

NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2008 and 2007

PREPARED BY: Jeffrey P. Tissier, CPA
Chief Financial Officer

TRUCKEE MEADOWS WATER AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2008 AND 2007

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INTRODUCTORY SECTION

December 1, 2008

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Truckee Meadows Water Authority (TMWA) for the Fiscal Year ended June 30, 2008. The purpose of the report is to provide the Board of Directors, our customers, and bondholders as well as other interested parties with reliable financial information about TMWA. TMWA's Finance Department has prepared the CAFR in accordance with Generally Accepted Accounting Principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has 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.

The CAFR 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. In addition, this section includes Management's Discussion and Analysis (MD&A), which provides a narrative overview and explanation of the results reflected in the basic financial statements. The financial statements presented in this section were prepared in accordance with GAAP. TMWA's financial activities are reported as an enterprise fund (proprietary fund type).

Statistical Section- This section is comprised of selected financial, operational and demographic information generally presented on an annual basis since TMWA began water utility operations on June 11, 2001.

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

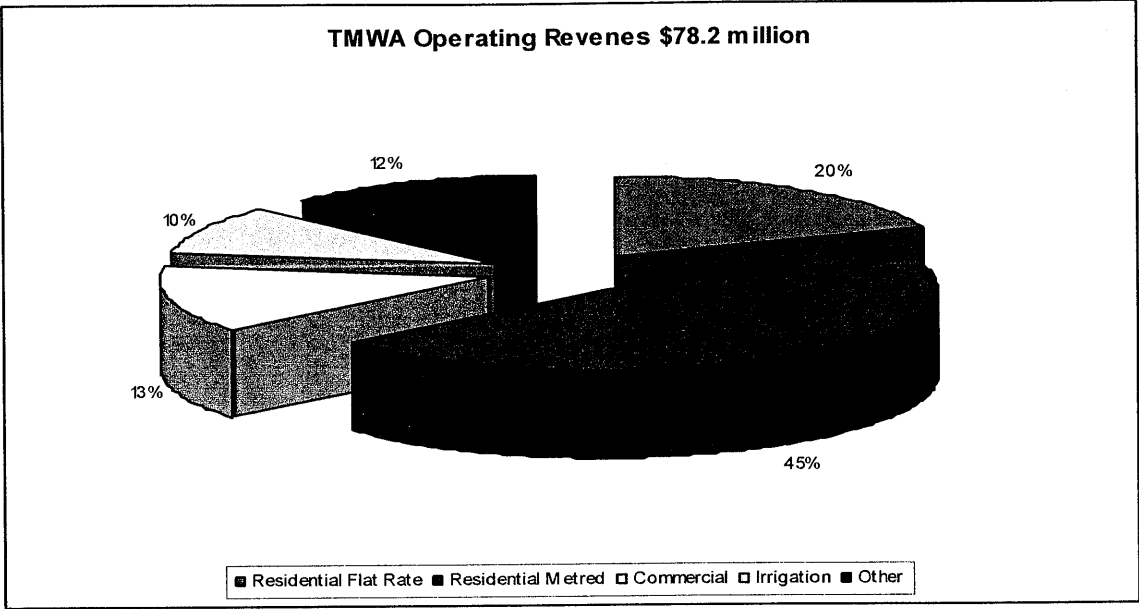
TMWA was formed as a Joint Powers Authority pursuant to chapter 277 of the Nevada Revised Statutes and is a political subdivision of the State of Nevada. TMWA is separate from its member agencies: City of Reno, City of Sparks and Washoe County. TMWA was formed in November 2000 for the purpose of acquiring the water division of Sierra Pacific Power Co. (SPPCo), a subsidiary of Sierra Pacific Resources ("SRP"), with the goal of retaining local control over the water resources of the area. TMWA took over the water system on June 11, 2001. 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 of Directors, without approval by other entities. TMWA is a tax-exempt entity for purposes of federal taxes and State of Nevada property, 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 provides treated water to two wholesale customers and nearly 93,000 residential, commercial and irrigation services in the Reno-Sparks metropolitan areas. TMWA operates in a prescribed retail service area as described in the agreement between SPPCo and Washoe County dated June 25, 1996, as amended. The retail service territory can be modified from time to time pursuant to such agreement. The two wholesale customers are the Sun Valley General Improvement District (SVGID) and the Washoe County Department of Water Resources (WCDWR). SVGID located north of Reno-Sparks is wholly dependent upon TMWA water deliveries since this district has no source of water supply. The WCDWR purchases water from TMWA, however, WCDWR can provide a significant portion of its own water demands with WCDWR groundwater resources. There are seven separate contracts associated with these wholesale customers.

