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TRUCKEE MEADOWS WATER AUTHORITY
Section §115 Other Post-Employment Benefit Plan & Trust
Trustee Meeting
AGENDA
Tuesday July 19, 2022 at 12:30 p.m.
Independence Conference Room:
1355 Capital Blvd. Reno NV 89520 and by Teleconference

MEMBERS OF THE PUBLIC MAY ATTEND TELPHONICALLY BY CALLING THE NUMBER LISTED BELOW.
(be sure to keep your phones on mute, and do not place the call on hold)

Phone: (775) 325-5404
Meeting ID: 490 923 307#

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 April 19, 2022 minutes **(For Possible Action)**
5. Review of current PEBS subsidy calculations—Rosalinda Rodriguez **(For Possible Action)**
6. Review of the Actuarial Analysis – Sophie Cardinal*
7. Review of the Financial Statement Audit – Sophie Cardinal*
8. Update on discussion and interpretation for possible direction for staff regarding eligibility after separation of employment- Rosalinda Rodriguez*
9. Review of Retirement Benefits Investment Fund (RBIF) performance review – Matt Bowman*
10. Trustee comments and requests for future agenda items*
11. Public comment-limited to no more than three minutes per speaker*
12. Adjournment **(For Possible Action)**

NOTES:
1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), Reno City Hall (1 E. First St., Reno), Sparks City Hall (431 Prater Way, Sparks), Sparks Justice Court (1675 E. Prater Way, Sparks), Washoe County Courthouse (75 Court St., Reno), Washoe County Central Library (301 South Center St., Reno), Washoe County Administration (1001 East Ninth St., Reno), and at http://www.tmwa.com.
2. In accordance with NRS 241.020, this agenda closes three working days prior to the meeting. We are pleased to make reasonable accommodations for persons who are disabled and wish to attend meetings. If you require special arrangements for the meeting, please call 834-8002 before the meeting date.
3. 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.
4. Asterisks (*) denote non-action items.
5. Public comment is limited to three minutes and is allowed during the public comment periods. The public may sign-up to speak during the public comment period or on a specific agenda item by completing a “Request to Speak” card and submitting it to the clerk. In addition to the public comment periods, the Chairman has the discretion to allow public comment on any agenda item, including any item on which action is to be taken.

Section 115 Post-Retirement Medical Plan & Trust

a single employer plan sponsored by
Truckee Meadows Water Authority

DRAFT April 19, 2022 MINUTES

The meeting of the TMWA Section 115 Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, April 19, 2022 through in person and teleconference.

Matt Bowman, Chairman, called the meeting to order at 12:31 p.m.

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

A quorum was present.

Voting Members Present:
Matt Bowman
Charles Atkinson
Sandra Tozi

Voting Members Absent:
Randall Van Hoozer

Members Present
Rosalinda Rodriguez
Gus Rossi
Mike Venturino (Virtual)

Members Absent:
Jessica Atkinson

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. DISCUSSION AND REQUEST TO APPOINT TMWA SECTION 115 OTHER POST-EMPLOYMENT BENEFIT PLAN AND TRUST TRUSTEE CHAIRPERSON TERM BEGINNING FEBRUARY 28, 2022 THROUGH DECEMBER 31, 2022

Ms. Rodriguez advised the General Manager had appointed Matthew Bowman at a Trustee for the § 115 Other Post-Employment Benefit Plan & Trust through December 31, 2022. During the March 16, 2022 TMWA board meeting confirmed the Trustee appointment. The Trustee's present would need to vote to confirm the appointment and role as Chairperson.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the appointment of Trustee Matthew Bowman to Chairperson for the term beginning February 28, 2022 through December 31, 2022.

5. APPROVAL OF THE JANUARY 18, MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 18, 2022 meeting minutes.

6. APPROVAL OF THE FEBRUARY 01, 2022 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the February 01, 2022 meeting minutes.

7. REVIEW AND CONSIDERATION FOR APPROVAL OF REQUEST(S) FOR REIMBURSEMENT OF PREMIUMS

Ms. Rodriguez presented a reimbursement request for Medicare supplement plans paid for through Social Security and Mutual of Omaha.

A motion was made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the reimbursement request of Medicare supplemental plans paid through Social Security and Mutual of Omaha.

8. UPDATE AND DISCUSSION AND INTERPRETATION FOR POSSIBLE DIRECTION TO STAFF REGARDING ELIGIBILITY AFTER SEPARATION OF EMPLOYMENT

Ms. Rodriguez advised that previously Human Resources had received an email inquiry from a former employee who was hired at the time of the Washoe County merger in January of 2015 and was classified as a Tier II beneficiary. The individual separated service in February of 2015 to pursue another employment opportunity. The individual was not eligible for trust benefits at the time of separation as he was not enrolling into the Nevada Public Employees Retirement System (PERS).

The individual is asking about their benefit eligibility if they were to be rehired by TMWA in the future.

Staff requested Trustee interpretation on the following questions:

1. Is a former Tier II employee who separated TMWA service (not for retirement purposes) eligible to rejoin the OPEB trust if rehired? If so, will their new period of service be credited if eligible in the future to determine trust benefits?

2. If not rehired, are they eligible to apply for Trust benefits at a later point once they enroll in PERS and meet the other eligibility requirements?

Ms. Rodriguez reviewed Exhibit B on page 18 of the Trust document which states in part that an eligible beneficiary who separated service from TMWA prior to his or her retirement, as in the case described before, may receive Trust benefits if TMWA was the last public employer. Staff is looking for direction as to if this pertains to public employment in the state of Nevada, or any public employment including public employment in other states or for the federal government. Additionally, staff seeks guidance whether a policy should be formalize describing this in more detail and describing methods that will be used to determine and verify whether or not there was a subsequent public employment

Mr. Rossi advised he wanted to research this further before providing legal counsel.

Discussion ensued regarding a rehire and being held to the current benefits offered to a new employee which is that they would not be eligible for this trust benefit once they left their employment originally, and as the Post Retirement Plan & Trust Section 50-c-9 as of December 13, 2018 is no longer open to new employees. Ms. Sullivan advised she agreed with rehires not being able to go back into the trust, as it would not just be a matter of crediting a rehire with service and keeping track of it, but there are accounting matters involved, assumptions, calculations and liabilities that are being made based on the fact that this trust is closed. Opening up and making exceptions to allow members back into the trust if they had left before being eligible to draw the benefit would create other issues from a financial standpoint.

Mr. Rossi advised he would research to verify that the trustees could vote not to amend the plan document and have rehires eligible to come back to the plan. They would be treated like new hires

Discussion was had regarding question #2 if an employee was not rehired and TMWA was the last public employer, would the individual be eligible to apply for trust benefits at a later time once meeting all other eligibility requirements. It was determined this should also be researched and brought to the next meeting.

As of the February 1, 2022, there is no update and with the departure of former Chairperson Michele Sullivan continued research on this will be deferred at this time.

9. REVIEW OF RETIREMENT BENEFITS INVESTMENT FUND (RBIF) PERFORMANCE REVIEW

Mr. Bowman reviewed the RBIF dated December 31, 2022 that this report shows that the year to date return was 6.4% but the performance currently is not going to be that good when we see the first quarter report.

For informational purposes only, no action required.

10. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

RBIF

Reimbursement requests if applicable

Follow up on Agenda item #8 if applicable

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

There was no public comment.

12. 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

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STAFF REPORT

TO: Trustees of the §115 Other Post Employment Benefits Trust
THRU: Rosalinda Rodriguez, TMWA HR Technician
DATE: July 19, 2022
SUBJECT: **Review of proposal for Tier II Subsidy Schedule**

Recommendation

1. Approve the subsidy schedule for §115 tier II retirees under the age of 65 as presented in attachment 5A for fiscal year 2023.
2. Approve Exchange -HRA Table for §115 tier II retirees age 65 and older as presented in attachment 5B for fiscal year 2023.

Summary

Beginning in fiscal year 2016, the Public Employee Benefit Program (PEBP) changed their methodology for determining non-state retiree subsidies. As a result, In November of 2017, trustees decided to use the Statewide EPO/HMO monthly base subsidy for non-state retirees to determine the total allowable subsidy for §115 tier II retirees under age 65. This subsidy table is updated annually to coincide with the new fiscal year and the new base subsidy amount. The FY23 base subsidy for the Statewide EPO/HMO Non-state Retirees and Survivors is $572.59 (Attachment 5C) for retiree only coverage. This subsidy rate has been applied to the PEBS State and Non-State Retiree Years of Service Subsidy Schedule. Trustees should review and approve the subsidy table for FY23 (Attachments 5A and 5B)

The PEBP has continued to publish a Medicare Exchange HRA Contribution Table (Attachment D). Trustees should review and approve the contribution table for the current fiscal year.

Background

By way of background, the 2003 Nevada Legislature passed legislation (AB286) that afforded public employees of Nevada political subdivisions the opportunity to enroll, upon their retirement, in the Public Employee Benefit Program (PEBP) retiree health plan. The 2003 legislation also obligated the public employers of said retirees who enrolled in the plan to pay a portion of the medical premium on the retiree's behalf (the "Subsidy"). The current §115 trust document provides tier II retirees under age 65 with an amount equal to the "Subsidy" for non-state retirees to be applied towards their coverage under TMWA's benefit plans rather than the PEBP Retiree Health Plan.

Instead of receiving the "Subsidy," tier II retires age 65 and older, receive the equivalent of the State of Nevada's Medicare Exchange Retiree HRA contribution based upon the combined number of years of service with Washoe County and/or TMWA and must elect Medicare coverage.

