



**Truckee Meadows
Water Authority**

Quality. Delivered.

2025

Popular Annual Financial Report



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

On behalf of Truckee Meadows Water Authority (TMWA), I am pleased to present our 2025 Popular Annual Financial Report (PAFR).

This report is a companion piece to TMWA's Annual Comprehensive Financial Report (ACFR) for fiscal year 2025 (FY25), which accounts for financial activity from July 1, 2024 to June 30, 2025. The ACFR is a detailed, formal document required for legal compliance and financial transparency. It is also over 100 pages long, and we understand its size and detail can be daunting.

To provide a useful and insightful summary of the information, this document distills TMWA's core financial information into an engaging, easily digestible format. Our goal is to provide financial accountability in a way that is more accessible to the public.

This document presents a clear and concise explanation of TMWA's financial position, with breakdowns of revenue, expenses, capital expenditures, and how we fund essential services. It also provides direct links into key forms and reports within the ACFR if you want to dive deeper into the accounting.

I encourage you to use this report to understand how TMWA manages and protects its financial standing. As a community-owned water utility, the public's understanding of how TMWA ensures the delivery of high-quality water to customers is key to our shared success.

Best regards,

A handwritten signature in black ink that reads "Matt Bowman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Matt Bowman, Chief Financial Officer

Truckee Meadows Water Authority

Truckee Meadows Water Authority's Board of Directors: A Multi-Jurisdictional Governing Board

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

Leadership positions pictured below reflect TMWA's Board in FY25 (July 1, 2024-June 30, 2025). For fiscal year 2026, Clara Andriola was elected to serve as Chair with Paul Anderson chosen as Vice Chair. Both terms began on July 1, 2025.

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.



Naomi Duerr
Chair
City of Reno
Council Member



Clara Andriola
Vice Chair
Washoe County
Commissioner



Paul Anderson
City of Sparks
Council Member



Alexis Hill
Washoe County
Commissioner



Kathleen Taylor
City of Reno
Council Member



Miguel Martinez
City of Reno
Council Member



Dian VanderWell
City of Sparks
Council Member

Senior Management

John R. Zimmerman
General Manager

Danny Rotter
Assistant General Manager and
Director of Engineering

Matt Bowman
Chief Financial Officer

Ryan Dixon
Director of Distribution,
Maintenance, and Generation

Jessica Atkinson
Director of Human Resources

Sean Feeney
Director of Technology

Will Raymond
Director of Operations
and Water Quality

Your Water Authority

TMWA provides drinking water to over 475,000 residents in Reno, Sparks, and Washoe County — a service area that stretches 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

5

Number of water
treatment facilities

214

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

100%

Safe Drinking Water
Act compliance

Who we serve

144,244

Service connections

475,000

Residents

171sq. mi.

Service area

Assets

\$976M

Capital asset investment
since 2001

2,865

Miles of pressurized mainline

\$1.19B

Total capital assets

FY25 performance

\$132M

Operating revenue

\$130M

Operating expenses

\$9M

Interest expense

Financial ratings

Aa2

Moody's

AA+

S&P

AAA

Fitch

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.

As of June 30, 2025, TMWA’s total outstanding debt was \$305.5 million. Over the past decade, TMWA has reduced interest expense by 59% and has reduced outstanding principal on its debt by \$201.6 million.

A notable activity in FY25 was TMWA’s debt obligation fulfillment to the Nevada’s State Revolving Fund (SRF) for two bonds. One payoff was for a \$4.7 million bond issued in 2005, and the other was for a \$9.1 million bond issued in 2014.

The diligent fulfillment of debt obligations since its founding factors into why Moody’s, S&P, and Fitch assign high bond market ratings to TMWA. Favorable bond ratings help keep the cost of borrowing low.

TMWA’s Reduced Interest Expense Over the Past 10 Years



Get insight into TMWA’s Debt Management on page 51 of the ACFR.