Nevada Revised Statutes require that an independent certified public accounting firm selected by the Board of Directors audit TMWA's financial statements on an annual basis. The independent auditor's report for the fiscal years ended June 30, 2008 and June 30, 2007 are presented in the Financial Section of this report. TMWA complies with the Local Government Budget and Finance Act as embodied in Chapter 354 of the Nevada Revised Statutes.

The following graph depicts the proportion of operating revenues by class for fiscal year 2008:



The metering of the water system, which began under Sierra Pacific in 1995, presents an interesting practical and political situation for TMWA. On the practical side, it presents a valuable 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. There are still approximately 13,200 customers who continue to pay the flat rate. There are less than 2,500 residential water services that remain to have a meter installed, and these represent problematic services with multiple customers on a single service line. Virtually every single family residence now has a meter. The TMWA Board has adopted a policy to bill all customers on a metered rate who have meters installed on January 1, 2010.

In just the last three fiscal years, (2006 through 2008), residential flat rate services as a percentage of total water services declined from 17.9 percent to 14.0 percent. Metered water service increased from 82.1 percent to 86 percent of total water services. Flat rate services were as much as 44.2 percent of total water services during TMWA's first full year of operations. TMWA is mindful of the revenue impact from the conversion to metered billing in its financial planning, and also accounts for the changing water demands in its water facility and resource planning efforts. In any event, system-wide equity in customer rates can only be achieved when all customers are charged based on the water they use. The decision to mandate metered billing is inevitable as the system becomes fully metered, and such decision is expected to be a manageable challenge for TMWA's management and elected board. In the meantime, TMWA is meticulously tracking water billing and usage statistics to guide its rate making decisions, as well as its water facility, water resource and financial planning.

TMWA honored its commitment to the community that water rates would not be increased during its first two years of operation. In June, 2003, TMWA's Board of Directors adopted facility charges, to collect funds from new developments to pay for the construction of storage, supply and treatment facilities for new and/or expanded services. In September 2003, TMWA's Board of Directors adopted revised customer rate schedules designed to increase water sales revenues annually by \$10 to \$11 million, with the rate increase effective October 1, 2003. In early 2005, the TMWA Board of Directors took under consideration another general water rate increase. The result of that public hearing was approval of a rate increase of an average of approximately 3.4% to take effect on March 1, 2005. Since that time TMWA has not implemented any retail/wholesale water rate revisions since TMWA has met or exceeded financial performance measures adopted by the TMWA Board in August 2003. TMWA's financial results for the current fiscal year have again allowed the Board to defer a general rate increase until spring of 2009. TMWA management annually reviews facility charges for new development and presents its recommendations to the Board for adoption. The most recent facility charges went into effect in March of 2008, and such charges are periodically under review.

The goal of TMWA, as adopted by the Board in August 2003, is to maintain a senior lien debt coverage ratio of 1.5x, which excludes developer facility charges and other fees associated with new development. This coverage is sufficient to meet minimum debt service coverage requirements, fund many of the rehabilitative capital projects on a pay-as-you-go basis and manage TMWA's senior lien bonding capacity to allow for future senior lien bond sales. These measures were deemed necessary to maintain system infrastructure in a prudent manner and insure that TMWA's bondholders are adequately protected. There are no other restrictions, commitments, or other limitations that would restrict the unrestricted cash assets for use in meeting TMWA's obligations. TMWA's senior lien coverage (excluding developer fees and charges) was approximately 1.50x as of June 30, 2008.

ECONOMIC OUTLOOK AND WATER RESOURCES

TMWA's service area has experienced steady growth since TMWA's inception in 2001, with overall population gains in Washoe County of nearly 18 percent. After five years of sustained 9 to 10 percent annual growth in county-wide taxable sales, taxable sales have dipped significantly in fiscal year 2008 compared to the prior year. 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 has nurtured steady growth in the entire region and nearby communities in manufacturing, distribution, warehousing and industrial businesses. A surge in residential housing construction up through fiscal year 2006 fueled significant new retail development, including several nationally known retailers, in fiscal years 2007 and 2008, the region has experienced a significant recession in the housing market. Currently there are a significant number of available homes for sale on the market which is expected to take a number of years to clear.