The following is noted in the trust document for tier II retirees:

> PEBP non-state retiree subsidy and Medicare Exchange Retiree HRA Contribution subsidy amounts are revised annually by the state of Nevada and in the event that these benefits are discontinued by the State of Nevada, then tier II retirees shall continue to receive the same premium amount that they were entitled to receive during the last year that these benefits remained in effect.

At the time of the merger with Washoe County (FY2015) the Non-State Retiree Subsidy Schedule and Medicare Exchange Retire HRA Contribution Table were in place and provided for a straight subsidy or contribution amount based solely on years of service.

At the beginning of fiscal 2016 and continuing to current, the PEBP changed the way subsidies were calculated. Since FY2016 there is no longer a straight subsidy schedule based on years of service for those under age 65. Instead, the PEBP has implemented a Non-State Retiree Subsidy Adjustment Table (attachment 2). To calculate the subsidy using the adjustment table, a base subsidy amount is identified using the Statewide EPO/HMO Non-state Retirees and Survivors. After determining the appropriate base subsidy amount, an adjustment is then made using the adjustment table based on years of service (base subsidy – adjustment = total subsidy.)

For §115 tier II retirees age 65 and older, the PEBP has continued to publish annually a Medicare Exchange – HRA Contribution Table. The FY2023-Exchange – HRA Contribution Table is included as attachment D and it is recommended that trustees approve this subsidy schedule for §115 tier II retirees age of 65 and older for fiscal year 2023.

We currently have two Tier II retirees; both are over the age of 65 and both request reimbursements from the trust. Once these new tables are approved by trustees will be eligible to receive reimbursements based on their years of service according the FY23 schedule.

State and Non-State Retirees - Plan Year 2023 Rates

Base Subsidy Retiree Only Statewide EPO/HMO Plan **$ 572.59**

YOS	ADJUSTMENT	TOTAL SUBSIDY
5	$ 373.50	$ 199.09
6	$ 336.15	$ 236.44
7	$ 298.80	$ 273.79
8	$ 261.45	$ 311.14
9	$ 224.10	$ 348.49
10	$ 186.75	$ 385.84
11	$ 149.40	$ 423.19
12	$ 112.05	$ 460.54
13	$ 74.70	$ 497.89
14	$ 37.35	$ 535.24
15	$ -	$ 572.59
16	$ (37.35)	$ 609.94
17	$ (74.70)	$ 647.29
18	$ (112.05)	$ 684.64
19	$ (149.40)	$ 721.99
20	$ (186.75)	$ 759.34

Exchange -HRA Contribution for Medicare Retirees Enrolled in the Medicare Exchange - Plan Year 2023

YOS	CONTRIBUTION
5	$ 65.00
6	$ 78.00
7	$ 91.00
8	$ 104.00
9	$ 117.00
10	$ 130.00
11	$ 143.00
12	$ 156.00
13	$ 169.00
14	$ 182.00
15	$ 195.00
16	$ 208.00
17	$ 221.00
18	$ 234.00
19	$ 247.00
20	$ 260.00

NEVADA PUBLIC EMPLOYEES' BENEFITS PROGRAM

To return to the Table of Contents you may click on the PEBP Logo

Non-State Retiree and Survivor Rates (Non-Medicare)

Monthly Rates Effective July 1, 2022 - June 30, 2023	Nationwide PPO Consumer Driven Health Plan (CDHP PPO)			Nationwide PPO Low Deductible (LD PPO)			Statewide EPO/HMO Premier Plan (EPO) and Health Plan of Nevada (HPN – HMO)		
	Unsubsidized Rate	Base Subsidy	**Participant Premium**	Unsubsidized Rate	Base Subsidy	**Participant Premium**	Unsubsidized Rate	Base Subsidy	**Participant Premium**
Retiree only	$970.69	$731.16	**$239.53**	$1,016.01	$755.08	**$260.93**	$927.89	$572.59	**$355.30**
Retiree + Spouse	$1,935.91	$1,350.42	**$585.49**	$2,026.55	$1,398.26	**$628.29**	$1,850.30	$1,033.24	**$817.06**
Retiree + Child(ren)	$1,332.65	$963.40	**$369.25**	$1,394.96	$996.27	**$398.69**	$1,273.79	$745.31	**$528.48**
Retiree + Family	$2,297.86	$1,582.63	**$715.23**	$2,405.50	$1,639.45	**$766.05**	$2,196.20	$1,205.96	**$900.24**
Surviving/Unsubsidized Dependent	$970.69	-	**$970.69**	$1,016.01	-	**$1,016.01**	$927.89	-	**$927.89**
Surviving/Unsubsidized Spouse + Child(ren)	$1,332.65	-	**$1,332.65**	$1,394.96	-	**$1,394.96**	$1,273.79	-	**$1,273.79**

-- For participants who retired before January 1, 1994, the participants subsidized premium for the selected plan and tier is shown above.

-- For those who retired on or after January 1, 1994, refer to the Plan Year 2023 State and Non-State Retiree Years of Service Subsidy table on page 13. Locate your years of service and add or subtract the corresponding subsidy to or from the participant premium.

-- Those retirees with less than 15 Years of Service, who were hired by their last employer on or after January 1, 2010 do not receive a Years of Service Subsidy or Base Subsidy and do not qualify for a Medicare Exchange HRA unless they retire under a disability.

-- Those retirees who were initially hired on or after January 1, 2012 do not receive a Years of Service Subsidy or Base Subsidy.

-- Retirees on the PEBP PPO, LD PPO, EPO or HMO plan who are enrolled in Medicare Part B, subtract an additional $135.50 from the participant premium.

-- See page 5 (previous page) for definition of Non-State Retiree Eligibility per NAC 287.542, 287.548.

Medicare Exchange Retiree HRA Contribution

Exchange – Monthly HRA Contribution
Medicare Retirees Enrolled in Via Benefits

Years of Service	Contribution
5	**$65**
6	**$78**
7	**$91**
8	**$104**
9	**$117**
10	**$130**
11	**$143**
12	**$156**
13	**$169**
14	**$182**
15 (base)	**$195**
16	**$208**
17	**$221**
18	**$234**
19	**$247**
20	**$260**

- Participants who retired **before January 1, 1994** receive the 15-year ($195) base contribution.
- Participants who retired **on or after January 1, 1994**, the contribution is $13 per month per year of service beginning with 5 years ($65) to a maximum of 20 years ($260).
- Employees hired **after January 1, 2010** who retire with fewer than 15 years of service, do not receive a years of service subsidy and do not qualify for a Medicare Exchange HRA .
- Employees who were initially hired **on or after January 1, 2012** do not receive a years of service subsidy or Exchange HRA.

Plan Year 2023 Monthly PEBP Dental Rates
Medicare Retirees Enrolled with Via Benefits

Effective July 1, 2022 – June 30, 2023	State Retiree	Non-State Retiree
Retiree only	$47.61	$42.07
Retiree + Spouse/DP*	$95.22	$84.14
Surviving/Unsubsidized Spouse/DP*	$47.61	$42.07

**Spouse/DP must also be enrolled in a medical plan through Via Benefits in order to elect PEBP dental.*

Post-Retirement Medical Plan & Trust

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TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Principal Accountant
DATE: July 13, 2022
SUBJECT: **Present and accept the December 31, 2021 actuarial valuation**

Recommendation

TMWA staff recommends the Trustees accept the Truckee Meadows Water Authority Section 115 Trust Plan (the Plan) Actuarial Valuation of Other Post-Employment Benefit Programs as of December 31, 2021.

Discussion

The following report is attached:

- Truckee Meadows Water Authority Section 115 Trust Plan Actuarial Valuation of Other Post-Employment Benefit Programs as of December 31, 2021

The primary purposes of this report are to:

- Remeasure the Plan's liabilities as of December 31, 2021,
- Develop actuarially determined contribution (ADC) levels for prefunding plan benefits, and
- Provide information required by governmental accounting standards for this plan to be reported in TMWA's financial statements for the fiscal year ending June 30, 2022.

Some highlights of the Plan's report as of December 31, 2021 include:

- The Plan covers 14 active employees and 8 retirees.
- The Plan's total OPEB liability is $2.2 million.
- The Plan's fiduciary net position is $1.8 million.
- The Plan has a net OPEB liability of $377 thousand.
- To meet the ADC funding level for the fiscal years ended June 30, 2022, 2023, and 2024, Truckee Meadows Water Authority will need to contribute $62,217, $30,770, and $36,421, respectively.

MacLeod Watts

July 1, 2022

Matt Bowman, CPA
Chief Financial Officer
Truckee Meadows Water Authority
1355 Capital Blvd.
Reno, NV 89502

Re: Truckee Meadows Water Authority Section 115 Trust Plan Other Post-Employment Benefits Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2022

Dear Mr. Bowman:

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

The primary purposes of this report are to:

1) Remeasure plan liabilities as of December 31, 2021, in accordance with GASB 75's biennial valuation requirement,
2) Develop Actuarially Determined Contributions levels for prefunding plan benefits, 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, 2022.

The information included in this report reflects our understanding that TMWA will contribute 100% or more of the Actuarially Determined Contributions each year. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by TMWA. Please review our summary of this information to be comfortable that it matches your records. **Note that payroll for fiscal year 21/22 shown in this report are estimates** and should be updated once final amounts are known after the close of the year.

