§115 Other Post-Employment Benefit Plan & Trust

A single employer plan sponsored by
Truckee Meadows Water Authority

Truckee Meadows Water Authority

AGENDA
Tuesday July 21, 2026 at 12:30 p.m.
Independence Conference Room:
1355 Capital Blvd. Reno NV 89520 and by Teleconference

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

Phone: (775) 325-5404
Meeting ID: 227 045 999 817 8#

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 21, 2026 minutes **(For Possible Action)**
5. Review of current PEBS subsidy calculations – Rosalinda Rodriguez **(For Possible Action)**
6. Review of Audited Financial Statement Audit- Veronica Galindo*
7. Review of Actuarial Valuation – Veronica Galindo*
8. Review of Retirement Benefits Investment Fund (RBIF) performance – Matt Bowman*
9. Human Resources Update - Rosalinda Rodriguez*
10. Trustee comments and requests for future agenda items*
11. Public comment-limited to no more than three minutes per speaker*
12. Adjournment **(For Possible Action)**

NOTES:
1. The announcement of this meeting has been posted at the following locations: Truckee Meadows Water Authority (1355 Capital Blvd., Reno), at http://www.tmwa.com, and State of Nevada Public Notice Website, https://notice.nv.gov/.
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 Trustees 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. 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 Other Post Employment Benefits Trust
a single employer plan sponsored by
Truckee Meadows Water Authority

DRAFT April 21, 2026 MINUTES

A meeting of the Trustees of the TMWA Section 115 Other Post Employment Benefits Trust (Trust) was held on Tuesday, April 21, 2026, in person and by teleconference.

Chairperson Matt Bowman 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:	Voting Members Absent:
Matt Bowman	
Charles Atkinson	
Sandra Tozi	

Members Present	Members Absent:
Rosalinda Rodriguez	Jessica Atkinson
Dan Nubel	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 20, 2026 MINUTES

Upon motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the January 20, 2026 meeting minutes.

DRAFT - NOT REVIEWED BY TRUSTEES

5. REVIEW AND APPROVAL OF OTHER POST-EMPLOYMENT BENEFIT PLAN & TRUST CALCULATION FOR TMWA RETIREE

Ms. Rodriguez presented the benefit calculation for Mr. Robert Watkins, who is retiring on May 08, 2026. Mr. Watkins qualifies as a Tier II retiree. Based on current rates, he will receive a monthly subsidy of $949.39. Mr. Watkins has accepted the benefit calculation and has elected to continue TMWA retiree-only medical, dental and vision coverage.

Upon Motion made and seconded, and carried by unanimous consent of the Trustees present, the Trustees approved the benefit calculation for Robert Watkins.

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

Mr. Bowman reviewed the RBIF report dated December 31, 2025. The report reflected a fiscal-year-to-date return of 7.7 %, following a decline in the fourth quarter, and a one-year return of 15.5%.

This item was presented for information purposes only, no action required.

8. HUMAN RESOURCES UPDATE

There were no Human Resources updates to report.

9. TRUSTEE COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

No Trustee comments or requests for future agenda items were made.

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

There was no public comment.

11. ADJOURNMENT

There being no further business, Chairperson Bowman adjourned the meeting at 12:33 p.m.

These minutes were approved by the Trustees in session on _____.

Respectfully Submitted,

_____

Rosalinda Rodriguez, Recording Secretary

DRAFT - NOT REVIEWED BY TRUSTEES

Truckee Meadows Water Authority

STAFF REPORT

TO: Trustees of the §115 Other Post Employment Benefits Trust
THRU: Rosalinda Rodriguez, HR Technician II
DATE: July 21, 2026
SUBJECT: **Review of proposal for Tier II Subsidy Schedule**

Recommendation

1. Approve the subsidy schedule for §115 tier II retirees under the age of 65 as presented in attachment 5A for fiscal year 2027.
2. Approve Exchange -HRA Table for §115 tier II retirees age 65 and older as presented in attachment 5B for fiscal year 2027.