To meet the demands of regional growth, TMWA prepared a very detailed Water Resource Plan for the years 2005-2025. That plan was adopted by the Board in March 2003 and was updated

during fiscal year 2007 with no significant changes. This extensive plan document addresses current water resources, future water resources, and water rights availability as well as defined drought standards. The focal point of the Water Resource Plan is the population and water demand forecasts for the TMWA service territory. These forecasts rely upon the results of TMWA's Population and Employment Econometric Model for Washoe County. This time series model simultaneously forecasts population and employment in Washoe County using historical employment and population data from 1969 to 2000.

To complement this resource planning effort, a comprehensive Water Facility Plan for the years 2005-2025 was developed which the TMWA Board adopted in December of 2004. The Facility Plan evaluates the infrastructure required to supply, treat and deliver resources to the customers over the life of the plan. The Facility Plan determines the Capital Improvement Plan needs. For fiscal year 2008, TMWA's Board approved a Capital Improvement Plan with a ten year spending level of \$347.8 million. Spending on the acquisition of water rights has been suspended because TMWA has a sufficient inventory of water rights to issue will-serve commitments against for the foreseeable future. TMWA is in the process of updating the Ten Year Capital Improvement Plan in light of the severe economic downturn and spending over the ensuing ten years is expected to be reduced in response to the economic climate. (Annual submission of a capital improvement plan spanning at least five years is a requirement of state law; however, TMWA has extended this planning horizon to ten years.)

TMWA's water planning department undertakes a number of water resource planning activities. TMWA also maintains water rights for current service requirements, is an active purchaser of water rights on the open market from which will-serve commitment letters are sold to new applicants for service if required, issues will-serve commitment letters to developers, requires and accepts permanent dedication of water rights from developers to obtain water service, as well as collects and manages the Water Meter Retrofit Fund.

TMWA is a very active supporter and participant in the process of negotiating and implementing Truckee River Operating Agreement (TROA), as are the TMWA member agencies including the cities of Reno, Sparks, and Washoe County. TMWA will be the primary signatory to the TROA along with the Pyramid Lake Paiute Tribe, the States of Nevada and California, and the Federal Government. TROA is intended to provide TMWA customers with certainty regarding the operation of the Truckee River system and additional drought supplies for existing as well as new customers. These lengthy and complex negotiations, which include interstate allocations of Lake Tahoe and Truckee River rights, are nearing their conclusion. TROA was signed by the aforementioned parties on September 6, 2008 at a signing ceremony in Reno. It is expected to take several years to implement TROA.

WATER QUALITY

TMWA's highest priority is the protection of public health through modern water treatment techniques and water quality monitoring efforts. TMWA's primary source of water is the Truckee River, which sources at Lake Tahoe and other tributaries to the Truckee River, travels into Nevada through the Reno-Sparks Metropolitan area with the terminus of the river at

Pyramid Lake, approximately a 120-mile distance. The river's 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 90's. TMWA owns and operates the 84 million gallons per day (MGD) Chalk Bluff Water Treatment Plant (expanded from 69 MGD in 2005) and the 25 MGD Glendale Treatment Plant currently being expanded.

TMWA spends nearly \$1 million per year on monitoring water quality by analyzing nearly 11,000 samples per year at over 150 locations throughout the TMWA water system. TMWA strictly complies with the latest drinking water standards, including the revised arsenic standards as promulgated by the United States Environmental Protection Agency, and enforced by the Nevada State Division of Health.

WATER CONSERVATION

Water conservation is a high priority at TMWA. Prudent use of the area's water resources extends this vital resource to periods of dry weather patterns and reduces or defers further investments in new plant and preserves system capacities. The purpose of water conservation at TMWA is to promote wise use of water through a number of initiatives. TMWA's current conservation programs are designed to achieve 10% annual water savings as part of the conservation goal agreed to in the 1996 Water Conservation Agreement between, TMWA's predecessor SPPCo, the Pyramid Lake Paiute Tribe, and the United States. The backbone of water conservation in the Truckee Meadows is the Water Meter Retrofit Program.

