



TO: TMWA Board of Directors
FROM: Jeff Tissier, Chief Financial Officer
DATE: November 21, 2014
SUBJECT: Consideration and possible approval of Resolution No. 219 First Budget Augmentation and Revisions July 1, 2014 through December 31, 2014

EXPLANATION OF THE AUGMENTATION

TMWA staff will prepare and present a budget augmentation to the TMWA Board of Directors at the next scheduled meeting on December 17, 2014. The augmentation is primarily driven by the merger of the Washoe County Community Services Department's water utility (CSDWU) and South Truckee Meadows General Improvement District's (STMGID) into TMWA. *Governmental Accounting Standard Board Statement No. 69, Governmental Combination and Disposals of Governmental Operations* will require TMWA to account for the entire fiscal year of operating and non-operating revenues and expenses for STMGID since it is a dissolution of a governmental entity and account for only the last six months of operating and non-operating revenues and expenses of CSDWU since it is a disposal of a governmental operation. Staff will bring other augmentation(s) later in the fiscal year for the first six months of STMGID operations since those activities will need to be audited prior to incorporating those numbers into TMWA's financial statements. This augmentation only reflects prospective revenues and expenses for purposes of providing budgetary expenditure authority for both entities for the six months from January to June 2015.

Attachment A, *Schedule of Revenues Expenses and Changes in Net Position* highlights the operating and non-operating revenues and expenses to be used in this augmentation. These numbers will need some minor refinement prior to the board presentation but materially reflect what will be presented. Attachment B, *Statement of Cash Flows*, reflects cash flow items to be augmented into the TMWA budget. Acquisition and construction of capital assets will need to be reviewed further prior to the board presentation in December since staff, at the time of writing this report, was obtaining a list of active projects to be assumed by TMWA and will also identify potentially other new projects to initiate over the next six months.

Staff has prospectively accounted for the defeasance of the \$26.1 million Washoe County publically issued water obligation with tax-exempt commercial paper in this augmentation. The interest expense for this issue will still be reflected on the *Schedule of Revenues Expenses and Changes in Net Position* and not reflected in the *Statement of Cash Flows* since the re-acquisition

price will be greater than the net carrying value of the old debt. Staff will bring a budget augmentation/revision later in the fiscal year to the SAC for this anticipated defeasance transaction itself along with the first six-months of STMGID activities as well as any other items for TMWA as a stand-alone entity. TMWA will augment its capital budget for some additional costs associated with the Fleish tunnel project since ground conditions were a little more challenging than anticipated for \$0.5 million in addition to advancing the transition structures and flume tie-ins for approximately \$1.2 million which was previously planned for fiscal year 2016. With the expected lack of necessary river flows for generation over the next three months, completing the transition structures and flume tie-ins now will avoid impacting future generation opportunities should river flow conditions improve.

WASHOE COUNTY COMMUNITY SERVICES DEPARTMENT WATER UTILITY & SOUTH TRUCKEE MEADOWS GID
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ATTACHMENT A

	January 2015	February 2015	March 2015	Third Qtr.	April 2015	May 2015	June 2015	Fourth Qtr.	Second Half
OPERATING REVENUES									
Charges for water sales	\$ 726,109	\$ 723,974	\$ 692,995	\$ 2,143,078	\$ 895,406	\$ 1,522,596	\$ 2,118,630	\$ 4,536,632	\$ 6,679,710
Hydroelectric sales	-	-	-	-	-	-	-	-	-
Other operating sales	27,000	27,000	27,000	81,000	27,000	27,000	31,000	85,000	166,000
Total Operating Revenues	753,109	750,974	719,995	2,224,078	922,406	1,549,596	2,149,630	4,621,632	6,845,710
OPERATING EXPENSES									
Salaries and wages	392,446	242,446	242,446	877,338	242,446	242,446	242,308	727,200	1,604,538
Employee benefits	120,985	120,986	120,987	362,958	120,985	120,985	120,985	362,955	725,913
Services and supplies	508,920	469,360	465,215	1,443,495	478,376	501,130	551,413	1,530,919	2,974,414
Total Operating Expenses before Depreciation	1,022,351	832,792	828,648	2,683,791	841,807	864,561	914,706	2,621,074	5,304,865
Depreciation	1,027,719	1,027,719	1,027,719	3,083,157	1,027,719	1,027,719	1,027,719	3,083,157	6,166,314
Total Operating Expenses	2,050,070	1,860,511	1,856,367	5,766,948	1,869,526	1,892,280	1,942,425	5,704,231	11,471,179
Operating Income	(1,296,961)	(1,109,537)	(1,136,372)	(3,542,870)	(947,120)	(342,684)	207,205	(1,082,599)	(4,625,469)
NONOPERATING REVENUES (EXPENSES)									
Grants	-	-	-	-	-	-	-	-	-
Investment earnings	35,049	34,356	33,630	103,035	33,114	33,253	33,989	100,356	203,391
Unrealized gain on investments	-	-	-	-	-	-	-	-	-
Gain (Loss) on disposal of assets	-	-	-	-	-	-	-	-	-
Amortization of bond/note issuance costs	(436)	(436)	(436)	(1,308)	(436)	(436)	(436)	(1,308)	(2,616)
Interest expense	(124,986)	(124,986)	(124,986)	(374,958)	(124,986)	(124,986)	(124,986)	(374,958)	(749,916)
Other non-operating revenue	-	-	-	-	-	-	-	-	-
Other non-operating expenses	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(90,373)	(91,066)	(91,792)	(273,231)	(92,308)	(92,169)	(91,433)	(275,910)	(549,141)
Income (Loss) before Capital Contributions	(1,387,334)	(1,200,603)	(1,228,164)	(3,816,101)	(1,039,428)	(434,853)	115,772	(1,358,509)	(5,174,610)
CAPITAL CONTRIBUTIONS									
Water meter retrofit program	-	-	-	-	-	-	-	-	-
Developer infrastructure contributions	-	-	-	-	-	-	-	-	-
Developer will-serve contributions (net of refunds)	-	-	-	-	-	-	-	-	-
Developer capital contributions-other	-	-	-	-	-	-	-	-	-
Developer facility charges (net of refunds)	52,500	52,500	52,500	157,500	52,500	52,500	52,500	157,500	315,000
Contributions from others governments	-	-	-	-	-	-	-	-	-
Contributions from others	-	-	-	-	-	-	-	-	-
Net Capital Contributions	52,500	52,500	52,500	157,500	52,500	52,500	52,500	157,500	315,000
Change in Net Assets	(1,334,834)	(1,148,103)	(1,175,664)	(3,658,601)	(986,928)	(382,353)	168,272	(1,201,009)	(4,859,610)
NET POSITION , BEGINNING OF YEAR	229,898,573	228,563,739	227,415,636	229,898,573	226,239,972	225,253,044	224,870,691	226,239,972	229,898,573
NET POSITION, END OF YEAR	\$ 228,563,739	\$ 227,415,636	\$ 226,239,972	\$ 226,239,972	\$ 225,253,044	\$ 224,870,691	\$ 225,038,963	\$ 225,038,963	\$ 225,038,963