Where TMWA Stands

TMWA stands tall within the hierarchy of credit rating categories. The table below demonstrates 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-	
A+	A1	A+	UPPER MEDIUM GRADE
A	A2	A	
A-	A3	B	
B +/-	Baa 1 2 3	BBB +/-	LOWER MEDIUM GRADE

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

Factors That Led to TMWA's AAA Bond Designation From Fitch Ratings Include:

Very Low Operating Cost Burden and Manageable Capital Needs



TMWA has a ‘very low and quite stable’ operational cost burden. Projected infrastructure investments are expected to outpace the depreciation of existing assets, ensuring the necessary improvements are planned to appropriately maintain TMWA's water system infrastructure.

Affordable Rates and Strong Local Economy



TMWA has the ability to determine rates and makes them affordable. Further, the economy of TMWA's service territory is stable, as evidenced by steady growth, diversification, and low unemployment in the Truckee Meadows 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 expectation. TMWA's debt reductions have ensured financial flexibility and strong liquidity.

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

Agreement Secures Bright Future for TMWA Hydroelectric Power Generation

In August 2025, TMWA executed a 20-year Power Purchase Agreement (PPA) with Switch, a provider of AI, cloud, and enterprise data centers for the sale of electric power from TMWA's three hydroelectric facilities. This agreement takes effect in 2028 and yields a significant financial advantage for TMWA, with over \$100 million in revenue projected over its lifespan. This will help keep water rates low for TMWA customers.

In comparison, over the past 10 years TMWA's total hydroelectric revenue was \$30.5 million under the current PPA with NV Energy. The highest annual revenue ever generated by TMWA's hydroelectric facilities was \$4.2 million in fiscal year 2024.

The Switch PPA results in increased revenue and provides additional funds to address facility modernization for TMWA's three hydroelectric facilities on the Truckee River. These plants are all over 100 years old and generate power using turbines driven by river flow.

Finally, the agreement fulfills TMWA's goal to continue producing renewable energy for decades to come and to secure a revenue stream that benefits customers.

See Item #8 from the August 2025 Board of Directors Meeting

Advanced Meter Infrastructure Installations are Complete

This past summer, TMWA completed its Advanced Meter Infrastructure (AMI) project, providing more information for customers to manage their water use than ever before.

AMI Quick facts

137k

Total Meters Installed

Over 137,000 new water meters in homes and businesses

6 yrs

Project Duration

Approximately six years from 2018 – 2025

\$420k

Operational Savings

Reduces the cost for manual meter reading, resulting in approximately \$420,000 of operational savings per year for TMWA.



Account Management

- ✓ Tracks water use by the hour, in near real-time
- ✓ Centralizes a way to identify and pinpoint water loss
- ✓ Includes leak detection alerts

TMWA's Rainy-day Fund: Restricted vs. Unrestricted Cash Reserves

Similar to the way personal savings accounts help to cover unexpected household expenses, TMWA maintains cash reserves to ensure the stability and reliability of our community's water system. However, these reserves aren't a measure of wealth; instead, they are used as a strategic financial planning tool allowing TMWA to prepare for the future and manage unexpected events.

TMWA separates its reserves into two key "buckets" for responsible management: Restricted and Unrestricted cash reserves. TMWA's strategy involves balancing these two types of reserves to create a comprehensive financial safety net.



Restricted Cash Reserves

- **What they are:** Funds that can only be spent on pre-defined items to support operations and meet legal or contractual requirements, like bond covenants.
- **Benefit:** They provide assurance to lenders and regulators that TMWA can meet its critical obligations, which can reduce the cost of debt.

Unrestricted Cash Reserves

- **What they are:** Funds that have flexibility in how they are used, serving as a vital strategic allocation tool that helps provide operational stability if needed.
- **Benefit:** They offer maximum flexibility to respond to financial stressors, like a sudden drop in revenue, or to fund unanticipated infrastructure or equipment failures.