The Water Meter Retrofit Program

In 1995, the conversion of TMWA's 44,651 flat rate services to metered services began. As of June 30, 2007, TMWA estimates that less than 2,500 residential and multi-unit metering facilities remain to be installed. The estimated cost to complete this endeavor is estimated to be about \$5.0-\$6.0 million due to the complexity of some conversions and the size of certain multi-tenant services.

The complete metering of the TMWA water system is expected to achieve at least a 10% reduction in water demands annually. Developers, through a charge of \$1,830 for every acre-foot of new water demand, provide funding for this project. These funds are considered restricted cash assets as represented on TMWA's balance sheet.

Complete metering of TMWA's system will also allow for determination of system losses and focus financial resources to areas of the service territory that requires system rehabilitation.

Twice a Week Watering

TMWA's predecessor, SPPCo, initiated this voluntary program in the late 1980's in an effort to avoid investment in new facilities brought on by growing demands. During the 1987 to 1994 period, twice a week watering became mandatory as part of the conservations commitments and has remained in place since. The greatest benefit of this is to more evenly distribute the peak

demands for water during a summer week, which translates into less peaking demand on system capacities. Consequently more efficient use of plant capacities can be realized, minimizing further investment in plant capacity.

Landscape Efficiency Program

This program promotes the use of attractive drought tolerant plants for the high desert climate experienced in Western Nevada. The program is augmented by certain irrigation customers, such as common area turf, road median landscapes, as well as certain commercial customers participating in an irrigation program based on data supplied by evaporation-transpiration sensing equipment. This equipment controls the amount of irrigation based upon moisture levels in turf areas. Also during periods of wet weather patterns, irrigation is deferred until such time as turf moisture levels indicate irrigation must be applied.

Water Audit Program

This program assists TMWA customers in the evaluation of both indoor and outdoor water use. TMWA water conservation consultants visit residents and businesses to measure the amount of water applied to lawns and landscape. After evaluation of information, recommendations are made to the customer on how to adjust consumption while preserving their landscape. This program also looks for leaks within the home and promotes efficient water use indoors.

Classroom Education

TMWA participates in a number of community events that promote conservation and responsible water use education. TMWA works with various schools by presenting information about the area's water resources, how these resources are used, and the benefits of water conservation. TMWA has prepared and distributed teaching materials to local schools.

Residential Water Efficiency Check

TMWA responds to high bill complaints to assist customers with identifying the source of potential water leaks. Water leaks are often found to exist in the service line from the meter to the house, which is the responsibility of the homeowner. Sometimes homeowners are unaware of the amount of water loss that can occur from a leaking plumbing fixture inside the home. TMWA also furnishes water saving fixtures to interested homeowners. As flat rate customers have meters installed they become aware of their usage. For those who have greater than expected usage this program helps identify the reason for that usage.

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. Another purpose of

internal controls is to ensure that accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing internal controls, management weighs the cost to implement such controls over the benefits derived from implementing such controls. TMWA management is constantly looking for opportunities to improve or redesign internal controls. A key component of TMWA's internal controls is its budgetary controls.

Budgetary Controls

TMWA is legally required to prepare, present to the TMWA Board and adopt an annual budget in conformance with Chapter 354 of the Nevada Revised Statutes. These statutes comprise the Administration of Local Government Finance Act, which stipulates that the Board be presented with a tentative budget on April 15 of each year, with formal adoption of the budget after a public hearing on the third Thursday of May of each year. The adopted budget is then filed with to 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 fiscal year. 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 co-operative agreement between the City of Reno, City of Sparks, and the County of Washoe. This arrangement allows for the efficient operation of TMWA.

BUDGET ANALYSIS AND VARIANCES

Actual total operating water revenues were slightly above budget by \$0.3 million for fiscal year ended June 30, 2008. Total budgeted revenues were \$77.9 million as compared to \$78.2 million in actual revenue. Charges for water sales were \$0.4 million under budget, while hydroelectric revenues were nearly \$0.3 million over budget. Other operating sales were nearly \$0.5 million over budget.

