



STAFF REPORT

TO: Chairman and Board Members
FROM: Jeff Tissier, Chief Financial Officer
DATE: April 5, 2011
SUBJECT: Request for Board Adoption of Resolution No. 173 Approving the Second Budget Augmentation and Budget Revision for July 1, 2010 through April 30, 2011

Recommendation

Staff recommends that the Board of Directors of the Truckee Meadows Water Authority approve the resolution adopting the proposed budget augmentations and adjustments, and direct staff to forward the approved resolution and attachment to the Department of Taxation for the State of Nevada pursuant to NRS 245.615; and record these changes in the minutes of the board meeting.

Background

Budget augmentations (increases in appropriations) require Board of Directors' approval and must be recorded in the official minutes of the TMWA Board meeting. Augmentations must be adopted by resolution and information forwarded to the Nevada Department of Taxation after board approval. Since the Truckee Meadows Water Authority does not have taxing authority, separate public notice is not required. The board approved budget was submitted to the State of Nevada in May 2010, was augmented and adjusted at the March 2011 meeting, and is being augmented/adjusted for proposed redemption of the remaining outstanding 2001A Bond maturities.

TMWA has four remaining outstanding bond maturities of the original 2001-A bonds that were issued to acquire the water assets from Sierra Pacific Resources. The fiscal impact of the decision to redeem these maturities is reflected in this budget augmentation. Please refer to **Attachment A-1 and A-2**.

EXPLANATION OF AUGMENTATIONS AND ADJUSTMENTS

Statement of Revenues, Expenses, and Changes in Net Assets

Item A TMWA expects a slight increase in interest expenses due to the issuance of \$11,435,000 in tax exempt commercial paper during June 2011 in advance of the call date on the 2001A Bonds.

Statement of Cash Flows

Item A This item reflects the cash flow effects of issuing commercial paper to redeem the remaining outstanding maturities of the 2001A Bonds.

**TRUCKEE MEADOWS WATER AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FISCAL YEAR 2011 NEWLY PROPOSED AMENDED BUDGET AS COMPARED TO
THE PREVIOUS AMENDED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2011**

	FIRST AMENDED 2010/11 BUDGET	SECOND AMENDED 2010/11 BUDGET	Increase (Decrease)	
OPERATING REVENUES				
Revenues from water sales	\$ 73,292,907	\$ 73,292,907	\$ -	
Hydroelectric credits	2,487,495	2,487,495	-	
Other operating revenues	<u>2,024,738</u>	<u>2,024,738</u>	-	
Total Actual Operating Revenues	77,805,140	77,805,140	-	
OPERATING EXPENSES				
Salaries and wages	11,921,928	11,921,928	-	
Employee benefits	5,225,668	5,225,668	-	
Services and supplies	<u>19,709,890</u>	<u>19,709,890</u>	-	
Total Cash Operating Expenses	36,857,486	36,857,486	-	
Depreciation/Amortization	<u>22,765,656</u>	<u>22,765,656</u>	-	
Total Operating Expenses	59,623,142	59,623,142	-	
Operating Income (Loss)	18,181,998	18,181,998	-	
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	2,385,391	2,385,391	-	
Other non-operating expense	1,350,000	1,350,000	-	
Bond/Note Issuance Expenses	938,568	938,568	-	
Interest/bond issue expenses	<u>22,568,333</u>	<u>22,572,145</u>	3,812	A
Total Non-Operating Revenues (Expenses)	<u>(22,471,510)</u>	<u>(22,475,322)</u>	3,812	
Income (Loss) Before Capital Contributions	(4,289,512)	(4,293,324)	3,812	
CAPITAL CONTRIBUTIONS				
Water meter retrofit program	59,328	59,328	-	
Developer facility fees	162,264	162,264	-	
Developer infrastructure contributions	1,200,000	1,200,000	-	
Developer will-serve contributions	132,888	132,888	-	
Developer contributions-other	<u>90,600</u>	<u>90,600</u>	-	
Total Capital Contributions	1,645,080	1,645,080	-	
Change in Net Assets	<u>\$ (2,644,432)</u>	<u>\$ (2,648,244)</u>	<u>\$ (3,812)</u>	