WASHOE COUNTY WATER UTILITY/STMGID COMBINED ENTITIES
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

	ATTACHMENT B								
	January 2015	February 2015	March 2015	Third Qtr.	April 2015	May 2015	June 2015	Fourth Qtr.	Second Half
INCREASE IN CASH AND CASH EQUIVALENTS									
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from customers	\$ 753,109	\$ 750,974	\$ 719,995	\$ 2,224,078	\$ 922,406	\$ 1,549,596	\$ 2,149,630	\$ 4,621,632	\$ 6,845,710
Cash paid to employees	(513,431)	(363,432)	(363,433)	(1,240,296)	(363,431)	(363,431)	(363,293)	(1,090,155)	(2,330,451)
Cash paid to suppliers	(508,920)	(469,360)	(465,215)	(1,443,495)	(478,376)	(501,130)	(551,413)	(1,530,919)	(2,974,414)
Net Cash Provided by Operating Activities	(269,242)	(81,818)	(108,653)	(459,713)	80,599	685,035	1,234,924	2,000,558	1,540,845
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Grants	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-
Net Cash Provided (used) by Noncapital Financing Activities	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Acquisition and construction of capital assets	(679,000)	(679,000)	(679,000)	(2,037,000)	(679,000)	(679,000)	(679,000)	(2,037,000)	(4,074,000)
Interest paid on financing	(127,988)	-	-	(127,988)	-	-	-	-	(127,988)
Principal paid on financing	(375,950)	-	-	(375,950)	-	-	-	-	(375,950)
Proceeds from capital debt issuance	-	-	-	-	-	-	-	-	-
Proceeds from commercial paper note issuances	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	-	-
Proceeds transferred to refunding/redemption escrow	-	-	-	-	-	-	-	-	-
Proceeds from capital asset disposal	-	-	-	-	-	-	-	-	-
Contributions for water meter retrofit program	-	-	-	-	-	-	-	-	-
Contributions from developers-will-serve letters	-	-	-	-	-	-	-	-	-
Contributions from developers-other	-	-	-	-	-	-	-	-	-
Contributions from developers-facility charges	52,500	52,500	52,500	157,500	52,500	52,500	52,500	157,500	315,000
Contributions from other governments	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Bond/Note issuance costs	-	-	-	-	-	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(1,130,438)	(626,500)	(626,500)	(2,383,438)	(626,500)	(626,500)	(626,500)	(1,879,500)	(4,262,938)
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest received	38,943	38,173	37,367	114,483	36,793	36,948	37,765	111,506	225,989
Net Increase (Decrease) in Cash and Cash Equivalents	(1,360,737)	(670,145)	(697,786)	(2,728,668)	(509,108)	95,483	646,189	232,564	(2,496,104)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	53,527,898	52,167,161	51,497,016	53,527,898	50,799,230	50,290,122	50,385,605	50,799,230	53,527,898
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 52,167,161	\$ 51,497,016	\$ 50,799,230	\$ 50,799,230	\$ 50,290,122	\$ 50,385,605	\$ 51,031,794	\$ 51,031,794	\$ 51,031,794

TRUCKEE MEADOWS WATER AUTHORITY
(TMWA)

RESOLUTION NO. 219

A RESOLUTION TO AMEND THE FINAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2015.

WHEREAS, TMWA prepared and presented the final Budget for Fiscal year 2015 at a public hearing in May 2014;

WHEREAS, there is an impending water utility consolidation between Washoe County Community Services Department's Water Utility (CSDWU) and the South Truckee Meadows General Improvement District (STMGID) into TMWA, with an effective date of December 31, 2014;

WHEREAS, TMWA will need to increase spending authority for water operations, non-operating expenses and capital projects;

WHEREAS, TMWA will also need to incorporate additional operating revenue, non-operating revenues and capital contributions;

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 17th day of December, 2014, by the following vote of the Board:

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

Approved this ____ day of _____, 2014

Geno Martini, Chairman

Truckee Meadows Water Authority
Resolution 219 (continued)

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

On this 17th day of December, 2014, Geno Martini, 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