



TRUCKEE MEADOWS WATER AUTHORITY
Section §115 Other Post-Employment Benefit Plan & Trust
Trustee Meeting
AGENDA
Tuesday July 25, 2023 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: 281 941 898 292#

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 18, 2023 minutes (**For Possible Action**)
5. Review of current PEBS subsidy calculations – Rosalinda Rodriguez (**For Possible Action**)
6. Review and consideration for approval of request(s) for reimbursement of premiums— Rosalinda Rodriguez (**For Possible Action**)
7. Review of Financial Audit – Sophia Cardinal*
8. Review of Retirement Benefits Investment Fund (RBIF) performance review – Matt Bowman*
9. Trustee comments and requests for future agenda items*
10. Public comment-limited to no more than three minutes per speaker*
11. 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.tmtwa.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 18, 2023 MINUTES

The meeting of the TMWA Section 115 Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, April 18, 2023 through in person and teleconference.

Matt Bowman, Chairman, called the meeting to order at 12:30 p.m.

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

A quorum was present.

Voting Members Present:

Matt Bowman
Charles Atkinson
Sandra Tozi
Randall VanHoozer

Voting Members Absent:

Members Present

Jessica Atkinson
Rosalinda Rodriguez
Gus Rossi

Members Absent:

Mike Venturino

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE AGENDA

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

4. APPROVAL OF THE JANUARY 17, 2023 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 17, 2023 meeting minutes.

5. APPROVAL OF THE JANUARY 31, 2023 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 31, 2023 meeting minutes.

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

Ms. Rosalinda Rodriguez presented a reimbursement request for premiums for Medicare Part B paid for directly by the retiree.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the reimbursement request for premiums for Medicare Part B paid for directly by the retiree.

7. DISCUSSION AND POSSIBLE DIRECTION ON CHANGING JULY 2023 MEETING DATE

Ms. Rosalinda Rodriguez, HR Technician, proposed a date change for the scheduled July 18th meeting date which had been approved in the October 2022 meeting to Tuesday July 25th at the same time of 12:30 pm. This request is due to scheduling conflicts for staff and to ensure a quorum is present.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the proposed rescheduled date of July 25, 2023 for the July 2023 meeting.

8. DISCUSSION AND POSSIBLE DIRECTION REGARDING DENTAL BENEFITS AS REIMBURSABLE EXPENSES FOR TIER II RETIREES

In the January meeting it was brought forward that after a retiree posed a question regarding Dental premiums and it was discovered that the Plan Document has conflicting language relating to the reimbursement of dental premiums for Tier II beneficiaries. In the original document, language states that Tier II beneficiaries are only eligible for health, prescription, vision and life coverage.

Additionally, in Exhibit A-2, there is conflicting language which states, specifically, that dental policies are excluded, then in a subsequent sentence states that private purchases of coverage including dental can be reimbursed.

During the January 2023 Trustee meeting, a motion was made to investigate the financial impact of allowing dental coverage to be reimbursed.

Matt Bowman, Chief Financial Officer provided an update on this for Trustees to review. Upon discussion with the Plan's actuaries, because the subsidy is already capped at the PEBS rate, there would be little to no financial impact.

Mr. Bowman provided an example, in which the maximum credit currently available for beneficiaries is \$759.34. Current premiums for medical and vision total \$753.00, which leaves an available balance of \$6.34 which could apply to dental premiums. Further, because the Plan allows retirees to procure coverage outside of TMWA's plans, the total premiums for just medical and vision could reach the maximum of \$759.34 without the consideration of dental premium.

Jessica Atkinson, HR Director, clarified that the review also applied to Tier I beneficiaries.

Mr. Bowman made a recommendation to direct staff to make edits to the Plan document to clearly allow for dental benefits to be reimbursable for Tier I and Tier II beneficiaries. These edits should be reviewed by legal then brought back for Trustee approval at a future meeting.

Trustee VanHoozer wanted to verify where the capped amount for beneficiaries came from. Mr. Atkinson confirmed this comes from the Nevada Public Employees Benefit Program rates that are published and brought to Trustees for approval in the July meeting of each year.

