



**TRUCKEE MEADOWS WATER AUTHORITY**  
**Section §115 Other Post-Employment Benefit Plan & Trust**  
**Trustee Meeting**  
**AGENDA**  
**Tuesday July 15, 2025 at 12:30 p.m.**  
**Independence Conference Room:**  
**1355 Capital Blvd. Reno NV 89520 and by Teleconference**

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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)

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Phone: (775) 325-5404  
Meeting ID: 279 916 150 765#

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 15, 2025 minutes **(For Possible Action)**
5. Review and approval of Other Post-Employment Benefit Plan & Trust calculation for TMWA retiree(s) - Rosalinda Rodriguez **(For Possible Action)**
6. Review of current PEBS subsidy calculations – Rosalinda Rodriguez **(For Possible Action)**
7. Review of Financial Statement Audit – Veronica Galindo\*
8. Review of Actuarial Valuation- Veronica Galindo\*
9. Review of Retirement Benefits Investment Fund (RBIF) performance – Matt Bowman\*
10. Human Resources Update - Rosalinda Rodriguez\*
11. Trustee comments and requests for future agenda items\*
12. Public comment-limited to no more than three minutes per speaker\*
13. 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*

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**DRAFT April 15, 2025 MINUTES**

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The meeting of the TMWA Section 115 Post-Retirement Medical Plan and Trust (Trust) Trustees was held on Tuesday, April 15, 2025 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

Voting Members Absent:

Members Present

Rosalinda Rodriguez  
Dan Nubel

Members Absent:

Jessica Atkinson  
Marty Kumle

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 21, 2025 MINUTES

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 21, 2025 meeting minutes.**

5. LEGAL SERVICES FOR OTHER POST-EMPLOYMENT BENEFIT PLAN & TRUST

Trustee Matt Bowman, informed trustees that since the inception of the Other Post Employment Benefit Plan & Trust Section 115, Gus Rossi of Maupin, Cox & Legoy has been appointed as legal counsel. Since then, TMWA hired Staff Attorney Daniel Nubel, who possesses the expertise to provide counsel on general trust matters and oversee trustee meetings. Bowman recommended Trustees consider utilizing an internal resource for legal counsel, which would result in both cost savings and efficiencies.

**Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved that Staff Attorney Daniel Nubel be appointed to act as Legal Counsel for the OPEB Trust Section 115 and terminate Attorney Gustave J. Rossi's contract for legal services.**

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

Mr. Bowman, reviewed the RBIF report dated December 31, 2024. The total RBIF Fund fiscal year to date on the report was 4.2%. This will probably show a lower number in Q3 to reflect the current losses in the market.

7. HUMAN RESOURCES REPORT

Ms. Rodriguez had no updates to report.

**For information purposes only, no action required.**

8. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

No requests were made.

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

There was no public comment.

10. ADJOURNMENT

With no further business to discuss, Chairperson Bowman adjourned the meeting at 12:35 p.m.

Minutes were approved by the Trustees in session on \_\_\_\_\_.

Respectfully Submitted,

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Rosalinda Rodriguez, Recording Secretary



## STAFF REPORT

**TO:** Trustees of the §115 Other Post Employment Benefits Trust  
**THRU:** Rosalinda Rodriguez, HR Technician II  
**DATE:** July 15, 2025  
**SUBJECT:** Review of proposal for Tier II Subsidy Schedule

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### **Recommendation**

1. Approve the subsidy schedule for §115 tier II retirees under the age of 65 as presented in attachment 5A for fiscal year 2026.
2. Approve Exchange -HRA Table for §115 tier II retirees age 65 and older as presented in attachment 5B for fiscal year 2026.

### **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 FY26 base subsidy for the Statewide EPO/HMO Non-state Retirees and Survivors is \$689.14 (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 FY26 (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 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 FY2026-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 2026.

We currently have four Tier II retirees; they are all over the age of 65 and three request reimbursements from the trust. Once these new tables are approved by trustees they will be eligible to receive reimbursements based on their years of service according the FY26 schedule.

## State and Non-State Retirees - Plan Year 2026 Rates

Base Subsidy Retiree Only Statewide EPO/HMO Plan

**\$ 689.14**

YOS	ADJUSTMENT	TOTAL SUBSIDY
5	\$ 520.50	\$ 168.64
6	\$ 468.45	\$ 220.69
7	\$ 416.40	\$ 272.74
8	\$ 364.35	\$ 324.79
9	\$ 312.30	\$ 376.84
10	\$ 260.25	\$ 428.89
11	\$ 208.20	\$ 480.94
12	\$ 120.15	\$ 568.99
13	\$ 104.10	\$ 585.04
14	\$ 52.05	\$ 637.09
15	\$ -	\$ 689.14
16	\$ (52.05)	\$ 741.19
17	\$ (104.10)	\$ 793.24
18	\$ (156.15)	\$ 845.29
19	\$ (208.20)	\$ 897.34
20	\$ (260.25)	\$ 949.39

**Exchange -HRA Contribution for Medicare Retirees Enrolled in the  
Medicare Exchange - Plan Year 2026**

<b>YOS</b>	<b>CONTRIBUTION</b>
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, 2025 - June 30, 2026	Nationwide PPO			Nationwide PPO			Statewide EPO/HMO		
	Consumer Driven Health Plan (CDHP-PPO)			Low Deductible (LD-PPO)			Exclusive Provider Organization 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	\$955.85	\$677.79	<b>\$278.06</b>	\$993.49	\$678.91	<b>\$314.58</b>	\$1,131.84	\$689.14	<b>\$442.70</b>
Retiree + Spouse	\$1,903.02	\$1,200.21	<b>\$702.81</b>	\$1,978.31	\$1,202.46	<b>\$775.85</b>	\$2,255.02	\$1,222.93	<b>\$1,032.09</b>
Retiree + Child(ren)	\$1,311.04	\$873.70	<b>\$437.34</b>	\$1,362.80	\$875.24	<b>\$487.56</b>	\$1,553.04	\$889.31	<b>\$663.73</b>
Retiree + Family	\$2,258.21	\$1,396.12	<b>\$862.09</b>	\$2,347.62	\$1,398.79	<b>\$948.83</b>	\$2,676.21	\$1,423.09	<b>\$1,253.12</b>
Surviving/Unsubsidized Dependent	\$955.85	-	<b>\$955.85</b>	\$993.49	-	<b>\$993.49</b>	\$1,131.84	-	<b>\$1,131.84</b>
Surviving/Unsubsidized Spouse + Child(ren)	\$1,311.04	-	<b>\$1,311.04</b>	\$1,362.80	-	<b>\$1,362.80</b>	\$1,533.04	-	<b>\$1,553.04</b>

-- 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 [State and Non-State Retiree Years of Service Subsidy table on page 17](#). 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 between January 1, 2010, and December 31, 2011, 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 CDHP, LD, EPO or HMO plan who are enrolled in Medicare Part B, subtract *up to* an additional \$145.30 from the participant premium.

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



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

## Retiree Medicare Exchange 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).
- Those retirees with less than 15 years of service, who were hired by their last employer **BETWEEN January 1, 2010, and December 31, 2011**, and who are not disabled do not receive an Exchange HRA contribution.
- Employees who were initially hired **ON OR AFTER January 1, 2012**, do not receive an Exchange HRA.

Plan Year 2026 Monthly PEBP Dental Rates Medicare Retirees Enrolled with Via Benefits		
Effective July 1, 2025 – June 30, 2026	State Retiree	Non-State Retiree
Retiree only	\$53.18	\$50.31
Retiree + Spouse/DP*	\$106.36	\$100.62
Surviving/Unsubsidized Spouse/DP*	\$53.18	\$50.31

\*Spouse/DP must also be enrolled in Medicare in order to elect PEBP dental.

## State and Non-State Retiree Years of Service Subsidy

Subsidy amounts shown are for those staying on a PEBP Plan or are not yet eligible for Medicare. Other eligibility requirements apply:

- For participants who retired **BEFORE January 1, 1994**, the participant premium for the selected plan and tier is shown on the retiree rate pages
- For participants who retired **ON OR AFTER January 1, 1994**, add or subtract the appropriate subsidy in the table to the participant premium in the selected plan and tier. Do not add more than the base subsidy in the selected plan and tier.
- Employees hired **BETWEEN January 1, 2010, and December 31, 2011**, who retire with fewer than 15 years of service, and who are not disabled, do not receive a years of service subsidy.
- Employees who were initially hired **ON OR AFTER January 1, 2012**, do not receive a years of service subsidy, the base subsidy, and will be charged the full unsubsidized rate.

