TRUCKEE MEADOWS WATER AUTHORITY
Section §115 Other Post-Employment Benefit Plan & Trust
Trustee Meeting
AGENDA
Tuesday October 20, 2020 at 12:30 p.m.
Meeting Via Teleconference

MEMBERS OF THE PUBLIC MAY ATTEND TELPHONICALLY BY CALLING THE NUMBER LISTED BELOW.
NO PHYSICAL LOCATION IS BEING PROVIDED FOR THIS MEETING
(be sure to keep your phones on mute, and do not place the call on hold)

Phone: (775) 325-5404
Meeting ID: 506 347 541#

1. Roll call*
2. Public comment–limited to no more than three minutes per speaker*
3. Approval of the agenda **(For Possible Action)**
4. Approval of the July 21, 2020 minutes**. (For Possible Action)**
5. Review and approval of request of Other Post-Employment Benefit Plan & Trust benefit Calculation for TMWA Retiree Robert Kelley – Rosalinda Rodriguez **(For Possible Action)**
6. Review of Actuarial Analysis – Sophia Cardinal*
7. Revised 2020 Budget – Sophia Cardinal **(For Possible Action)**
8. Financial Audit – Sophia Cardinal*
9. Review of Retirement Benefits Investment Fund (RBIF) performance review—Michele Sullivan*
10. Discuss Trustee appointments for term January 1, 2021 through December 31, 2022.*-- Jessica Atkinson
11. Discussion and possible Trustee direction regarding meeting times and dates for 2021—Rosalinda Rodriguez **(For Possible Action)**
12. Trustee comments and requests for future agenda items*
13. Public comment–limited to no more than three minutes per speaker*
14. Adjournment **(For Possible Action)**

NOTES:
1. This meeting is being conducted pursuant to the Governor's Declaration of Emergency Directive 006 ("Directive 006") http://gov.nv.gov/uploadedFiles/govnewnvgov/Content/News/Emergency_Orders/2020/DeclarationofEmergencyDirective006reOML.3-21- 20.pdf
2. The announcement of this meeting has been electronically posted in compliance with NRS 241.020(3) and Directive 006 at http://www.tmwa.com, and NRS 232.2175 at https://notice.nv.gov/.
3. Pursuant to Directive 006, the requirement contained in NRS 241.020(3)(c) that physical locations be available for the public to receive supporting material for public meetings has been suspended. Staff reports and supporting material for the meeting are available on the TMWA website at http://www.tmwa.com/meeting/ or you can contact Rosalinda Rodriguez at (775) 834-8294. Supporting material is made available to the general public in accordance with NRS 241.020(6).

4. The Board 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. Pursuant to Directive 006, public comment, whether on action items or general public comment, may be provided without being physically present at the meeting by submitting written comments online on TMWA's Public Comment Form (tmwa.com/PublicComment) or by email sent to boardclerk@tmwa.com prior to the Board opening the public comment period during the meeting. In addition, public comments may be provided by leaving a voicemail at (775)834-0255 prior to 4:00 p.m. on October 19th. Voicemail messages received will either be broadcast on the telephone call during the meeting or transcribed for entry into the record. Public comment is limited to three minutes and is allowed during the public comment periods. The Board may elect to receive public comment only during the two public comment periods rather than each action item.

Section 115 Post-Retirement Medical Plan & Trust

a single employer plan sponsored by
Truckee Meadows Water Authority

DRAFT July 21, 2020 MINUTES

The meeting of the TMWA Section 115 Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, July 21, 2020 through a teleconference.

Michele Sullivan, Chairman, called the meeting to order at 12:30 p.m.

1. ROLL CALL AND DETERMINATION OF PRESENCE OF A QUORUM.

A quorum was present.

Voting Members Present:
Michele Sullivan
Sandra Tozi
Charles Atkinson
Randall Van Hoozer

Voting Members Absent:

Members Present
Jessica Atkinson
Rosalinda Rodriguez
Gus Rossi

Members Absent:
Mike Venturino

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the agenda.

4. APPROVAL OF THE APRIL 21, 2020 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the April 21, 2020 meeting minutes.

5. REVIEW OF CURRENT PEBS SUBSIDY CALCULATIONS

Ms. Atkinson advised that Trustees have in the past used the subsidy schedules published by Public Employee Benefit System (PEBS) of Nevada to establish the subsidy rates for Tier II retirees under TMWA's §115 OPEB Trust. PEBS published a rate schedule titled "Medicare Exchange Retiree HRA Contribution" for plan year 2021 (July 1, 2020-June 30, 2021). As approved in prior years, Ms. Atkinson recommends that these updated HRA contribution amounts be adopted as published and used to calculate the Tier II subsidy for retirees who have attained age 65 based on years of service.

Each fiscal year, PEBS also publishes a State and Non-State Retiree Years of Service Subsidy Schedule, which Trustees have adopted and used to calculate subsidy amounts for Tier II retirees who have not yet attained 65. This subsidy table, as published for plan year 2021 (July 1, 2020-June 30, 2021),Is updated annually to coincide with the new fiscal year and the new base subsidy amount. In the past, Trustees have approved to use the base and supplemental subsidy amounts associated with the Statewide EPO/HMO Plan as this is the plan that most closely matches plans offered by TMWA. As approved in prior years, Ms. Atkinson Recommends that trustees adopt the proposed subsidy table for Tier II retirees who are under the age of 65.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the current PEBS subsidy rate for the fiscal year 2021.

6. REVIEW OF ACTUARIAL ANALYSIS

Sophie Cardinal, Principal Accountant, advised that currently, the actuaries were working on the Dec 31st, 2019 valuation and actuarial report for the fiscal year ended June 30, 2020.
This report serves three purposes:

- To value the plan's liabilities at December 31, 2019,
- To determine what TMWA should contribute to the plan for fiscal years 20, 21, and 22
- To provide information that must be reported in TMWA's fiscal year 20 financials for other post-employment benefits.

TMWA has not received the final report yet but have been provided drafts and expect to receive the final version sometime this week. Ms. Cardinal advised that from the drafts she has reviewed, these are key numbers:

- The plan covers 16 active employees and 6 retirees.
- The total OPEB liability at June 30th, 2020 is $1.95 million, and our net position totals $1.29 million. We therefore have a net OPEB liability of $660,000.

Because of this, the actuaries determined that TMWA will need to contribute about $69,000 to the trust in FY20, $67,000 in FY21, and $62,000 in FY22.

7. REVIEW OF RETIREMENT BENEFITS INVESTMENT FUND (RBIF) PERFORMANCE REVIEW*

Ms. Sullivan reviewed the Retirement Benefits Investment (RBIF) dated March 31 ,2020. The year to date return was -6.3%. Overall Market return of -6.7%. The negative return is due to the market's performance, but that has been improving recently. Since inception to date the total RBIF Fund and Market return is at a 5.5% return. The actuary has assumed a 6% return as this is what has been approximately earned in the past. Ms. Sullivan advised there isn't concern with the return rate at this time as the market has been improving and it is still close to the 6% assumption. Ms. Sullivan expects to have the June report for review at the October meeting.

For informational purposes only, no action required.

8. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

RBIF investment

Actuarial analysis

Audit review

DRAFT - NOT REVIEWED BY TRUSTEES

9. PUBLIC COMMENT – LIMITED TO NO MORE THAN THREE MINUTES PER SPEAKER

There was no public comment.

10. ADJOURNMENT

With no further business to discuss, Chairperson Sullivan adjourned the meeting at 12:41 p.m.

Minutes were approved by the Trustees in session on ________________.

Respectfully Submitted,

____

Rosalinda Rodriguez, Recording Secretary

DRAFT - NOT REVIEWED BY TRUSTEES

Post-Retirement Medical Plan & Trust

a single employer plan sponsored by
Truckee Meadows Water Authority

TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Principal Accountant
DATE: October 1, 2020
SUBJECT: Present and accept the December 31, 2019 actuarial report

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2019 Valuation and Development of Actuarially Determined Contributions GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2020 for the TMWA Section 115 Trust Plan.

Discussion

The following report is attached:

- December 31, 2019 Valuation and Development of Actuarially Determined Contributions GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2020 for the TMWA Section 115 Trust Plan

This report serves three purposes:

- to value the plan's liabilities at December 31, 2019,
- to determine what TMWA should contribute to the plan for fiscal years 20, 21, and 22, and,
- to provide information that must be reported in TMWA's fiscal year 20 financials for other post-employment benefits.

Some highlights from the report include:

- The plan covers 16 active employees and 6 retirees.
- The total OPEB liability at June 30, 2020 is $1,950,233, and net position totals $1,289,663. There is thus a net OPEB liability of $660,570.
- As of December 31, 2019, the funded ratio of the plan is 66.1%. As of the last valuation date, January 1, 2018, the funded ratio of the plan was 54.7%.
- The increase in coverage is attributable to continued favorable plan experience, primarily from lower-than-expected premiums and retiree costs.
- The actuarial report concludes that TMWA will need to contribute $68,634 to the Section 115 Trust in fiscal year 2020, $66,740 in fiscal year 2021, and $62,217 in fiscal year 2022.

MacLeod Watts

July 22, 2020

Michele Sullivan CPA
Chief Financial Officer, Treasurer
Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, NV 89502

Re: December 31, 2019 Valuation and Development of Actuarially Determined Contributions
GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2020 – Section 115 Trust Plan

Dear Ms. Sullivan:

We are pleased to enclose our report providing actuarial information relating to the other post-employment benefit (OPEB) liabilities for the Truckee Meadows Water Authority (TMWA) Section 115 Trust Plan covering transferees from Washoe County. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Value plan liabilities as of December 31, 2019 and reconcile plan liabilities to those in the December 31, 2018 Section 115 Trust Plan valuation,
2. Develop Actuarially Determined Contributions for fiscal years ending June 30, 2020, 2021 and 2022, and
3. Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in TMWA's financial statements for the fiscal year ending June 30, 2020. These results were prepared assuming TMWA will continue contributing 100% or more of the Actuarially Determined Contributions each year. If this is not correct, please let us know as these accounting results would need to be revised.

This report reflects the employee data and details on plan benefits provided by TMWA for this valuation. As with any analysis, the soundness of the report is dependent on the inputs. Please review our summary of this information shown Supporting Information Sections 1 and 2 to be comfortable that we have captured this correctly. *Covered-employee payroll provided for FYE 2020 is an estimate and should be updated once the actual amount is known.*

We appreciate the opportunity to work on this analysis and acknowledge the efforts of TMWA employees who provided valuable time and information to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

Truckee Meadows Water Authority
Section 115 Trust Plan

GASB 75 Actuarial Report

Measured as of December 31, 2019
For Fiscal Year End June 30, 2020 Financial Reporting

Submitted July 2020

MacLeod Watts

Table of Contents

A. Executive Summary

This report presents the results of the December 31, 2019 actuarial valuation other postemployment benefits (OPEB) provided under the Section 115 Trust program of the Truckee Meadows Water Authority (TMWA). The purposes of this valuation are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 3) assess the OPEB liabilities and provide disclosure information as required by Statements No. 74 and 75 of the Governmental Accounting Standards Board for the Section 115 Program plan year ending December 31, 2019 and TWMA's fiscal year ending June 30, 2020.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present various exhibits and other relevant information appropriate for financial reporting and plan funding.