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the recommendation to direct staff to do further research for revised amendments on the suggested edits discussed as well as further research being conducted through the actuaries to determine if the Trust could support dental premium coverage for beneficiaries of the Trust.

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

Mr. Bowman reviewed the RBIF dated December 31, 2022. The fiscal year to date return on the RBIF is currently 1.2% is not great but it has improved from the last quarter and the total Market Return is 1.5%.

For informational purposes only, no action required.

10. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

RBIF review

Reimbursement requests 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 Bowman adjourned the meeting at 12:42 p.m.

Minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

Rosalinda Rodriguez, Recording Secretary



STAFF REPORT

TO: Trustees of the §115 Other Post Employment Benefits Trust
THRU: Rosalinda Rodriguez, TMWA HR Technician
DATE: July 25, 2023
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 2024.
2. Approve Exchange -HRA Table for §115 tier II retirees age 65 and older as presented in attachment 5B for fiscal year 2024.

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 FY24 base subsidy for the Statewide EPO/HMO Non-state Retirees and Survivors is \$622.70 (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 FY24 (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 retirees 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 Retiree 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 2024.

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 FY24 schedule.

State and Non-State Retirees - Plan Year 2024 Rates

Base Subsidy Retiree Only Statewide EPO/HMO Plan

\$ 622.70

YOS	ADJUSTMENT	TOTAL SUBSIDY
5	\$ 386.25	\$ 236.45
6	\$ 347.63	\$ 275.07
7	\$ 309.00	\$ 313.70
8	\$ 270.38	\$ 352.32
9	\$ 231.75	\$ 390.95
10	\$ 193.13	\$ 429.57
11	\$ 154.50	\$ 468.20
12	\$ 115.88	\$ 506.82
13	\$ 77.25	\$ 545.45
14	\$ 38.63	\$ 584.07
15	\$ -	\$ 622.70
16	\$ (38.63)	\$ 661.33
17	\$ (77.25)	\$ 699.95
18	\$ (115.88)	\$ 738.58
19	\$ (154.50)	\$ 777.20
20	\$ (193.13)	\$ 815.83

**Exchange -HRA Contribution for Medicare Retirees Enrolled in the
Medicare Exchange - Plan Year 2024**

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

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, 2023 - June 30, 2024	Nationwide PPO			Nationwide PPO			Statewide EPO/HMO		
	Consumer Driven Health Plan (CDHP-PPO)			Low Deductible (LD-PPO)			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	\$910.28	\$688.61	\$241.26	\$969.42	\$729.92	\$262.44	\$967.36	\$622.70	\$355.30
Retiree + Spouse	\$1,815.00	\$1,259.92	\$588.96	\$1,933.28	\$1,342.52	\$631.34	\$1,929.18	\$1,128.09	\$817.06
Retiree + Child(ren)	\$1,249.54	\$902.87	\$371.64	\$1,330.86	\$959.64	\$400.78	\$1,328.04	\$812.19	\$528.48
Retiree + Family	\$2,154.28	\$1,474.16	\$719.36	\$2,294.74	\$1,572.29	\$769.66	\$2,289.86	\$1,317.59	\$900.24
Surviving/Unsubsidized Dependent	\$910.28	-	\$910.28	\$969.42	-	\$969.42	\$967.36	-	\$967.36
Surviving/Unsubsidized Spouse + Child(ren)	\$1,249.54	-	\$1,249.54	\$1,330.86	-	\$1,330.86	\$1,328.04	-	\$1,328.04

- 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.

* Does not include rate adjustments paid/credited with PEBP reserves.

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

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, the base subsidy, or Exchange HRA, and will be charged the full unsubsidized rate.

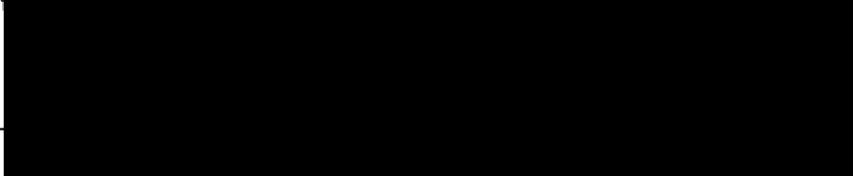
Plan Year 2024 Monthly PEBP Dental Rates Medicare Retirees Enrolled with Via Benefits		
Effective July 1, 2023 – June 30, 2024	State Retiree	Non-State Retiree
Retiree only	\$46.93	\$41.46
Retiree + Spouse/DP*	\$93.86	\$82.92
Surviving/Unsubsidized Spouse/DP*	\$46.93	\$41.46

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

Attach copies of Proof of Insurance and Payment of Premium. See back of form for examples of acceptable documentation.