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

Sincerely,

Catherine L. MacLeod

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

Enclosure

Truckee Meadows Water Authority

Section 115 Trust Plan

Actuarial Valuation of Other
Post-Employment Benefit Programs As
of December 31, 2021

& GASB 75 Report for the Fiscal Year Ending
June 30, 2022

Revised July 2022

MacLeod Watts

Table of Contents

A. Executive Summary

This report presents the results of the December 31, 2021, actuarial valuation and accounting information regarding the other post-employment benefit (OPEB) program of the Truckee Meadows Water Authority (TMWA) Section 115 Trust Plan. The purposes of this report are to: 1) summarize the results of the valuation; 2) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits; and 3) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2022. Separate reports have been prepared for the TMWA Post-Retirement Medical Plan and Trust (PRMPT) and the TMWA Implicit Subsidy Only Plan.

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 exhibits and other information relevant for disclosures under GASB 75.

Absent material changes to this plan, results of the December 31, 2021, valuation will be applied to prepare TMWA's GASB 75 report for the fiscal year ending June 30, 2023. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations of TMWA

TMWA offers continuation of medical, dental, vision and life insurance coverage to a closed group of employees who transferred from Washoe County. This benefit creates one or more 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. In this program, TMWA contributes a portion of medical, dental, and life insurance premiums for qualifying retirees. These benefits are described in Section 2.
- **Implicit subsidy liabilities**: An "implicit subsidy" exists when premiums are developed using blended active and retiree claims experience. In this program, premiums charged for retirees may not be sufficient to cover expected medical claims[1] and the premiums charged for active employees are said to "implicitly subsidize" retirees. This OPEB program includes implicit subsidy liabilities for retiree coverage both before and after eligibility for Medicare. We believe no implicit liability exists with respect to dental and vision coverage provided to retirees, or that it is insignificant.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit subsidy liability as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process Addendum 2: MacLeod Watts Age Rating Methodology.

[1] In rare situations, premiums for retiree coverage may be high enough that they subsidize active employees' claims.

Executive Summary
(Continued)

OPEB Funding Policy

TMWA's OPEB funding policy 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 continues to prefund its OPEB liability, consistently contributing 100% or more of the Actuarially Determined Contributions each year for this Section 115 Trust Plan. With TMWA's approval, the discount rate used for accounting purposes and to develop Actuarially Determined Contributions for plan funding is 6.0%. 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[2] 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 for GASB 75 in this Report

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:

Fiscal Year End	June 30, 2022
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021, to December 31, 2021
Valuation Date	December 31, 2021

[2] Nevada PERS actuarial valuation report as of June 30, 2021, issued September 2021

Executive Summary
(Concluded)

Significant Results and Differences from the Prior Valuation

No benefit changes were reported to MacLeod Watts relative to those in place at the time the December 31, 2019 valuation was prepared. We reviewed and updated certain assumptions used to project the OPEB liability. We also collected updated census and premium data and recognized "plan experience", the differences between projected and actual results. Investment experience was recognized, with actual earnings higher than the expected return on trust assets.

The Net OPEB Liability on the current measurement date is lower than that reported one year ago. Section C. presents the new valuation results and provides additional information on the impact of the new assumptions and plan experience. See *Recognition Period for Deferred Resources* on page 12 for details on how these changes are recognized.

Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2022

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, 2022
Total OPEB Liability	$ 2,153,522
Fiduciary Net Position	1,776,798
Net OPEB Liability (Asset)	376,724
Deferred (Outflows) of Resources	(129,995)
Deferred Inflows of Resources	367,228
Impact on Statement of Net Position	$ 613,957
OPEB Expense, FYE 6/30/2022	$ (13,529)

Important Notices

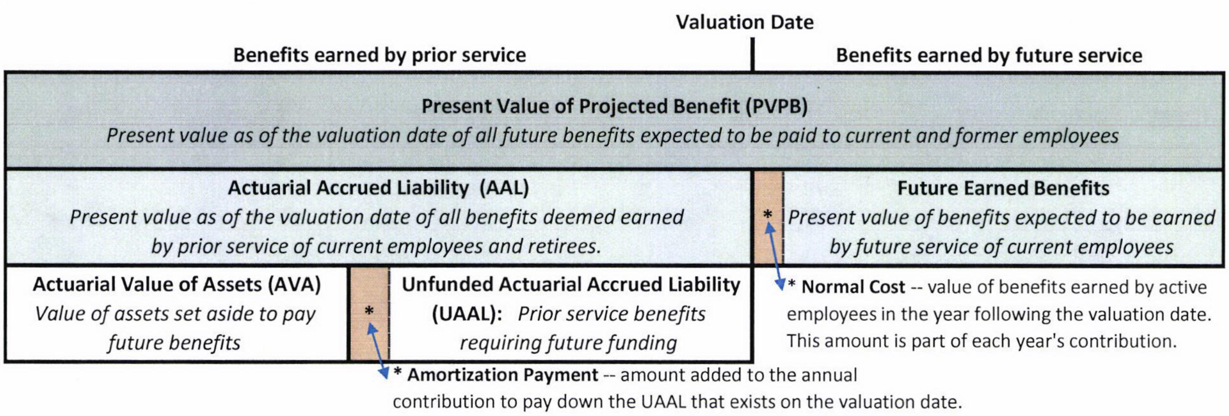
This report is intended to be used only to present the actuarial information relating to other postemployment benefits for TMWA's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may 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

This valuation is based on employee census data and benefits initially submitted by TMWA and clarified in various related communications. A summary of the employee data is provided in Section 1 and a summary of the plan benefits 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 has been performed in accordance with the process described below using the actuarial methods and assumptions described in Section 3 and is consistent with our understanding of Actuarial Standards of Practice.

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. Assumptions regarding the probability that each employee will remain in service to receive benefits and the likelihood the employee will elect coverage for themselves and their dependents are also applied.

We then calculate a present value of these future benefit streams by discounting the value of each future expected employer payment back to the valuation date using the valuation discount rate. 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 method is the most common used for government funding purposes and the only attribution method allowed for financial reporting under GASB 75.

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

Valuation Process
(Concluded)

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).

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, as of the valuation date, the present value of benefits already earned by past service that remain unfunded. A plan is generally considered "fully funded" when the UAAL is zero. The plan sponsor of a fully funded plan will still need to make future contributions for benefits earned by future service of actives employees. But in a fully funded plan, the plan sponsor has set aside sufficient assets to pay for benefits that have been earned by past service of current retirees and active employees if all valuation assumptions are realized.

Future contributions by TMWA will fund 1) the remaining part of OPEB benefits earned by past service (the Unfunded Actuarial Accrued Liability) and 2) the value of benefits earned each year by service of active employees. Various strategies might be employed to pay down the UAAL such as longer or shorter amortization payments, and flat or escalating payments depending on the plan sponsors goals and funding philosophy.

Variation in Future Results

Please note that projections of future benefits over such long periods (frequently 70 or more years) which are dependent on numerous assumptions regarding future economic and demographic variables are subject to substantial 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 are subject to future revision, perhaps materially. Demonstrating the range of potential future plan costs was beyond the scope of our assignment except to the limited extent of providing liability information at various discount rates.

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

Actuarial Terminology	GASB 75 Terminology
Present Value of Projected Benefits (PVPB)	*No equivalent term*
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position
Actuarial Value of Assets (AVA)	*No equivalent term*
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Normal Cost	Service Cost

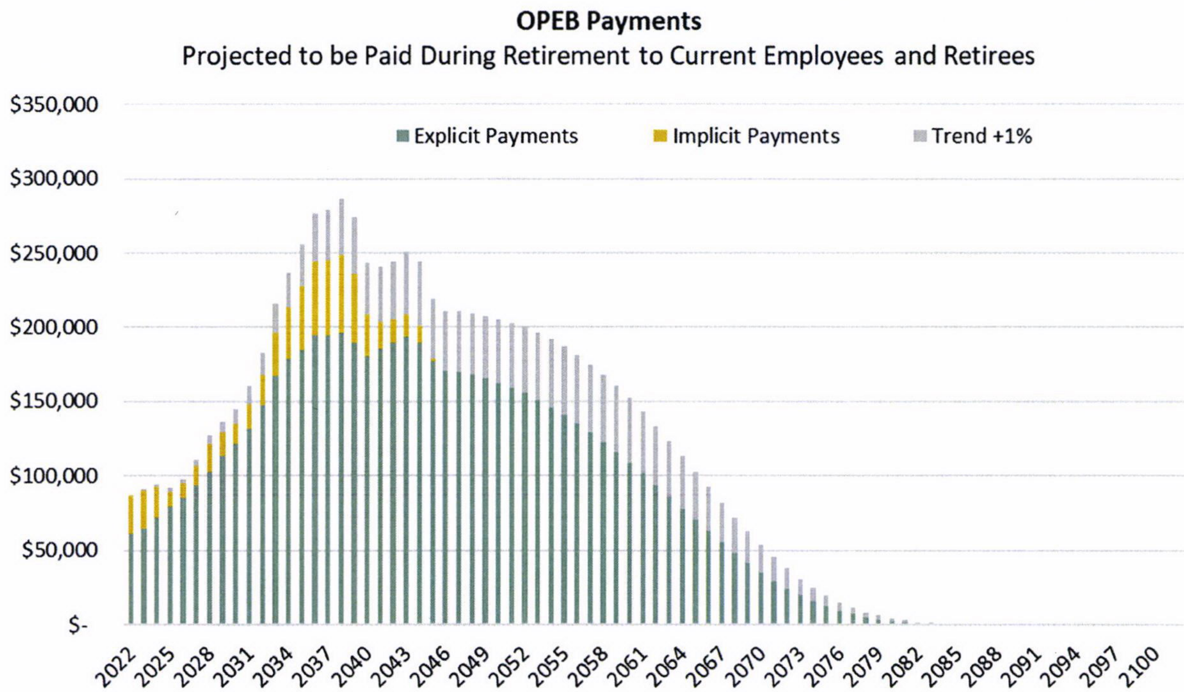
Specific results from this valuation are provided in the following Section C.