Total operating expenses of \$60.6 million were approximately \$1.0 million under the augmented budget of \$61.6 million. Savings on cash operating expenses of \$2.2 million were offset by \$1.2 million in greater depreciation expense. TMWA augmented its budget for expected spending on extraordinary expenses related to earthquake damage. Much of this spending did not occur in fiscal year 2008 and extended into the first quarter of fiscal year 2009. Operating expenses net of depreciation were \$2.2 million under budget primarily due to slightly lower spending on wages and salaries and related employee benefits. Spending on operating salaries and wages was \$0.1 million less than budget, while employee benefit spending was \$0.6 million less than budget. Lower operating wages and salaries were due to field personnel being assigned to capital projects during the winter season and holding vacant positions open as long as possible in an effort to manage these expenses. Health care expenses did not increase during the fiscal year which helped reduce employee benefit costs. Spending on services and supplies was \$1.5 million more than the augmented budgeted. TMWA incurred significant extraordinary maintenance expenses due to earthquake damage to the raw water conveyance structures feeding raw water to the Chalk Bluff Water Treatment Plant (CBWTP). The loss of gravity flow into the CBWTP caused additional electrical expenses due to reliance on pumping to bring water to the CBWTP. TMWA incurred approximately \$0.9 million in one-time extraordinary maintenance expenses during fiscal year 2008. These expenses did extend into fiscal year 2009 with spending abating after the first quarter of fiscal year 2009. Depreciation expense was \$1.2 million greater than budget because of the magnitude of capital spending and developer infrastructure.

Total net nonoperating expenses, including investment income, were \$2.6 million less than budget. Investment income and unrealized gain in investments, after capitalization of interest expenses, as required by FASB 62 was \$1.1 million higher than budgeted. This was due to much higher cash balances as a result of the issuance of tax-exempt commercial paper which allowed TMWA to use proceeds from commercial paper to fund construction projects. In addition suspension of purchases of water rights preserved unrestricted cash. Interest expense and amortization of bond/note issuance expenses was \$1.1 million less than budgeted, due to lower commercial paper interest rates and higher capitalization of interest expense in accordance with FASB 34. Variations in capitalizing interest expense to construction projects will create minor variances between budgeted and actual interest expense. TMWA received grant support of \$0.5 million in fiscal year 2008 for the implementation of TROA. TMWA incurred a \$0.1 million loss on disposal of assets.

Capital contribution revenues were \$4.2 million less than budget. Developer infrastructure contributions were \$0.4 million less than budget, collection of various developer fees and charges were collectively \$0.1 million less than budget while water meter retrofit contributions were \$0.9 million less than budget. Developer will-serve contributions were \$2.8 million short of

budget, reflecting the dramatic slowdown in residential construction.

Total Capital Improvement Plan expenditures were originally budgeted for \$109.1 million, which included \$40 million for water rights purchases in fiscal year 2008, and \$65.1 million for construction projects and \$4.0 million for water meter retrofit work. Actual construction spending was approximately \$58.3 million and \$0.9 million in water right acquisitions.

As reflected in the Statement of Cash Flows, TMWA financed the operating budget, and capital projects from operating cash flow, developer cash contributions, and investment income. As of June 30, 2008, TMWA has approximately \$95.7 million of financial resources to fund future capital projects and its upcoming operating budget. TMWA plans to augmented cash resources with proceeds from a \$25.0 million sale of commercial paper in February 2008. Of the total program authorization of \$160 million, TMWA has issued \$68 million thus far, utilizing the proceeds to finance water rights purchases in fiscal year 2007 and to fund certain construction projects in fiscal years 2008 and 2009. Interest rates on commercial paper were very low and were a compelling reason to fund construction projects with this source of funding.

TMWA continued funding of required cash reserves as prescribed by TMWA's bond covenants during fiscal year 2008. 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 \$7.0 million as of June 30, 2008. TMWA still retains a \$1.8 million water rate stabilization reserve of which \$0.5 million is restricted and \$1.3 million is a reservation of unrestricted net assets. Finally, TMWA remains in possession of \$6.0 million in 2001A bond proceeds for the purchase of the four run-of-river hydroelectric generating facilities. One of the facilities was purchased during fiscal year 2008. Two are expected to be purchased in fiscal year 2009 and the fourth, a facility located in Farad, California that was heavily damaged by the 1997 flood, has not been restored by Sierra Pacific Power Company.