I certify that the above information is correct. I understand that I will not be reimbursed for medical insurance premiums for any period during which I was not eligible for participation or failed to maintain coverage. I further understand that if I receive reimbursement for premiums for which I was not eligible or did not meet eligibility criteria, the Trust may recover these payments from my future benefit award(s) and I will be liable for all related taxes. I also authorize the Trust, and its designees to contact the insurance company I have listed above to verify coverage and premium amounts paid. I certify that all expenses for which reimbursement or payment is claimed were incurred by myself while eligible to receive benefits under the trust. I also certify as follows: 1.) The premium expenses have not been reimbursed or will not be reimbursed by any other plan, 2.) The premium expenses were not paid by an employer of a participant or an employer of a participant's spouse on a "pre-tax" basis, including, without limitation, a policy or plan offered by an employer under a Code Section 125 plan (commonly referred to as a "Cafeteria Plan"). I understand that I am fully responsible for the sufficiency, accuracy, and veracity of all information relating to this reimbursement request.

Retiree Signature: _____


Date: 3-30-2023

OPEB Approval*: _____

Date: _____

* Indicates the reimbursement request & back up are sufficient and expenses qualify as eligible for reimbursement under the trust.

Accounting Approval**:

Date: _____

** Indicates the trust accountant has ensured any amounts reimbursed are within the participants available trust balance.

Return completed form to: OPEB c/o TMWA Human Resources, PO Box 30013, Reno, NV 89520

§115 OPEB Trust - Medical and/or Vision Premium Expense Reimbursement Request

In order for an eligible recipient to receive reimbursement of medical insurance premiums from the Post Retirement Medical Plan & Trust, the eligible participant must submit at least one of the following as proof of payment for the medical insurance premiums:

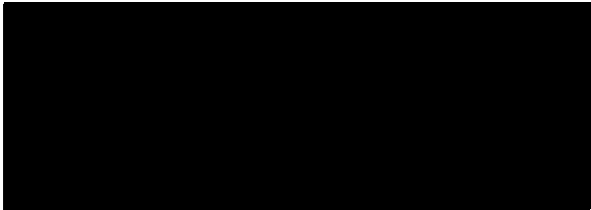
- A copy of the invoice from the insurance company and copy of the receipt of payment;
- A copy of the invoice from the insurance company and copy of the front and back of the cancelled check made out to the insurance company;
- A copy of a pay stub if the pay stub clearly shows a deduction for medical insurance on a post-tax basis;
- A statement from the eligible recipient's employer listing dates and amounts of premiums deducted from wages on a post-tax basis;
- A copy of a bank statement showing deductions for medical insurance if the statement clearly indicates payment to a company that provides only medical insurance;
- A copy of a bank statement showing deductions to an insurance company along with a statement from the insurance company listing dates and amounts of premiums; or
- Other documentation which the Trust, or its designees, determines is sufficient to prove payment for medical insurance.



Social Security Administration Benefit Verification Letter

Date: December 1, 2022

0201BEV9B2KRBDX CCM.M72.BEV9B.R221201



You asked us for information from your record. The information that you requested is shown below. If you want anyone else to have this information, you may send them this letter.

Information About Current Social Security Benefits

Beginning December 2022, the full monthly Social Security benefit before any deductions is [REDACTED]

We deduct \$164.90 for medical insurance premiums each month.

The regular monthly Social Security payment is \$2,640.00.
(We must round down to the whole dollar.)

Social Security benefits for a given month are paid the following month. (For example, Social Security benefits for March are paid in April.)

Your Social Security benefits are paid on or about the second Wednesday of each month.

Information About Past Social Security Benefits

From December 2021 to November 2022, the full monthly Social Security benefit before any deductions was [REDACTED]

We deducted \$170.10 for medical insurance premiums each month.