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 FY27 base subsidy for the Statewide EPO/HMO Non-state Retirees and Survivors is $584.54 (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 FY27 (Attachments 5A and 5B)

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

Background

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

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

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

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

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

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

For §115 tier II retirees age 65 and older, the PEBP has continued to publish annually a Medicare Exchange – HRA Contribution Table. The FY2027-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 2027.

We currently have seven Tier II retirees; six are 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 FY27 schedule.

State and Non-State Retirees - Plan Year 2027 Rates

Base Subsidy Retiree Only Statewide EPO/HMO Plan **$ 584.54**

YOS	ADJUSTMENT	TOTAL SUBSIDY
5	$ 525.00	$ 59.54
6	$ 472.50	$ 112.04
7	$ 420.00	$ 164.54
8	$ 367.50	$ 217.04
9	$ 315.00	$ 269.54
10	$ 262.50	$ 322.04
11	$ 210.00	$ 374.54
12	$ 157.50	$ 427.04
13	$ 105.00	$ 479.54
14	$ 52.50	$ 532.04
15	$ -	$ 584.54
16	$ (52.50)	$ 637.04
17	$ (105.00)	$ 689.54
18	$ (157.50)	$ 742.04
19	$ (210.00)	$ 794.54
20	$ (262.50)	$ 847.04

Exchange -HRA Contribution for Medicare Retirees Enrolled in the Medicare Exchange - Plan Year 2027

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

Public Employees' Benefits Program

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

Monthly Rates Effective July 1, 2026 - June 30, 2027	Nationwide PPO Consumer Driven Health Plan (CDHP)			Nationwide PPO Low Deductible (LD)			Statewide EPO/HMO Exclusive Provider Organization Plan (EPO) and Health Plan of Nevada (HPN)		
	Unsubsidized Rate	*Base Subsidy	**Participant Premium**	Unsubsidized Rate	*Base Subsidy	**Participant Premium**	Unsubsidized Rate	*Base Subsidy	**Participant Premium**
Retiree only	$906.06	$661.50	**$278.06**	$1,380.16	$891.36	**$372.66**	$1,318.94	$584.54	**$588.56**
Retiree + Spouse	$1,803.62	$1,166.66	**$702.82**	$2,751.80	$1,626.32	**$892.40**	$2,629.34	$1,012.66	**$1,324.38**
Retiree + Child(ren)	$1,242.64	$850.94	**$437.34**	$1,894.54	$1,166.98	**$567.56**	$1,810.34	$745.08	**$864.50**
Retiree + Family	$2,140.20	$1,356.06	**$862.10**	$3,266.18	$1,901.94	**$1,087.30**	$3,120.76	$1,173.22	**$1,600.34**
Surviving/Unsubsidized Dependent	$906.06	-	**$906.06**	$1,380.16	-	**$1,380.16**	$1,318.94	-	**$1,318.94**
Surviving/Unsubsidized Spouse + Child(ren)	$1,242.64	-	**$1,242.64**	$1,894.54	-	**$1,894.54**	$1,810.34	-	**$1,810.34**

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

-- For those who retired on or after January 1, 1994, refer to the Plan Year 2027 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.

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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 2027 Monthly PEBP Dental Rates Medicare Retirees Enrolled with Via Benefits		
Effective July 1, 2026 – June 30, 2027	**State Retiree**	**Non-State Retiree**
Retiree only	**$55.85**	**$52.74**
Retiree + Spouse/DP*	**$111.70**	**$105.48**
Surviving/Unsubsidized Spouse/DP*	**$55.85**	**$52.74**

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

Truckee Meadows Water Authority

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 21, 2026
SUBJECT: **Present and accept the December 31, 2025 audited financial statements**

Recommendation

TMWA staff recommends the Trustees accept the December 31, 2025 audited financial statements of the Truckee Meadows Water Authority OPEB Trust Fund (the Plan).

Discussion

The following report is attached:

- December 31, 2025 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, 2025 include:

- Operating cash balances were $66 thousand.
- Plan investments at fair value were $2.2 million.
- Net investment income, including realized and unrealized gains and losses, was $0.3 million.
- Employer contributions to the Plan were $71 thousand.
- Net position totaled $2.2 million, which was a $0.3 million increase from the prior year.

