives from being a TMWA customer. Members who will receive a direct financial benefit from any action taken by the Committee, other than a financial interest that derives from being a TMWA customer, shall abstain from voting on such action. In the event that a Member presents an idea to the Committee for consideration on behalf of another individual or entity, said Member shall disclose to the Committee the identity of said individual or entity.
 10. **Uses of staff:** Staff will provide reasonable assistance to facilitate meetings and provide readily available information to the Committee to carry out its functions. The Committee shall reasonably limit its demands on staff time, and any demands made in excess of what staff deems reasonable shall require Board approval. No Member may request the use of staff time without approval of the Committee.
 11. **Amendment of Rules:** Any amendments to these Rules shall require an affirmative vote of the majority of the Primary Members.

As amended, ~~February 7, 2017~~ January 9, 2024