Non-State/participating local government years of service (YOS) credit criteria: To receive YOS credit from a non-State or local government participating agency, your last employer must be a current PEBP participating agency with a hire date prior to 2012.

### PY26 Retirees Enrolled in the CDHP/LD/EPO/HPN Plan

Years of Service	Subsidy
5	+\$520.50
6	+\$468.45
7	+\$416.40
8	+\$364.35
9	+\$312.30
10	+\$260.25
11	+\$208.20
12	+\$156.15
13	+\$104.10
14	+\$52.05
15 (base)	-
16	-\$52.05
17	-\$104.10
18	-\$156.15
19	-\$208.20
20	-\$260.25

***OPEB Trust Fund***

*a single employer plan sponsored by  
Truckee Meadows Water Authority*

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**TO:** Board of Trustees of the TMWA Section 115 OPEB Trust Fund  
**FROM:** Veronica Galindo, Senior Accountant  
**DATE:** July 15, 2025  
**SUBJECT:** **Present and accept the December 31, 2024 audited financial statements**

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**Recommendation**

TMWA staff recommends the Trustees accept the December 31, 2024 audited financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan).

**Discussion**

The following report is attached:

- December 31, 2024 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, 2024 include:

- Operating cash balances were \$46 thousand.
- Plan investments at fair value were \$1.9 million.
- Net investment income, including realized and unrealized gains and losses, was \$0.2 million.
- Employer contributions to the Plan were \$54 thousand.
- Net position totaled \$1.9 million, which was a \$0.2 million increase from the prior year.



Financial Statements

For the year ended December 31, 2024

# Truckee Meadows Water Authority OPEB Trust Fund

A Fiduciary Component Unit of Truckee Meadows Water  
Authority

## Truckee Meadows Water Authority OPEB Trust Fund

Table of Contents  
December 31, 2024

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Independent Auditor's Report.....	1
Management's Discussion & Analysis.....	4
Basic Financial Statements	
Statement of Fiduciary Net Position .....	8
Statement of Changes in Fiduciary Net Position .....	9
Notes to Financial Statements .....	10
Required Supplementary Information	
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	17
Schedule of Contributions .....	19
Schedule of Investment Returns.....	20
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 <i>Government Auditing Standards</i> .....	21

## 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, 2024, 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, 2024, 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 pages 17-18, schedule of contributions on page 19, and schedule of investment returns on page 20, 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 May 30, 2025 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
May 30, 2025



## Truckee Meadows Water Authority OPEB Trust Fund

### Management's Discussion & Analysis

Year Ended December 31, 2024

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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, 2024 and 2023. 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, 2024.

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, 2024.

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, 2024

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, 2024 are as follows:

- Operating cash balances at year end were \$46,435
- Plan investments at fair value at year end were \$1.9 million
- Net investment income was \$0.2 million
- Employer contributions to the Plan were \$54,044

Financial highlights of the Plan as of and for the year ended December 31, 2023 are as follows:

- Operating cash balances at year end were \$26,657
- Plan investments at fair value at year end were \$1.7 million
- Net investment income was \$0.3 million
- Employer contributions to the Plan were \$33,596

### Plan Analysis

The following table provides a summary of two years of Net Position of the Plan at December 31:

	2024	2023	Change 2024 v 2023
Assets			
Cash	\$ 46,435	\$ 26,657	\$ 19,778
Receivables from plan members	618	1,543	(925)
Investments, at fair value	<u>1,905,323</u>	<u>1,731,235</u>	<u>174,088</u>
Total assets	1,952,376	1,759,435	192,941
Liabilities			
Accounts payable	<u>11,265</u>	<u>9,771</u>	<u>1,494</u>
Net position restricted for postemployment benefits other than pensions	<u>\$ 1,941,111</u>	<u>\$ 1,749,664</u>	<u>\$ 191,447</u>

## Truckee Meadows Water Authority OPEB Trust Fund

## Management's Discussion &amp; Analysis

Year Ended December 31, 2024

At December 31, 2024, Plan assets of \$2.0 million were comprised primarily of investments at fair value. Also included in Plan assets were \$46,435 in operating cash and \$618 in Plan member receivables. Plan assets increased by \$0.2 million as compared to December 31, 2023 due mostly to an increase in fair value of Plan investments.

The following table provides a summary of two years of Changes in Net Position of the Plan for the years ended December 31:

	2024	2023	Change 2024 v 2023
Additions			
Net investment income	\$ 219,088	\$ 273,508	\$ (54,420)
Employer contributions	54,044	33,596	20,448
Total additions	273,132	307,104	(33,972)
Deductions			
Benefit payments	62,232	58,360	3,872
Administrative expenses	19,453	17,400	2,053
Total deductions	81,685	75,760	5,925
Change in net position	191,447	231,344	(39,897)
Net position restricted for postemployment benefits other than pensions			
Beginning of year	1,749,664	1,518,320	231,344
End of year	\$ 1,941,111	\$ 1,749,664	\$ 191,447

Net position is restricted for future benefit payments to retirees.

As of December 31, 2024, the Net Position of the Plan was \$1.9 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 \$191,447 in 2024. This was primarily due to an increase in fair value of investments of \$174,088 from 2023 to 2024, related to higher returns from the investment portfolio. Employer contributions were \$54,044 in 2024 compared to \$33,596 in 2023 as a result of the actuarial valuation dated December 31, 2023. Benefits paid, net of plan member contributions, of \$62,232 in 2024 increased from the previous year due primarily to an decrease in contributions. Administrative expenses totaling \$19,453 in 2024 were higher than in 2023 due to newly imposed fees for medical, dental, and vision insurance administration.

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.

## Truckee Meadows Water Authority OPEB Trust Fund

Management's Discussion & Analysis

Year Ended December 31, 2024

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### **Economic Outlook**

National and global economic conditions and/or other external factors could impact investment performance of the Plan. Due to the nature of the plan's investments, along with the strategy and strong historical performance of Nevada's Retirement Benefits Investment Board, economic factors are not expected to have significant, lasting impacts on the Plan's financial statements.

### **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, 2024

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Assets	
Cash	\$ 46,435
Receivables from plan members	618
Investments, at fair value	<u>1,905,323</u>
Total assets	1,952,376
Liabilities	
Accounts payable	<u>11,265</u>
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 1,941,111</u></u>

Truckee Meadows Water Authority OPEB Trust Fund  
Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2024

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Additions	
Net investment income	\$ 219,088
Employer contributions	<u>54,044</u>
Total additions	<u>273,132</u>
Deductions	
Benefit payments	62,232
Administrative expenses	<u>19,453</u>
Total deductions	<u>81,685</u>
Net increase in net position	191,447
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>1,749,664</u>
End of year	<u><u>\$ 1,941,111</u></u>

## Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

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**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 and 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**

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

# Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

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 (losses) 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.

## 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).



# Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

## Retiree Healthcare Coverage Plan Options

TMWA retirees are offered a Preferred Provider Organization health plan coverage option administered by the City of Reno. The 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 the actuarial valuation date of December 31, 2023, membership of the Plan consisted of the following:

Retirees currently receiving medical benefits	9
Retirees currently receiving life benefits	7
Retirees entitled to, but not yet receiving benefits	1
Active Plan Members	
IBEW members	8
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.

# Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

## 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](http://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.

# Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

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TMWA shall annually contribute to the Plan an amount which TMWA determines as necessary to fund the benefits due pursuant to a qualified actuarial analysis. During the year ended December 31, 2024, TMWA contributed \$54,044 to the Plan. Retiree contributions were \$9,265 which were net against benefit payments in the Statement of Changes in Fiduciary Net Position.

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, 2024, retirees' share of health premiums and costs ranged from \$0.50 to \$617 a month per retiree.

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, 2024.