Cash Management

As of June 30, 2008, TMWA had approximately \$175.6 million in unrestricted and restricted cash (refer to Note 4 to the financial statements). Of this total, \$95.7 million or 55% was unrestricted to fund immediate liabilities and use for future capital improvements. Restricted cash was \$79.9 million and included \$20.2 million for debt service payments paid on July 1, 2007. Twenty-four percent (18%) of the total unrestricted and restricted cash is invested in various investment contracts with major banks. The remainder of cash is invested in various triple A rated federal agency investments, A-1+/P-1+ corporate commercial paper or in money market mutual funds. The estimated weighted average return on investments for the fiscal year 2007 was approximately 4.8%, generating over \$8.3 million in gross investment income before capitalization of investment income pursuant to FASB 62. TMWA actively invests these funds in permitted investments with the goal of meeting liquidity needs and preserving capital in accordance with an investment policy adopted by the Board in July 2005.

Risk Management

For a complete disclosure of TMWA's insurance policies, with coverages and exclusions, please refer to Note 9 in the Notes to the Financial Statements, and Schedule 13 in the Statistical Section.

Pension and Deferred Compensation Plans

The Truckee Meadows Water Authority's pension and deferred compensation plans are discussed and described in Note 10 of the Notes to the Financial Statements.

TMWA MILESTONES

TMWA, now in its seventh year of operation, was successful in garnering a rating agency upgrade in the prior two years. Originally rated A-/BBB, TMWA was upgraded in 2005 to "A" by Standard & Poor's and Fitch, and "A1" by Moody's. While preparing for the second refunding bond issue in early 2007, Standard & Poor's, citing TMWA's strong financial position and healthy cash reserves, upgrading their rating to "A+". As a result of the ratings upgrade and general market conditions, TMWA was able to issue \$218,975, 000 in refunding bonds, bringing the total of the original 2001-A (tax-exempt) bonds that have been refunded to \$354.6 million. The two refunding issues have resulted in annual interest savings of over \$1.1 million.

The 2007 Legislative Session featured a number of bills affecting water rights and resource issues, but none so far-reaching for TMWA as Senate Bill 487. The bill created, effective April 1, 2008, the Western Regional Water Commission consisting of a nine member Board which encompasses all of the local government stakeholders and all of the local water purveyors. The parties may, pursuant to the Legislation, pursue the formation of the Commission prior to April 1, 2008 by executing a Joint Powers Agreement (JPA). Duties of the Commission include oversight of the regional water resource planning, pursuing regional water management and conservation, and determining service territory boundaries for the water purveyors. The Commission must also evaluate consolidation of public water purveyors in the region by 2011. Notably, the Commission will not have the authority to acquire or develop new water resources nor will they have any authority over the setting of water rates and facility charges. The parties acted unilaterally to form an Interim Western Regional Water Commission so that activities related to the ultimate formation of the Commission itself, could be carried out in accordance with Nevada's open meeting laws and other statutory constraints.

ACKNOWLEDGEMENTS

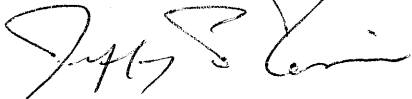
The timely preparation of this report could not be done without the assistance of TMWA finance personnel, finance consultants, and the management and employees of TMWA. We would like to thank the Board of Directors, TMWA customers, and the development community, for their commitment to the long-term financial stewardship of TMWA. Lori Williams who was TMWA's General Manager resigned her position on August 15, 2008 to pursue other opportunities. In her absence the TMWA Board of Directors named Mark Foree, P.E., who was formerly Director of Water Operations, Interim General Manager until such time an open

recruitment process can begin by June 2009. This appointment was to insure the smooth operation of TMWA.

Respectfully submitted,

Handwritten signature of Mark Foree in cursive script.

Mark Foree, P.E.
Interim General Manager

Handwritten signature of Jeffrey P. Tissier in cursive script.