Absent material changes to this program, the results of this December 31, 2019 valuation will also be applied to prepare the GASB 74 reporting for the Section 115 plan year ending December 31, 2020 and GASB 75 reporting for TMWA's fiscal year ending June 30, 2021. If there are any significant changes in the employee population, plan benefits or eligibility, or to the funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of TMWA

TMWA provides continuation of medical, dental and life insurance coverage to its retiring employees under this Section 115 Plan. These benefits may create one or both of the following types of OPEB liabilities:

- **Explicit subsidy liabilities**: An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree healthcare.[1] In this program, TMWA pays a portion of medical, dental, vision and life insurance premiums for qualifying retirees. For details on benefits and eligibility, see Supporting Information Section 2.

- **Implicit subsidy liabilities**: An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In TMWA's program, the medical and life insurance claims experience of active employees and retirees is co-mingled in setting premium rates.

  As is the nature of group premium rate structures, at some ages, retirees may be expected to experience higher claims than the premiums they pay, where at other ages, the reverse may be true. For the medical and life insurance plans offered by TMWA, we determine the implicit rate subsidy as the projected difference between (a) expected retiree claim costs by age and (b) premiums charged for retiree coverage on TMWA's plans. For more information on this process for medical coverage, see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

  We believe no implicit liability exists with respect to dental and vision coverage provided to retirees, or that it is insignificant.

[1] A liability for potential future excise tax liability for "high cost" retiree coverage was included in the prior valuation. However, this provision of the Affordable Care Act was repealed in December 2019, so this liability was eliminated.

Executive Summary
(Continued)

OPEB Funding Policy

TMWA's funding policy for this Section 115 Trust Plan affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

TMWA has been and continues to prefund this liability, contributing 100% or more of the Actuarially Determined Contributions each year for this Section 115 Trust Plan. With TMWA's approval, the assumed trust rate and discount rate applied for accounting purposes in this report is 6.0%, reflecting TMWA's expectations as of the measurement date. For more information, see Expected Return on Trust Assets on page 11.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering TMWA employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates Used in the Valuation

GASB 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:

Valuation Date	December 31, 2019
Fiscal Year End	June 30, 2020
Measurement Date	December 31, 2019
Measurement Period	December 31, 2018 to December 31, 2019

Executive Summary
(Concluded)

Significant Results and Differences from the Prior Valuation

No material changes to benefits were reported since the January 2018 valuation was prepared. We reviewed and updated some assumptions used to project the OPEB liability. Differences between actual and expected results based on updated census and premium data since December 2017 were also reflected (referred to as "plan experience"). These differences are discussed in Section C.

The Total OPEB Liability on the current measurement date is lower than that reported one year ago.

Impact on Statement of Net Position and OPEB Expense for Fiscal 2020

The plan's impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan's impact on Net Position on the measurement date can be summarized as follows.

Items	For Reporting At Fiscal Year Ending June 30, 2020
Total OPEB Liability	$ 1,950,233
Fiduciary Net Position	1,289,663
Net OPEB Liability (Asset)	660,570
Deferred (Outflows) of Resources	(108,542)
Deferred Inflows of Resources	244,518
Impact on Statement of Net Position	$ 796,546
OPEB Expense, FYE 6/30/2020	$ 87,384

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for TMWA's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. TMWA should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend TMWA consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

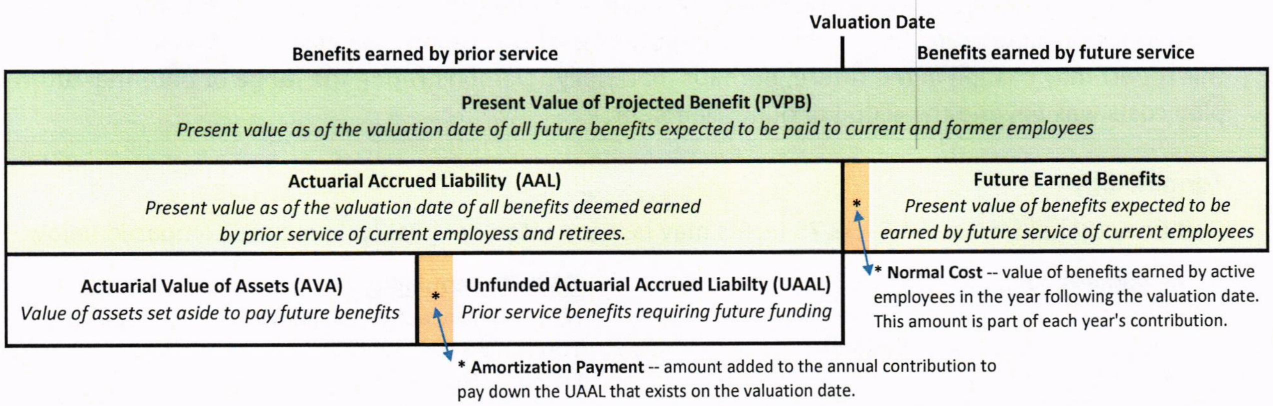
B. Valuation Process

The December 31, 2019 valuation has been based on employee census data and benefits initially submitted to us by TMWA in February 2020 and clarified in various related communications. A summary of the employee data is provided in Supporting Information, Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on TMWA as to its accuracy. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

Projecting Plan Benefits and Liabilities

In projecting benefit values and liabilities, we first determine an expected premium or benefit stream over each current retiree's or active employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and any implicit subsidies arising when retiree premiums are expected to be partially subsidized by premiums paid for active employees. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected dates when benefits will end. We also apply important assumptions regarding the probability that each employee will remain in service to receive benefits, if so, when they will begin, and the likelihood the employee will elect coverage for themselves and their dependents.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment, multiplied by the probability of payment, back to the valuation date using the discount rate (see Section D). This present value is called the **Present Value of Projected Benefits (PVPB)** and represents the current value of all expected future plan payments to current retirees and current active employees. Note that this long-term projection does not anticipate entry of future employees.



The next step in the valuation process splits the Present Value of Projected Benefits into 1) the value of benefits already earned by *prior service* of current employees and retirees and 2) the value of benefits expected to be earned by *future service* of current employees. Actuaries employ an "attribution method" to divide the PVPB into prior service liabilities and future service liabilities. For this valuation we used the **Entry Age Normal** attribution method. This is the most common method used by public agencies for plan funding and is the only attribution method allowed for financial reporting under GASB 75.

Valuation Process
(Concluded)

We call the value of benefits deemed earned by prior service the **Actuarial Accrued Liability (AAL)**. Benefits deemed earned by service of active employees in a single year is called the **Normal Cost** of benefits. The present value of all future normal costs (PVFNC) plus the Actuarial Accrued Liability will equal the Present Value of Projected Benefits (i.e. PVPB = AAL + PVFNC).

Incorporating Plan Assets

Funds set aside for future benefits may be considered contributions to an OPEB plan only if the account established for holding the accumulated assets are separate from and independent of the control of the employer and legally protected from its creditors. Furthermore, the sole purpose of the account should be to provide benefits and/or pay expenses of the plan. These conditions generally require the establishment of a legal trust, such as TMWA's Section 115 trust account.

TMWA has and continues to make regular contributions to the trust in order to prefund plan benefits. Trust contributions and earnings accumulate so that the trust can make benefit payments to retirees (or reimburse TMWA for making those payments directly). The difference between the value of trust assets (i.e. the Market Value of Assets), or a smoothed asset value (i.e. the Actuarial Value of Assets), and the Actuarial Accrued Liability yields the **Unfunded Actuarial Accrued Liability (UAAL)**. The UAAL represents the past service portion of the present value of benefits which remains unfunded as of the valuation date. A plan is generally considered "fully funded" when the UAAL is zero, i.e., when the accumulated prior service costs and plan assets are in equilibrium.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 60 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to revision as future events unfold. While we believe that the assumptions and methods used in this valuation are reasonable for the purposes of this report, the costs to TMWA reflected in this report may change in the future, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment.

Terminology

Certain actuarial terms and GASB 75 terms may be used interchangeably. Some are compared below.

Actuarial Funding Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	N/A; typically not reported for accounting purposes
Actuarially Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets	Fiduciary Net Position
Unfunded Actuarially Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

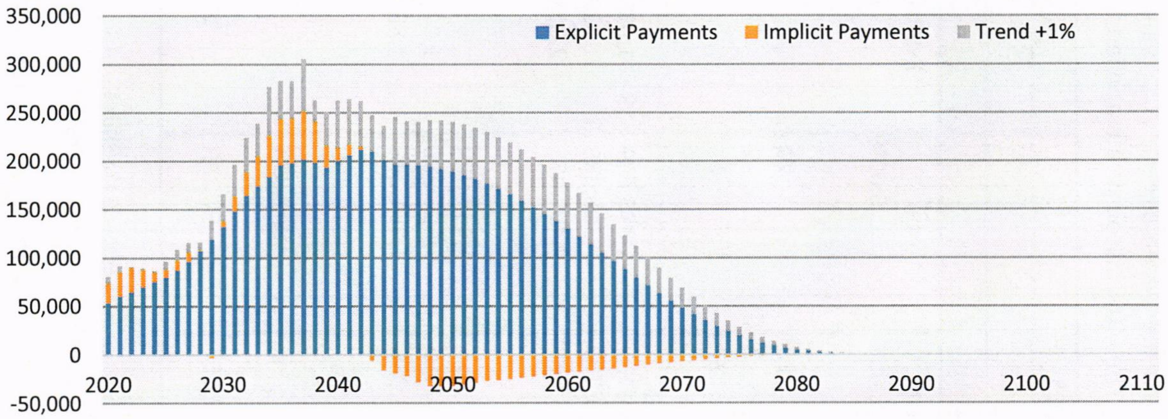
C. Discussion of December 31, 2019 Valuation Results

This section presents the results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the December 31, 2019 valuation. We described the general process for projecting these future benefits to be paid to retirees and current employees in Section B. The actuarial assumptions and methods applied to prepare these projections are summarized in Supporting Information, Section 3.

Projected annual benefit payments are shown in the graph below.

OPEB Payments

Projected to be Paid During Retirement to Current Employees and Retirees



The benefits starting at about $68,000 in the current year are expected to increase to about $250,000 in year 2038 before gradually decreasing after that point. Retiree premiums are expected to exceed retiree claims beginning in 2044, resulting in a slightly negative implicit subsidy for those years.

Explicit subsidy payments are shown in blue and refer to amounts that TMWA contributes directly toward retiree premiums or to a Retiree Health Savings Account at the time of retirement. Implicit subsidy benefits are shown in orange and refer to the difference between projected retiree medical and life insurance claims minus the projected premiums expected to be paid for medical and life insurance coverage.

The projections (in gray) reflect increases in benefit levels if healthcare trend is 1% higher.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement. We include a chart with the projected dollar amounts of benefits for the next 15 years in the Accounting section of this report on page 19.

Liability results are presented beginning on the following page.

Discussion of December 31, 2019 Valuation Results (continued)

This chart compares the results measured as of December 31, 2018, based on the December 31, 2017 valuation, with the results measured as of December 31, 2019, based on the December 31, 2019 actuarial valuation using the 6.0% discount rate applied for financial reporting purposes.