While unrestricted cash reserves are more flexible, there are policies for holding minimum balances. Guidelines include:

- ✓ Fund four months of operating expenses, with two months held as a restricted reserve. Combined, these equate to six months of operating reserve.
- ✓ Cover one year of debt service.
- ✓ Cover repair and replacement items, representing a balance of \$30 million.
- ✓ Mitigate unforeseen one-time events like infrastructure or major equipment failures, representing 1% of total depreciable assets.

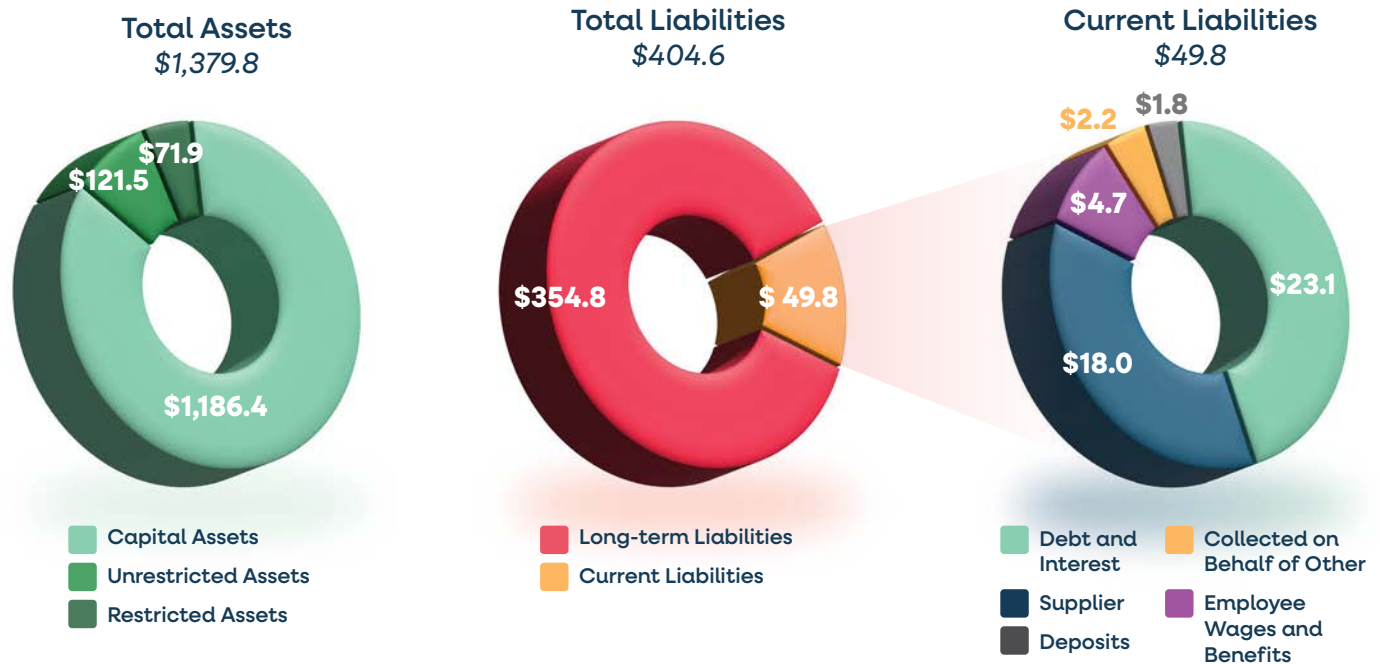
In addition to the unrestricted reserves required above, TMWA maintains a Rate Stabilization Fund (\$11.5 million as of June 30, 2025), which further protects customers from rate increases due to emergencies or other unforeseen events.

***Review TMWA's cash reserves
on page 30 of the ACFR.***

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, 2025.