Financial Statements
For the year ended December 31, 2025

Truckee Meadows Water Authority OPEB Trust Fund

A Fiduciary Component Unit of Truckee Meadows Water Authority

Truckee Meadows Water Authority OPEB Trust Fund

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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, 2025, 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, 2025, 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.

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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, schedule of changes in the net OPEB liability and related ratios, schedule of contributions, and schedule of investment returns, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
June 24, 2026

Truckee Meadows Water Authority OPEB Trust Fund

Management's Discussion & Analysis
Year Ended December 31, 2025

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, 2025 and 2024. 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, 2025.

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, 2025.

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.

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, 2025 are as follows:

- Operating cash balances at year end were $65,991
- Plan investments at fair value at year end were $2.2 million
- Net investment income was $0.3 million
- Employer contributions to the Plan were $71,397

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

Plan Analysis

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

	2025	2024	Change 2025 v 2024
Assets			
Cash	$ 65,991	$ 46,435	$ 19,556
Receivables from plan members	618	618	-
Investments, at fair value	2,167,308	1,905,323	261,985
Total assets	2,233,917	1,952,376	281,541
Liabilities			
Accounts payable	13,260	11,265	1,995
Net position restricted for postemployment benefits other than pensions	$ 2,220,657	$ 1,941,111	$ 279,546

At December 31, 2025, Plan assets of $2.2 million were comprised primarily of investments at fair value. Also included in Plan assets were $65,991 in operating cash and $618 in Plan member receivables. Plan assets increased by $0.3 million as compared to December 31, 2024 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:

	2025	2024	Change 2025 v 2024
Additions			
Net investment income	$ 291,985	$ 219,088	$ 72,897
Employer contributions	71,397	54,044	17,353
Total additions	363,382	273,132	90,250
Deductions			
Benefit payments	65,887	62,232	3,655
Administrative expenses	17,949	19,453	(1,504)
Total deductions	83,836	81,685	2,151
Change in net position	279,546	191,447	88,099
Net position restricted for postemployment benefits other than pensions			
Beginning of year	1,941,111	1,749,664	191,447
End of year	$ 2,220,657	$ 1,941,111	$ 279,546

Net position is restricted for future benefit payments to retirees.

As of December 31, 2025, the Net Position of the Plan was $2.2 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 $0.3 million in 2025. This was primarily due to an increase in fair value of investments of $0.3 million from 2024 to 2025, related to higher returns from the investment portfolio. Employer contributions were $71,397 in 2025 compared to $54,044 in 2024 as a result of the actuarial valuations dated December 31, 2025 and 2023. Benefits paid, net of plan member contributions, of $65,887 in 2025 increased slightly from the previous year due primarily to one additional retiree receiving benefits. This increase resulted in more premium expenses than retiree contributions received causing the increase in net benefits paid. Administrative expenses totaling $17,949 in 2025 were lower than in 2024 due to the Plan no longer having legal expenses after transitioning to an internal legal counsel to handle all legal issues that may arise.

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

Economic Outlook

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, 2025

Assets		
Cash	$	65,991
Receivables from plan members		618
Investments, at fair value		2,167,308
Total assets		2,233,917
Liabilities		
Accounts payable		13,260
Net Position Restricted for Postemployment Benefits Other than Pensions	$	2,220,657

Truckee Meadows Water Authority OPEB Trust Fund
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2025

Additions	
Net investment income	$ 291,985
Employer contributions	71,397
Total additions	363,382
Deductions	
Benefit payments	65,887
Administrative expenses	17,949
Total deductions	83,836
Net Increase in Net Position	279,546
Net Position Restricted for Postemployment Benefits Other than Pensions	
Beginning of year	1,941,111
End of year	$ 2,220,657

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

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.

Adoption of New Standard

As of January 1, 2025, the Plan adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. No items requiring disclosure were identified.

New Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements,* which is effective for fiscal years beginning after June 15, 2025. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. TMWA is currently evaluating the effect of the adoption of this GASB will have on its financial statements in the fiscal year ended December 31, 2026.