C. Valuation Results as of December 31, 2021

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the December 2021 valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the preceding Section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Supporting Information, Section 3.

Lifetime healthcare benefits are paid for the qualifying closed group of TMWA retirees and employees. Please see Supporting Information, Section 2 for details of these benefits and eligibility.

The following graph illustrates the annual other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from TMWA.



The amounts shown in green reflect the expected payment by TMWA toward retiree medical premiums while those in yellow reflect the implicit subsidy benefits (i.e., the excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage). The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on page 19.

Liabilities relating to these projected benefits are shown beginning on the following page.

Valuation Results as of December 31, 2021
(Continued)

This chart compares the results measured as of December 31, 2020, based on the prior valuation, with the results measured as of December 31, 2021, based on the current valuation.

Valuation Date	12/31/2019			12/31/2021		
Fiscal Year Ending	6/30/2021			6/30/2022		
Measurement Date	12/31/2020			12/31/2021		
Discount rate	6.00%			6.00%		
Number of Covered Employees						
Actives	16			14		
Retirees	6			8		
Total Participants	22			22		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	$ 1,123,519	$ 326,163	$ 1,449,682	$ 886,739	$ 349,124	$ 1,235,863
Retirees	1,040,910	(167,590)	873,320	1,224,170	(83,617)	1,140,553
Total APVPB	2,164,429	158,573	2,323,002	2,110,909	265,507	2,376,416
Total OPEB Liability (TOL)						
Actives	915,999	254,680	1,170,679	732,538	280,431	1,012,969
Retirees	1,040,910	(167,590)	873,320	1,224,170	(83,617)	1,140,553
TOL	1,956,909	87,090	2,043,999	1,956,708	196,814	2,153,522
Fiduciary Net Position			1,496,256			1,776,798
Net OPEB Liability			547,743			376,724
Service Cost For the period following the measurement date	26,378	9,442	35,820	20,492	9,095	29,587

The Net OPEB Liability has decreased by $171,019 from that reported one year ago. Some of the change was expected and some was unexpected. Reasons for the change in the NOL are discussed on the following page.

Valuation Results as of December 31, 2021 (concluded)

Expected changes: The NOL was expected to decrease by $35,673. The expected change reflects additional service and interest costs accruing for the period and decrease by benefits paid to retirees.

Unexpected changes further decreased the NOL by $135,346 and fall into one of these categories:

- *Plan experience* recognizes results which are different than expected based on the prior valuation data and assumptions. Plan experience increased the NOL by $61,652 from what was previously projected. The primary cause of the increase are census differences (i.e., more new retirements) other than expected.
- *Assumption changes* collectively decreased the NOL by $39,674. The majority of the decrease relates to an update to the mortality projection scale. Details for all changes are provided on the last page in Supporting Information, Section 3.
- *Investment experience:* Trust asset return exceeded the expected earnings by $157,324.

This chart reconciles the change in the NOL measured as of December 31, 2020, to the NOL measured as of December 31, 2021.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c)=(a)-(b)
Balance at Fiscal Year Ending 6/30/2021 *Measurement Date 12/31/2020*	$ 2,043,999	$ 1,496,256	$ 547,743
Expected Changes During the Period:			
Service Cost	35,820		35,820
Interest Cost	122,661		122,661
Expected Investment Income		90,749	(90,749)
Employer Contributions		117,922	(117,922)
Auditing Fees		(14,000)	14,000
Investment & Administrative Fees		(517)	517
Retiree Contributions		23,102	(23,102)
Retiree Portion of Premiums		(23,102)	23,102
Benefit Payments	(70,936)	(70,936)	-
Total Expected Changes During the Period	87,545	123,218	(35,673)
Expected at Fiscal Year Ending 6/30/2022 *Measurement Date 12/31/2021*	$ 2,131,544	$ 1,619,474	$ 512,070
Unexpected Changes During the Period:			
Plan Experience:			
Premiums and estimated claims other than expected	(71,062)		(71,062)
Retirements, separations, deaths other than expected	140,811		140,811
Other plan experience	(8,097)		(8,097)
Assumption Changes:			
Change in healthcare trend	2,154		2,154
Updated mortality improvement scale	(41,828)		(41,828)
Investment Income More Than Expected		157,324	(157,324)
Total Unexpected Changes During the Period	21,978	157,324	(135,346)
Balance at Fiscal Year Ending 6/30/2022 *Measurement Date 12/31/2021*	$ 2,153,522	$ 1,776,798	$ 376,724

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, 2022.

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, 2022 *Measurement Date is December 31, 2021*		**TMWA Section 115**
Items Impacting Net Position:		
Total OPEB Liability	$	2,153,522
Fiduciary Net Position		1,776,798
Net OPEB Liability (Asset)		376,724
Deferred (Outflows) Inflows of Resources Due to:		
Assumption Changes		7,482
Plan Experience		49,137
Investment Experience		236,909
Deferred Contributions		(56,295)
Net Deferred (Outflows) Inflows of Resources		237,233
Impact on Statement of Net Position, FYE 6/30/2022	**$**	**613,957**
Items Impacting OPEB Expense:		
Service Cost	$	35,820
Cost of Plan Changes		-
Interest Cost		122,661
Expected Earnings on Assets		(90,749)
Auditing Fees		14,000
Investment & Administrative Fees		517
Retiree Contributions		(23,102)
Retiree Portion of Premiums		23,102
Recognized Deferred Resource items:		
Assumption Changes		(1,229)
Plan Experience		(14,738)
Investment Experience		(79,811)
OPEB Expense, FYE 6/30/2022	**$**	**(13,529)**

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*	**6/30/2021** *12/31/2020*	**6/30/2022** *12/31/2021*	**Change During Period**
Total OPEB Liability	$ 2,043,999	$ 2,153,522	$ 109,523
Fiduciary Net Position	1,496,256	1,776,798	280,542
Net OPEB Liability (Asset)	547,743	376,724	(171,019)
Deferred Resource (Outflows) Inflows Due to:			
Assumption Changes	(30,963)	7,482	38,445
Plan Experience	125,527	49,137	(76,390)
Investment Experience	159,396	236,909	77,513
Deferred Contributions	(86,813)	(56,295)	30,518
Net Deferred (Outflows) Inflows	167,147	237,233	70,086
Impact on Statement of Net Position	$ 714,890	$ 613,957	$ (100,933)

Change in Net Position During the Fiscal Year	
Impact on Statement of Net Position, FYE 6/30/2021	$ 714,890
OPEB Expense (Income)	(13,529)
Employer Contributions During Fiscal Year	(87,404)
Impact on Statement of Net Position, FYE 6/30/2022	$ 613,957

OPEB Expense	
Employer Contributions During Fiscal Year	$ 87,404
Deterioration (Improvement) in Net Position	(100,933)
OPEB Expense (Income), FYE 6/30/2022	$ (13,529)

Accounting Information
(Continued)

Change in Fiduciary Net Position During the Measurement Period

Description	Trust Assets	Accruals	Fiduciary Net Position	
Balance as of December 31, 2020	$ 1,495,433	$ 823	$ 1,496,256	
Income				
Employer Contribution to trust	97,849		97,849	
Investment Income	248,074		248,074	
Plan Members Contribution	25,014	(1,912)	23,102	
Total Income	370,936	(1,912)	369,024	
Expense				
Audit Fees	14,000		14,000	
Administrative Fees	517		517	
Legal Fees	-		-	
Retiree health premiums	71,902	131	72,033	*
Retiree life premiums	1,932		1,932	
Total Expense	88,350	131	88,481	
Net Change During the Period	282,586	(2,043)	280,542	
Balance as of December 31, 2021	**$ 1,778,018**	**$ (1,220)**	**$ 1,776,798**	

* Includes $48,931 employer portion and $23,102 retiree copay

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, 2021:

Retirement Benefits Investment Fund	$ 1,702,625
Wells Fargo (Checking Account)	75,394
Total Invested	$ 1,778,019

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, 2021		
Asset Class	**Target Allocation**	**Actual Allocation**
U.S. Stocks- S&P 500 Index **Market Return**	50.5%	52.1%
Int'l Stocks- MSCI World x US Index **Market Return**	21.5%	20.8%
U.S. Bonds- U.S. Bond Index **Market Return**	28.0%	26.6%
Cash & Cash Equivalents	0.0%	0.5%
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 5.03 years is the period used to recognize such changes in the OPEB Liability arising during the current measurement period.

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

Liability changes attributable to benefit changes occurring during the period, if any, 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, 2022.

Section 115 Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 24,305	$ 31,787
Differences Between Expected and Actual Experience	49,395	98,532
Net Difference Between Projected and Actual Earnings on Investments	-	236,909
Deferred Contributions	56,295	-
Total	$ 129,995	$ 367,228

In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2023	$ (80,541)
2024	(102,224)
2025	(70,581)
2026	(40,310)
2027	128
Thereafter	-

Accounting Information
(Continued)

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

The discount rate used for accounting purposes for the fiscal year end 2022 is 6.0%. Healthcare Cost Trend Rate was assumed to start at 5.8% (increase effective January 1, 2023) and grade down to 3.9% 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	$ 2,446,297	$ 2,153,522	$ 1,910,236
Increase (Decrease)	292,775		(243,286)
% Increase (Decrease)	13.6%		-11.3%
Net OPEB Liability (Asset)	$ 669,499	$ 376,724	$ 133,438
Increase (Decrease)	292,775		(243,286)
% Increase (Decrease)	77.7%		-64.6%
Change in Healthcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	$ 1,900,842	$ 2,153,522	$ 2,459,906
Increase (Decrease)	(252,680)		306,384
% Increase (Decrease)	-11.7%		14.2%
Net OPEB Liability (Asset)	$ 124,044	$ 376,724	$ 683,108
Increase (Decrease)	(252,680)		306,384
% Increase (Decrease)	-67.1%		81.3%

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. Results for years since GASB 75 was implemented (fiscal years 2018 through 2022) are shown in the table.