## **Note 3 - Cash and Investments**

### **Deposits**

As of December 31, 2024, the Plan's bank balance was \$46,435 and carrying amount was \$46,435. 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, 2024 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, 2024

Investments at fair value as of December 31, 2024:

RBIF	<u>\$ 1,905,323</u>
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For the year ended December 31, 2024, the annual money-weighted rate of return on investments net expenses was 12.75%. 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, 2024 were as follows:

Total OPEB liability	\$ 2,477,771
Plan fiduciary net position	<u>1,941,111</u>
Net OPEB liability	<u>\$ 536,660</u>
Plan fiduciary net position as a percentage of the total OPEB liability	78.34%

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, for which roll forward procedures were used through the measurement date as of December 31, 2024, 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*	6.50% in 2025; 3.90% ultimated for 2075 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, 2023 were based on actual census data.

## Truckee Meadows Water Authority OPEB Trust Fund

Notes to Financial Statements

December 31, 2024

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	42.50%	44.70%
MSCI World x US Index	17.50%	16.40%
U.S. Bond Index	28.00%	26.60%
Cash & Cash Equivalents	12.00%	12.30%
	<u>100.00%</u>	<u>100.00%</u>

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	\$ 834,954	\$ 536,660	\$ 284,489

#### 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 (5.50 percent decreasing to 2.90 percent) or 1-percentage-point higher (7.50 percent decreasing to 4.90 percent) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 2.90%)	Healthcare Cost Trend Rate (6.50% decreasing to 3.90%)	1% Increase (7.50% decreasing to 4.90%)
Net OPEB liability	\$ 267,109	\$ 536,660	\$ 858,592



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\***

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 29,073	\$ 30,475	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769
Interest cost	142,863	133,487	128,719	122,661	117,350	119,591	111,978	103,644
Differences between expected and actual experience	-	47,606	-	61,652	-	(179,517)	-	-
Changes of assumptions	-	34,186	-	(39,674)	-	44,279	-	-
Benefit payments	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	79,641	161,875	82,733	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,398,130	2,236,255	2,153,522	2,043,999	1,950,233	1,961,246	1,826,373	1,677,294
Total OPEB liability - ending (a)	<u>\$ 2,477,771</u>	<u>\$ 2,398,130</u>	<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	\$ 54,044	\$ 33,596	\$ 46,494	\$ 97,848	\$ 68,634	\$ 107,623	\$ 107,945	\$ 103,441
Employer contributions - implicit subsidy	20,798	25,519	25,187	20,073	17,109	14,175	11,421	-
Net investment income (loss)	219,088	273,508	(234,899)	247,557	193,211	220,508	(46,729)	125,822
Benefit payments	(62,232)	(58,360)	(50,386)	(50,863)	(41,252)	(40,430)	(22,644)	(9,334)
Benefit payments - implicit subsidy	(20,798)	(25,519)	(25,187)	(20,073)	(17,109)	(14,175)	(11,421)	-
Auditing fees	(17,659)	(15,300)	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Administrative fees	-	-	-	-	-	-	(500)	(598)
Legal fees	(1,794)	(2,100)	(4,887)	-	-	(4,288)	(5,863)	(788)
Retiree contributions in	9,265	18,520	20,741	23,102	22,947	20,475	5,244	930
Retiree contributions out	(9,265)	(18,520)	(20,741)	(23,102)	(22,947)	(20,475)	(5,244)	(930)
Net change in plan fiduciary net position	191,447	231,344	(258,478)	280,542	206,593	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,749,664	1,518,320	1,776,798	1,496,256	1,289,663	1,018,350	999,831	787,288
Plan fiduciary net position - ending (b)	<u>\$ 1,941,111</u>	<u>\$ 1,749,664</u>	<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>\$ 536,660</u>	<u>\$ 648,466</u>	<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	78.34%	72.96%	67.90%	82.51%	73.20%	66.13%	51.92%	54.74%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TMWA's net OPEB liability as a percentage of covered payroll	N/A	N/A	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.

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

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**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.
- In the 2023 actuarial valuation, the healthcare cost trend rate was updated for projecting medical premiums and expected claims from Getzen Model 2022\_b to Getzen Model 2023, as published by the Society of Actuaries. Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.



**Truckee Meadows Water Authority OPEB Trust Fund**  
**Schedule of Contributions**  
**Last Ten Years\***

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 73,219	\$ 56,754	\$ 71,847	\$ 87,109	\$ 86,278	\$ 103,771	\$ 120,582	\$ 111,404
Contributions in relation to the actuarially determined contribution	54,044	33,596	46,494	97,848	68,634	107,623	107,945	103,441
Contribution deficiency (excess)	<u>\$ 19,175</u>	<u>\$ 23,158</u>	<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	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	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, 2023, for which roll forward procedures were used through the measurement date as of December 31, 2024.

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	20 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates**	6.50% in 2025 3.90% ultimated for 2075 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.
- In the 2023 actuarial valuation, the healthcare cost trend rate was updated for projecting medical premiums and expected claims from Getzen Model 2022\_b to Getzen Model 2023, as published by the Society of Actuaries. Dental premium rate increases were lowered from 4.0% per year to 3.5% per year and vision premium rate increases were lowered from 4.0% per year to 2.5% per year, following a review of rate changes over the past 6 years.

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

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	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	12.75%	17.98%	-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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 30, 2025.

**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 opinion 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada  
May 30, 2025

***OPEB Trust Fund***

*a single employer plan sponsored by  
Truckee Meadows Water Authority*

---

**TO:** Board of Trustees of the TMWA Section 115 OPEB Trust Fund  
**FROM:** Veronica Galindo, Senior Accountant  
**DATE:** July 15, 2025  
**SUBJECT:** **Present and accept the December 31, 2024 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, 2024.

**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, 2024

The primary purposes of this report are to:

- Remeasure the Plan's liabilities as of December 31, 2024,
- 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, 2025.

Some highlights of the Plan's report as of December 31, 2024 include:

- The Plan's total OPEB liability is \$2.5 million.
- The Plan's fiduciary net position is \$1.9 million.
- The Plan has a net OPEB liability of \$537 thousand.
- As of the last valuation date of December 31, 2023, the Plan covers 12 active employees and 10 retirees.
- To meet the ADC funding level for fiscal years ended 2024 and 2025, Truckee Meadows Water Authority contributed \$36,421 and \$71,666, respectively. To meet the ADC funding level for fiscal year ended 2026, TMWA will need to contribute \$71,127.

# MacLeod Watts

April 18, 2025

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  
GASB 75 Report for Fiscal Year Ending June 30, 2025

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. Separate reports are prepared to develop the liability for TMWA's Post-Retirement Medical Plan and Trust (PRMPT) and the Implicit Subsidy Only Plan.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Post-employment Benefits Other Than Pension") to be reported in TMWA's financial statements for the fiscal year ending June 30, 2025. The liability is based on a roll forward of the results of the December 31, 2023, valuation and on the employee and plan data provided to us for that valuation.

TMWA also provided information regarding trust activity, payroll, retiree benefit payments and the Authority's OPEB contributions for the measurement period and for fiscal year 2024/25. Please review our summary of this information to ensure that it is consistent with your records.

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, FSA, FCA, EA, MAAA  
*Principal & Consulting Actuary*

Enclosure



*Truckee Meadows Water Authority  
Section 115 Trust Plan*

GASB 75 Actuarial Report  
Measured as of December 31, 2024

For Fiscal Year End June 30, 2025 Financial Reporting

Submitted April 2025

MacLeod Watts

## Table of Contents

A. Executive Summary .....	1
OPEB Obligations of TMWA .....	1
OPEB Funding Policy .....	2
Actuarial Assumptions .....	2
Important Dates for GASB 75 in this Report.....	2
Updates Since the Prior Report.....	3
Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2025.....	3
Important Notices.....	3
B. Results Measured as of December 31, 2024.....	4
C. Accounting Information (GASB 75) .....	5
Components of Net Position and Expense .....	5
Change in Net Position During the Fiscal Year .....	6
Change in Fiduciary Net Position During the Measurement Period .....	7
Expected Long-term Return on Trust Assets .....	7
Recognition Period for Deferred Resources .....	8
Deferred Resources as of Fiscal Year End and Expected Future Recognition .....	8
Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate .....	9
Schedule of Changes in TMWA's Net OPEB Liability and Related Ratios .....	10
Schedule of Contributions.....	12
Detail of Changes to Net Position .....	13
Schedule of Deferred Outflows and Inflows of Resources .....	14
Detail of TMWA Contributions to the Plan.....	15
Projected Benefit Payments (15-year projection) .....	16
Sample Journal Entries.....	17
D. Funding Information .....	18
E. Certification .....	19
F. Supporting Information .....	20
Section 1 - Summary of Employee Data .....	20
Section 2 - Summary of Retiree Benefit Provisions .....	22
Section 3 - Actuarial Methods and Assumptions.....	24
Appendix 1: Basic Valuation Results by Tier .....	30
Appendix 2: Important Background Information .....	31
Appendix 3: MacLeod Watts Age Rating Methodology .....	36
Appendix 4: MacLeod Watts Mortality Projection Methodology .....	37
Glossary.....	38





## A. Executive Summary

This report presents actuarial information regarding the other post-employment benefit (OPEB) program of the Truckee Meadows Water Authority (TMWA) Section 115 Trust Plan. The purpose of this valuation is to assess the OPEB liabilities of this program and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for TMWA's fiscal year ending June 30, 2025. Separate reports are 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 Appendix 2. 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.