At-A-Glance (in millions)



Statement of Net Position (in millions)

	2025	2024	2023	2022
Unrestricted Current Assets	120.7	117.3	170.1	189.4
Restricted Current Assets	36.5	69.6	28.7	33.3
Long-Term Restricted and Other Assets	30.2	28.8	27.5	26.1
Net Other Post Employment Benefits Asset	6	4.7	3.1	6.0
Capital Assets, Net	1,186.4	1,132.9	1,083.9	1,052.0
Total Assets	1,379.8	1,353.3	1,313.3	1,300.8
Deferred Outflow of Resources	26.3	23.1	25.5	22.4
Total Assets and Deferred Outflow of Resources	1,406.1	1,376.4	1,338.8	1,323.3
Total Current Liabilities	49.8	60.9	50.6	46.8
Long Term Debt Outstanding	289.2	309.9	333.9	355.4
Net Pension and Other Noncurrent Liabilities	65.6	64.4	61.2	28.6
Total Liabilities	404.6	435.2	445.7	433.9
Deferred Inflow of Resources	11.3	5.9	2.6	29.1
Total Liabilities and Deferred Inflow of Resources	415.9	441.1	448.3	463.0
Net Investment in Capital Assets	883.4	853.1	749.2	693.0
Restricted	50.1	45.6	43.7	50.7
Unrestricted	56.7	36.6	97.6	116.6
Total Net Position	\$990.2	\$935.3	\$890.5	\$860.3

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 (below) covers TMWA's fiscal year from July 1 to June 30. Much like an income statement, it primarily covers revenues and expenses.

Change in Net Position (in millions)

	2025	2024	2023	2022
Operating Revenues	132.3	122.4	113.1	114.6
Operating Expenses	129.4	122.3	114.4	98.6
Operating Income (Loss)	2.9	0.1	(1.3)	16.0
Nonoperating Revenues (Expenses), Net	(1.0)	(5.3)	(10.8)	(21.5)
Income (Loss) before Capital Contributions	1.9	(5.2)	(12.1)	(5.5)
Capital Contributions, Net	53.0	50.0	42.3	51.6
Change in Net Position	54.9	44.8	30.2	46.1
Net Position — Beginning of Year	935.3	890.5	860.3	814.2
Net Position — End of Year	\$990.2	\$935.3	\$890.5	\$860.3

Review Change in Net Position details on page 32 of the ACFR.

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.

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/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.

Loss Happens: Davis Wildfire Damages Critical Groundwater Well

TMWA is currently addressing the loss of a critical groundwater well due to the destructive Davis Fire that rapidly burned through 5,824 acres between south Reno and Davis Creek campground in September of 2024.

As the fire spread, it critically damaged the above-ground infrastructure at Old Washoe Well 4, a key water source for the Old Washoe Estates Pressure Zone. TMWA engineers estimate that 80% of the well's infrastructure was a total loss.

The salvageable assets were located underground and remain reusable or in serviceable condition. As a result, TMWA recorded a permanent loss of \$579,800 in FY25.

To date, TMWA has received initial insurance proceeds of \$94,600, with additional insurance proceeds anticipated in FY26.