Note 2 - Plan Description and Contribution Information

Plan Description

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

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

Retiree Healthcare Coverage Plan Options

During the year ended December 31, 2025, TMWA retirees were offered a Preferred Provider Organization health plan coverage option administered by the City of Reno. Effective January 1, 2026, the City of Reno also began offering a High Deductible Health Plan coverage option. 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, 2025, membership of the Plan consisted of the following:

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

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

Contributions and Benefits Provided

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

Tier I Retirees

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

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

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

Tier II Retirees

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

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

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, 2025, TMWA contributed $71,397 to the Plan. Retiree contributions were $7,414 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, 2025, 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, 2025.

Note 3 - Cash and Investments

Deposits

As of December 31, 2025, the Plan's bank balance was $65,991 and carrying amount was $65,991. 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 (January 2025-October 2025) and State Street Bank (November 2025-Current) determine 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.

Investments at fair value as of December 31, 2025:

RBIF	$ 2,167,308

For the year ended December 31, 2025, the annual money-weighted rate of return on investments net expenses was 15.45%. 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, 2025 were as follows:

Total OPEB liability	$ 2,398,666
Plan fiduciary net position	2,220,657
Net OPEB liability	$ 178,009
Plan fiduciary net position as a percentage of the total OPEB liability	92.58%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2025 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 2027; 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, 2025 were based on actual census data.

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

Asset Class	Target Allocation	Asset Allocation
S&P 500 Index	42.50%	45.70%
MSCI World x US Index	17.50%	18.70%
U.S. Bond Index	28.00%	32.20%
Cash & Cash Equivalents	12.00%	3.40%
	100.00%	100.00%

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	$ 455,032	$ 178,009	$ (57,302)

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	$ (63,879)	$ 178,009	$ 464,041

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*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	$ 29,945	$ 29,073	$ 30,475	$ 29,587	$ 35,820	$ 34,777	$ 59,239	$ 56,960	$ 54,769
Interest cost	147,737	142,863	133,487	128,719	122,661	117,350	119,591	111,978	103,644
Differences between expected and actual experience	(203,485)	-	47,606	-	61,652	-	(179,517)	-	-
Changes of assumptions	37,553	-	34,186	-	(39,674)	-	44,279	-	-
Benefit payments	(90,855)	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Net change in total OPEB liability	(79,105)	79,641	161,875	82,733	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,477,771	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)	$ 2,398,666	$ 2,477,771	$ 2,398,130	$ 2,236,255	$ 2,153,522	$ 2,043,999	$ 1,950,233	$ 1,961,246	$ 1,826,373
Plan fiduciary net position									
Employer contributions	$ 71,397	$ 54,044	$ 33,596	$ 46,494	$ 97,848	$ 68,634	$ 107,623	$ 107,945	$ 103,441
Employer contributions - implicit subsidy	17,553	20,798	25,519	25,187	20,073	17,109	14,175	11,421	-
Net investment income (loss)	291,985	219,088	273,508	(234,899)	247,557	193,211	220,508	(46,729)	125,822
Benefit payments	(65,887)	(62,232)	(58,360)	(50,386)	(50,863)	(41,252)	(40,430)	(22,644)	(9,334)
Benefit payments - implicit subsidy	(17,553)	(20,798)	(25,519)	(25,187)	(20,073)	(17,109)	(14,175)	(11,421)	-
Auditing fees	(17,949)	(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	7,414	9,265	18,520	20,741	23,102	22,947	20,475	5,244	930
Retiree contributions out	(7,414)	(9,265)	(18,520)	(20,741)	(23,102)	(22,947)	(20,475)	(5,244)	(930)
Net change in plan fiduciary net position	279,546	191,447	231,344	(258,478)	280,542	206,593	271,313	18,519	212,543
Plan fiduciary net position - beginning	1,941,111	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)	$ 2,220,657	$ 1,941,111	$ 1,749,664	$ 1,518,320	$ 1,776,798	$ 1,496,256	$ 1,289,663	$ 1,018,350	$ 999,831
TMWA's net OPEB liability - ending (a) - (b)	$ 178,009	$ 536,660	$ 648,466	$ 717,935	$ 376,724	$ 547,743	$ 660,570	$ 942,896	$ 826,542
Plan fiduciary net position as a percentage of the total OPEB liability	92.58%	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	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

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*

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.
- In the 2025 valuation the healthcare trend shown above was developed using the Getzen Model 2025 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth .9%; Expected Health Share of GDP in 2034 19%; Resistance Point 18%; Year after which medical growth is limited to growth in GDP 2075.