Valuation Date	**1/1/2018**			**12/31/2019**		
Fiscal Year Ending	**6/30/2019**			**6/30/2020**		
Measurement Date	**12/31/2018**			**12/31/2019**		
Subsidy	Explicit	Implicit	Total	Explicit	Implicit	Total
Discount rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Number of Covered Employees						
Actives	20	20	20	16	16	16
Retirees	2	2	2	6	6	6
Total Participants	22	22	22	22	22	22
Actuarial Present Value of Projected Benefits						
Actives	$ 1,338,318	$ 548,361	$ 1,886,679	$ 1,059,924	$ 307,701	$ 1,367,625
Retirees	439,976	76,310	516,286	1,022,075	(141,479)	880,596
Total APVPB	1,778,294	624,671	2,402,965	2,081,999	166,222	2,248,221
Total OPEB Liability (TOL)						
Actives	1,042,404	402,556	1,444,960	838,540	231,097	1,069,637
Retirees	439,976	76,310	516,286	1,022,075	(141,479)	880,596
TOL	1,482,380	478,866	1,961,246	1,860,615	89,618	1,950,233
Fiduciary Net Position			1,018,350			1,289,663
Net OPEB Liability			942,896			660,570
Service Cost For the period following the measurement date	39,582	19,657	59,239	25,610	9,167	34,777

The ratio of the Fiduciary Net Position (plan assets) to the Total OPEB Liability (Actuarial Accrued Liability) is 66.1% on 12/31/2019. This is up from 51.9% as of 12/31/2018. The change in the Total OPEB Liability, Fiduciary Net Position and Net OPEB Liability are discussed on the following page.

Note that in this closed plan, the recent change to charge the same premium rates for Medicare retirees as for active employees resulted in a significant decrease in the implicit subsidy liability and somewhat corresponding increase in the explicit subsidy liability.

Discussion of December 31, 2019 Valuation Results
(Concluded)

Change in plan assets: Assets reported increased from $1,018,350 as of December 31, 2018 to $1,289,663 on December 31, 2019. Earnings on trust assets were $158,207 higher than expected.

Change in TOL: The TOL has decreased by $11,013 from that reported one year ago. We expected an increase of $124,225 from normal plan operation and the passage of time. However, unexpected changes of $(135,238) offset the expected increase. Unexpected changes include:

- *Benefit changes:* No changes were reported to benefits since December 31, 2017.
- *Plan experience* includes differences between what was assumed and what actually occurred between valuation dates. Favorable plan experience resulted from actual 2020 medical premium rates and estimated retiree claim costs relative to those projected from the prior valuation. This was partially offset by unfavorable experience relating to earlier than expected retirements and fewer employee separations than expected.
- *Changes in actuarial assumptions or methodology*: Changes made are shown below; these assumption changes collectively increased the TOL by $44,279. For more on the assumption changes, see the last page of Supporting Information, Section 3.

This chart reconciles the TOL measured as of 12/31/2018 to the TOL measured as of 12/31/2019.

Reported Total OPEB Liability at June 30, 2019 Measurement Date December 31, 2018	**$ 1,961,246**
Expected Changes:	
Normal Cost	59,239
Benefit Payments	(54,605)
Interest Cost	119,591
Total Expected Change	124,225
Expected Total OPEB Liability at June 30, 2020 Measurement Date December 31, 2019	**$ 2,085,471**
Unexpected Changes:	
Plan experience: 2020 premiums and expected claims other previously assumed	(279,834)
Terminations, retirements and deaths other than assumed	118,609
Other plan experience	(18,292)
Liabilty for new entrants since the prior valuation	-
Decrease in spouse coverage assumption	(29,245)
Changed medical trend to Getzen model	71,057
Change in demographic assumptions and mortality improvement scale	32,728
Elimination of excise tax liability	(30,261)
Total Unexpected Change	(135,238)
Actual Total OPEB Liability at June 30, 2020 Measurement Date December 31, 2019	**$ 1,950,233**

D. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2020. TMWA is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2020 *Measurement Date is December 31, 2019*	**TMWA Section 115**
Items Impacting Net Position:	
Total OPEB Liability	$ 1,950,233
Fiduciary Net Position	1,289,663
Net OPEB Liability (Asset)	660,570
Deferred (Outflows) Inflows of Resources Due to:	
Assumption Changes	(37,621)
Plan Experience	152,522
Investment Experience	91,996
Deferred Contributions	(70,921)
Net Deferred (Outflows) Inflows of Resources	135,976
Impact on Statement of Net Position, FYE 6/30/2020	**$ 796,546**
Items Impacting OPEB Expense:	
Service Cost	$ 59,239
Cost of Plan Changes	-
Interest Cost	119,591
Expected Earnings on Assets	(62,616)
Auditing Fees	12,100
Investment & Administrative Fees	315
Legal Fees	4,288
Retiree Contributions In	(21,302)
Retiree Contributions Out	21,302
Recognized Deferred Resource items:	
Assumption Changes	6,658
Plan Experience	(26,995)
Investment Experience	(25,196)
OPEB Expense, FYE 6/30/2020	**$ 87,384**

Accounting Information
(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End *Measurement Date*	**6/30/2019** *12/31/2018*	**6/30/2020** *12/31/2019*	**Change During Period**
Total OPEB Liability	$ 1,961,246	$ 1,950,233	$ (11,013)
Fiduciary Net Position	1,018,350	1,289,663	271,313
Net OPEB Liability (Asset)	942,896	660,570	(282,326)
Deferred Resource (Outflows) Inflows Due to:			
Assumption Changes	-	(37,621)	(37,621)
Plan Experience	-	152,522	152,522
Investment Experience	(41,015)	91,996	133,011
Deferred Contributions	(121,798)	(70,921)	50,877
Net Deferred (Outflows) Inflows	(162,813)	135,976	298,789
Impact on Statement of Net Position	$ 780,083	$ 796,546	$ 16,463

Change in Net Position During the Fiscal Year	
Impact on Statement of Net Position, FYE 6/30/2019	$ 780,083
OPEB Expense (Income)	87,384
Employer Contributions During Fiscal Year	(70,921)
Impact on Statement of Net Position, FYE 6/30/2020	$ 796,546

OPEB Expense	
Employer Contributions During Fiscal Year	$ 70,921
Deterioration (Improvement) in Net Position	16,463
OPEB Expense (Income), FYE 6/30/2020	$ 87,384

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

	Trust Assets	Accruals	Fiduciary Net Position
Balance as of December 31, 2018	1,017,523	827	1,018,351
Income			
Employer Contribution	107,623	-	107,623
Investment Income	220,823		220,823
Plan Members Contribution	19,420	1,055	20,475
Total Income	347,866	1,055	348,920
Expense			
Audit Fees	(12,100)	-	(12,100)
Administrative Fees	(315)	-	(315)
Legal Fees	(3,850)	(438)	(4,288)
Retiree premiums - Retiree Portion	(19,420)	(1,882)	(21,302)
Retiree premiums - TMWA Portion	(38,395)	(1,208)	(39,603)
Total Expense	(74,080)	(3,528)	(77,608)
Net Change During the Period	273,786	(2,473)	271,313
Balance as of December 31, 2019	**1,291,309**	**(1,646)**	**1,289,663**

Expected Long-term Return on Trust Assets

TMWA indicated that their long term expected return on assets is 6.0% per year. Plan assets held by the trust were in the following two accounts as of December 31, 2019:

Retirement Benefits Investment Fund	$	1,281,857
Wells Fargo (checking account)		9,452
Total Invested	$	1,291,309

The expected long-term return on trust assets of 6.0% was approved by TMWA and was derived from information provided by the Retirement Benefits Investment Fund (RBIF).

Retirement Benefits Investment Fund December 31, 2019		
Asset Class	**Target Allocation**	**Actual Allocation**
U.S. Stocks- S&P 500 Index **Market Return**	50.5%	50.9%
Int'l Stocks- MSCI World x US Index **Market Return**	21.5%	21.5%
U.S. Bonds- U.S. Bond Index **Market Return**	28.0%	26.9%
Cash & Cash Equivalents	0.0%	0.7%
Total RBIF Fund	**100.0%**	**100.0%**

Accounting Information

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSL"). The EARSL of 6.65 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years.

Liability differences due to benefit changes occurring during the period are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2020.

Section 115 Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 37,621	$ -
Differences Between Expected and Actual Experience	-	152,522
Net Difference Between Projected and Actual Earnings on Investments	-	91,996
Deferred Contributions	70,921	-
Total	$ 108,542	$ 244,518

TMWA will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	TMWA Section 115
2021	$ (45,533)
2022	(45,534)
2023	(30,297)
2024	(51,980)
2025	(20,337)
Thereafter	(13,216)

Accounting Information
(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2020 is 6.0%. Healthcare Cost Trend Rate was assumed to start at 7.0% (increase effective January 1, 2021) and grade down to 4% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	**Current - 1% 5.00%**	**Current 6.00%**	**Current + 1% 7.00%**
Total OPEB Liability	2,234,476	1,950,233	1,715,811
Increase (Decrease)	284,243		(234,422)
% Increase (Decrease)	14.6%		-12.0%
Net OPEB Liability (Asset)	944,813	660,570	426,148
Increase (Decrease)	284,243		(234,422)
% Increase (Decrease)	43.0%		-35.5%
Change in Heathcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	1,701,710	1,950,233	2,257,104
Increase (Decrease)	(248,523)		306,871
% Increase (Decrease)	-12.7%		15.7%
Net OPEB Liability (Asset)	412,047	660,570	967,441
Increase (Decrease)	(248,523)		306,871
% Increase (Decrease)	-37.6%		46.5%

Accounting Information
(Continued)

Schedule of Changes in TMWA's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Only results for years since GASB 75 was implemented (fiscal years 2018, 2019 and 2020) are shown in the table.

	Section 115		
Fiscal Year Ending	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	12/31/2019	12/31/2018	12/31/2017
Discount Rate on Measurement Date	6.0%	6.0%	6.0%
Total OPEB liability			
Service Cost	$ 59,239	$ 56,960	$ 54,769
Interest	119,591	111,978	103,644
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(179,517)	-	-
Changes of assumptions	44,279	-	-
Benefit payments	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	(11,013)	134,873	149,079
Total OPEB liability - beginning	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	$ 1,950,233	$ 1,961,246	$ 1,826,373
Plan fiduciary net position			
Contributions - employer	$ 121,798	$ 119,366	$ 103,441
Net investment income	220,823	(46,458)	126,004
Benefit payments	(54,605)	(34,065)	(9,334)
Auditing Fees	(12,100)	(13,690)	(6,000)
Investment & Administrative Fees	(315)	(770)	(780)
Legal Fees	(4,288)	(5,864)	(788)
Retiree Contributions In	21,302	5,244	930
Retiree Contributions Out	(21,302)	(5,244)	(930)
Net change in plan fiduciary net position	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	$ 1,289,663	$ 1,018,350	$ 999,831
Net OPEB liability - ending (a) - (b)	$ 660,570	$ 942,896	$ 826,542
Covered-employee payroll	*$ 1,700,000*	$ 1,866,073	$ 1,630,635
Net OPEB liability as a % of covered-employee payroll	*38.86%*	50.53%	50.69%

Accounting Information
(Continued)

Schedule of Contributions

Since establishing the OPEB trust, TMWA has consistently contributed 100% or more of the Actuarially Determined Contribution (ADC) for this Section 115 Trust Plan each year and confirmed its intention to continue doing so. This chart shows the contributions for the years since GASB 75 was implemented. *Payroll for fiscal year end 2020 should be updated after the close of the fiscal year.*

Fiscal Year Ending	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contribution	$ 85,743	$ 121,798	$ 119,366
Contributions in relation to the actuarially determined contribution	70,921	121,798	119,366
Contribution deficiency (excess)	$ 14,822	$ -	$ -
Covered employee payroll	*$ 1,700,000*	$ 1,771,318	$ 1,886,143
Contributions as a percentage of covered employee payroll	*4.17%*	6.88%	6.33%