The regular monthly Social Security payment was [REDACTED]
(We must round down to the whole dollar.)

Type of Social Security Benefit Information

You are entitled to monthly retirement benefits.

See Next Page

22AS664K55151

Page 2 of 3

Information About Current Social Security Benefits

Beginning April 2018, the full monthly Social Security benefit before any deductions is \$0.00.

We deduct \$0.00 for medical insurance premiums each month.

The regular monthly Social Security payment is \$0.00.
(We must round down to the whole dollar.)

Benefits were stopped beginning April 2018.

Social Security benefits for a given month are paid the following month. (For example, Social Security benefits for March are paid in April.)

Your Social Security benefits are paid on or about the second Wednesday of each month.

Type of Social Security Benefit Information

You are entitled to monthly benefits as a dependent of the wage earner.

Medicare Information

You are entitled to hospital insurance under Medicare beginning April 2016.

You are entitled to medical insurance under Medicare beginning May 2018.

Your Medicare number is [REDACTED] You may use this number to get medical services while waiting for your Medicare card.

If you have any questions, please log into Medicare.gov, or call 1-800-MEDICARE (1-800-633-4227).

Date of Birth Information

The date of birth shown on our records is [REDACTED]

Suspect Social Security Fraud?

Please visit <http://oig.ssa.gov/r> or call the Inspector General's Fraud Hotline at 1-800-269-0271 (TTY 1-866-501-2101).

If You Have Questions**Need more help?**

1. Visit www.ssa.gov for fast, simple and secure online service.
2. Call us at **1-800-772-1213**, weekdays from 8:00 am to 7:00 pm. If you are deaf or hard of hearing, call TTY **1-800-325-0778**. Please mention this letter when you call.
3. You may also call your local office at **1-888-808-5481**.

SOCIAL SECURITY
1170 HARVARD WAY
RENO NV 89502

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



TO: Board of Trustees of the TMWA Section 115 OPEB Trust
FROM: Sophia Cardinal, TMWA Financial Controller
DATE: June 28, 2023
SUBJECT: Present and accept the December 31, 2022 audited financial statements

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2022 audited financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan).

Discussion

The following report is attached:

- December 31, 2022 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, 2022 include:

- Operating cash balances were \$55 thousand.
- Plan investments at fair value were \$1.5 million.
- Net investment loss, including realized and unrealized gains and losses, was \$235 thousand.
- Employer contributions to the Plan were \$46 thousand.
- Net position totaled \$1.5 million, which was a \$258 thousand decrease from the prior year.



June 12, 2023

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, 2022, and have issued our report thereon dated June 12, 2023. 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 letter dated April 28, 2023, 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 your 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.

We have provided our comments regarding internal controls during our audit in our 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* dated June 12, 2023.

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.

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 2022. 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 estimate affecting the financial statements is:

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 net 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 any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated June 12, 2023.

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, operating and regulatory conditions affecting the entity, and operational 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 the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

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Reno, Nevada



Financial Statements
December 31, 2022

Truckee Meadows Water Authority OPEB Trust Fund

A Fiduciary Component Unit of Truckee
Meadows Water Authority

Truckee Meadows Water Authority OPEB Trust Fund

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December 31, 2022

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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

Opinion

We have audited the financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the "Plan"), a fiduciary component unit of Truckee Meadows Water Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan, as of December 31, 2022, and the respective changes in financial 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 (*Government Auditing Standards*). 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 opinion. 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 on pages 4-7, schedule of changes in the net OPEB liability and related ratios on page 17, schedule of contributions on page 18, and schedule of investment returns on page 19, 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 GAAS, 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 June 12, 2023 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.

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Reno, Nevada
June 12, 2023

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, 2022 and 2021. 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 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 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 at fair value, cash, and other short-term assets and liabilities as of the year ended December 31, 2022.

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 (loss) and deductions for payments for the benefit of retirees and administrative expenses for the year ended December 31, 2022.

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 the 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.