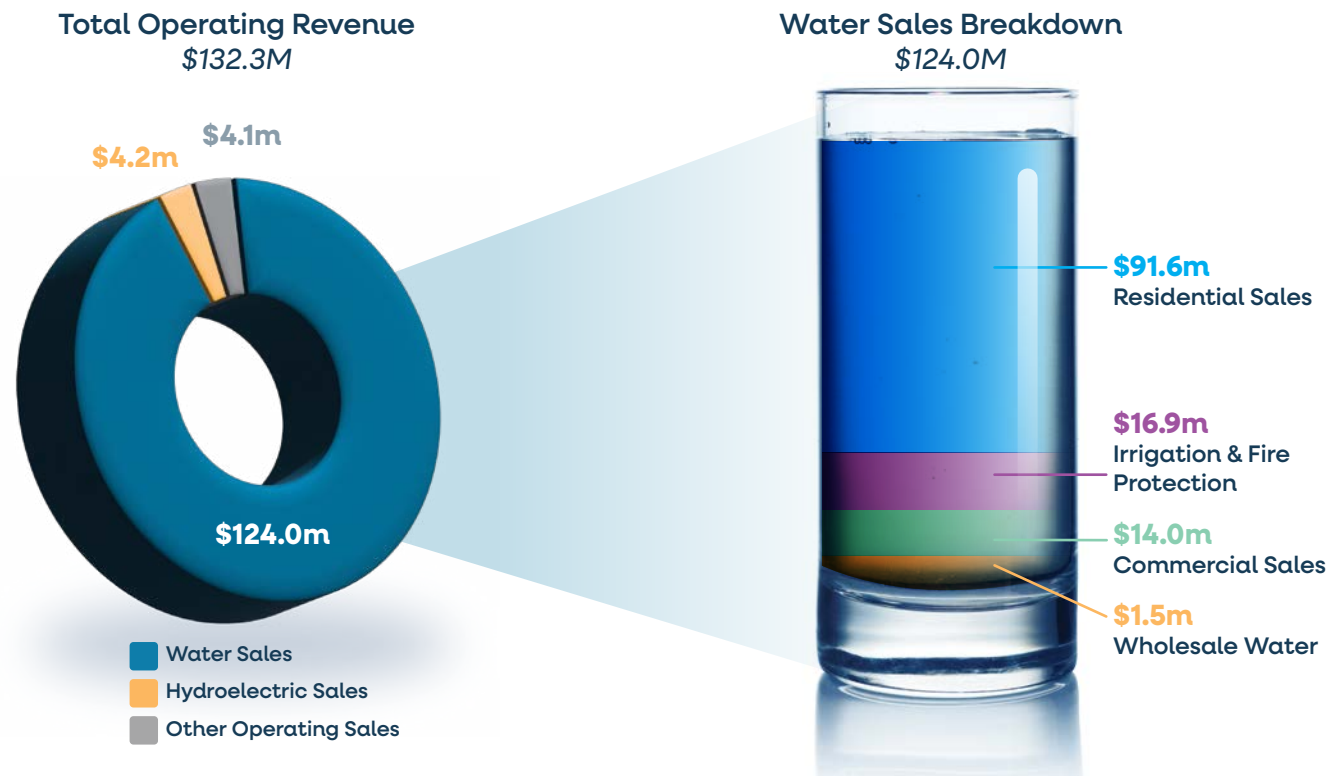
Ensuring Water Service Delivery During Disaster

Despite power loss and damage to one of its wells, TMWA ensured water service delivery to the Old Washoe Estates during and after the fire through consistent generator refueling, maintenance of pressure regulating stations, periodic visits by diesel technicians, and delivery of water disinfection chemicals to ensure water availability to customers. Additional measures taken during the incident included:

- ✓ **Maximizing Storage:** Upon being alerted to the fire, TMWA operators immediately followed emergency response protocol, which included raising water storage levels in all tanks within the fire zone. This also ensured the maximum amount of water was available for firefighting.
- ✓ **Coordination and Safety:** TMWA worked closely with law enforcement, fire department Incident Commanders, and the Regional Emergency Operations Center to ensure staff and contractors could safely maintain water-delivery operations.
- ✓ **Maintaining System Settings:** Smaller portable generators were utilized at various locations to maintain critical operating settings, such as pressure transducers, pump on/off signals, tank elevation data, and cameras needed for situational awareness.

Review the fiscal impact of this natural disaster on page 69 of the ACFR.