Notes to Schedule

Valuation Date	12/31/2019	12/31/2017	12/31/2017
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay
Amortization period	25 years closed	26 years closed	27 years closed
Asset valuation method	Market Value	Market Value	Market Value
Inflation	2.50%	2.75%	2.75%
Healthcare cost trend rates	7.0% in 2021, fluctuating to an ultimate rate of 4% in 2076	6.25% in 2019, step down .5% per year to 5.0% by 2024	6.25% in 2019, step down .5% per year to 5.0% by 2024
Salary increases	3.00%	4.00%	4.00%
Investment rate of return	6.00%	6.00%	6.00%
Retirement age	45-75	45-75	45-75
Mortality	NV PERS June 2017 Valuation	NV PERS June 2016 Valuation	NV PERS June 2016 Valuation
Mortality Improvement	MW Scale 2018	MW Scale 2017	MW Scale 2017

Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Section 115 Trust	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2019 *Measurement Date 12/31/2018*	$ 1,961,246	$ 1,018,350	$ 942,896	$ -	$ -	$ 41,015	$ 121,798	$ 780,083
Changes During the Period:								
Service Cost	59,239		59,239					59,239
Interest Cost	119,591		119,591					119,591
Expected Investment Income		62,616	(62,616)					(62,616)
Employer Contributions		121,798	(121,798)					(121,798)
Changes of Benefit Terms	-		-					-
Auditing Fees		(12,100)	12,100					12,100
Investment & Administrative Fees		(315)	315					315
Legal Fees		(4,288)	4,288					4,288
Retiree Contributions In		21,302	(21,302)					(21,302)
Retiree Contributions Out		(21,302)	21,302					21,302
Benefit Payments	(54,605)	(54,605)	-					-
Assumption Changes	44,279		44,279	44,279				-
Plan Experience	(179,517)		(179,517)		(179,517)			-
Investment Experience		158,207	(158,207)			(158,207)		-
Recognized Deferred Resources				(6,658)	26,995	25,196	(121,798)	76,265
Employer Contributions in Fiscal Year							70,921	(70,921)
Net Changes in Fiscal Year 2019-2020	(11,013)	271,313	(282,326)	37,621	(152,522)	(133,011)	(50,877)	16,463
Balance at Fiscal Year Ending 6/30/2020 *Measurement Date 12/31/2019*	$ 1,950,233	$ 1,289,663	$ 660,570	$ 37,621	$ (152,522)	$ (91,996)	$ 70,921	$ 796,546

Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: December 31, 2019

Deferred Resource						Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition	Balance as of Dec 31, 2019	2019 (FYE 2020)	2020 (FYE 2021)	2021 (FYE 2022)	2022 (FYE 2023)	2023 (FYE 2024)	2024 (FYE 2025)	Thereafter
12/31/2017	Investment Earnings Greater than Expected	$ (76,171)	5.00	$ (15,234)	$ (30,469)	$ (15,234)	$ (15,234)	$ (15,235)	$ -	$ -	$ -	$ -
12/31/2018	Investment Earnings Less than Expected	108,397	5.00	21,679	65,039	21,679	21,679	21,679	21,681	-	-	-
12/31/2019	Gain Due To Plan Experience	(179,517)	6.65	(26,995)	(152,522)	(26,995)	(26,995)	(26,995)	(26,995)	(26,995)	(26,995)	(17,547)
12/31/2019	Loss Due To Assumption Changes	44,279	6.65	6,658	37,621	6,658	6,658	6,658	6,658	6,658	6,658	4,331
12/31/2019	Investment Earnings Greater than Expected	(158,207)	5.00	(31,641)	(126,566)	(31,641)	(31,641)	(31,641)	(31,641)	(31,643)	-	-

Accounting Information
(Continued)

TMWA Contributions to the Plan

TMWA contributions to this plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Note that the implicit subsidy contribution does not represent cash payments to retirees, but reclassification of a portion of active healthcare cost to be treated as a retiree healthcare expense.

Contributions paid by TMWA during the prior and the current measurement period are shown below.

Benefit Payments During the Measurement Period, Jan 1, 2019 thru Dec 31, 2019	**TMWA Section 115**
Benefits Paid by Trust	$ 40,430
Benefits Paid by Employer (not reimbursed by trust)	-
Implicit benefit payments	14,175
Total Benefit Payments During the Measurement Period	$ 54,605

Employer Contributions During the Measurement Period, Jan 1, 2019 thru Dec 31, 2019	**TMWA Section 115**
Employer Contributions to the Trust	$ 107,623
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	-
Implicit contributions	14,175
Total Employer Contributions During the Measurement Period	$ 121,798

TMWA contributions made in the year following the measurement period but prior to the end of the fiscal year are shown below.

Employer Contributions During the Fiscal Year, Jul 1, 2019 thru Jun 30, 2020	**TMWA Section 115**
Employer Contributions to the Trust	$ 53,812
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	-
Implicit contributions	17,109
Total Employer Contributions During the Fiscal Year	$ 70,921

Accounting Information
(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from TMWA. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2020	$ 46,607	$ 3,936	$ 50,543	$ 14,904	$ 2,205	$ 17,109	$ 67,652
2021	47,831	6,070	53,901	16,430	3,643	20,073	73,974
2022	50,166	10,111	60,277	19,207	5,980	25,187	85,464
2023	52,407	12,427	64,834	17,968	6,992	24,960	89,794
2024	54,618	15,641	70,259	10,377	7,193	17,570	87,829
2025	56,852	18,778	75,630	1,465	8,044	9,509	85,139
2026	59,078	21,129	80,207	(1,749)	9,264	7,515	87,722
2027	61,218	26,288	87,506	(721)	10,538	9,817	97,323
2028	63,405	32,840	96,245	(4,446)	13,815	9,369	105,614
2029	65,536	41,955	107,491	(16,596)	17,256	660	108,151
2030	67,582	51,675	119,257	(24,758)	21,747	(3,011)	116,246
2031	69,657	62,617	132,274	(25,245)	30,630	5,385	137,659
2032	71,770	76,653	148,423	(25,433)	40,712	15,279	163,702
2033	73,888	90,772	164,660	(25,153)	48,661	23,508	188,168
2034	75,850	98,411	174,261	(25,210)	56,169	30,959	205,220

The amounts shown in the Explicit Subsidy table reflect the expected payment by TMWA toward retiree medical, dental and life insurance premiums in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical, prescription drug and life insurance claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

Accounting Information
(Concluded)

Sample Journal Entries

Beginning Account Balances As of the fiscal year beginning 7/1/2019	Debit	Credit
Net OPEB Liability		942,896
Deferred Resource -- Assumption Changes	-	
Deferred Resource -- Plan experience	-	
Deferred Resource -- Investment Experience	41,015	
Deferred Resource -- Contributions	121,798	
Net Position	780,083	

** The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.*

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year	Debit	Credit
OPEB Expense	-	
Premium Expense		-
OPEB Expense	53,812	
Cash		53,812

** This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.*

Journal entries to record implicit subsidies during the fiscal year	Debit	Credit
OPEB Expense	17,109	
Premium Expense		17,109

** This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.*

Journal entries to record other account activity during the fiscal year	Debit	Credit
Net OPEB Liability	282,326	
Deferred Resource -- Assumption Changes	37,621	
Deferred Resource -- Plan experience		152,522
Deferred Resource -- Investment Experience		133,011
Deferred Resource -- Contributions		50,877
OPEB Expense	16,463	

E. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an entity decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the UAAL[2]). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the AAL exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period may be preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL only when it is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Some Current Economic Factors

Return on Trust Assets: This expected return on trust assets should be based on long term capital market projections, projections of TMWA's retiree benefits for each future year and may or may not include some margin for potential adverse asset performance. However, the recent economic situation has been severe. While most assets lost value at March 31, 2020, values have been rebounding since that time. Nonetheless, some shortfall from the expected 6.0% return for the balance of 2020 and into 2021 might be expected.

[2] We use actuarial, rather than accounting, terminology to describe the components used to develop the ADCs.

OPEB Funding Information
(Continued)

Medical premiums: Another variable sensitive to the current public health situation is the potential impact on future medical premium rates. On page 7, we noted that lower than expected premium increases between 2018 and 2020 prior to Medicare resulted in a decrease in the OPEB Liability. Looking ahead, should premiums increase *more* than we expect in the next year or two, some loss (liability increase) could occur with somewhat higher future ADCs from this as well. Health experts have expressed mixed opinions about how employer health plans will be impacted by COVID-19. There is clear evidence that some medical services are being deferred and some annual services may be skipped altogether. This decrease in current utilization must then be contrasted against the potentially high cost of care for those who contract COVID-19. Current information indicates there has been little difference in access to prescription drugs, so there may be no unusual increase or decrease in these claim costs or premiums.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees. This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums*? Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives. However, in this closed plan, the recent change to charge the same premium rates for Medicare retirees as for active employees resulted in a significant decrease in the implicit subsidy liability.

Development of the Actuarially Determined Contributions

TMWA has approved development of ADCs based on the following two components, which are then adjusted with interest to each fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over a closed 30 year period.

OPEB Funding Information
(Continued)

Amortization payments are determined using level dollar payments; 25 years remain in the amortization period for determining the ADC for FYE 2020.

Actuarially Determined Contributions, developed as described above, are shown in the exhibit on the next page for TMWA's fiscal years ending June 30, 2020, 2021 and 2022. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of: (1) each year's implicit subsidy payment; and (2) TMWA's contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, *provided all assumptions are exactly realized and if TMWA contributes 100% or more of the ADC each year*. When an agency commits to funding the trust at or above the ADC, GASB 75 allows use of the expected long term trust return to be used as the discount rate in determining the plan liability. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.

This section is continued on the following page.

OPEB Funding Information
(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2020, June 30, 2021 and June 30, 2022 from the results of this valuation.