Truckee Meadows Water Authority OPEB Trust Fund

Management's Discussion & Analysis
Year Ended December 31, 2022

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, 2022 are as follows:

- Operating cash balances at year end were \$55 thousand
- Plan investments at fair value at year end were \$1.5 million
- Net investment loss was \$235 thousand
- Employer contributions to the Plan were \$46 thousand

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

Plan Analysis

The following table provides a summary of two years of Net Position of the Plan:

	2022	2021	Change 2022 v 2021
Assets			
Cash	\$ 55,240	\$ 75,394	\$ (20,154)
Receivables from plan members	1,545	1,912	(367)
Investments, at fair value	<u>1,467,726</u>	<u>1,702,625</u>	<u>(234,899)</u>
Total assets	1,524,511	1,779,931	(255,420)
Liabilities			
Accounts payable	<u>6,191</u>	<u>3,133</u>	<u>3,058</u>
Net position restricted for postemployment benefits other than pensions	\$ <u>1,518,320</u>	\$ <u>1,776,798</u>	\$ <u>(258,478)</u>

Truckee Meadows Water Authority OPEB Trust Fund
Management's Discussion & Analysis
Year Ended December 31, 2022

At December 31, 2022, Plan assets of \$1.5 million were comprised primarily of investments at fair value. Also included in Plan assets were \$55 thousand in operating cash and \$2 thousand in Plan member receivables. Plan assets decreased by \$255 thousand as compared to December 31, 2021 due mostly to a decrease in fair value of Plan investments.

The following table provides a summary of two years of Changes in Net Position of the Plan:

	<u>2022</u>	<u>2021</u>	<u>Change 2022 v 2021</u>
Additions			
Net investment income (loss)	\$ (234,899)	\$ 247,557	\$ (482,456)
Employer contributions	<u>46,494</u>	<u>97,848</u>	<u>(51,354)</u>
Total additions	(188,405)	345,405	(533,810)
Deductions			
Benefit payments	50,386	50,863	(477)
Administrative expenses	<u>19,687</u>	<u>14,000</u>	<u>5,687</u>
Total deductions	<u>70,073</u>	<u>64,863</u>	<u>5,210</u>
Change in net position	(258,478)	280,542	(539,020)
Net position restricted for postemployment benefits other than pensions			
Beginning of year	<u>1,776,798</u>	<u>1,496,256</u>	<u>280,542</u>
End of year	\$ <u>1,518,320</u>	\$ <u>1,776,798</u>	\$ <u>(258,478)</u>

Net position is restricted for future benefit payments to retirees.

As of December 31, 2022, the Net Position of the Plan was \$1.5 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 decreased \$258 thousand in 2022. This was primarily due to a decrease in fair value of investments of \$235 thousand from 2021 to 2022, related to lower returns from the investment portfolio. Employer contributions were \$46 thousand in 2022 compared to \$98 thousand in 2021 as a result of the actuarial valuation dated December 31, 2021. Benefits paid, net of plan member contributions, of \$51 thousand in 2022 and 2021 remained flat year over year. Administrative expenses totaling \$20 thousand in 2022 were slightly higher than in 2021 due to increased legal fees.

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.

Economic Outlook

Economic growth is expected to slow this year as tight monetary policy and declining credit availability take their toll. A weaker economy will likely lead to negative sentiment in the stock market and a decrease in the fair value of the Plan's investments. However, the Plan has a strong net position, and management believes it can weather this short-term volatility.

Requests for Information

Questions concerning the information provided in this report or requests for additional financial information should be addressed to Matt Bowman, TMWA Chief Financial Officer/Treasurer at P.O. Box 30013, Reno, NV 89509-3013.

Truckee Meadows Water Authority OPEB Trust Fund

Statement of Fiduciary Net Position

December 31, 2022

Assets	
Cash	\$ 55,240
Receivables from plan members	1,545
Investments	<u>1,467,726</u>
Total assets	1,524,511
Liabilities	
Accounts payable	<u>6,191</u>
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 1,518,320</u></u>

Truckee Meadows Water Authority OPEB Trust Fund
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022

Additions	
Investment income (loss)	
Net decrease in fair value of investments	\$ (265,317)
Interest and dividends	30,914
Investment expense	<u>(496)</u>
Net investment loss	(234,899)
Employer contributions	<u>46,494</u>
Total additions	<u>(188,405)</u>
Deductions	
Benefit payments	50,386
Administrative expenses	<u>19,687</u>
Total deductions	<u>70,073</u>
Net decrease in net position	(258,478)
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>1,776,798</u>
End of year	<u><u>\$ 1,518,320</u></u>

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 fiduciary component unit of TMWA, 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.