Fiscal Year Ending	**6/30/2022**	**6/30/2021**	**6/30/2020**	**6/30/2019**	**6/30/2018**
Measurement Date	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Discount Rate on Measurement Date	6.00%	6.00%	6.00%	6.00%	6.00%
Total OPEB liability					
Service Cost	$ 35,820	$ 34,777	$ 59,239	$ 56,960	$ 54,769
Interest	122,661	117,350	119,591	111,978	103,644
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	61,652	-	(179,517)	-	-
Changes of assumptions	(39,674)	-	44,279	-	-
Benefit payments (employer paid)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,043,999	1,950,233	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	$ 2,153,522	$ 2,043,999	$ 1,950,233	$ 1,961,246	$ 1,826,373
Plan fiduciary net position					
Contributions - employer	$ 117,922	$ 85,743	$ 121,798	$ 119,366	$ 103,441
Net investment income	248,073	193,517	220,823	(46,458)	126,004
Benefit payments (employer paid)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Auditing Fees	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Investment & Administrative Fees	(517)	(306)	(315)	(770)	(780)
Legal Fees	-	-	(4,288)	(5,864)	(788)
Retiree Contributions	23,102	22,947	21,302	5,244	930
Retiree Portion of Premiums	(23,102)	(22,947)	(21,302)	(5,244)	(930)
Net change in plan fiduciary net position	280,542	206,593	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,496,256	1,289,663	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	$ 1,776,798	$ 1,496,256	$ 1,289,663	$ 1,018,350	$ 999,831
Net OPEB liability - ending (a) - (b)	$ 376,724	$ 547,743	$ 660,570	$ 942,896	$ 826,542
Covered-employee payroll	$ 1,593,312	$ 1,558,683	$ 1,688,340	$ 1,866,073	$ 1,630,635
Net OPEB liability as a percentage of covered-employee payroll	23.64%	35.14%	39.13%	50.53%	50.69%

Accounting Information
(Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), TMWA's contribution for this Section 115 Trust Plan, and the excess or shortfall. *Covered employee payroll for the fiscal year ending 2022 are estimates* and should be updated when known.

Fiscal Year Ending	2022	2021	2020	2019	2018
Actuarially Determined Contribution	$ 87,404	$ 86,813	$ 85,743	$ 121,798	$ 119,366
Contributions in relation to the actuarially determined contribution	*87,404*	101,635	70,921	121,798	119,366
Contribution deficiency (excess)	$ -	$ (14,822)	$ 14,822	$ -	$ -
Covered employee payroll	*$ 1,641,111*	$ 1,570,588	$ 1,714,076	$ 1,771,318	$ 1,886,143
Contributions as a percentage of covered employee payroll	*5.33%*	6.47%	4.14%	6.88%	6.33%

Notes to Schedule - assumptions used to develop the Actuarially Determined Contributions

Valuation Date	12/31/2019			12/31/2017	
Actuarial cost method	Entry Age Normal			Entry Age Normal	
Amortization method	Level % of Pay			Level % of Pay	
Amortization period	23 years closed	24 years closed	25 years closed	26 years closed	27 years closed
Asset valuation method	Market Value			Market Value	
Inflation	2.50%			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	
Salary increases	3.00%			4.00%	
Investment rate of return	6.00%			6.00%	
Retirement age	45-75			45-75	
Mortality	NV PERS June 2017 Valuation			NV PERS June 2016 Valuation	
Mortality Improvement	MW Scale 2018			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: Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Impact on Statement of Net Position (e) = (c) - (d)
Balance at Fiscal Year Ending 6/30/2021 *Measurement Date 12/31/2020*	$ 2,043,999	$ 1,496,256	$ 547,743	$ 30,963	$ (125,527)	$ (159,396)	$ 86,813	$ 714,890
Changes During the Period:								
Service Cost	35,820		35,820					35,820
Interest Cost	122,661		122,661					122,661
Expected Investment Income		90,749	(90,749)					(90,749)
Employer Contributions		117,922	(117,922)					(117,922)
Changes of Benefit Terms	-		-					-
Auditing Fees		(14,000)	14,000					14,000
Investment & Administrative Fees		(517)	517					517
Retiree Contributions		23,102	(23,102)					(23,102)
Retiree Portion of Premiums		(23,102)	23,102					23,102
Benefit Payments (employer paid)	(70,936)	(70,936)	-					-
Assumption Changes	(39,674)		(39,674)	(39,674)				-
Plan Experience	61,652		61,652		61,652			-
Investment Experience		157,324	(157,324)			(157,324)		-
Recognized Deferred Resources				1,229	14,738	79,811	(117,922)	22,144
Employer Contributions in Fiscal Year							87,404	(87,404)
Net Changes in Fiscal Year 2021-2022	109,523	280,542	(171,019)	(38,445)	76,390	(77,513)	(30,518)	(100,933)
Balance at Fiscal Year Ending 6/30/2022 *Measurement Date 12/31/2021*	$ 2,153,522	$ 1,776,798	$ 376,724	$ (7,482)	$ (49,137)	$ (236,909)	$ 56,295	$ 613,957

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, 2021

Deferred Resource						Balance as of Dec 31, 2021	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Created Due To		Initial Amount	Period (Yrs)	Annual Recognition		2021 (FYE 2022)	2022 (FYE 2023)	2023 (FYE 2024)	2024 (FYE 2025)	2025 (FYE 2026)	2026 (FYE 2027)	Thereafter
12/31/2017	Investment Earnings	Greater than Expected	$ (76,171)	5.00	$ (15,234)	$ -	$ (15,235)	$ -	$ -	$ -	$ -	$ -	$ -
12/31/2018	Investment Earnings	Less than Expected	108,397	5.00	21,679	21,681	21,679	21,681	-	-	-	-	-
12/31/2019	Plan Experience	Decreased Liability	(179,517)	6.65	(26,995)	(98,532)	(26,995)	(26,995)	(26,995)	(26,995)	(17,547)	-	-
12/31/2019	Assumption Changes	Increased Liability	44,279	6.65	6,658	24,305	6,658	6,658	6,658	6,658	4,331	-	-
12/31/2019	Investment Earnings	Greater than Expected	(158,207)	5.00	(31,641)	(63,284)	(31,641)	(31,641)	(31,643)	-	-	-	-
12/31/2020	Investment Earnings	Greater than Expected	(115,745)	5.00	(23,149)	(69,447)	(23,149)	(23,149)	(23,149)	(23,149)	-	-	-
12/31/2021	Plan Experience	Increased Liability	61,652	5.03	12,257	49,395	12,257	12,257	12,257	12,257	12,257	367	-
12/31/2021	Assumption Changes	Decreased Liability	(39,674)	5.03	(7,887)	(31,787)	(7,887)	(7,887)	(7,887)	(7,887)	(7,887)	(239)	-
12/31/2021	Investment Earnings	Greater than Expected	(157,324)	5.00	(31,465)	(125,859)	(31,465)	(31,465)	(31,465)	(31,465)	(31,464)	-	-

Accounting Information
(Continued)

Detail of TMWA Contributions to the Plan

TMWA contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums ("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 rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For details, see Addendum 1 – Important Background Information.

Benefits and other contributions paid by TMWA during the measurement period are shown below.

Benefit Payments During the Measurement Period, Jan 1, 2021 thru Dec 31, 2021		**TMWA Section 115**
Benefits Paid by Trust	$	50,863
Benefits Paid by Employer (not reimbursed by trust)		-
Implicit benefit payments		20,073
Total Benefit Payments During the Measurement Period	$	70,936

Employer Contributions During the Measurement Period, Jan 1, 2021 thru Dec 31, 2021		**TMWA Section 115**
Employer Contributions to the Trust	$	97,849
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)		-
Implicit contributions		20,073
Total Employer Contributions During the Measurement Period	$	117,922

Benefits to be paid by TMWA 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, 2021 thru Jun 30, 2022		**TMWA Section 115**
Employer Contributions to the Trust	$	62,217
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)		-
Implicit contributions		25,187
Total Employer Contributions During the Fiscal Year	$	87,404

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.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	Total
2022	$ 56,698	$ 5,033	$ 61,731	$ 19,207	$ 5,980	$ 25,187	$ 86,918
2023	57,965	6,545	64,510	21,543	3,977	25,519	90,029
2024	60,428	11,676	72,104	14,945	5,853	20,798	92,901
2025	62,870	16,340	79,209	2,830	7,767	10,597	89,806
2026	65,277	19,813	85,089	111	9,685	9,796	94,885
2027	67,606	25,904	93,510	1,581	11,604	13,185	106,695
2028	70,015	33,026	103,041	3,604	14,730	18,334	121,375
2029	72,400	41,087	113,487	(1,364)	17,230	15,866	129,353
2030	74,706	47,366	122,072	(7,081)	20,391	13,310	135,382
2031	77,024	55,001	132,025	(11,321)	27,761	16,440	148,465
2032	79,359	67,871	147,230	(15,431)	36,427	20,996	168,225
2033	86,820	80,787	167,607	(13,824)	42,333	28,509	196,116
2034	94,317	84,742	179,058	(12,402)	46,670	34,269	213,327
2035	96,724	88,108	184,832	(11,386)	54,511	43,125	227,956
2036	95,036	99,734	194,770	(10,006)	59,425	49,420	244,189

The amounts shown in the Explicit Subsidy section of the table reflect the expected payment by TMWA toward retiree medical 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 explicit subsidy benefit amount shown for FYE 2022 is currently an estimate and will be replaced with the actual amount, once known.**

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and prescription drug 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.