Funding Policy	**Prefunding Basis**		
Valuation date	**12/31/2019**		
For fiscal year ending	6/30/2020	6/30/2021	6/30/2022
Expected long-term return on assets	6.00%	6.00%	6.00%
Discount rate	6.00%	6.00%	6.00%
Number of Covered Employees			
Actives	16	16	16
Retirees	6	6	6
Total Participants	22	22	22
Actuarial Present Value of Projected Benefits			
Actives	$ 1,370,704	$ 1,446,621	$ 1,519,734
Retirees	911,435	902,766	887,911
Total APVPB	2,282,139	2,349,387	2,407,645
Actuarial Accrued Liability (AAL)			
Actives	1,055,279	1,149,134	1,242,368
Retirees	911,435	902,766	887,911
Total AAL	1,966,714	2,051,900	2,130,279
Actuarial Value of Assets	1,309,465	1,406,666	1,504,290
Unfunded AAL (UAAL)	657,249	645,234	625,989
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	25	24	23
Amortization Factor	13.5504	13.3034	13.0416
Actuarially Determined Contribution (ADC)			
Normal Cost	$ 34,777	$ 35,820	$ 36,894
Amortization of UAAL	48,504	48,501	48,000
Interest to fiscal year end	2,462	2,492	2,510
Total ADC	85,743	86,813	87,404

Funding of the ADC

Accounting recognition of current year implicit subsidy	17,109	20,073	25,187
Trust contribution (refund) needed to equal ADC	68,634	66,740	62,217

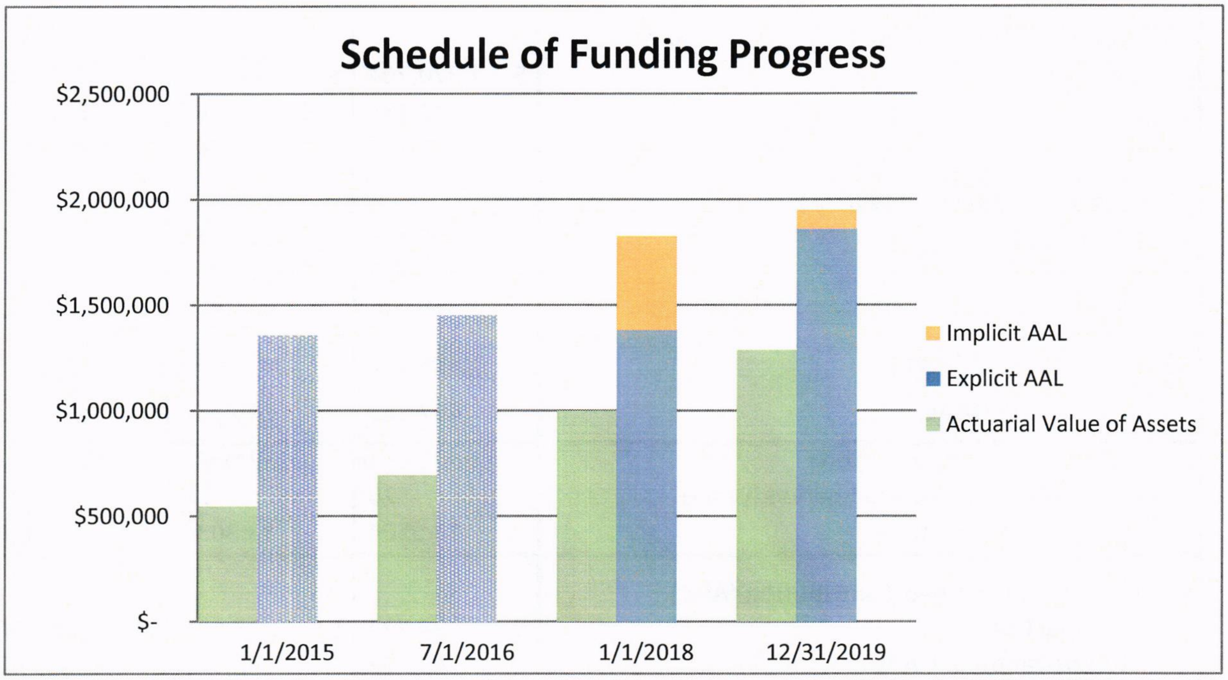
Retiree benefits are paid from the trust. The chart above shows the contribution required to be made to the trust to meet the ADC funding level in each of these fiscal years.

OPEB Funding Information
(Concluded)

In this section, we provide a review of key components of valuation results from 2015 through 2019.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
1/1/2015	$ 546,873	$ 1,357,972	$ 811,099	40.3%	$ 786,385	103.1%	6.0%
7/1/2016	$ 695,940	$ 1,453,919	$ 757,979	47.9%	$ 1,658,227	45.7%	6.0%
1/1/2018	$ 999,831	$ 1,826,373	$ 826,542	54.7%	$ 1,630,635	50.7%	6.0%
12/31/2019	$ 1,289,663	$ 1,950,233	$ 660,570	66.1%	$ 1,406,020	47.0%	6.0%



The portions of the AAL attributable to the explicit and implicit AAL were not identified in the 2015 and 2016 valuation reports.

Significant changes in recent years include

- *January 1, 2018*: Increase in liability from change in cost method from Projected Unit Credit to Entry Age Normal; largely offset by a net of assumption changes, notably changes in demographic assumptions and assumed spouse coverage.
- *December 31, 2019*: Continued favorable plan experience, primarily from lower than expected premiums and expected retiree claim costs; partially offset by assumption changes, including the updates to demographic assumptions and future healthcare trend.

F. Certification

The primary purposes of this report are: (1) to provide actuarial information of the other postemployment benefits (OPEB) provided by the Truckee Meadows Water Authority (TMWA) Section 115 Trust Plan in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75); and (2) to provide Actuarially Determined Contributions for prefunding of this program in conformity with TMWA's OPEB funding policy. TMWA is not required to contribute the ADC shown in this report and we make no representation that it will, in fact, fund the OPEB trust at any particular level.

In preparing this report we relied without audit on information provided by TMWA. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75 and in accordance with TMWA's stated OPEB funding policy. Results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of TMWA and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: TMWA may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and TMWA may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuary is unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. The actuary is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

July 22, 2020

Catherine L. MacLeod

Catherine L. MacLeod, FSA, FCA, EA, MAAA

J. Kevin Watts, FSA, FCA, MAAA

G. Supporting Information

Section 1 - Summary of Employee Data

TMWA reported 16 active employees in the data provided to us for the December 2019 valuation. Age and service values as of that date are shown in this chart:

Distribution of Benefits-Eligible Active Employees						
	Years of Service					
Current Age	Less than 10	10 to 14	15 to 19	20 & Up	**Total**	**Percent**
Under 25					0	0%
25 to 29					0	0%
30 to 34					0	0%
35 to 39					0	0%
40 to 44		1		1	2	13%
45 to 49		2	3	2	7	44%
50 to 54			1	1	2	13%
55 to 59			1		1	6%
60 to 64			1	1	2	13%
65 to 69				1	1	6%
70 & Up			1		1	6%
Total	0	3	7	6	**16**	**100%**
Percent	0%	19%	44%	38%	**100%**	

Valuation	January 2018	December 2019
Average Attained Age for Actives	52.1	52.0
Average Years of Service	16.3	18.0

This chart shows the number of active employees by benefit tier. Please refer to Section 2 on the following page for benefit details.

Summary of Active Participants by Tier				
Tier	Number	Average Age	Average Service	Payroll
Tier 1	1	45.4	22.4	$ 89,690
Tier 2	15	52.4	17.7	$ 1,316,330
Total	**16**	**51.9**	**18.0**	**$ 1,406,020**

There are also 4 retirees currently receiving Tier 1 benefits under this program. The other 2 current retirees are receiving Tier 2 benefits. Their ages and service values are summarized in this chart.

Summary of Retired Participants				
	Benefit Tier	Current Age	Age at Retirement	Years of Service*
Retiree 1	Tier 1	64.7	63.3	22.0
Retiree 2	Tier 1	56.3	53.3	28.4
Retiree 3	Tier 1	61.0	59.0	20.5
Retiree 4	Tier 1	60.2	59.4	25.2
Retiree 5	Tier 2	68.7	67.1	13.3
Retiree 6	Tier 2	66.6	65.5	21.2
Average		**62.9**	**61.3**	**21.8**

* Includes predecessor agency service

Census changes since the prior valuation: Since January 1, 2018, two Tier 1 and two Tier 2 employees retired and are currently receiving benefits under TMWA's Section 115 trust. No other terminations, retirements, or deaths were reported. The plan is closed; no new employees will enter the plan.

Supporting Information
(Continued)

Section 2 - Summary of Retiree Benefit Provisions

Section 115 Trust OPEB provided: TMWA reported that the following OPEB are provided: retiree medical, dental, vision and life insurance coverage.

Access to coverage: Employees who retire from TMWA are eligible to continue their coverage under the health plans offered by TMWA to its active employees. The only conditions to be eligible for coverage are satisfaction of the service and retirement guidelines consistent with eligibility for receiving retirement benefits from Nevada PERS. Retirees may elect coverage for their spouse or other qualifying dependents; however, coverage ends at the retiree's death (except under COBRA).

Healthcare Subsidies under the 115 Trust: Employees who transferred from Washoe County and retire from TMWA on or after age 55 with at least 10 years of service are eligible for a subsidy toward the cost of their health and life insurance premiums. Service at Washoe County is included in determining both benefit eligibility and benefit amount. Benefits provided by this plan vary by Tier as follows:

- **Tier 1 (Hired on or before September 16, 1997):** All current and future retirees in this group qualify for fully subsidized TMWA medical, dental, vision and life insurance for the retiree only. No subsidy is provided for any dependent coverage.
- **Tier 2 (Hired after September 16, 1997 and before July 1, 2010):** TMWA's current practice is to provide healthcare subsidies equivalent to those provided to retirees enrolled in single party coverage in the Standard HMO through the Public Employees' Benefit Program (PEBP). Subsidies in effect as of the valuation date are shown in the chart below.

2020 Monthly Subsidy for Tier 2 Retirees					
Years of Service*	Pre-65 Subsidy	Post-65 Subsidy	Years of Service*	Pre-65 Subsidy	Post-65 Subsidy
Less than 10	n/a - all Tier 2 employees have at least 10 years of service		15	$ 437.61	$ 195.00
			16	472.41	208.00
11	$ 298.42	$ 143.00	17	507.21	221.00
12	333.22	156.00	18	542.00	234.00
13	368.01	169.00	19	576.80	247.00
14	402.81	182.00	20	611.60	260.00

* Includes service with Washoe County

Current premium rates: The 2020 monthly healthcare premiums for plans available to TMWA retirees are shown in the chart below:

2020 Healthcare Rates for TMWA Retirees				
Plan	Retiree Only	Retiree & Spouse	Retiree & Child(ren)	Retiree & Family
Medical	$ 747.54	$ 1,307.61	$ 1,240.53	$ 1,630.27
Vision	6.56	10.50	10.72	17.30
Dental	77.46	130.34	123.00	168.52

Supporting Information
(Concluded)

Section 2 - Summary of Retiree Benefit Provisions (concluded)

Life Insurance: Both Tier 1 and 2 retirees who qualify for healthcare subsidies are eligible for fully-subsidized life insurance coverage. The face amount of the policy varies by age as follows:

- Before age 70: 100% of life insurance coverage on retirement date (100% of annual salary)
- Ages 70-74: 50% of life insurance coverage on retirement date
- Ages 75+: $2,000

The premium rate for $1,000 in coverage is $0.24 plus an additional $0.03 for AD&D coverage.

Dependents may elect coverage in TMWA's life insurance plan, but they must pay 100% of the applicable premium. The monthly premium for dependent life insurance is $0.48 for a face amount of $1,500.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expect costs on a level basis over the life of the plan.

Valuation Date	December 31, 2019
Funding Method	Entry Age Normal Cost, level percent of pay[3]
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.0% as of December 31, 2019 & December 31, 2018 net of plan investment expenses and including inflation
Discount Rate	6.0% as of December 31, 2019 & December 31, 2018
Participants Valued	Only current TMWA active employees and retired participants and covered dependents are valued, excluding those who transferred to TMWA from Washoe County. 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
General Inflation Rate	2.5% per year

The demographic actuarial assumptions used in this valuation are based on the most recently published report of the Nevada Public Employees Retirement System dated June 30, 2017 which covers the employees included in this valuation except for a different basis used to project future mortality improvements.

Mortality: The rates described below were described in the June 30, 2017 actuarial valuation of the Nevada PERS program as being reasonably representative of mortality experience as of that measurement date.

Non-disabled life rates for Regular & Safety employees:

Males and Females: Headcount-Weighted RP-2014 Healthy Annuitant Table set forward 1 year

Pre-retirement life rates for Regular & Safety employees:

Males & Females: Headcount-Weighted RP-2014 Employee Table

[3] The level percent of pay aspect of the funding method refers to how the normal cost is determined. Use of level percent of pay cost allocations in the funding method is separate from and has no effect on a decision regarding use of a level percent of pay or level dollar basis for determining amortization payments.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Mortality Improvement

The mortality rates described on the preceding page were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward (see Addendum 3 for details).