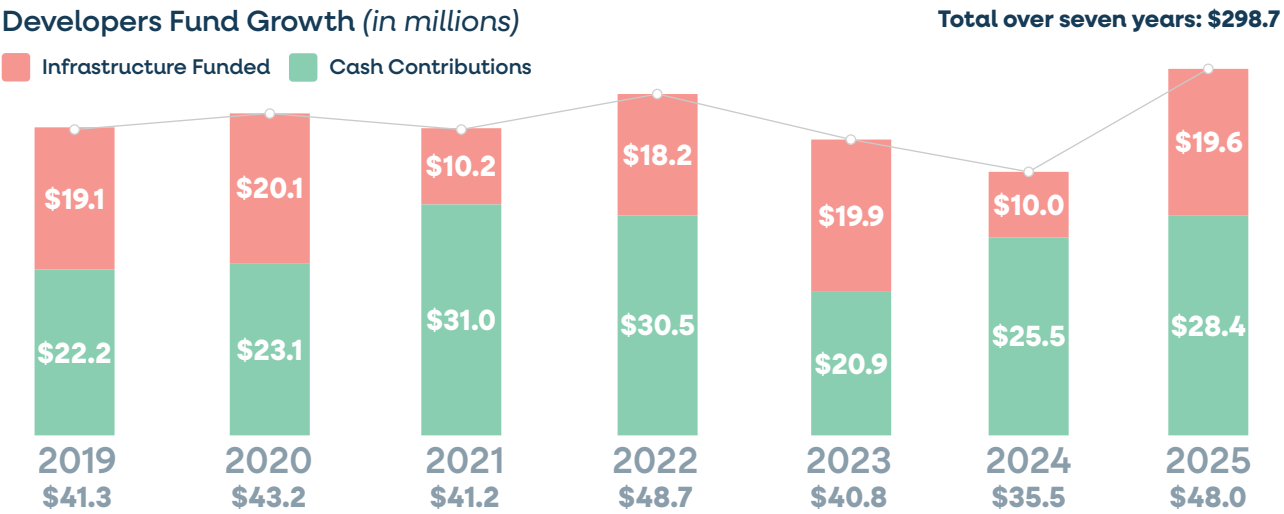
Incoming: Water Sales Provide 94% of TMWA’s Operating Revenue



Growth Paying for Growth

Neither TMWA nor its customers 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 \$299 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. This ensures the region will always have enough resources to meet dedicated water rights.



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, (i.e., treatment supplies, infrastructure maintenance, distribution, customer service, etc.).

PRINCIPAL & INTEREST ON CUSTOMER RELATED DEBT

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

REHABILITATIVE CAPITAL SPENDING

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

Review Revenue and Expense Details on page 32 of the ACFR

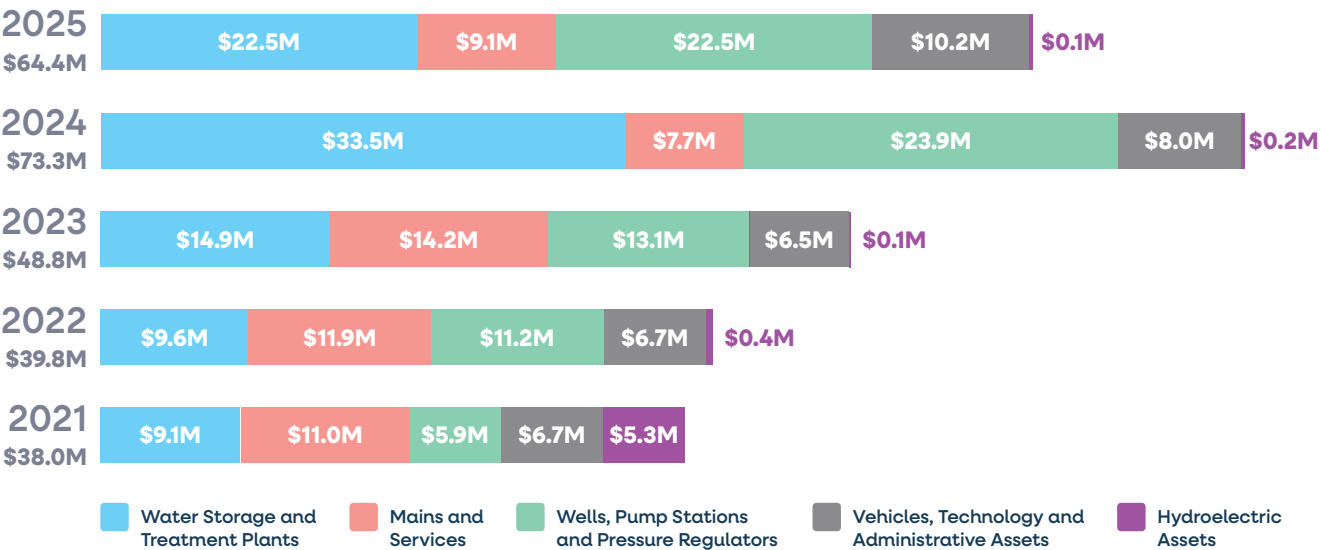
Capital Projects That Keep Water Flowing