These statements have also been prepared in accordance with the reporting standards as promulgated by the Governmental Accounting Standards Board (GASB). GASB has set forth criteria to be considered in GASB Statement No. 84, Fiduciary Activities and in GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These standards require the inclusion in TMWA's financial statements of fiduciary components if TMWA has control of the assets and if the following criteria are met:

1. If TMWA appoints a voting majority and either has financial burden (legally or assumed) to make contributions or has imposition of will.
2. If TMWA does not appoint a voting majority and has both a financial burden (legally or assumed) to make contributions and there is fiscal dependency on TMWA.

Therefore, due to the above criteria, the Plan is considered to be a fiduciary component unit of TMWA.

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.

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 (Loss)

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 (loss) consists of the Plan's net earnings (losses) from its participation in the State of Nevada's Retirement Benefits Investment Fund (RBIF), an external investment pool. The Plan's net earnings (losses) from the external investment pool is based on the Plan's original investment plus a monthly allocation of investment income (loss), 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.

Net Position Classification

Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Net position is restricted for postemployment benefits other than pension by the TMWA Section 115 Plan and Trust Agreement.

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 group 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 Coverage Plan Options

TMWA retirees can chose between a Preferred Provider Organization or Employer Health Maintenance Organization health plan coverage options administered by the City of Reno. These health plan coverage options are the same health plan coverage options offered to active employees of TMWA. TMWA retirees may choose to participate in a health plan coverage option not provided by the City of Reno. The amount paid by the Plan for participation in health plan coverage options 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, 2022, 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, 2022, TMWA contributed \$46,494 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, 2022, retirees' share of health premiums and costs ranged from \$77 to \$695 a month. Retiree contributions were \$20,741 which were net against benefit payments in the Statement of Changes in Fiduciary Net Position.

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, 2022.

Note 3 - Cash and Investments

Deposits

As of December 31, 2022, the Plan's bank balance was \$60,567 and carrying amount was \$55,240. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. All of the bank balance was covered by the FDIC.

Investments

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 (losses) and expenses according to their proportional share in RBIF. Bank of New York, Mellon determines the fair value of the RBIF monthly. Complete financial information on RBIF as of June 30, 2022 can be obtained by contacting Public Employees Retirement System at 693 W. Nye Lane, Carson City, Nevada, 89703.

Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2022

Investments at fair value as of December 31, 2022:

	Total
RBIF	<u>\$ 1,467,726</u>

For the year ended December 31, 2022, the annual money-weighted rate of return on investments net expenses was -13.77%. 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, 2022 were as follows:

Total OPEB liability	\$ 2,236,255
Plan fiduciary net position	1,518,320
Net OPEB liability	\$ 717,935
Plan fiduciary net position as a percentage of the total OPEB liability	67.90%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, for which roll forward procedures were used through the measurement date as of December 31, 2022, 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 2023; 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.

Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2022

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

Asset Class	Target Allocation	Asset Allocation
S&P 500 Index	50.50%	52.10%
MSCI World x US Index	21.50%	20.80%
U.S. Bond Index	28.00%	26.60%
Cash & Cash Equivalents	0.00%	0.50%
	100.00%	100.00%

Discount rate: The discount rate used to measure the total OPEB liability was 6.00%. 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 Plan's 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 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	\$ 1,012,064	\$ 717,935	\$ 472,588

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	\$ 455,548	\$ 717,935	\$ 1,036,090



Required Supplementary Information

Truckee Meadows Water Authority

OPEB Trust Fund

A Fiduciary Component Unit of Truckee
Meadows Water Authority

Truckee Meadows Water Authority OPEB Trust Fund
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Years*