Termination Rates

Years of Service	Regular Employees	Years of Service	Regular Employees
0	16.00%	11	3.00%
1	12.50%	12	2.75%
2	10.25%	13	2.50%
3	8.00%	14	2.25%
4	7.50%	15	2.00%
5	6.00%	16	2.00%
6	5.25%	17	1.75%
7	4.25%	18	1.75%
8	4.00%	19	1.75%
9	3.75%	20	1.75%
10	3.25%	& Over	

Retirement Rates

Regular Employees Hired before July 1, 2015						
	Years of Service					
Age	5-9	10-19	20-24	25-29	30-32	33 or more
45-49	0%	0%	0.75%	6.5%	16%	16%
50-54	0.5%	1.5%	1.5%	8.5%	18%	18%
55-59	1.5%	3.5%	5%	12%	20%	20%
60-61	6.5%	11%	17%	22%	22%	22%
62-64	9%	13%	17%	22%	22%	22%
65-69	20%	20%	22%	25%	25%	25%
70-74	30%	30%	40%	40%	40%	40%
75 & Over	100%	100%	100%	100%	100%	100%

Retirement rates for those hired on or after July 1, 2015 are the same as above except as follows:

Regular Employees Hired on/after July 1, 2015		
	Years of Service	
Age	30-32	33+
45-49	6.50%	16%
50-54	8.50%	18%

Medicare Eligibility

All individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	Actual	2050-2053	5.00%
2021	7.00%	2054-2059	4.90%
2022	6.50%	2060-2066	4.80%
2023	6.00%	2067	4.70%
2024	5.90%	2068	4.60%
2025	5.80%	2069	4.50%
2026	5.60%	2070-2071	4.40%
2027	5.50%	2072	4.30%
2028	5.40%	2073-2074	4.20%
2029-2046	5.30%	2075	4.10%
2047	5.20%	2076 & later	4.00%
2048-2049	5.10%		

Dental and vision premiums: assumed to increase by 4% per year.

The rate per $1,000 in life insurance coverage is assumed to remain fixed at the current rate.

Employer Cost Sharing

Tier 1: Increases in the Trust-paid portion of healthcare premiums are assumed to increase at the same rates as medical trend (described above).

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.

Spouse Coverage

Active employees: 65% of Tier 1 employees and 40% of Tier 2 employees are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Participation Rate

Future retirees: 100% of qualifying future retirees are assumed to receive benefits, electing coverage as follows:

Tier 1: Upon retirement, 2/3 (66.7%) of retirees are assumed to elect coverage in the Reno Plan; the remaining 1/3 (33.3%) are assumed to elect coverage in the Hometown Health Plan. TMWA coverage is assumed to be maintained for the retiree's lifetime.

Tier 2: Prior to age 65, 2/3 (66.7%) of retirees assumed to elect coverage in the Reno Plan; the remaining 1/3 (33.3%) are assumed to elect coverage in the Hometown Health Plan. Upon reaching age 65, retirees are assumed to elect coverage in non-TMWA healthcare plans.

Retired participants: Existing medical plan elections are assumed to be continued until retiree's death.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. See Addendum 1 MacLeod Watts's Age Rating Methodology for a description of the use of claims cost curves.

The monthly baseline premium costs were set equal to the active employee-only premiums shown in the chart at the end of Section 2. The overall average number of children assumed per employee (subscriber) covering children is 1.8 and the average age of children covered is 12.2.

Representative claims costs are shown in the chart below.

Retiree	Reno Plan		Hometown Health		Retiree	Reno Plan		Hometown Health	
Age	Males	Females	Males	Females	Age	Males	Females	Males	Females
55	$ 657	$ 721	$ 892	$ 978	77	$ 445	$ 428	$ 604	$ 581
57	723	756	982	1,026	79	453	435	615	591
59	791	797	1,073	1,082	81	458	440	621	598
61	861	849	1,169	1,153	83	456	443	620	601
63	938	911	1,274	1,236	85	450	442	611	600
65	358	343	486	465	87	441	439	599	596
67	376	362	510	492	89	432	435	587	591
69	392	379	533	515	91	428	431	581	586
71	409	395	555	536	93	427	428	579	582
73	424	409	575	555	95	426	426	579	578
75	435	420	591	570	97	426	424	578	576

Supporting Information
(Concluded)

Section 3 - Actuarial Methods and Assumptions

Changes reflected during the current Measurement Period

Demographic assumptions	The assumed rates of retirement, termination and mortality were updated to be consistent with those used in the June 2017 PERS retirement plan valuation covering TMWA employees.
Mortality Improvement	Projection of future improvement in mortality rates was updated, applying MacLeod Watts Scale 2018 from 2015 forward, rather than MacLeod Watts Scale 2017, on a fully generational basis.
Medical Trend	Future increases in medical coverage claims and premiums were changed to use the Getzen healthcare trend model sponsored by the Society of Actuaries. For specific rates by year, see page 32. The prior medical trend scale provided for a 5.75% increase on 1/1/2021 grading to 5% per year beginning 1/1/2024.
Spouse coverage	Assumed spouse coverage for future Tier 1 retirees was decreased from 75% to 65% and for future Tier 2 retirees from 50%, based on a review of recent plan experience.
Excise tax on high cost coverage	We excluded the excise tax from the valuation results due to the December 2019 repeal of this tax.

Appendix 1: Basic Valuation Results by Tier

The chart below summarizes the results as of the December 31, 2019 measurement date for Tier 1 (those hired on or before September 16, 1997) and Tier 2 (those hired after September 16, 1997 but before the plan closed on July 1, 2010). Amounts shown in the Total column correspond to those shown in the Total column on page 7.

Valuation Date	**12/31/2019**		
Fiscal Year Ending	**6/30/2020**		
Measurement Date	**12/31/2019**		
Benefit Tier	**Tier 1**	**Tier 2**	**Total**
Discount rate	6.00%	6.00%	6.00%
Number of Covered Employees			
Actives	1	15	16
Retirees	4	2	6
Total Participants	5	17	22
Actuarial Present Value of Projected Benefits			
Actives	$ 154,416	$ 1,213,209	$ 1,367,625
Retirees	782,941	97,655	880,596
Total APVPB	937,357	1,310,864	2,248,221
Total OPEB Liability (TOL)			
Actives	125,997	943,640	1,069,637
Retirees	782,941	97,655	880,596
TOL	908,938	1,041,295	1,950,233
Service Cost For the period following the measurement date	2,569	32,208	34,777

Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an "explicit subsidy".

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an "implicit subsidy" of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

<table>
<tr><td colspan="3">Expected retiree claims</td></tr>
<tr><td colspan="2">Premium charged for retiree coverage</td><td>Covered by higher active premiums</td></tr>
<tr><td>Retiree portion of premium</td><td>Agency portion of premium
Explicit subsidy</td><td>Implicit subsidy</td></tr>
</table>

This chart shows the sources of funds needed to cover expected claims for retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Valuation Process

The valuation was based on employee census data and benefits provided by TMWA. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on TMWA as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.

Important Background Information
(Continued)

- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members
- A significant increase or decrease in the future premium rates
- A change in the subsidy provided by the Agency toward retiree premiums
- Longer life expectancies of retirees
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents
- Higher or lower returns on plan assets or contribution levels other than were assumed and/or
- Changes in the discount rate used to value the OPEB liability

Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- *Timing of recognition*: Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

- *Deferred recognition periods:* These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

Important Background Information
(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy liability is created when expected retiree claims exceed the premiums charged for retiree coverage. This typically occurs when the same premium rates are charged for active and retired members prior to coverage under Medicare. In practical terms, when premiums for active employees each year exceed active employee claims, their premiums include an amount expected to be transferred to cover a portion of the retirees' claims not covered by the premiums charged for retiree coverage. This transfer represents the current year's implicit subsidy. GASB 75 allows for recognition of payments to an irrevocable trust *or directly to the insurer* as an employer's contribution. Therefore, each year's implicit subsidy is a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
Prior to Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
After Implicit Subsidy Adjustment		
Premiums Paid by Agency During Fiscal Year	$ 411,000	$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	$ 388,000	$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

In this example, while total contributions paid toward active and retired employee healthcare premiums is the same, by shifting the recognition of the current year's implicit subsidy from actives to retirees, this amount is recognized as an OPEB contribution and at the same time reduces premium expense for active employees.

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.

Important Background Information
(Continued)

Actuarial Funding Method and Assumptions

The "ultimate real cost" of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the "incidence of cost". GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period's service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.

Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant*. For example, a claims cost curve might show that, if a 50 year old male has $1 in claims, then on average a 50 year old female has claims of $1.25, a 30 year male has claims of $0.40, and an 8 year old female has claims of $0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.

Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

(1) Short-term mortality improvement rates should be based on recent experience.
(2) Long-term mortality improvement rates should be based on expert opinion.
(3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2018** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2017.

MacLeod Watts Scale 2018 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2017 which has two segments – (1) historical improvement rates for the period 1951-2013 and (2) an estimate of future mortality improvement for years 2014-2016 using the Scale MP-2017 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2016 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2017-2026. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2026-2040. The SSA's Intermediate Scale has a final step down in 2041 which is reflected in the MacLeod Watts scale for years 2041 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.

Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). This tax was repealed in December 2019.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position –The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Glossary
(Continued)

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a 'blended' group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

Nevada PERS – Many state governments maintain a public employee retirement system; Nevada PERS is the Nevada program, covering all eligible state government employees as well as other employees of other governments within Nevada who have elected to join the system

OPEB Expense – The OPEB expense reported in the Agency's financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

Plan Assets – The value of cash and investments considered as 'belonging' to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of "Actuarial Present Value"

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility

Post-Retirement Medical Plan & Trust

a single employer plan sponsored by
Truckee Meadows Water Authority

TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Principal Accountant
DATE: October 1, 2020
SUBJECT: **Present and accept the revised budget for calendar year 2020**

Recommendation

TMWA staff recommends the Trustees accept the revised budget for calendar year 2020.

Discussion

The following report is attached:

- Section 115 Post-Retirement Medical Plan & Trust Budget for Calendar Year 2020

The original budget for calendar year 2020 was approved by the Board of Trustees on January 21, 2020. It included a total budget of $107,623 for Employer Contributions, which represented an *estimate* of the Truckee Meadows Water Authority's contributions for the year. During the first half of the year, TMWA contributed a total of $53,812 to Section 115.

The December 31, 2019 actuarial report for the fiscal year ending June 30, 2020 was issued in July 2020. The report concluded that TMWA needed to contribute a total of $68,634, or an *additional* $14,822, to Section 115 for fiscal year 2020.

TMWA staff has therefore revised Section 115's calendar year 2020 budget to reflect a *decrease* in Employer Contributions from $107,623 to $68,634. The budgets for all other additions and deductions appear to be reasonable when compared with actuals-to-date and were thus left unchanged.