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).

Accounting Information
(Concluded)

Sample Journal Entries

Beginning Account Balances **As of the fiscal year beginning 7/1/2021**	**Debit**	**Credit**
Net OPEB Liability		547,743
Deferred Resource -- Assumption Changes	30,963	
Deferred Resource -- Plan experience		125,527
Deferred Resource -- Investment Experience		159,396
Deferred Resource -- Contributions	86,813	
Net Position	714,890	

** 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	62,217	
Cash		62,217

** 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	25,187	
Premium Expense		25,187

** 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 account activity during the fiscal year	**Debit**	**Credit**
Net OPEB Liability	171,019	
Deferred Resource -- Assumption Changes		38,445
Deferred Resource -- Plan experience	76,390	
Deferred Resource -- Investment Experience		77,513
Deferred Resource -- Contributions		30,518
OPEB Expense		100,933

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 employer 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[3]). 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 is usually 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.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical and prescription drug 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.

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

Funding Information
(Continued)

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 pre-Medicare 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.

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. Amortization payments are determined on a level dollar basis; 23 years remain for FYE 2022.

Actuarially Determined Contributions, developed as described above for TMWA's fiscal years ending June 30, 2023 and 2024 are shown the exhibit on the next page. These ADCs incorporate both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC will be comprised of:

1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to TMWA by the trust; plus
2) each year's implicit subsidy payment; and
3) 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, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. 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.

Funding Information

(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2023 and June 30, 2024 from the results of this valuation. The ADC for fiscal year end June 30, 2022, was developed from the prior (2019) valuation and we have included this for reference as well.

Valuation date	**12/31/2019**	**12/31/2021**	
Discount rate	6.00%	6.00%	
Number of Covered Employees			
Actives	16	14	
Retirees	6	8	
Total Participants	22	22	
For fiscal year ending	6/30/2022	6/30/2023	6/30/2024
Actuarial Present Value of Projected Benefits	$ 2,407,645	$ 2,476,964	$ 2,526,970
Actuarial Accrued Liability (AAL) - *projected*			
Actives	1,242,368	1,085,379	1,169,408
Retirees	887,911	1,170,956	1,155,999
Total AAL	2,130,279	2,256,371	2,331,364
Actuarial Value of Assets - *projected*	1,504,290	1,947,490	2,029,585
Unfunded AAL (UAAL)	625,989	308,881	301,779
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	23	22	21
Amortization Factor	13.0416	12.7641	12.4699
Actuarially Determined Contribution (ADC)			
Normal Cost	36,894	$ 30,475	$ 31,389
Amortization of UAAL	48,000	24,199	24,201
Interest to fiscal year end	2,510	1,616	1,629
Total ADC	**87,404**	**56,290**	**57,219**

Funding of the ADC

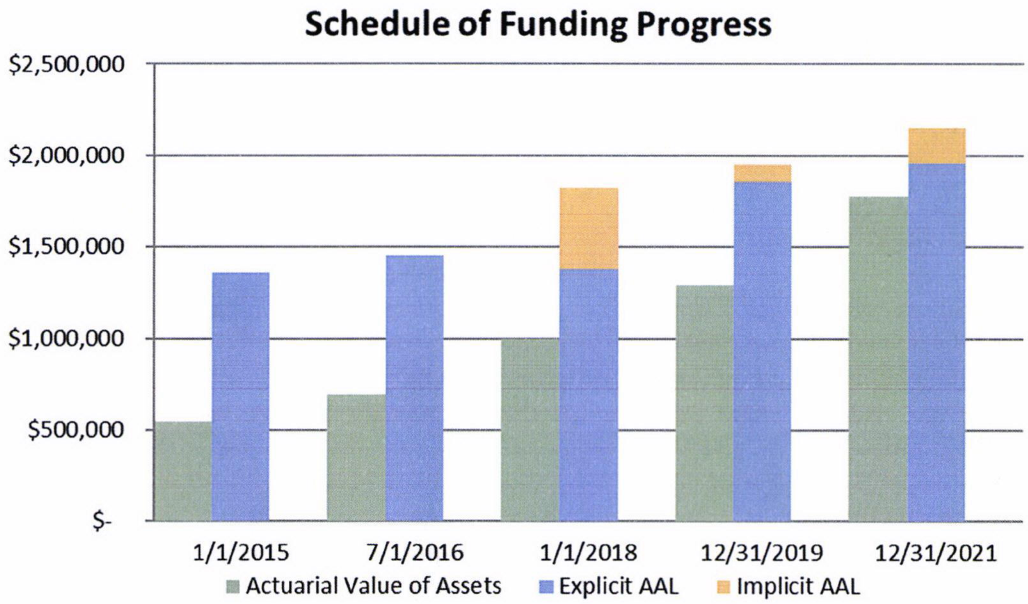
Accounting recognition of current year implicit subsidy	$ 25,187	$ 25,520	$ 20,798
Trust contribution (refund) needed to equal ADC	62,217	30,770	36,421

Retiree benefits (explicit) 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.

Funding Information
(Concluded)

In this section, we provide a review of key components of valuation results from 2015 through 2021.

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%
12/31/2021	$ 1,776,798	$ 2,153,522	$ 376,724	82.5%	$ 1,570,588	24.0%	6.0%



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.
- *December 31, 2021*: Updated NV PERS assumptions incorporated into valuation; investment returns greater than expected.

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 (TMWA) 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 the District'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 are 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 signing actuary is a member of the American Academy of Actuaries and meets the qualification standards for rendering this opinion.

Signed: July 1, 2022

Catherine L. MacLeod

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

Cody Simrell

Cody J. Simrell, Actuarial Analyst

G. Supporting Information

Section 1 - Summary of Employee Data

TMWA reported 16 active employees in the data provided to us for the December 2021 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	14%
45 to 49			3		3	21%
50 to 54			2	2	4	29%
55 to 59			1		1	7%
60 to 64				2	2	14%
65 to 69				1	1	7%
70 & Up				1	1	7%
Total	0	1	6	7	**14**	**100%**
Percent	0%	7%	43%	50%	**100%**	

	December 2019	December 2021
	52.0	54.6
	18.0	20.2

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	0	N/A	N/A	N/A
Tier 2	14	764.3	282.1	$ 1,299,325
Total	**14**	**764.3**	**282.1**	**$ 1,299,325**

There are currently 5 retirees receiving Tier 1 benefits under this program and 2 retirees receiving Tier 2 benefits; 1 other retiree is eligible for but currently deferring Tier 2 benefits. The ages of these retirees are summarized in this chart.

Retirees by Age				
Current Age	**Tier 1**	**Tier 2**	**Total**	**Percent**
Below 50	1		1	13%
50 to 54		1	1	13%
55 to 59	1		1	13%
60 to 64	2		2	25%
65 to 69	1	1	2	25%
70 to 74		1	1	13%
75 to 79			0	0%
80 & up			0	0%
Total	**5**	**3**	**8**	**100%**
Average Age:				
On 12/31/2021	59.5	63.6	61.1	
At retirement	56.3	61.0	20.9	

Supporting Information
(Continued)

Section 1 - Summary of Employee Data
(continued)

The chart below reconciles the number of actives and retirees included in the December 2019 valuation of TMWA plan with those included in the December 2021 valuation:

Reconciliation of Section 115 Plan Members Between Valuation Dates					
Status	Covered Actives	Covered Retirees	Retirees Deferring Benefits	Covered Surviving Spouses	Total
Number reported as of Dec 31, 2019	16	6	0	0	22
New retiree, elected coverage	(1)	1			0
New retiree, deferred coverage	(1)		1		0
Number reported as of Dec 31, 2021	**14**	**7**	**1**	**0**	**22**

The number of active plan members decreased by 2, or about 13%. The number of total retirees increased by 2, representing a 33% increase. Because this plan is closed, there are no new employees added.

Summary of Plan Member Counts: The numbers of those members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements.

Summary of Plan Member Counts	
Number of active plan members	14
Number of inactive plan members currently receiving benefits	7
Number of inactive plan members entitled to but not yet receiving benefits	1

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.

2022 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	$ 593.39	$ 195.00
			16	628.75	208.00
11	$ 451.94	$ 143.00	17	664.12	221.00
12	487.30	156.00	18	699.48	234.00
13	522.66	169.00	19	734.84	247.00
14	558.03	182.00	20	770.20	260.00

* Includes service with Washoe County

Current premium rates: The 2022 monthly healthcare premiums for plans available to TMWA retirees are shown in the chart below:

2022 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.

A retiree may elect coverage for his or her spouse in TMWA's life insurance plan provided they pay 100% of the applicable premium. The premium for spouse life insurance is $0.48 per month 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. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	December 31, 2021
Fiscal Year End	June 30, 2022
GASB 75 Measurement Date	December 31, 2021

Valuation Methods

Funding Method — Entry Age Normal Cost, level percent of pay

Asset Valuation Method — Market value of assets

Participants Valued — Only current TMWA active employees and retired participants and covered dependents are valued. This plan is now closed.

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 1.85 and the average age of children covered is 11.6.

Representative claims costs are shown in the chart on the following page.