An updated valuation should be prepared as of December 31, 2025. Results of that valuation will first be applied to prepare the GASB 75 report for this plan for TWMA's fiscal year ending June 30, 2026.

### OPEB Obligations of TMWA

As required by Nevada Revised Statutes, TMWA offers continuation of medical, dental, vision and life insurance coverage to retiring employees under the Section 115 Trust Plan. Access to this coverage can potentially create 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, vision, and life insurance premiums for qualifying retirees. These benefits are described in Supporting Information 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 or life insurance claims<sup>1</sup> 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 assume 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) estimated retiree medical or life insurance claim costs by age and (b) premiums charged for retiree coverage. For more information on MacLeod Watts' age rating methodology for medical coverage, see Appendix 3.

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<sup>1</sup> In certain situations, including in this case, for Medicare-enrolled retirees enrolled in the coverage offered by TMWA, premiums for retiree coverage may be high enough that they subsidize pre-Medicare retiree and/or active employee 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 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 Contribution each year. With TMWA's approval, the discount rate used for accounting purposes and to develop Actuarially Determined Contributions for plan funding is 6.0%. Information on how this rate was determined is provided on page 7, Expected Long-term Return on Trust Assets.

### Actuarial Assumptions

The actuarial "demographic" assumptions (i.e., rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering TMWA employees. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits.

Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent, and we will continue to monitor these assumptions in future valuations. See Section 3 in Supporting Information 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, 2025
Measurement Date	December 31, 2024
Measurement Period	January 1, 2024, to December 31, 2024
Valuation Date	December 31, 2023



## Executive Summary

(Continued)

### Updates Since the Prior Report

This report is based on a roll forward of the December 31, 2023, valuation. No benefit changes and no material changes in plan members or premium rates were reported to MacLeod Watts from those in place at the time the 2023 valuation was prepared. As such, no plan experience was developed, and no assumptions were changed. Investment experience, the difference between actual and expected return on trust assets, was determined.

### Impact on Statement of Net Position and OPEB Expense for Fiscal Year Ending 2025

The plan's impact on Net Position will be the sum of the 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, 2025
Total OPEB Liability	\$ 2,477,771
Fiduciary Net Position	(1,941,111)
<b>Net OPEB Liability</b>	<b>\$ 536,660</b>
<i>Adjustment for Deferred Resources:</i>	
Deferred (Outflows)	(247,656)
Deferred Inflows	267,597
<b>Impact on Statement of Net Position</b>	<b>\$ 556,601</b>
<b>OPEB Expense, FYE 6/30/2025</b>	<b>\$ 43,991</b>

### Important Notices

This report is intended to be used only to present the actuarial information relating to other post-employment 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, external auditor, or accounting firm about the accounting treatment of OPEB liabilities.



## B. Results Measured as of December 31, 2024

TMWA's OPEB liability for the Section 115 Trust Plan measured as of December 31, 2024, was determined based on a "roll-forward" of the December 31, 2023, valuation. A roll-forward valuation moves the plan liability forward based on expected changes. For this type of valuation, we do not collect new plan data, and we generally do not change any actuarial assumptions. One exception is that changes in the liability discount rate reflecting changes in the municipal bond index or updated trust earnings expectations are reflected as of the new measurement date.

GASB allows roll-forward valuations to be performed in the year following the full biennial valuation if no material changes to the plan or the plan's members have occurred. Examples of material changes would include significantly different terminations or retirements during the year than were assumed, or a change in the retirement plan provisions. No such events or plan amendments were reported by TMWA in the current measurement period.

The chart below reconciles the liability reported last year to that obtained by the roll-forward valuation as of the end of the current fiscal year.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
<b>Balance at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 12/31/2023</i>	\$ 2,398,130	\$ 1,749,664	\$ 648,466
<b>Expected Changes During the Period:</b>			
Service Cost	29,073		29,073
Interest Cost	142,863		142,863
Expected Investment Income		103,857	(103,857)
TMWA Contributions		74,842	(74,842)
Auditing Fees		(16,485)	16,485
Investment & Administrative Fees		(1,680)	1,680
Legal Fees		(1,794)	1,794
Retiree Contributions		9,266	(9,266)
Retiree Portion of Premiums		(9,266)	9,266
Benefit Payments	(92,295)	(92,295)	-
<b>Total Expected Changes During the Period</b>	79,641	66,445	13,196
<b>Expected at Fiscal Year Ending 6/30/2025</b> <i>Measurement Date 12/31/2024</i>	\$ 2,477,771	\$ 1,816,109	\$ 661,662
<b>Unexpected Changes During the Period:</b>			
Change Due to Investment Experience		125,002	(125,002)
<b>Total Unexpected Changes During the Period</b>	-	125,002	(125,002)
<b>Balance at Fiscal Year Ending 6/30/2025</b> <i>Measurement Date 12/31/2024</i>	\$ 2,477,771	\$ 1,941,111	\$ 536,660



## C. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2025. For GASB 75 purposes, TMWA is classified as a single employer.

### Components of Net Position and Expense

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

Plan Summary Information for FYE June 30, 2025 <i>Measurement Date is December 31, 2024</i>		TMWA Section 115
<b>Items Impacting Net Position:</b>		
Total OPEB Liability	\$	2,477,771
Fiduciary Net Position		(1,941,111)
Net OPEB Liability (Asset)		536,660
<b>Deferred (Outflows) Due to:</b>		
Assumption Changes		(21,551)
Plan Experience		(36,604)
Investment Experience		(136,116)
Deferred Contributions		(53,385)
<b>Deferred Inflows Due to:</b>		
Assumption Changes		8,126
Plan Experience		17,547
Investment Experience		241,924
<b>Impact on Statement of Net Position, FYE 6/30/2025</b>	<b>\$</b>	<b>556,601</b>
<b>Items Impacting OPEB Expense:</b>		
Service Cost	\$	29,073
Interest Cost		142,863
Expected Investment Income		(103,857)
Auditing Fees		16,485
Investment & Administrative Fees		1,680
Legal Fees		1,794
Retiree Contributions		(9,266)
Retiree Portion of Premiums		9,266
<b>Recognition of Deferred Outflows:</b>		
Assumption Changes		15,141
Plan Experience		24,070
Investment Experience		68,057
<b>Recognition of Deferred (Inflows):</b>		
Assumption Changes		(7,887)
Plan Experience		(26,995)
Investment Experience		(116,433)
<b>OPEB Expense, FYE 6/30/2025</b>	<b>\$</b>	<b>43,991</b>



## Accounting Information (GASB 75)

(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 <i>Measurement Date</i>	6/30/2024 <i>12/31/2023</i>	6/30/2025 <i>12/31/2024</i>	Change During Period
Total OPEB Liability	\$ 2,398,130	\$ 2,477,771	\$ 79,641
Fiduciary Net Position	<u>(1,749,664)</u>	<u>(1,941,111)</u>	<u>(191,447)</u>
Net OPEB Liability (Asset)	648,466	536,660	(111,806)
<i>Deferred (Outflows) Due to:</i>			
Assumption Changes	(36,692)	(21,551)	15,141
Plan Experience	(60,674)	(36,604)	24,070
Investment Experience	(204,173)	(136,116)	68,057
Deferred Contributions	(39,008)	(53,385)	(14,377)
<i>Deferred Inflows Due to:</i>			
Assumption Changes	16,013	8,126	(7,887)
Plan Experience	44,542	17,547	(26,995)
Investment Experience	<u>233,355</u>	<u>241,924</u>	<u>8,569</u>
Impact on Statement of Net Position	<u>\$ 601,829</u>	<u>\$ 556,601</u>	<u>\$ (45,228)</u>

### Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2024	\$ 601,829
OPEB Expense (Income)	43,991
TMWA Contributions During Fiscal Year	<u>(89,219)</u>
Impact on Statement of Net Position, FYE 6/30/2025	<u>\$ 556,601</u>

### OPEB Expense

TMWA Contributions During Fiscal Year	\$ 89,219
Deterioration (Improvement) in Net Position	<u>(45,228)</u>
OPEB Expense (Income), FYE 6/30/2025	<u>\$ 43,991</u>



## Accounting Information (GASB 75)

(Continued)

### Change in Fiduciary Net Position During the Measurement Period

Description	Trust Assets	Accruals	Fiduciary Net Position
Balance as of December 31, 2023	\$ 1,757,892	\$ (8,228)	\$ 1,749,664
<i>Income</i>			
Employer Contribution to trust	54,044	-	54,044
Investment Income	219,594	-	219,594
Plan Members Contribution	10,190	(924)	9,266
Total Income	283,828	(924)	282,904
<i>Expense</i>			
Audit Fees	16,485	-	16,485
Administrative Fees	1,584	96	1,680
Legal Fees	1,794	-	1,794
Retiree health premiums	68,520	1,255	69,775
Retiree life premiums	1,579	144	1,723
Total Expense	89,962	1,495	91,457
<i>Net Change During the Period</i>	193,866	(2,419)	191,447
<b>Balance as of December 31, 2024</b>	<b>\$ 1,951,758</b>	<b>\$ (10,647)</b>	<b>\$ 1,941,111</b>

### 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, 2024:

Wells Fargo (checking account)	\$ 46,435
Retirement Benefits Investment Fund	1,905,323
<b>Total Invested</b>	<b>\$ 1,951,758</b>

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, 2024		
Asset Class	Target Allocation	Actual Allocation
U.S. Stocks- S&P 500 Index	42.5%	44.7%
<b>Market Return</b>		
Int'l Stocks- MSCI World x US Index	17.5%	16.4%
<b>Market Return</b>		
U.S. Bonds- U.S. Bond Index	28.0%	26.6%
<b>Market Return</b>		
Short-term Investments	12.0%	12.4%
<b>Market Return</b>		
<b>Total RBIF Fund</b>	<b>100.0%</b>	<b>100.0%</b>



## Accounting Information (GASB 75)

(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 ("EARS�"). The EARS� of 4.03 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 for the fiscal year ending June 30, 2025.

Section 115 Trust	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 21,551	\$ 8,126
Differences Between Expected and Actual Experience	36,604	17,547
Net Difference Between Projected and Actual Earnings on Investments	-	105,808
Deferred Contributions	53,385	-
<b>Total</b>	<b>\$ 111,540</b>	<b>\$ 131,481</b>

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
2026	\$ (13,776)
2027	26,664
2028	(61,212)
2029	(25,002)
2030	-
Thereafter	-





## Accounting Information (GASB 75)

(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 ending 2025 is 6.0%. Healthcare Cost Trend Rate was assumed to start at 6.5% (increase effective January 1, 2025) and grade down to 3.9% for years 2075 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%
<b>Total OPEB Liability</b>	\$ 2,776,065	\$ 2,477,771	\$ 2,225,600
Increase (Decrease)	298,294		(252,171)
% Increase (Decrease)	12.0%		-10.2%
<b>Net OPEB Liability (Asset)</b>	\$ 834,954	\$ 536,660	\$ 284,489
Increase (Decrease)	298,294		(252,171)
% Increase (Decrease)	55.6%		-47.0%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
<b>Total OPEB Liability</b>	\$ 2,208,220	\$ 2,477,771	\$ 2,799,703
Increase (Decrease)	(269,551)		321,932
% Increase (Decrease)	-10.9%		13.0%
<b>Net OPEB Liability (Asset)</b>	\$ 267,109	\$ 536,660	\$ 858,592
Increase (Decrease)	(269,551)		321,932
% Increase (Decrease)	-50.2%		60.0%



**Accounting Information (GASB 75)**  
(Continued)

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

<b>Fiscal Year Ending June 30</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Measurement Date</i>	<i>12/31/2024</i>	<i>12/31/2023</i>	<i>12/31/2022</i>	<i>12/31/2021</i>	<i>12/31/2020</i>	<i>12/31/2019</i>	<i>12/31/2018</i>	<i>12/31/2017</i>
<i>Discount Rate on Measurement Date</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>	<i>6.00%</i>
<b>Total OPEB liability</b>								
Service Cost	\$ 29,073	\$ 30,475	\$ 29,587	\$ 35,820	\$ 34,777	\$ 59,239	\$ 56,960	\$ 54,769
Interest	142,863	133,487	128,719	122,661	117,350	119,591	111,978	103,644
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	47,606	-	61,652	-	(179,517)	-	-
Changes of assumptions	-	34,186	-	(39,674)	-	44,279	-	-
Benefit payments (employer paid)	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
<b>Net change in total OPEB liability</b>	<b>79,641</b>	<b>161,875</b>	<b>82,733</b>	<b>109,523</b>	<b>93,766</b>	<b>(11,013)</b>	<b>134,873</b>	<b>149,079</b>
<b>Total OPEB liability - beginning</b>	<b>2,398,130</b>	<b>2,236,255</b>	<b>2,153,522</b>	<b>2,043,999</b>	<b>1,950,233</b>	<b>1,961,246</b>	<b>1,826,373</b>	<b>1,677,294</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 2,477,771</b>	<b>\$ 2,398,130</b>	<b>\$ 2,236,255</b>	<b>\$ 2,153,522</b>	<b>\$ 2,043,999</b>	<b>\$ 1,950,233</b>	<b>\$ 1,961,246</b>	<b>\$ 1,826,373</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 74,842	\$ 59,115	\$ 71,680	\$ 117,922	\$ 85,743	\$ 121,798	\$ 119,366	\$ 103,441
Net investment income (loss)	228,859	273,918	(234,401)	248,073	193,517	220,823	(46,458)	126,004
Benefit payments (employer paid)	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Auditing Fees	(16,485)	(15,300)	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Investment & Administrative Fees	(1,680)	(410)	(496)	(517)	(306)	(315)	(770)	(780)
Legal Fees	(1,794)	(2,100)	(4,888)	-	-	(4,288)	(5,864)	(788)
Retiree Contributions	9,266	18,520	20,741	23,102	22,947	21,302	5,244	930
Retiree Portion of Premiums	(9,266)	(18,520)	(20,741)	(23,102)	(22,947)	(21,302)	(5,244)	(930)
<b>Net change in plan fiduciary net position</b>	<b>191,447</b>	<b>231,344</b>	<b>(258,478)</b>	<b>280,542</b>	<b>206,593</b>	<b>271,313</b>	<b>18,519</b>	<b>212,543</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,749,664</b>	<b>1,518,320</b>	<b>1,776,798</b>	<b>1,496,256</b>	<b>1,289,663</b>	<b>1,018,350</b>	<b>999,831</b>	<b>787,288</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,941,111</b>	<b>\$ 1,749,664</b>	<b>\$ 1,518,320</b>	<b>\$ 1,776,798</b>	<b>\$ 1,496,256</b>	<b>\$ 1,289,663</b>	<b>\$ 1,018,350</b>	<b>\$ 999,831</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 536,660</b>	<b>\$ 648,466</b>	<b>\$ 717,935</b>	<b>\$ 376,724</b>	<b>\$ 547,743</b>	<b>\$ 660,570</b>	<b>\$ 942,896</b>	<b>\$ 826,542</b>
<b>Covered payroll in measurement period</b>	<b>\$ 1,655,917</b>	<b>\$ 1,585,104</b>	<b>\$ 1,623,630</b>	<b>\$ 1,593,312</b>	<b>\$ 1,558,683</b>	<b>\$ 1,688,340</b>	<b>\$ 1,866,073</b>	<b>\$ 1,630,635</b>
<b>Net OPEB liability as % of covered payroll</b>	<b>32.41%</b>	<b>40.91%</b>	<b>44.22%</b>	<b>23.64%</b>	<b>35.14%</b>	<b>39.13%</b>	<b>50.53%</b>	<b>50.69%</b>



## Accounting Information (GASB 75) (Continued)

### Schedule of Changes in TMWA's Net OPEB Liability and Related Ratios (concluded)

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
<i>Discount Rate on Measurement Date</i>	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

#### Summary of methods and assumptions used in the valuations:

Valuation Date	12/31/2023	12/31/2021	12/31/2019	12/31/2017
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.50%	2.50%	2.50%	2.75%
Healthcare cost trend rates	6.5% in 2025, fluctuating to an ultimate rate of 3.9% in 2075	5.8% in 2023, fluctuating to an ultimate rate of 3.9% in 2076	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%	3.00%	3.00%	4.00%
Retirement age	45-75	45-75	45-75	45-75
Mortality	NV PERS June 2021 Experience Study	NV PERS June 2021 Experience Study	NV PERS June 2017 Experience Study	NV PERS June 2016 Experience Study
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2018	MacLeod Watts Scale 2017



## Accounting Information (GASB 75) (Continued)

### Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), TMWA's contribution, and the excess or shortfall.