Day or night, when customers turn on their taps, they expect water to flow. This means 24/7 operations for TMWA.

With a system in constant operation, there is always something within our extensive infrastructure requiring maintenance, rehabilitation, or replacement.

An overview of projected capital expenditures for the next five years can be found in TMWA's current [Water System Facility Plan](#). This plan includes priority water facility improvements, new infrastructure requirements, and projected capital improvement costs through 2040.

Capital Spending by Category



New Hydroelectric Facility Leverages Existing Infrastructure, Reduces Cost to Treat Water



The Orr Ditch Hydroelectric Facility is in its final phase of development and is set to come online in Spring 2026. This innovative capital improvement project began three years ago and stands out by leveraging existing infrastructure to create new value to TMWA's operation.

Specifically, the project capitalizes on the existing pipeline connecting the Chalk Bluff Water Treatment Plant (Chalk Bluff) and the Orr Ditch. The facility uses this existing gravity-fed conveyance to drive two new power generating turbines located below Chalk Bluff. Using the existing canal eliminates the need for a new diversion from the river, which also simplified the permitting process with the Federal Energy Regulatory Commission.

Importantly, power from Orr Ditch will be managed by TMWA and used as a clean energy supply for Chalk Bluff, the region's primary water treatment facility. Generating TMWA's own power at this key location during the off-peak months of November-April will substantially reduce the facility's power cost, which is one of TMWA's largest single expenses.

This project was constructed in conjunction with the replacement of the Orr Ditch booster pump station which provides a redundant supply of water to Chalk Bluff. The total project cost was approximately \$40 million and was funded partially (\$1.5 million) by grant proceeds from the Nevada Department of Conservation and Natural Resources. TMWA expects to receive additional funding of approximately \$4 million through refundable tax credits. These proceeds are expected in fiscal year 2027.

See Agenda Item #6 from the February 2020 Board of Directors Meeting



Developing a Sustainable Water Resource: An Update on the American Flat Project

After more than 15 years of research, pilot testing, and demonstration projects in partnership with the City of Reno, progress continues on the Advanced Purified Water Facility (APWF) at American Flat north of Reno.

The new facility will produce approximately two million gallons per day of drought-proof, high-quality drinking water. To date, most of the funding secured has come from a combination of local, state and federal sources. These include:

EPA and State Revolving Funds: \$128 Million

The U.S. Environmental Protection Agency (EPA) announced in October 2024 that it was supporting the project with \$128 million, which includes:

- ✓ \$70 million loaned through Nevada's Clean Water State Revolving Fund,
- ✓ \$55 million loaned through the Nevada Division of Environmental Protection's Drinking Water State Revolving Fund, and
- ✓ \$3 million in congressionally directed spending.

Bureau of Reclamation Grant: \$30 Million

TMWA and the City of Reno were awarded a \$30 million federal WaterSMART grant from the Department of Interior's Bureau of Reclamation for the planning, design, and construction of the facility.

Remaining Funds

Additional funding is provided through agency partnership, with 70% of the remaining funds coming from the City of Reno and 30% from TMWA.



Construction is slated for Summer 2026 and is expected to last several years, followed by a period of extensive testing and monitoring. During this period, the A+ Water from American Flat will be used for agriculture, ultimately becoming a new groundwater resource for TMWA's drinking water distribution.

**Stay updated on the
American Flat project.**

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 as well as the policies that guide TMWA's approach to managing funds.

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

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

For example:

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

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

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

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