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Development of Age-related
Medical Premiums (continued)

HHP			Reno Plan		
Retiree Age	Males	Females	Retiree Age	Males	Females
48	$ 612	$ 793	48	$ 502	$ 649
53	809	934	53	663	765
58	1,031	1,056	58	844	865
63	1,278	1,241	63	1,047	1,016
68	523	505	68	428	414
73	577	557	73	473	456
78	612	588	78	501	482
83	622	603	83	509	494
88	595	596	88	487	488
93	581	584	93	476	478
98	580	577	98	475	472

Economic Assumptions

Long Term Return on Assets/ Discount Rate: 6.0 % as of December 31, 2021, and 6.0% as of December 31, 2020, net of plan investment and trust expenses

General Inflation Rate: 2.5% per year

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.

Healthcare Trend: Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2044-2049	4.7%
2023	5.8%	2050-2059	4.6%
2024	5.6%	2060-2066	4.5%
2025	5.4%	2067-2068	4.4%
2026-2027	5.2%	2069-2070	4.3%
2028-2029	5.1%	2071	4.2%
2030-2038	5.0%	2072-2073	4.1%
2039	4.9%	2074-2075	4.0%
2040-2043	4.8%	2076 & later	3.9%

Supporting Information
(Continued)

Section 3 - Actuarial Methods and

Healthcare Trend
(continued)

The healthcare trend shown above was developed using the Getzen Model 2022_b published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth 1.0%; Expected Health Share of GDP in 2028 20.3%; Resistance Point 20%; Year after which medical growth is limited to growth in GDP 2075.

Dental and vision premiums are 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.

Participant Election 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.

Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

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.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Demographic Assumptions

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, 2021 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, 2021 actuarial valuation of the Nevada PERS program as being reasonably representative of mortality experience as of that measurement date. <u>Non-disabled life rates for Regular employees & future survivors:</u> *Males:* Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% *Females:* Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 15% <u>Life rates for current surviving spouses</u> *Males:* Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% *Females:* Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 30% <u>Pre-retirement life rates for Regular employees:</u> *Males & Females:* Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table
Mortality Improvement	The mortality rates described on above were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward (see Addendum 3 for details).

Supporting Information
(Continued)

Section 3 - Actuarial Methods and Assumptions

Termination Rates

Years of Service	Regular Employees	Years of Service	Regular Employees
0	15.75%	13	2.75%
1	12.75%	14	2.25%
2	10.25%	15	2.25%
3	8.25%	16	2.25%
4	7.50%	17	2.00%
5	6.50%	18	1.75%
6	5.75%	19	1.75%
7	5.25%	20	1.75%
8	4.75%	21	1.75%
9	4.50%	22	1.75%
10	4.25%	23	1.75%
11	3.25%	24	1.50%
12	3.00%	& Over	1.50%

Retirement Rates

Regular Employees Hired before January 1, 2010						
	Years of Service					
Age	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	1%	20%	20%
50	0.2%	0.6%	0.7%	2.0%	20%	20%
55	0.8%	1.5%	3%	3%	20%	20%
60	5.0%	11%	18%	25%	21%	21%
65	18%	19%	22%	22%	25%	25%
70	20%	20%	25%	30%	30%	30%
75 & Over	100%	100%	100%	100%	100%	100%

Regular Employees Hired before July 1, 2015 but on or after January 1, 2010						
	Years of Service					
Age	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	0%	20%	20%
50	0.0%	0.0%	0.0%	0.0%	20%	20%
55	0.2%	1.0%	2%	2%	20%	20%
60	2.0%	4%	6%	10%	21%	21%
65	17%	18%	21%	21%	25%	25%
70	19%	19%	23%	28%	30%	30%
75 & Over	100%	100%	100%	100%	100%	100%

Supporting Information
(Concluded)

Section 3 - Actuarial Methods and Assumptions

Retirement Rates
(continued)

Regular Employees Hired on or after July 1, 2015						
	Years of Service					
Age	**5-9**	**10-19**	**20-24**	**25-29**	**30-33**	**33 or more**
45	0%	0%	0%	0%	7%	20%
50	0.0%	0.0%	0.0%	0.0%	13%	20%
55	0.2%	0.9%	2%	2%	18%	20%
60	1.8%	4%	5%	9%	19%	21%
65	15%	16%	19%	19%	23%	25%
70	17%	17%	21%	25%	27%	30%
75 & Over	100%	100%	100%	100%	100%	100%

Software and Models Used in the Valuation

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums and Addendum 3.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in assumptions or methods since the prior Measurement Date

Demographic assumptions	Updated assumed rates of mortality, retirement and other separation (termination) of service to reflect the assumptions applied in the NV PERS June 30, 2021 Valuation report The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2020, reflecting continued updates in available information (see Addendum 3).
Healthcare Trend	Updated the base healthcare trend scale from Getzen Model 2019_b to Getzen Model 2021_b, as published by the Society of Actuaries

Appendix 1: Basic Valuation Results by Tier

The chart below summarizes the results as of the December 31, 2021 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	**12/31/2021**		
Fiscal Year Ending	**6/30/2022**		
Measurement Date	**12/31/2021**		
Discount rate	6.00%		
Group	Tier 1	Tier 2	Total
Number of Covered Employees			
Actives	0	14	14
Retirees	5	3	8
Total Participants	5	17	22
Actuarial Present Value of Projected Benefits			
Actives	$ -	$ 1,235,863	$ 1,235,863
Retirees	1,015,676	124,877	1,140,553
Total APVPB	1,015,676	1,360,740	2,376,416
Total OPEB Liability (TOL)			
Actives	-	1,012,969	1,012,969
Retirees	1,015,676	124,877	1,140,553
TOL	1,015,676	1,137,846	2,153,522
Service Cost For the period following the measurement date	-	29,587	29,587

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 medical claims for pre-Medicare 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.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and

Important Background Information
(Continued)

- 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 occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as 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

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.

Important Background Information
(Continued)

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.

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 2022** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

MacLeod Watts Scale 2022 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2021 which has two segments – (1) historical improvement rates for the period 1951-2017 and (2) an estimate of future mortality improvement for years 2018-2020 using the Scale MP-2021 methodology but utilizing the assumptions used in generating Scale MP-2015. The MacLeod Watts scale then transitions from the 2020 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2021-2030. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2030-2044. The SSA's Intermediate Scale has a final step in 2045 which is reflected in the MacLeod Watts scale for years 2045 and thereafter. Over the ages 95 to 117, the age 95 improvement rate is graded to zero.

Scale MP-2021 can be found at the SOA website and the projection scales used in the 2021 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.

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

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 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

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

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.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

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

TRUCKEE MEADOWS WATER AUTHORITY
Quality. Delivered.

TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Principal Accountant
DATE: July 13, 2022
SUBJECT: **Present and accept the December 31, 2021 audited financial statements**

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2021 audited financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan).

Discussion

The following report is attached:

- December 31, 2021 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, 2021 include:

- Operating cash balances were $75 thousand.
- Plan investments at fair value were $1.7 million.
- Net investment income, including realized and unrealized gains and losses, was $248 thousand.
- Employer contributions to the Plan were $98 thousand.
- Net position totaled $1.8 million, which was a $281 thousand increase from the prior year.

EideBailly

CPAs & BUSINESS ADVISORS

July 8, 2022

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

We have audited the financial statements of Truckee Meadows Water Authority OPEB Trust Fund (The Plan) as of and for the year ended December 31, 2021, and have issued our report thereon dated July 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*
As communicated in our engagement letter dated March 31, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Plan solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit
We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence
The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

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Significant Risks Identified
As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks:

- Risk of management override of controls
- Improper revenue recognition risk
- OPEB liability risk

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies
Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Plan is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements was:

Management's estimate of the net OPEB liability in Note 4 is based on valuation performed by a third-party actuary utilizing various assumptions for the calculation. We evaluated the key factors and assumptions used to develop the OPEB liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures
Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Plan's financial statements relate to the net OPEB liability.

Significant Difficulties Encountered during the Audit
We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements
For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Plan's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report
For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify and circumstances that affect the form and content of the auditor's report.

Representations Requested from Management
We have requested certain written representations from management that are included in the management representation letter dated July 8, 2022.

Management's Consultations with Other Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues
In the normal course of our professional association with the Plan, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Plan's auditors.

This report is intended solely for the information and use of the Board of Trustees and management of Truckee Meadows Water Authority OPEB Trust Fund and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Reno, Nevada

Financial Statements
December 31, 2021

Truckee Meadows Water Authority OPEB Trust Fund

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Truckee Meadows Water Authority OPEB Trust Fund

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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 Audit of the Financial Statements

Opinions

We have audited the 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, 2021, and the related statement of changes in fiduciary net position, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Plan, as of December 31, 2021, and the changes in fiduciary net position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of contributions, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
July 8, 2022

Truckee Meadows Water Authority OPEB Trust Fund (the Plan) 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, 2021 and 2020. 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 Truckee Meadows Water Authority (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 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, cash, other short-term assets and liabilities as of the year ended December 31, 2021.

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, 2021.

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, 2021 are as follows:

- Operating cash balances at year end were approximately $75 thousand
- Plan investments at fair value at year end were approximately $1.7 million
- Net investment income was approximately $248 thousand
- Employer contributions to the Plan were approximately $98 thousand

Financial highlights of the Plan as of and for the year ended December 31, 2020 are as follows:

- Operating cash balances at year end were approximately $20 thousand
- Plan investments at fair value at year end were approximately $1.5 million
- Net investment income was approximately $193 thousand
- Employer contributions to the Plan were approximately $69 thousand

Plan Analysis

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

	2021	2020	Change 2021 v 2020
Assets			
Cash	$ 75,394	$ 20,365	$ 55,029
Receivables from plan members	1,912	3,824	(1,912)
Investments	1,702,625	1,475,068	227,557
Total assets	1,779,931	1,499,257	280,674
Liabilities			
Accounts payable	3,133	3,001	132
Net position restricted for postemployment benefits other than pensions	$ 1,776,798	$ 1,496,256	$ 280,542

As of December 31, 2021, Plan assets of $1.8 million were comprised primarily of investments, at fair value. Also included in Plan assets were $75 thousand in operating cash and $2 thousand in Plan member receivables. Plan assets increased by $281 thousand as compared to December 31, 2020 due mostly to an increase in fair value of Plan investments.