Truckee Meadows Water Authority
Section 115 Post-Retirement Medical Plan & Trust
Budget for Calendar Year 2020

	Original	Revised
Additions		
Contributions		
Employer	$ 107,623	$ 68,634
Plan Members	23,000	23,000
Total Contributions	**130,623**	**91,634**
Investment Income		
Net appreciation (depreciation) in fair value of investment	-	-
Investment income	20,700	20,700
Less investment expenses	(200)	(200)
Net investment income	**20,500**	**20,500**
Total Additions	**151,123**	**112,134**
Deductions		
Benefits paid	66,000	66,000
Administrative expenses	16,000	16,000
Total Deductions	**82,000**	**82,000**
Net Increase (Decrease)	**$ 69,123**	**$ 30,134**

Post-Retirement Medical Plan & Trust
a single employer plan sponsored by
Truckee Meadows Water Authority

TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Principal Accountant
DATE: October 1, 2020
SUBJECT: **Present and accept the December 31, 2019 audited financial statements**

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2019 audited financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan).

Discussion

The following report is attached:

- December 31, 2019 Financial Statements of the Truckee Meadows Water Authority OPEB Trust Fund

The plan received an unqualified audit opinion, which means that the independent auditor believes the financial statements are fairly and appropriately presented and that they are in compliance with generally accepted accounting principles.

The Plan's basic financial statements include the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

In addition, required supplementary information is provided in three additional schedules.

Some highlights of the Plan's report as of and for the year ended December 31, 2019 include:

- Operating cash balances were $9,452.
- Plan investments at fair value were $1,281,857.
- Net investment income, including realized and unrealized gains and losses, was $220,508.
- Employer contributions to the Plan were $107,623.
- Net position totaled $1,289,663, which was a $271,313 increase from the prior year.

Financial Statements
December 31, 2019

Truckee Meadows Water Authority OPEB Trust Fund

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Table of Contents
December 31, 2019

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Truckee Meadows Water Authority OPEB Trust Fund
Reno, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan), which comprise the statement of fiduciary net position as of December 31, 2019, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Truckee Meadows Water Authority OPEB Trust Fund as of December 31, 2019, and the changes in the fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 5, the schedule of changes in net OPEB liability and related ratios, the schedule of contributions, and the schedule of investment returns on pages 15 through 17, respectively, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Eide Bailly LLP

Reno, Nevada
October 7, 2020

Truckee Meadows Water Authority (TMWA) financial management provides the following discussion and analysis as an introduction to the basic financial statements and an analytical overview of the Plan's financial activities for the reporting periods ended December 31, 2019 and 2018. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

The Plan was established in 2015 as a result of the transfer of operations to TMWA of Washoe County, Nevada's water utility services (Transfer of Utility Operations). As a result of the transfer of operations, TMWA agreed to preserve post-employment benefits for transferred employees only, and the Plan is closed to any additional employees.

Overview of the Financial Statements

The Plan's basic financial statements include the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

In addition to the basic financial statements required supplementary information is provided in the following schedules:

- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Contributions
- Schedule of Investment Returns

The *Statement of Fiduciary Plan Net Position* presents the Plan's assets and liabilities and the net position, with the assets being held in trust for beneficiary post-employment benefits. This statement measures the Plan's investments at fair value, cash, other short-term assets and liabilities as of the year ended December 31, 2019.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's net position changed during the reporting year. This statement includes additions for employer contributions, investment income and deductions for payments for the benefit of retirees and administrative expenses for the year ended December 31, 2019.

The *Notes to the Financial Statements* are an integral part of the financial statements and provide additional information that is necessary to gain a comprehensive understanding of data in the financial statements.

The *Schedule of Changes in the Net OPEB Liability and Related Ratios* is required supplementary information which provides multi-year information about the OPEB liabilities for which the Plan's assets are held and managed.

The *Schedule of Contributions* is required supplementary information which provides multi-year information. It contains the actuarial determined contribution as well as the methods and assumptions used to determine contribution rates.

The *Schedule of Investment Returns* is required supplementary information which provides multi-year information regarding the rate of return calculated as the internal rate of return on the Plan's investments, net of investment expense.

Financial Highlights

Financial highlights of the Plan as of and for the year ended December 31, 2019 are as follows:

- Operating cash balances at year end were $9 thousand
- Plan investments at fair value at year end were $1.3 million
- Net investment income was $221 thousand
- Employer contributions to the Plan were $108 thousand

Financial highlights of the Plan as of and for the year ended December 31, 2018 are as follows:

- Operating cash balances at year end were $101 thousand
- Plan investments at fair value at year end were $916 thousand
- Net investment loss was $47 thousand
- Employer contributions to the Plan were $108 thousand

Plan Analysis

The following table provides a summary of the two years of net position of the Plan:

	2019	2018	Change 2019 v 2018
Assets			
Cash	$ 9,452	$ 101,174	$ (91,722)
Receivables from plan members	1,882	827	1,055
Investments, at fair value	1,281,857	916,349	365,508
Total assets	1,293,191	1,018,350	274,841
Liabilities			
Accounts payable	3,528	-	3,528
Net position restricted for postemployment benefits other than pensions	$ 1,289,663	$ 1,018,350	$ 271,313

At December 31, 2019, Plan assets of $1.3 million were comprised primarily of investments at fair value of $1.3 million. Plan assets increased by $275 thousand as compared to December 31, 2018. Investments at fair value increased $365 thousand offset by a decrease to cash of $92 thousand.

The following table provides a summary of the two years of change in net position of the Plan:

	2019	2018	Change 2019 v 2018
Additions			
Net investment (loss) income	$ 220,508	$ (46,729)	$ 267,237
Employer contributions	107,623	107,945	(322)
Total additions	328,131	61,216	266,915
Deductions			
Benefit payments	40,430	22,644	17,786
Administrative expenses	16,388	20,053	(3,665)
Total deductions	56,818	42,697	14,121
Change in net position	271,313	18,519	252,794
Net position restricted for postemployment benefits other than pensions			
Beginning of year	1,018,350	999,831	18,519
End of year	$ 1,289,663	$ 1,018,350	$ 271,313

Net position is restricted for future benefit payments to retirees.

As of December 31, 2019, the net position of the Plan was $1.3 million. The Plan net position is essentially comprised of assets of the Plan offset by a minor balance of accounts payable. The net position of the Plan increased $271 thousand in 2019, or $253 thousand more than an increase of $19 thousand in 2018. This was primarily due to an increase in fair value of investments of $365 thousand in 2019 which was $412 thousand more than a decrease in fair value of investments of $47 thousand in 2018 due to higher returns from the investment portfolio. Employer contributions in 2019 of $108 thousand were in line with contributions of $108 thousand in 2018. Benefits paid, net plan member contributions, of $40 thousand in 2019 were higher than benefits paid, net plan member contributions, of $23 thousand in 2018. Administrative expenses were $16 thousand in 2019, slightly lower than administrative expenses of $20 thousand in 2018 due to higher audit and legal fees in 2018 related to the Plan document restatement.

To ensure that funds are accumulated on a regular and systematic basis it is the practice of TMWA to contribute the Actuarially Determined Contribution to the Plan regularly and never less than annually. This has ensured that the Plan's assets are sufficient to cover the Total OPEB Liability which is disclosed in Note 4 to the financial statements.

Requests for Information

Questions concerning the information provided in this report or requests for additional financial information should be addressed to Ms. Michele Sullivan, Chief Financial Officer/Treasurer of the Truckee Meadows Water Authority at P.O. Box 30013, Reno, NV 89509-3013.

Truckee Meadows Water Authority OPEB Trust Fund

Statement of Fiduciary Net Position

December 31, 2019

Assets		
Cash	$	9,452
Receivables from plan members		1,882
Investments, at fair value		1,281,857
Total assets		1,293,191
Liabilities		
Accounts payable		3,528
Net position restricted for postemployment benefits other than pensions	$	1,289,663

Truckee Meadows Water Authority OPEB Trust Fund
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019

Additions	
Investment income:	
Net increase in fair value of investments	$ 193,468
Interest and dividends	27,355
Investment expense	(315)
Net investment income	220,508
Employer contributions	107,623
Total additions	328,131
Deductions	
Benefit payments	40,430
Administrative expenses	16,388
Total deductions	56,818
Net Increase in net position	271,313
Net position restricted for postemployment benefits other than pensions	
Beginning of year	1,018,350
End of year	$ 1,289,663

Note 1 - Significant Accounting Policies

Reporting Entity

The Truckee Meadows Water Authority (TMWA) established a governmental trust under Section 115 of the Internal Revenue Code (IRC) of 1986, as amended, which is referred to as the Truckee Meadows Water Authority OPEB Trust Fund (the Plan), a single-employer defined benefit other post-employment benefit plan (OPEB). The Plan is intended to provide the means to fund all or a portion of the post-retirement benefits to be provided to those former employees of Washoe County, Nevada (Washoe County) who became employees of TMWA as a result of the transfer of Washoe County's water utility service operations to TMWA effective January 1, 2015 (Transfer of Water Utility Operations). Tax exempt status is automatically granted to governmental trusts established under IRC Section 115. This Plan provides future TMWA retirees eligible for coverage under the Plan with post-employment group health, including medical, dental, vision, and life benefits. The Plan's financial reporting period ends December 31, while TMWA's financial reporting period ends June 30.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. These statements have also been prepared in accordance with the reporting standards as promulgated by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to the Plan.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements, in conformity with the accounting principles generally accepted in the United States of America, may require management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Investments and Investment Income

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income consists of the Plan's net earnings from its participation in the State of Nevada's Retirement Benefits Investment Fund (RBIF), an external investment pool. The Plan's net earnings from the external investment pool is based on the Plan's original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Contributions

Contributions are recognized in the period in which such amounts are owed by TMWA for the OPEB benefits as they become due and payable.

Payment of Benefits

Benefits, net of plan member contributions, are recognized when due and payable in accordance with the terms of the Plan.

Administrative Expenses

Administrative expenses are recorded when incurred and payable by the Plan.

Note 2 - Plan Description and Contribution Information

Plan Description

The Plan, a single-employer defined benefit OPEB plan was established to provide eligible TMWA retirees with post-employment health, including medical, dental, vision, and life benefits. Pursuant to Nevada State Administrative Regulations, adopted in September 2008, as amended, the Plan will be governed by not less than three but not more than five Trustees. Four trustees were appointed by the TMWA Board of Directors, two members from non-represented positions and two members from represented employees. The TMWA General Manager has been given authority to appoint the two non-represented employee trustees and accept the nomination of represented employee trustees by the International Brotherhood of Electrical Workers (IBEW) Local 1245.

Eligibility requirements, benefit levels, and TMWA contributions are established and amended through TMWA's collective bargaining agreement for its represented employees (IBEW) and by the TMWA Board of Directors with respect to non-represented Management, Professional, Administrative, and Technical employees (MPAT).

Retiree Healthcare Plan Options

TMWA retirees have the option to enroll in a Preferred Provider Organization or Employer Health Maintenance Organization health plans provided by the City of Reno. These plans are the same health plans offered to active employees of TMWA. TMWA retirees may choose to participate in a health plan not provided by the City of Reno. The amount paid by the Plan for participation in health plans other than those offered by the City of Reno are limited to the amount otherwise payable had the participant selected one of the City of Reno plans.

In order to be eligible for benefits, retirees must meet the following requirements:

1. The retiree must be a former Washoe County employee who transferred to TMWA as part of the Transfer of Water Utility Operations,
2. The retiree must receive monthly retirement payments under the Public Employees Retirement System of Nevada (PERS), and
3. The retiree must complete such forms to enroll for benefits from the Plan as the Trustees may require from time to time.