Truckee Meadows Water Authority OPEB Trust Fund

Schedule of Contributions

Last Ten Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 89,575	$ 73,219	$ 56,754	$ 71,847	$ 87,109	$ 86,278	$ 103,771	$ 120,582	$ 111,404
Contributions in relation to the actuarially determined contribution	71,397	54,044	33,596	46,494	97,848	68,634	107,623	107,945	103,441
Contribution deficiency (excess)	$ 18,178	$ 19,175	$ 23,158	$ 25,353	$ (10,739)	$ 17,644	$ (3,852)	$ 12,637	$ 7,963
Covered-employee payroll	N/A	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

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 Contributions
Last Ten Years*

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, 2025.

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	19 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.
- In the 2025 valuation the healthcare trend shown above was developed using the Getzen Model 2025 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth .9%; Expected Health Share of GDP in 2034 19%; Resistance Point 18%; Year after which medical growth is limited to growth in GDP 2075.

Truckee Meadows Water Authority OPEB Trust Fund

Schedule of Investment Returns

Last Ten Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	15.45%	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, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated June 24, 2026.

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.

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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.

Eide Bailly LLP

Reno, Nevada
June 24, 2026

Truckee Meadows Water Authority

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, Principal Accountant
DATE: July 21, 2026
SUBJECT: **Present and accept the December 31, 2025 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, 2025.

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, 2025

The primary purposes of this report are to:

- Remeasure the Plan's liabilities as of December 31, 2025,
- 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, 2026.

Some highlights of the Plan's report as of December 31, 2025 include:

- The Plan's total OPEB liability is $2.4 million.
- The Plan's fiduciary net position is $2.2 million.
- The Plan has a net OPEB liability of $178 thousand.
- As of the valuation date of December 31, 2025, the Plan covers 11 active employees and 10 retirees.
- To meet the ADC funding level for fiscal year ended 2026, Truckee Meadows Water Authority contributed $71,127. To meet the ADC funding level for fiscal years ended 2027 and 2028, TMWA will need to contribute $27,189 and 21,066, respectively.

MacLeod Watts

May 19, 2026

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
December 31, 2025, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026

Dear Mr. Bowman:

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

The primary purposes of this report are to:

1. Recalculate plan liabilities as of December 31, 2025, in accordance with GASB 75's biennial valuation requirement.
2. Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in TMWA's financial statements for the fiscal year ending June 30, 2026.
3. Develop Actuarially Determined Contributions for prefunding plan benefits.

The exhibits presented in this report reflect that TMWA is contributing, on average, 100% or more of the Actuarially Determined Contribution each year. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by TMWA. Please review our summary of this information to be comfortable that it matches your records. *We used estimated OPEB contributions and payroll for the fiscal year ending June 30, 2026. When actual contributions and payroll are known, we'd be happy to update the report.*

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

Sincerely,

Michael J. Papendieck, EA, FCA, MAAA
Consulting Actuary

Enclosure

Truckee Meadows Water Authority
Section 115 Plan

Actuarial Valuation of Other Post-Employment Benefit Program As of December 31, 2025

Development of OPEB Prefunding Levels & GASB 75 Report for the FYE June 30, 2026

Submitted May 2026

MacLeod Watts

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A. Executive Summary

This report presents the results of the December 31, 2025, actuarial valuation and the accounting information of the other post-employment benefit (OPEB) program of the Section 115 Trust Plan of the Truckee Meadows Water Authority (TMWA). The purposes of this report are to: 1) summarize the results of the valuation; 2) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2026; and 3) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits. Separate reports have been prepared for the TMWA Post-Retirement Medical Plan and Trust and the TMWA Implicit Subsidy Only Plan

A description of the valuation process can be found in the appendices. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations. The glossary also contains descriptive definitions of terms you may see in this or other actuarial reports.