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

	2021	2020	Change 2021 v 2020
Additions			
Net investment income	$ 247,557	$ 193,211	$ 54,346
Employer contributions	97,848	68,634	29,214
Total additions	345,405	261,845	83,560
Deductions			
Benefit payments	50,863	41,252	9,611
Administrative expenses	14,000	14,000	-
Total deductions	64,863	55,252	9,611
Change in net position	280,542	206,593	73,949
Net position restricted for postemployment benefits other than pensions			
Beginning of year	1,496,256	1,289,663	206,593
End of year	$ 1,776,798	$ 1,496,256	$ 280,542

Net position is restricted for future benefit payments to retirees.

As of December 31, 2021, the Net Position of the Plan was $1.8 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 $281 thousand in 2021. This was primarily due to an increase in fair value of investments of $228 thousand from 2020 to 2021, which was $35 thousand more than increases in fair value of investments of $193 thousand in 2020 due to higher returns from investment portfolio. Employer contributions of $98 thousand in 2021 were greater than those in the prior year per the increased actuarial determined contribution based on the December 31, 2021 actuarial valuation report. Benefits paid, net of plan member contributions of $23 thousand, of $51 thousand in 2021 increased slightly from the previous year due to a reduction in plan member contributions. Administrative expenses totaling $14 thousand in 2021 equaled 2020 as there were no change in audit fees or legal expense in comparison to the prior year.

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 Mr. Matt Bowman, Chief Financial Officer/Treasurer of TMWA at P.O. Box 30013, Reno, NV 89509-3013.

Truckee Meadows Water Authority OPEB Trust Fund

Statement of Fiduciary Net Position

December 31, 2021

Assets	
Cash	$ 75,394
Receivables from plan members	1,912
Investments	1,702,625
Total assets	1,779,931
Liabilities	
Accounts payable	3,133
Net position restricted for postemployment benefits other than pensions	$ 1,776,798

See Notes to Financial Statements

Truckee Meadows Water Authority OPEB Trust Fund
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

Additions	
Investment income	
Net increase in fair value of investments	$ 222,908
Interest and dividends	25,166
Investment expense	(517)
Net investment income	247,557
Employer contributions	97,848
Total additions	345,405
Deductions	
Benefit payments	50,863
Administrative expenses	14,000
Total deductions	64,863
Net increase in net position	280,542
Net position restricted for postemployment benefits other than pensions	
Beginning of year	1,496,256
End of year	$ 1,776,798

Note 1 - Significant Accounting Policies

Reporting Entity

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. 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 insurance coverage. 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 insurance coverage. 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. A retiree may also elect $1,500 of life insurance coverage for his or her spouse by paying 100% of the applicable premium.

Membership of the Plan

As of December 31, 2021, membership of the Plan consisted of the following:

Retirees currently receiving medical benefits	7
Retirees currently receiving life benefits	7
Retirees entitled to, but not yet receiving benefits	1
Active Plan Members	
IBEW members	10
MPAT members	4

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.

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, 2021, TMWA contributed $97,848 to the Plan.

Retiree 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, 2021, retirees' share of health premiums and costs ranged from $77 to $1,062 a month. Retiree contributions were $23,102 which were netted with benefit payments.

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, 2021.

Note 3 - Cash and Investments

As of December 31, 2021, the Plan's bank balance and carrying amount was $75,394. 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 RBIF; 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 287. 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. The Plan's investment in RBIF was $1,702,625 as of December 31, 2021. Complete financial information on RBIF as of June 30, 2021 can be obtained by contacting Public Employees Retirement System at 693 W. Nye Lane, Carson City, Nevada, 89703.

Investments at fair value as of December 31, 2021:

	Total
RBIF	$ 1,702,625

For the year ended December 31, 2021, the annual money-weighted rate of return on investments net expenses was 17.03%. 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, 2021 were as follows:

Total OPEB liability	$ 2,153,522
Plan fiduciary net position	1,776,798
Net OPEB liability	$ 376,724
Plan fiduciary net position as a percentage of the total OPEB liability	82.51%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, 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*	5.80% in 2022; 3.90% ultimated 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 2022, 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-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

The actuarial assumptions used in the actuarial valuation as of December 31, 2021 were based on actual census data.

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	52.10%
MSCI World x US Index	20.80%
U.S. Bond Index	26.60%
Cash & Cash Equivalents	0.50%
	100.00%

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	$ 669,499	$ 376,724	$ 133,438

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 (4.80 percent decreasing to 2.90 percent) or 1-percentage-point higher (6.80 percent decreasing to 4.90 percent) than the current healthcare cost trend rates:

	1% Decrease (4.80% decreasing to 2.90%)	Healthcare Cost Trend Rate (5.80% decreasing to 3.90%)	1% Increase (6.80% decreasing to 4.90%)
Net OPEB liability	$ 124,044	$ 376,724	$ 683,108

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*

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 35,820	$ 34,777	$ 59,239	$ 56,960	$ 54,769
Interest cost	122,661	117,350	119,591	111,978	103,644
Differences between expected and actual experience	61,652	-	(179,517)	-	-
Changes of assumptions	(39,674)	-	44,279	-	-
Benefit payments	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,043,999	1,950,233	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	$ 2,153,522	$ 2,043,999	$ 1,950,233	$ 1,961,246	$ 1,826,373
Plan fiduciary net position					
Employer contributions	$ 97,848	$ 68,634	$ 107,623	$ 107,945	$ 103,441
Employer contributions - implicit subsidy	20,073	17,109	14,175	11,421	-
Net investment income	247,557	193,211	220,508	(46,729)	125,822
Benefit payments	(50,863)	(41,252)	(40,430)	(22,644)	(9,334)
Benefit payments - implicit subsidy	(20,073)	(17,109)	(14,175)	(11,421)	-
Auditing fees	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Administrative fees	-	-	-	(500)	(598)
Legal fees	-	-	(4,288)	(5,863)	(788)
Retiree contributions in	23,102	22,947	20,475	5,244	930
Retiree contributions out	(23,102)	(22,947)	(20,475)	(5,244)	(930)
Net change in plan fiduciary net position	280,542	206,593	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,496,256	1,289,663	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	$ 1,776,798	$ 1,496,256	$ 1,289,663	$ 1,018,350	$ 999,831
TMWA's net OPEB liability - ending (a) - (b)	$ 376,724	$ 547,743	$ 660,570	$ 942,896	$ 826,542
Plan fiduciary net position as a percentage of the total OPEB liability	82.51%	73.20%	66.13%	51.92%	54.74%
Covered-employee payroll	N/A	N/A	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	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: In the 2019 actuarial valuation, 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. In the 2021 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022.

Truckee Meadows Water Authority OPEB Trust Fund

Schedule of Contributions

Last Ten Years*

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 87,109	$ 86,278	$ 103,771	$ 120,582	$ 111,404
Contributions in relation to the actuarially determined contribution	97,848	68,634	107,623	107,945	103,441
Contribution deficiency (excess)	$ (10,739)	$ 17,644	$ (3,852)	$ 12,637	$ 7,963
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	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, 2021.

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	23 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. In the 2019 actuarial valuation, mortality tables were updated from MacLeod Watts Scale 2017 to MacLeod Watts Scale 2018.

Truckee Meadows Water Authority OPEB Trust Fund

Schedule Investment Returns

Last Ten Years*

	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	17.03%	1.29%	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.

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Truckee Meadows Water Authority OPEB Trust Fund, which comprise the statement of fiduciary net position as of December 31, 2021, 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 Truckee Meadows Water Authority OPEB Trust Fund's basic financial statements and have issued our report thereon dated July 8, 2022.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Truckee Meadows Water Authority OPEB Trust Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Truckee Meadows Water Authority OPEB Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Truckee Meadows Water Authority OPEB Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Truckee Meadows Water Authority OPEB Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
July 8, 2022

Retirement Benefits Investment Fund

March 31, 2022

Performance Gross of Fees

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	$ 409,358,396	50.5%	52.0%	6.5%	15.6%	18.9%	16.0%	14.6%	11.0%
Market Return				**6.5%**	**15.7%**	**18.9%**	**16.0%**	**14.6%**	**11.0%**
Int'l Stocks- MSCI World x US Index	$ 163,300,941	21.5%	20.7%	-2.4%	3.3%	8.9%	7.5%	6.8%	3.7%
Market Return				**-2.5%**	**3.0%**	**8.6%**	**7.2%**	**6.5%**	**3.5%**
U.S. Bonds- U.S. Bond Index	$ 213,871,942	28.0%	27.2%	-2.9%	-2.9%	3.3%	2.9%	2.4%	3.2%
Market Return				**-3.0%**	**-3.1%**	**3.3%**	**2.9%**	**2.2%**	**3.1%**
	$ 1,055,128	0.0%	0.1%						
Total RBIF Fund	**$ 787,586,407**	**100.0%**	**100.0%**	**2.2%**	**8.0%**	**13.0%**	**10.9%**	**9.6%**	**7.7%**
Market Return				**2.0%**	**7.6%**	**12.6%**	**10.6%**	**9.5%**	**7.6%**