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769
Interest cost	128,719	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	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	82,733	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,153,522	2,043,999	1,950,233	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	<u>\$ 2,236,255</u>	<u>\$ 2,153,522</u>	<u>\$ 2,043,999</u>	<u>\$ 1,950,233</u>	<u>\$ 1,961,246</u>	<u>\$ 1,826,373</u>
Plan fiduciary net position						
Employer contributions	\$ 46,494	\$ 97,848	\$ 68,634	\$ 107,623	\$ 107,945	\$ 103,441
Employer contributions - implicit subsidy	25,187	20,073	17,109	14,175	11,421	-
Net investment income	(234,899)	247,557	193,211	220,508	(46,729)	125,822
Benefit payments	(50,386)	(50,863)	(41,252)	(40,430)	(22,644)	(9,334)
Benefit payments - implicit subsidy	(25,187)	(20,073)	(17,109)	(14,175)	(11,421)	-
Auditing fees	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Administrative fees	-	-	-	-	(500)	(598)
Legal fees	(4,887)	-	-	(4,288)	(5,863)	(788)
Retiree contributions in	20,741	23,102	22,947	20,475	5,244	930
Retiree contributions out	(20,741)	(23,102)	(22,947)	(20,475)	(5,244)	(930)
Net change in plan fiduciary net position	(258,478)	280,542	206,593	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,776,798	1,496,256	1,289,663	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	<u>\$ 1,518,320</u>	<u>\$ 1,776,798</u>	<u>\$ 1,496,256</u>	<u>\$ 1,289,663</u>	<u>\$ 1,018,350</u>	<u>\$ 999,831</u>
TMWA's net OPEB liability - ending (a) - (b)	<u>\$ 717,935</u>	<u>\$ 376,724</u>	<u>\$ 547,743</u>	<u>\$ 660,570</u>	<u>\$ 942,896</u>	<u>\$ 826,542</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.90%	82.51%	73.20%	66.13%	51.92%	54.74%
Covered-employee payroll	N/A	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

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*

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 71,847	\$ 87,109	\$ 86,278	\$ 103,771	\$ 120,582	\$ 111,404
Contributions in relation to the actuarially determined contribution	<u>46,494</u>	<u>97,848</u>	<u>68,634</u>	<u>107,623</u>	<u>107,945</u>	<u>103,441</u>
Contribution deficiency (excess)	<u>\$ 25,353</u>	<u>\$ (10,739)</u>	<u>\$ 17,644</u>	<u>\$ (3,852)</u>	<u>\$ 12,637</u>	<u>\$ 7,963</u>
Covered-employee payroll	N/A	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

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, for which roll forward procedures were used through the measurement date as of December 31, 2022.

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	22 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates*	5.80% in 2023 3.90% ultimated for 2076 and later years
Investment rate of return/ discount rate	6.00%
Retirement age	45-75
Mortality	Mortality rates were based on the MacLeod Watts Scale 2022, 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 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 Investment Returns
 Last Ten Years*

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-13.77%	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.



**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 Truckee Meadows Water Authority OPEB Trust Fund (the “Plan”), a fiduciary component unit of Truckee Meadows Water Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Plan’s basic financial statements and have issued our report thereon dated June 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’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 Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’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 the Plan'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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP". The signature is written in black ink and is positioned in the lower-left area of the page.

Reno, Nevada
June 12, 2023

Retirement Benefits Investment Fund

March 31, 2023

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	\$ 383,154,062	50.5%	50.8%	10.0%	-7.7%	18.6%	11.2%	12.2%	9.7%
Market Return				10.0%	-7.7%	18.6%	11.2%	12.2%	9.7%
Int'l Stocks- MSCI World x US Index	\$ 170,485,550	21.5%	22.6%	14.1%	-2.5%	13.7%	4.0%	5.3%	3.2%
Market Return				14.0%	-2.7%	13.5%	3.7%	5.1%	3.0%
U.S. Bonds- U.S. Bond Index	\$ 191,641,061	28.0%	25.4%	-1.0%	-0.6%	-1.1%	2.7%	2.0%	3.0%
Market Return				-0.8%	-1.3%	-1.3%	2.5%	1.8%	2.8%
	\$ 8,545,830	0.0%	1.1%						
Total RBIF Fund	\$ 753,826,503	100.0%	100.0%	7.7%	-4.4%	12.3%	7.8%	8.1%	6.8%
Market Return				8.0%	-4.5%	12.0%	7.5%	7.9%	6.8%