Results of this December 31, 2025, valuation may also be used to prepare TMWA's GASB 75 report for the fiscal year ending June 30, 2027. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations

TMWA provides continuation of certain types of post-employment coverage to its retiring employees. A description of these benefits are outlined in the Retiree Benefit Provisions, Section F. Post-employment coverage may create one or more types of OPEB liabilities:

- **Explicit subsidy liabilities**: An "explicit subsidy" exists when the employer contributes directly toward the cost of a retiree's coverage, such as contributing toward the cost of healthcare premiums.
- **Implicit subsidy liabilities**: An "implicit subsidy" may exist when premiums paid for retiree coverage are not expected to cover retiree claims, and the cost difference is expected to be borne by the employer. This commonly occurs when the employer is charged the same premium for active and retired employees, even though retirees generally incur higher claims.

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 claim costs by age and (b) premiums charged for retiree coverage, to the extent borne by TMWA.

Important Dates

GASB 75 allows reporting liabilities using (1) a *valuation date* no more than 30 months plus 1 day prior to the fiscal year end; and (2) a *measurement date* up to one year prior to the fiscal year end. The following dates were used for this report:

Fiscal Year End	June 30, 2026
Measurement Date	December 31, 2025
Measurement Period	January 1, 2025 to December 31, 2025
Valuation Date	December 31, 2025



Executive Summary
(Continued)

Summary of Results

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. The plan's impact on Net Position and Expense for the current fiscal year is shown below.

Summary of Results for Fiscal Year Ending June 30, 2026	TMWA Section 115
Total OPEB Liability	$ 2,398,666
Fiduciary Net Position	(2,220,657)
Net OPEB Liability	**$ 178,009**
Adjustment for Deferred Resources:	
Deferred (Outflows)	(170,139)
Deferred Inflows	439,480
Impact on Statement of Net Position	**$ 447,350**
OPEB Expense (Income), FYE 6/30/2026	**$ (19,320)**

A summary of the changes to the Net OPEB Liability that have occurred since the prior measurement date is shown below. A more detailed reconciliation of changes can be found in the Valuation Results, Part B.

Summary of Changes	
Net OPEB Liability (Asset), FYE 6/30/2025	$ 536,660
Plan Experience	(203,485)
Investment Experience	(184,147)
TMWA Section 115 Contributions	(88,950)
Ongoing Plan Operations	80,378
Assumption Changes	37,553
Total Changes	(358,651)
Net OPEB Liability (Asset), FYE 6/30/2026	$ 178,009

Ongoing plan operations include benefits earned during the year by active employees, interest on plan liabilities, expected return on assets, and administrative expenses.

Executive Summary
(Concluded)

OPEB Funding Policy

TMWA's OPEB funding pattern over the most recent 5-year period has been to contribute 100% or more of the Actuarially Determined Contribution each year. When fully funding, GASB 75 prescribes the expected long-term trust earnings rate as the discount rate for determining liabilities for plan disclosures.

With TMWA's approval, we used 6.00% as the discount rate to develop accounting disclosures and the Actuarially Determined Contributions for plan funding. Information on how this rate was determined is provided in the Expected Long-term Return on Trust Assets section of the Accounting Information, Part D.

Updates Since the Prior Report

TMWA reported no plan changes since the prior report. An updated census of plan participants was provided and used in the valuation to determine "plan experience." A description of the components of plan experience and their impact on the liability can be found in the Reconciliation section of the Valuation Results, Part B.

Certain actuarial assumptions were changed for this valuation. A description of these changes is provided in the Actuarial Assumptions and Methods, Part G. The impact on the liability resulting from the change in assumptions are presented in the Reconciliation section of the Valuation Results, Section B.

Investment experience, defined as the difference between actual and expected trust earnings, was also determined. The financial impact is reflected in the Reconciliation section of the Valuation Results, Part B.

Use and Reliance

This report is intended to present actuarial information related to other post-employment benefits for TMWA's financial statements in accordance with GASB Statement No. 75. The results and conclusions are appropriate for this purpose but may not be suitable for other uses, as different assumptions, methods, or actuarial standards of practice may be required or more suitable.