Life Benefits

TMWA retiree life coverage continues at the same coverage amount in force at the time of retirement (one times basic annual earnings) until age 70, at which time coverage reduces to one-half of that amount. At age 75, coverage is reduced to $2,000. The retiree bears no cost of the premiums for this coverage amount. However, retirees do have the opportunity to purchase optional life insurance, the cost of which is paid by the retiree.

Membership of the Plan

As of December 31, 2019, membership of the Plan consisted of the following:

Retirees currently receiving medical benefits	6
Retirees currently receiving life benefits	6
Retirees entitled to, but not yet receiving benefits	-
	12
Active Plan Members	
IBEW members	12
MPAT members	4
	16

The Plan is a closed plan that will provide future benefits to eligible TMWA employees that transferred to TMWA as part of the Transfer of Water Utility Operations. No other TMWA retirees can be enrolled in the benefits offered under this Plan.

Contributions and Benefits Provided

Post-employment benefits available to retirees under the Plan vary depending upon whether eligible retirees are classified as a "Tier I Retiree" or a "Tier II Retiree." Tier I Retirees include those employees hired by Washoe County on or before September 16, 1997, and Tier II Retirees include those employees hired by Washoe County after September 16, 1997 and before July 1, 2010. Employees hired by Washoe County on July 1, 2010 or after are not eligible for benefits. Retiree healthcare benefits vary depending on whether a retiree is classified as a Tier I Retiree or a Tier II Retiree, and years of employment attained at the time of retirement, as described below.

Tier I Retirees

1. For Tier I Retirees with at least ten years but less than fifteen years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the Plan will be 50% of the premium attributable for coverage of such retirees under the benefit plans.
2. For Tier I Retirees with 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 Plan will be 75% of the premium attributable for coverage of such retirees under the benefit plans.
3. For Tier I Retirees with twenty or more years of combined full-time employment with Washoe County and/or TMWA, the maximum benefits payable by the Plan will be 100% of the premium attributable for coverage of such retirees under the benefit plans.

For Tier I Retirees who were hired by Washoe County on or after January 13, 1981, these provisions are applicable, except that in order to receive the benefits, the retiree must have been an employee of TMWA immediately prior to receiving benefits from the Plan.

In addition to the above requirements, when eligible to enroll in Medicare, Tier I Retirees must enroll in and pay the cost of Medicare Part A and Medicare Part B or Medicare Part C coverage. TMWA benefit plans will become the secondary payer regardless of whether or not the retiree enrolls in the Medicare program.

Tier II Retirees

The maximum benefits to be paid by the Plan to Tier II Retirees who have not attained age 65 is to be the same amount of 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 PEBP Master Plan Document can be obtained by writing to the Nevada Public Employees Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701 or visiting their website www.pebp.state.nv.us. Additionally, Tier II Retirees who have attained the Medicare eligibility age or older will instead receive the equivalent of the State of Nevada's Medicare Exchange Retiree HRA contribution subsidy based upon the combined number of years of service with Washoe County and/or TMWA and must elect to participate in Medicare. In order to receive the benefits afforded to Tier II Retirees under the Plan's terms, the retiree must be an employee of TMWA immediately prior to drawing retirement benefits.

Once participants exhaust their medical benefits, they will continue to be eligible for life benefits under the Plan.

TMWA: Annual contributions to the Plan total an amount which TMWA determines as necessary to fund the benefits due pursuant to a qualified actuarial analysis. During the year ended December 31, 2019, TMWA contributed $107,623 to the Plan.

Retirees: Contributions are required for the portion of the premiums and costs in excess of the subsidies provided by TMWA as discussed above. During the year ended December 31, 2019, retirees' share of health premiums and costs ranged from $77 to $1,055 a month.

The Plan offers participants Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) continuation of coverage, subject to all conditions and limitations of COBRA. There were no participants utilizing COBRA continuation of coverage during the year ended December 31, 2019.

Note 3 - Cash and Investments

At December 31, 2019, the Plan's carrying amount and bank balance was $9,452. All of the bank balance was covered by the Federal Deposit Insurance Corporation.

The Board of Trustees has established an investment policy for the Plan. Under the policy, the Plan's assets are limited to investments in the State of Nevada's Retirement Benefits Investment Fund; and any investment authorized pursuant to Nevada Revised Statute (NRS) 355.170. Such investments under NRS 355.170 include certain "A" rated notes and bonds, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool.

RBIF

The Plan invests its 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 their proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. RBIF is valued at carrying value based on the net asset value (NAV) of the observable market prices of the underlying assets within the RBIF. The Plan's investment in RBIF was $1,281,857 as of December 31, 2019. Complete financial information on RBIF as of June 30, 2019 can be obtained by contacting Public Employees Retirement System at 693 W. Nye Lane, Carson City, Nevada, 89703.

Investments measured at NAV as of December 31, 2019:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
RBIF	$ 1,281,857	$ -	Monthly	5 Days

RBIF: This asset class is generally comprised of a combination of fixed income, marketable equity and international securities.

For the year ended December 31, 2019, the annual money-weighted rate of return on investments net expenses was 1.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4 - Net OPEB Liability of TMWA

The components of the net OPEB liability of TMWA as of December 31, 2019 were as follows:

Total OPEB liability	$ 1,950,233
Plan fiduciary net position	1,289,663
Net OPEB liability	$ 660,570
Plan fiduciary net position as a percentage of the total OPEB liability	66.13%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.00%
Healthcare cost trend rates*	7.00% in 2021 4.00% ultimate for 2076 and later years

* Healthcare cost trend rate fluctuates each year until ultimate trend rate is reached.

Mortality rates were based on the MacLeod Watts Scale 2018, which was developed by the actuary from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2017.

The actuarial assumptions used in the December 31, 2019 valuation were based on actual census data for the period December 31, 2017 – December 31, 2019.

The long-term expected rate of return on OPEB plan investments was derived from RBIF's rates of return and investment policy:

Asset Class	Asset Allocation
S&P 500 Index	50.90%
MSCI World x US Index	21.50%
U.S. Bond Index	26.90%
Cash & Cash Equivalents	0.70%

Discount rate: The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of TMWA, as well as what TMWA's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	$ 944,813	$ 660,570	$ 426,148

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of TMWA, as well as what TMWA's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 3.00 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.00%)	Healthcare Cost Trend Rate (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Net OPEB liability	$ 412,047	$ 660,570	$ 967,441

Note 5 - Subsequent Events

Subsequent to year-end, the United States and global markets experienced significant volatility in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Plan's management is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of the volatility. The Plan's financial statements do not include adjustments to fair value that have resulted from the volatility.

Required Supplementary Information

Truckee Meadows Water Authority OPEB Trust Fund

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Truckee Meadows Water Authority OPEB Trust Fund

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Ten Years*

	2019	2018	2017
Total OPEB liability			
Service cost	$ 59,239	$ 56,960	$ 54,769
Interest	119,591	111,978	103,644
Differences between expected and actual experience	(179,517)	-	-
Changes of assumptions	44,279	-	-
Benefit payments	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	(11,013)	134,873	149,079
Total OPEB liability - beginning	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	$ 1,950,233	$ 1,961,246	$ 1,826,373
Plan fiduciary net position			
Contributions - employer	$ 107,623	$ 107,945	$ 103,441
Net investment income	220,508	(46,729)	125,822
Benefit payments	(40,430)	(22,644)	(9,334)
Auditing fees	(12,100)	(13,690)	(6,000)
Administrative fees	-	(500)	(598)
Legal fees	(4,288)	(5,863)	(788)
Retiree contributions in	20,475	5,244	930
Retiree contributions out	(20,475)	(5,244)	(930)
Net change in plan fiduciary net position	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	$ 1,289,663	$ 1,018,350	$ 999,831
TMWA's net OPEB liability - ending (a) - (b)	$ 660,570	$ 942,896	$ 826,542
Plan fiduciary net position as a percentage of the total OPEB liability	66.13%	51.92%	54.74%
Covered-employee payroll	N/A	N/A	N/A
TMWA's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A

N/A - OPEB plan is not based on a measure of pay.

* GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.

Notes to schedule:

Changes of assumptions: 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 OPEB Trust Fund

Schedule of Contributions

Last Ten Years*

	2019	2018	2017
Actuarially determined contribution	$ 103,771	$ 120,582	$ 111,404
Contributions in relation to the actuarially determined contribution	107,623	107,945	103,441
Contribution deficiency (excess)	$ (3,852)	$ 12,637	$ 7,963
Covered-employee payroll	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

N/A - OPEB plan is not based on a measure of pay.

* GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, 2019.

Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent of pay
Amortization period	25 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates*	7.00% in 2021 4.00% ultimate for 2076 and later years
Investment rate of return	6.00%
Retirement age	45-75
Mortality	Mortality rates were based on the MacLeod Watts Scale 2018, a custom table developed by the Plan's actuary

* Healthcare cost trend rate fluctuates each year until ultimate trend rate is reached.

Other information: In the 2018 and 2017 actuarial valuation, mortality rates were based on the MacLeod Watts Scale 2017 and the healthcare cost trend rates for medical were based on combined sources, Nevada Public Employee Benefit Plan along with other healthcare trends.

Truckee Meadows Water Authority OPEB Trust Fund
Schedule Investment Returns
Last Ten Years*

	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	1.28%	-0.38%	15.56%

* GASB Statement No. 74 requires ten years of information to be presented in this table. However, until ten years of data is available, the Plan will present information only for those years for which information is available.

Retirement Benefits Investment Fund

June 30, 2020

Preliminary Performance

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	10 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	$ 320,925,118	50.5%	53.2%	7.4%	7.4%	10.7%	10.7%	14.0%	9.1%
Market Return				**7.5%**	**7.5%**	**10.7%**	**10.7%**	**14.0%**	**9.0%**
Int'l Stocks- MSCI World x US Index	$ 134,021,105	21.5%	22.2%	-4.8%	-4.8%	1.1%	2.3%	6.3%	2.0%
Market Return				**-5.4%**	**-5.4%**	**0.8%**	**2.0%**	**5.7%**	**1.8%**
U.S. Bonds- U.S. Bond Index	$ 146,239,458	28.0%	24.2%	10.2%	10.2%	5.5%	4.1%	3.6%	3.9%
Market Return				**10.2%**	**10.2%**	**5.5%**	**4.0%**	**3.4%**	**3.8%**
	$ 2,657,641	0.0%	0.4%						
Total RBIF Fund	**$ 603,843,322**	**100.0%**	**100.0%**	**6.7%**	**6.7%**	**7.7%**	**7.3%**	**9.3%**	**6.5%**
Market Return				**6.0%**	**6.0%**	**7.4%**	**7.1%**	**9.2%**	**6.5%**

STAFF REPORT

TO: Trustees of the §115 Other Post Employment Benefits (OPEB) Trust
FROM: Rosalinda Rodriguez, HR Coordinator
DATE: October 20, 2020
SUBJECT: **Discussion and direction regarding meeting times and dates for 2021**

Recommendation

TMWA staff recommends that the Board of Trustees provide input on the schedule proposed for the TMWA Other Post-Employment Benefits §115 Trust meetings as well as confirmation of meeting times.

Discussion

The regular schedule for the TMWA Other Post-Employment Benefits §115 Trust meetings has traditionally been quarterly on the third Tuesday of the month.

Staff recommends continuing with the current reoccurring schedule as follows:

2021 Trustee Meeting Dates Proposed

Tuesday, January 19	12:30 p.m.
Tuesday, April 20	12:30 p.m.
Tuesday, July 20	12:30 p.m.
Tuesday, October 19	12:30 p.m.