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 89,219	\$ 57,219	\$ 56,289	\$ 87,404	\$ 86,813	\$ 85,743	\$ 121,798	\$ 119,366
Contributions in relation to the ADC	89,219	57,219	56,289	87,404	101,635	70,921	121,798	119,366
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (14,822)	\$ 14,822	\$ -	\$ -
Covered payroll in the fiscal year	\$ 1,717,436	\$ 1,682,451	\$ 1,760,431	\$ 1,623,630	\$ 1,570,588	\$ 1,714,076	\$ 1,771,318	\$ 1,886,143
Contributions as a % of covered payroll	5.19%	3.40%	3.20%	5.38%	6.47%	4.14%	6.88%	6.33%
Percent of ADC contributed	100.00%	100.00%	100.00%	100.00%	117.07%	82.71%	100.00%	100.00%

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

Valuation Date	12/31/2023	12/31/2021	12/31/2019	12/31/2017
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization period	20 years closed	21 years closed	23 years closed	25 years closed
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Inflation	2.50%	2.50%	2.50%	2.75%
Healthcare cost trend rates	6.5% in 2025, decreasing to ultimate rate of 3.9% in 2075	5.8% in 2023, fluctuating to an ultimate rate of 3.9% in 2076	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%	3.00%	3.00%	4.00%
Investment rate of return	6.00%	6.00%	6.00%	6.00%
Retirement age	45-75	45-75	45-75	45-75
Mortality	NV PERS Sept 2021 Experience Study	NV PERS Sept 2021 Experience Study	NV PERS June 2017 Experience Study	NV PERS June 2016 Experience Study
Mortality Improvement	MacLeod Watts Scale 2022	MacLeod Watts Scale 2022	MacLeod Watts Scale 2018	MacLeod Watts Scale 2017



**Accounting Information (GASB 75)**  
(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:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
<b>Balance at Fiscal Year Ending 6/30/2024</b> <i>Measurement Date 12/31/2023</i>	\$ 2,398,130	\$ 1,749,664	\$ 648,466	\$ 36,692	\$ 60,674	\$ 204,173	\$ 39,008	\$ 16,013	\$ 44,542	\$ 233,355	\$ 601,829
<b>Changes During the Period:</b>											
Service Cost	29,073		29,073								29,073
Interest Cost	142,863		142,863								142,863
Expected Investment Income		103,857	(103,857)								(103,857)
TMWA Contributions		74,842	(74,842)								(74,842)
Changes of Benefit Terms			-								-
Auditing Fees		(16,485)	16,485								16,485
Investment & Administrative Fees		(1,680)	1,680								1,680
Legal Fees		(1,794)	1,794								1,794
Retiree Contributions		9,266	(9,266)								(9,266)
Retiree Portion of Premiums		(9,266)	9,266								9,266
Benefit Payments	(92,295)	(92,295)	-								-
Assumption Changes	-		-					-			-
Plan Experience	-		-						-		-
Investment Experience		125,002	(125,002)							125,002	-
Recognized Deferred Resources				(15,141)	(24,070)	(68,057)	(39,008)	(7,887)	(26,995)	(116,433)	(5,039)
Contributions After Measurement Date							53,385				(53,385)
<b>Net Changes in Fiscal Year 2024-2025</b>	79,641	191,447	(111,806)	(15,141)	(24,070)	(68,057)	14,377	(7,887)	(26,995)	8,569	(45,228)
<b>Balance at Fiscal Year Ending 6/30/2025</b> <i>Measurement Date 12/31/2024</i>	\$ 2,477,771	\$ 1,941,111	\$ 536,660	\$ 21,551	\$ 36,604	\$ 136,116	\$ 53,385	\$ 8,126	\$ 17,547	\$ 241,924	\$ 556,601



**Accounting Information (GASB 75)**  
(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, 2024

Date Created	Source	Deferred Outflow or (Inflow)			Balance as of Dec 31, 2024	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:					
		Impact on Net OPEB Liability (NOL)	Initial Amount	Period (Yrs)	Annual Recognition	2024 (FYE 2025)	2025 (FYE 2026)	2026 (FYE 2027)	2027 (FYE 2028)	2028 (FYE 2029)	2029 (FYE 2030) Thereafter
12/31/2019	Plan Experience	Decreased NOL	\$ (179,517)	6.65	\$ (26,995)	\$ (17,547)	\$ (17,547)	\$ -	\$ -	\$ -	\$ -
	Assumption Changes	Increased NOL									
12/31/2019	Investment Changes	Decreased NOL	44,279	6.65	6,658	4,331	4,331	-	-	-	-
12/31/2020	Plan Experience	Decreased NOL	(115,745)	5.00	(23,149)	-	-	-	-	-	-
12/31/2021	Assumption Changes	Increased NOL									
12/31/2021	Investment Changes	Decreased NOL	61,652	5.03	12,257	12,257	12,257	367	-	-	-
12/31/2021	Assumption Changes	Decreased NOL	(39,674)	5.03	(7,887)	(7,887)	(7,887)	(239)	-	-	-
12/31/2021	Investment Earnings	Decreased NOL	(157,324)	5.00	(31,465)	(31,465)	(31,464)	-	-	-	-
12/31/2022	Plan Experience	Increased NOL									
12/31/2022	Investment Earnings	Increased NOL	340,287	5.00	68,057	68,057	68,059	-	-	-	-
12/31/2023	Assumption Changes	Increased NOL									
12/31/2023	Investment Changes	Decreased NOL	47,606	4.03	11,813	11,813	11,813	354	-	-	-
12/31/2023	Assumption Changes	Increased NOL	34,186	4.03	8,483	8,483	8,483	254	-	-	-
12/31/2023	Investment Earnings	Decreased NOL	(184,096)	5.00	(36,819)	(36,819)	(36,819)	(36,819)	(36,820)	-	-
12/31/2024	Plan Experience	Decreased NOL									
12/31/2024	Investment Earnings	Decreased NOL	(125,002)	5.00	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,002)	-



## Accounting Information (GASB 75)

(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 Appendix 2 – Important Background Information.

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

For the Measurement Period, Jan 1, 2024 through Dec 31, 2024	TMWA Section 115
<b>TMWA</b>	
(a) Contribution To Section 115 Trust	\$ 54,044
(b) Benefits Paid Directly To or On Behalf of Retirees	-
(c) Implicit Subsidy Payment	20,798
<b>Section 115 Trust</b>	
(d) Benefits Paid Directly To or On Behalf of Retirees	71,497
(e) Reimbursements to TMWA	-
<i>Total Benefits Paid During the MP, (b)+(c)+(d)</i>	92,295
<i>TMWA Contribution During the MP, (a)+(b)+(c)-(e)</i>	74,842

OPEB contributions *expected to be* paid by TMWA and *estimated* benefit payments during the current fiscal year are shown below.

For the Fiscal Year, Jul 1, 2024 through Jun 30, 2025	TMWA Section 115
<b>TMWA</b>	
(f) Contribution To Section 115 Trust	\$ 71,666
(g) Benefits Paid Directly To or On Behalf of Retirees	-
(h) Implicit Subsidy Payment	17,553
<b>Section 115 Trust</b>	
(i) Benefits Paid Directly To or On Behalf of Retirees	72,079
(j) Reimbursements to TMWA	-
<i>Total Benefits Paid During the Current FY, (g)+(h)+(i)</i>	89,632
<i>TMWA Contribution During the Current FY, (f)+(g)+(h)-(j)</i>	89,219



## Accounting Information (GASB 75)

(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 of the Supporting Information.