Jeffrey P. Tissier CPA
Chief Financial Officer

**Truckee Meadows Water Authority
List of Principal Officials
June 30, 2008**

TMWA Board of Directors

Mike Carrigan, City of Sparks Councilman, Chairman of the Board

David Aiazzi, City of Reno Councilman, Vice Chairman of the Board

Bob Cashell, City of Reno Mayor

Geno Martini, City of Sparks Mayor

Mike Cate, City of Reno Appointee

Tom Young, City of Reno Appointee

Bob Larkin, Washoe County Commissioner

Management

Lori Williams, General Manager (former General Manager as of September 15, 2008)

Mark Foree, PE, Director of Operations (Interim General Manager appointed effective September 15, 2008)

Sylvia Harrison, General Counsel

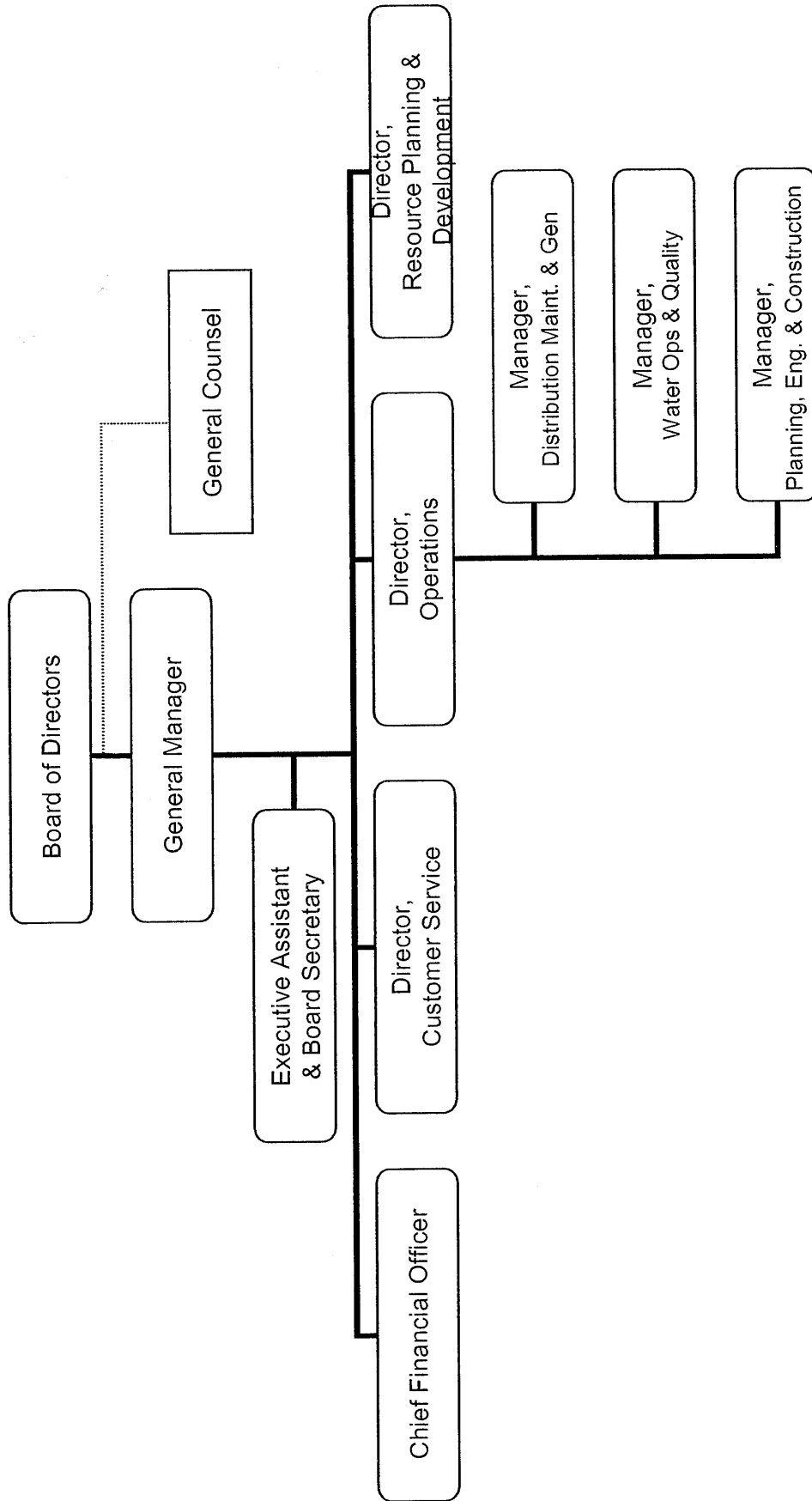
John Erwin, Director of Resource Planning and Development

Kim Mazeres, Director of Customer Relations

Jeffrey Tissier, CPA, Chief Financial Officer



Organization Structure



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Truckee Meadows Water
Authority, Nevada

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

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