ATTACHMENT A-1

TRUCKEE MEADOWS WATER AUTHORITY
FISCAL YEAR 2011 AMENDED BUDGET AS COMPARED TO
THE FINAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2011
STATEMENT OF CASH FLOWS

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	FIRST AMENDED 2010/11 BUDGET	SECOND AMENDED 2010/11 BUDGET	Increase (Decrease)
Cash Flows From Operations:			
Cash received from customers	\$ 77,805,140	\$ 77,805,140	\$ -
Cash payments for personnel costs	(17,147,596)	(17,147,596)	-
Cash payments for services and supplies	(19,709,890)	(19,709,890)	-
Net Cash Provided (Used) by Operations	40,947,654	40,947,654	-
Cash Flows From Noncapital Financing Activities:			
Non-operating revenues	-	-	-
Non-operating expenses	(500,000)	(500,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(500,000)	(500,000)	-
Cash Flows From Investing Activities:			
Investment earnings	2,666,975	2,666,975	-
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(21,798,000)	(21,798,000)	-
Interest paid on financing	(21,342,511)	(21,346,323)	3,812
Principal paid on financing	(10,143,958)	(10,143,958)	-
Proceeds from capital debt issuance	5,000,000	5,000,000	-
Proceeds from refunding notes issued	-	11,435,000	11,435,000
Developer water meter retrofit program	59,328	59,328	-
Developer facility charges	162,264	162,264	-
Developer will-serve contributions	132,888	132,888	-
Developer contributions other	90,600	90,600	-
Bond and note issuance expenses	(647,699)	(647,699)	-
Capital grants	271,000	271,000	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,216,088)	(36,784,900)	11,431,188
Net Increase (Decrease) in Cash and Cash Equivalents	(5,101,459)	6,329,729	11,431,188
Unrestricted & Restricted Cash & Equivalents, Beginning	123,285,416	123,285,416	-
Unrestricted & Restricted Cash & Equivalents, Ending	\$ 118,183,957	\$ 129,615,145	\$ 11,431,188

ATTACHMENT A-2

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 173

A RESOLUTION APPROVING SECOND AUGMENTATION AND REVISION TO THE FINAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2011.

WHEREAS, TMWA issued the 2001A Bonds to acquire the water system assets from Sierra Pacific Resources;

WHEREAS, the 2001A Bonds had a ten year non-call feature and are callable on July 1, 2011. TMWA intends to redeem certain maturities of the 2001A bonds because this action is economically justified;

WHEREAS, TMWA intends to use tax-exempt commercial appear and or cash reserves to call the 2001A Bonds;

WHEREAS,; the TMWA Board has determined that the augmentation and revisions described in the staff report attached hereto as Exhibit 1 and incorporated herein by reference are appropriate and justified;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Truckee Meadows Water Authority: that the augmentations and revisions to the annual budget described in the Staff Report attached as Exhibit 1 are hereby approved and staff is directed to submit such information as necessary and appropriate in connection with the augmentations and revisions to the Nevada Department of Taxation

Upon motion of _____, seconded by _____, the foregoing Resolution was passed and adopted this 20th day of April, 2011, by the following vote of the Board:

Ayes: _____
Nays: _____
Abstain: _____ Absent: _____

Approved this ____ day of _____, 2011

Mike Carrigan, Chairman

Truckee Meadows Water Authority
Resolution 173 (continued)

STATE OF NEVADA,)
 : ss.
COUNTY OF WASHOE.)

On this 20th day of April, 2011, Mike Carrigan, Chairman of the Board of Truckee Meadows Water Authority, personally appeared before me, a Notary Public in and for said County and State, and acknowledged that he executed the above instrument freely and voluntarily and for the purposes therein mentioned.

Notary Public