Projected Annual Benefit Payments							
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2025	72,079	-	72,079	17,553	-	17,553	89,632
2026	66,943	11,322	78,265	8,536	10,269	18,804	97,069
2027	69,414	17,375	86,789	10,340	14,054	24,394	111,182
2028	71,836	24,548	96,384	12,706	19,135	31,841	128,225
2029	74,188	32,602	106,789	8,438	23,192	31,630	138,419
2030	76,405	39,116	115,520	3,423	28,696	32,118	147,638
2031	78,571	47,183	125,754	(1,528)	39,700	38,172	163,926
2032	80,687	60,346	141,033	(6,420)	51,754	45,334	186,366
2033	87,712	73,590	161,301	(4,592)	59,866	55,274	216,575
2034	94,725	77,552	172,277	(2,986)	65,255	62,269	234,546
2035	96,764	80,896	177,660	(1,840)	75,042	73,202	250,862
2036	94,721	92,858	187,579	(375)	81,039	80,664	268,243
2037	92,380	94,531	186,911	1,650	79,107	80,756	267,667
2038	93,643	94,382	188,024	3,782	78,332	82,114	270,138
2039	94,549	85,993	180,542	5,764	66,697	72,461	253,002

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 amounts shown in the Implicit Subsidy table reflect the estimated 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 (GASB 75)

(Concluded)

### Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	By Source		Sources Combined	
	Debit	Credit	Debit	Credit
Net OPEB Liability		648,466		648,466
<i>Deferred Outflow:</i>				
Assumption Changes	36,692			
Plan Experience	60,674			
Investment Experience	204,173			
Contribution Subsequent to MD	39,008			
<b>Deferred Outflows</b>			340,547	
<i>Deferred Inflow:</i>				
Assumption Changes		16,013		
Plan Experience		44,542		
Investment Experience		233,355		
<b>Deferred Inflows</b>				293,910
<b>Record Contributions to the Trust</b>	<b>Debit</b>			<b>Credit</b>
Net OPEB Liability	71,666			
Cash				71,666
<b>Record Implicit Subsidy Payment</b>	<b>Debit</b>			<b>Credit</b>
Net OPEB Liability	17,553			
Premium Expense				17,553
<b>Record End of Year Updates to OPEB Accounts</b>	<b>Debit</b>	<b>Credit</b>	<b>Debit</b>	<b>Credit</b>
Net OPEB Liability	22,587		22,587	
<i>Deferred Outflow:</i>				
Assumption Changes		15,141		
Plan Experience		24,070		
Investment Experience		68,057		
Contribution Subsequent to MD	14,377			
<b>Deferred Outflows</b>				92,891
<i>Deferred Inflow:</i>				
Assumption Changes	7,887			
Plan Experience	26,995			
Investment Experience		8,569		
<b>Deferred Inflows</b>			26,313	
OPEB Expense	43,991		43,991	



## D. Funding Information

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. TMWA has been prefunding its OPEB liability by contributing 100% or more of the Actuarially Determined Contribution each year.

Different terminology is sometimes used by actuaries and accountants when referring to key liability and expense components. Here are some of these terms which are often interchangeable:

### Actuarial Funding Terminology

Present Value of Projected Benefits (PVPB)  
 Actuarially Accrued Liability (AAL)  
 Market Value of Assets  
 Unfunded Actuarially Accrued Liability (UAAL)  
 Normal Cost

### GASB 75 Terminology

N/A; typically not reported for accounting purposes  
 Total OPEB Liability (TOL)  
 Fiduciary Net Position  
 Net OPEB Liability  
 Service Cost

TMWA approved development of Actuarially Determined Contributions for the Section 115 Trust Plan based on the following two components, adjusted with interest to TMWA's 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.

The ADC determined for TMWA's fiscal year ending June 30, 2025, was developed based on the December 31, 2023, actuarial valuation using a 6.0% discount rate. A summary is shown below:

<b>Discount Rate</b>		<b>6.00%</b>
Actuarial Accrued Liability (projected)	\$	2,488,794
Actuarial Value of Assets (projected)		1,829,538
Unfunded Actuarial Accrued Liability (UAAL)		659,256
Amortization Factor*		12.1581
<b>Actuarially Determined Contribution for FYE 2025</b>		
Normal Cost		29,945
Amortization of UAAL		54,224
Interest to Fiscal Year End		5,050
<b>Total ADC</b>	<b>\$</b>	<b>89,219</b>

\*Determined on a level dollar basis over a closed 30 year period; 20 years remain for FYE 2025

The ADC determined on this basis should provide for trust sufficiency, based on the current plan provisions and employee data, if all assumptions are exactly realized and providing that TMWA contributes 100% or more of the total ADC each year. When an agency commits to funding the trust at or above the ADC, GASB 75 allows use of the expected long term trust return to be used as the discount rate in determining the plan liability. Even so, the ADC developed on this basis does not guarantee trust sufficiency due to the non-trivial risk that the assumptions used to determine plan contributions may not be realized.



## E. Certification

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

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

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and take 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.

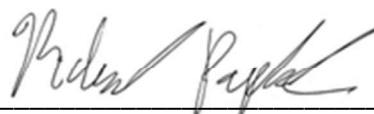
This report is prepared solely for the use and benefit of TMWA and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions: TMWA may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, 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 actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: April 18, 2025



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



Michael J. Papendieck, EA, ACA, MAAA



## F. Supporting Information

### Section 1 - Summary of Employee Data

**Active employees:** TMWA reported 12 active members in the Section 115 plan data provided to us for the December 2023 valuation. Their age and service information are summarized below.

Distribution of Benefits-Eligible Active Employees					
Current Age	Years of Service			Total	Percent
	Under 15	15 to 19	20 & Up		
Under 40				0	0%
40 to 44		1		1	8%
45 to 49			1	1	8%
50 to 54		1	4	5	42%
55 to 59		1	2	3	25%
60 to 64			1	1	8%
65 to 69			1	1	8%
70 & Up				0	0%
<b>Total</b>	<b>0</b>	<b>3</b>	<b>9</b>	<b>12</b>	<b>100%</b>
<b>Percent</b>	<b>0%</b>	<b>25%</b>	<b>75%</b>	<b>100%</b>	

Valuation	December 2021	December 2023
Average Attained Age for Actives	54.6	54.0
Average Years of Service	20.2	21.8

This chart shows the number of active employees by benefit tier. Please refer to Supporting Information Section 2 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	12	54.0	21.8	\$ 1,291,545
<b>Total</b>	<b>12</b>	<b>54.0</b>	<b>21.8</b>	<b>\$ 1,291,545</b>

There are currently 5 retirees receiving Tier 1 benefits under this program and 4 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	10%
50 to 54		1	1	10%
55 to 59			0	0%
60 to 64	2		2	20%
65 to 69	2	1	3	30%
70 to 74		3	3	30%
75 to 79			0	0%
80 & up			0	0%
<b>Total</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>100%</b>
<b>Average Age:</b>				
On 12/31/2023	61.5	68.2	64.9	
At retirement	56.9	65.1	61.0	



## Supporting Information

(Continued)

### Section 1 - Summary of Employee Data

(Concluded)

**Summary of Plan Member Counts:** The number of members currently or potentially eligible to receive benefits under the OPEB plan are required to be reported in the notes to the financial statements. Here are the counts as of the December 31, 2023, valuation date.

Summary of Plan Member Counts	
Number of active plan members	12
Number of inactive plan members currently receiving benefits	9
Number of inactive plan members entitled to but not receiving benefits	1



## Supporting Information

(Continued)

### Section 2 - Summary of Retiree Benefit Provisions

**Section 115 Trust OPEB provided:** TMWA reported that retiree medical, dental, vision and life insurance coverage are provided for employees who transferred from Washoe County prior to July 1, 2010, and meet the eligibility requirements below.

**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 Section 115 Trust Plan:** 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.

2024 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	\$ 622.70	\$ 195.00
			16	661.33	208.00
11	\$ 468.20	\$ 143.00	17	699.95	221.00
12	506.82	156.00	18	738.58	234.00
13	545.45	169.00	19	777.20	247.00
14	584.07	182.00	20	815.83	260.00

\* Includes service with Washoe County

**Current premium rates:** The 2024 monthly healthcare premiums for plans available to TMWA retirees are shown in the chart below:

2024 Healthcare Rates for TMWA Retirees				
Plan	Retiree Only	Retiree & Spouse	Retiree & Child(ren)	Retiree & Family
Medical	\$ 747.54	\$ 1,307.62	\$ 1,240.54	\$ 1,630.28
Vision	5.46	8.74	8.93	14.42
Dental	78.56	132.10	124.79	171.40



## Supporting Information

(Continued)

### 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 annual salary on retirement date
- Ages 70-74: 50% of annual salary 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, 2023
Fiscal Year End	June 30, 2025
GASB 75 Measurement Date	December 31, 2024

#### 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, 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. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (Appendix 3 to this report).

Retiree claims experience, whether or not enrolled in Medicare, is blended with the claims experience of active members for TMWA plan members and all others enrolled in the health and life insurance plans offered by the City of Reno.

Monthly baseline premium costs were set equal to the UMR recommended 2024 premium rates, i.e., the 2023 premium rates increased by 7.5%. Representative claims costs derived from the premium rates provided by TMWA are shown in the chart below.

UMR Plan Estimated Monthly Claims for Selected Ages										
Retiree Age	48	53	58	63	68	73	78	83	88	93
Male	\$ 630	\$ 832	\$ 1,060	\$ 1,315	\$ 538	\$ 594	\$ 630	\$ 640	\$ 612	\$ 598
Female	\$ 816	\$ 961	\$ 1,086	\$ 1,276	\$ 520	\$ 573	\$ 605	\$ 620	\$ 613	\$ 600





## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

(continued)

#### Economic Assumptions

Long-term Return on Assets	6.0% as of December 31, 2024, and 6.0% as of December 31, 2023, net of plan investment and trust expenses
Discount Rate	6.0% on December 31, 2024, and 6.0% on December 31, 2023
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 estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.8%
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2023 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 2032 20%; Resistance Point 21%; Year after which medical growth is limited to growth in GDP 2075.

Dental premiums are assumed to increase by 3.5% per year.

Vision premiums are assumed to increase by 2.5% per year.

Life Insurance Costs	The rate per \$1,000 in life insurance coverage is assumed to remain fixed at the current rate.
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## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

(continued)

#### Employer Cost Sharing

**Tier 1:** The Trust-paid portion of healthcare premiums is assumed to increase at the same rates as medical trend (described on the preceding page).

**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, all (100% of) retirees are assumed to elect coverage in the Reno UMR Plan and to continue this coverage until their death.

**Tier 2:** Prior to age 65, all (100% of) retirees are assumed to elect coverage in the Reno UMR 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, with the following exception: Tier 2 retirees currently under age 65 are assumed to elect coverage in non-TMWA healthcare plans upon reaching age 65.

##### Spouse Coverage

*Active employees:* 40% of Tier 2 employees<sup>2</sup> 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.

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<sup>2</sup> There are no remaining active Tier 1 employees in this plan.



## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

(continued)

#### 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 issued September 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 September 2021 Experience Study report of the Nevada PERS program as being reasonably representative of mortality experience as of that measurement date.

#### Non-disabled life rates for Regular employees & future survivors:

*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%

#### Life rates for current surviving spouses

*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%

#### Pre-retirement life rates for Regular employees:

*Males & Females:* Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table

**Mortality Improvement** The mortality rates described above were adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2022 on a generational basis from 2010 forward (see Appendices for details).

#### Retirement Rates

Regular Employees Hired before January 1, 2010						
Age	Years of Service					
	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%	20%	20%
55	0.8%	1.5%	3%	3%	20%	20%
60	5%	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%



## Supporting Information

(Continued)

### Section 3 - Actuarial Methods and Assumptions

(continued)

#### Retirement Rates

(continued)

Regular Employees Hired before July 1, 2015 but on or after January 1, 2010						
Age	Years of Service					
	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%	20%	20%
55	0.2%	1%	2%	2%	20%	20%
60	2%	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%

Regular Employees Hired on or after July 1, 2015						
Age	Years of Service					
	5-9	10-19	20-24	25-29	30-33	34 or more
45	0%	0%	0%	0%	7%	20%
50	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%

#### Termination Rates

These rates reflect the assumed probability that an employee will leave TMWA in the next 12 months for reasons other than a service retirement, disability retirement, or death.

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%	25 & Over	1.50%



## Supporting Information

(Concluded)

### Section 3 - Actuarial Methods and Assumptions

(Concluded)

#### 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 in Appendix 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

None.



## Appendix 1: Basic Valuation Results by Tier

The chart below summarizes the results on the December 31, 2024, measurement date by Benefit Tier, specifically:

- Tier 1: those hired on or before September 16, 1997
- Tier 2: those hired after September 16, 1997, but before the plan closed on July 1, 2010.

The counts by Benefit Tier shown below are the counts as of the December 31, 2023, valuation date. The Total OPEB Liability amounts shown below are measured as of December 31, 2024, and the amount in the total column corresponds to the amount shown on page 4.

Valuation Date	12/31/2023		
Fiscal Year Ending	6/30/2025		
Measurement Date	12/31/2024		
Discount rate	6.00%		
Group	Tier 1	Tier 2	Total
<b>Number of Covered Employees</b>			
Actives	0	12	12
Retirees	5	5	10
Total Participants	5	17	22
<b>Actuarial Present Value of Projected Benefits</b>			
Actives	\$ -	\$ 1,464,086	\$ 1,464,086
Retirees	1,026,209	180,101	1,206,310
Total APVPB	1,026,209	1,644,187	2,670,396
<b>Total OPEB Liability (TOL)</b>			
Actives	-	1,271,461	1,271,461
Retirees	1,026,209	180,101	1,206,310
TOL	1,026,209	1,451,562	2,477,771
<b>Service Cost</b>			
For the period following the measurement date	-	29,945	29,945



## Appendix 2: 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.

Expected retiree claims		
Premium charged for retiree coverage		Covered by higher active premiums
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

*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 estimated 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 Post-employment 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 no remaining service years.



## Important Background Information

(Continued)

### Implicit Subsidy Plan Contributions

An implicit subsidy occurs when estimated 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
<i>Prior to Implicit Subsidy Adjustment</i>		
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
<i>After Implicit Subsidy Adjustment</i>		
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**

(Concluded)

### **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.



### Appendix 3: 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.



## Appendix 4: 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.

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.

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.



## **Glossary**

**(Continued)**

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.

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

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

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

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

Public Employees’ Benefit Plan (PEBP) – The state of Nevada’s health plan for State and non-State public agency employees. This program is generally closed to non-State employees who retired after November 30, 2008.

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.





## Retirement Benefits Investment Fund

March 31, 2025

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	\$ 372,059,583	42.5%	42.9%	3.8%	8.2%	9.1%	18.6%	12.5%	10.7%
<b>Market Return</b>				<b>3.8%</b>	<b>8.3%</b>	<b>9.1%</b>	<b>18.6%</b>	<b>12.5%</b>	<b>10.7%</b>
Int'l Stocks- MSCI World x US Index	\$ 151,063,247	17.5%	17.4%	5.9%	5.5%	5.9%	12.3%	5.8%	4.0%
<b>Market Return</b>				<b>5.9%</b>	<b>5.3%</b>	<b>5.7%</b>	<b>12.2%</b>	<b>5.5%</b>	<b>3.9%</b>
U.S. Bonds- U.S. Bond Index	\$ 237,699,787	28.0%	27.4%	4.4%	4.5%	1.3%	0.3%	1.9%	2.9%
<b>Market Return</b>				<b>4.4%</b>	<b>4.5%</b>	<b>1.1%</b>	<b>0.1%</b>	<b>1.9%</b>	<b>2.7%</b>
Short-term Investments	\$ 107,300,826	12.0%	12.4%	3.5%	4.9%				5.1%
<b>Market Return</b>				<b>3.6%</b>	<b>5.0%</b>				<b>5.2%</b>
<b>Total RBIF Fund</b>	<b>\$ 868,123,443</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.3%</b>	<b>6.3%</b>	<b>6.2%</b>	<b>12.2%</b>	<b>8.3%</b>	<b>7.4%</b>
<b>Market Return</b>				<b>4.5%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>12.0%</b>	<b>8.1%</b>	<b>7.4%</b>