The actuarial valuation reflects plan provisions and related information as provided by TMWA. TMWA is assumed to have access to, and to rely upon, its own legal counsel for advice on legal matters, including the compliance of plan provisions with applicable laws, regulations, Board requirements, or other governing authorities. MacLeod Watts does not practice law, and nothing in this report should be construed as legal advice. While MacLeod Watts is not a public accounting firm, any financial reporting information herein has been prepared in accordance with our understanding of applicable reporting requirements. TMWA should coordinate with its internal accounting staff and external auditors regarding the application of these results to TMWA's financial statements.



MacLeod Watts

May 19, 2026

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
December 31, 2025, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026

Dear Mr. Bowman:

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

Sincerely,

Michael J. Papendieck, EA, FCA, MAAA
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Enclosure

Truckee Meadows Water Authority
Section 115 Plan

Actuarial Valuation of Other Post-Employment Benefit Program
As of December 31, 2025

Development of OPEB Prefunding Levels & GASB 75 Report for the FYE June 30, 2026

Submitted May 2026

MacLeod Watts

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A. Executive Summary

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Results of this December 31, 2025, valuation may also be used to prepare TMWA's GASB 75 report for the fiscal year ending June 30, 2027. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations

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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 claim costs by age and (b) premiums charged for retiree coverage, to the extent borne by TMWA.

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GASB 75 allows reporting liabilities using (1) a *valuation date* no more than 30 months plus 1 day prior to the fiscal year end; and (2) a *measurement date* up to one year prior to the fiscal year end. The following dates were used for this report:

Fiscal Year End	June 30, 2026
Measurement Date	December 31, 2025
Measurement Period	January 1, 2025 to December 31, 2025
Valuation Date	December 31, 2025



Executive Summary
(Continued)

Summary of Results

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. The plan's impact on Net Position and Expense for the current fiscal year is shown below.

Summary of Results for Fiscal Year Ending June 30, 2026	TMWA Section 115
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Fiduciary Net Position	(2,220,657)
Net OPEB Liability	**$ 178,009**
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Impact on Statement of Net Position	**$ 447,350**
OPEB Expense (Income), FYE 6/30/2026	**$ (19,320)**

A summary of the changes to the Net OPEB Liability that have occurred since the prior measurement date is shown below. A more detailed reconciliation of changes can be found in the Valuation Results, Part B.

Summary of Changes	
Net OPEB Liability (Asset), FYE 6/30/2025	$ 536,660
Plan Experience	(203,485)
Investment Experience	(184,147)
TMWA Section 115 Contributions	(88,950)
Ongoing Plan Operations	80,378
Assumption Changes	37,553
Total Changes	(358,651)
Net OPEB Liability (Asset), FYE 6/30/2026	$ 178,009

Ongoing plan operations include benefits earned during the year by active employees, interest on plan liabilities, expected return on assets, and administrative expenses.

Executive Summary
(Concluded)

OPEB Funding Policy

TMWA's OPEB funding pattern over the most recent 5-year period has been to contribute 100% or more of the Actuarially Determined Contribution each year. When fully funding, GASB 75 prescribes the expected long-term trust earnings rate as the discount rate for determining liabilities for plan disclosures.

With TMWA's approval, we used 6.00% as the discount rate to develop accounting disclosures and the Actuarially Determined Contributions for plan funding. Information on how this rate was determined is provided in the Expected Long-term Return on Trust Assets section of the Accounting Information, Part D.

Updates Since the Prior Report

TMWA reported no plan changes since the prior report. An updated census of plan participants was provided and used in the valuation to determine "plan experience." A description of the components of plan experience and their impact on the liability can be found in the Reconciliation section of the Valuation Results, Part B.

Certain actuarial assumptions were changed for this valuation. A description of these changes is provided in the Actuarial Assumptions and Methods, Part G. The impact on the liability resulting from the change in assumptions are presented in the Reconciliation section of the Valuation Results, Section B.

Investment experience, defined as the difference between actual and expected trust earnings, was also determined. The financial impact is reflected in the Reconciliation section of the Valuation Results, Part B.

Use and Reliance

This report is intended to present actuarial information related to other post-employment benefits for TMWA's financial statements in accordance with GASB Statement No. 75. The results and conclusions are appropriate for this purpose but may not be suitable for other uses, as different assumptions, methods, or actuarial standards of practice may be required or more suitable.

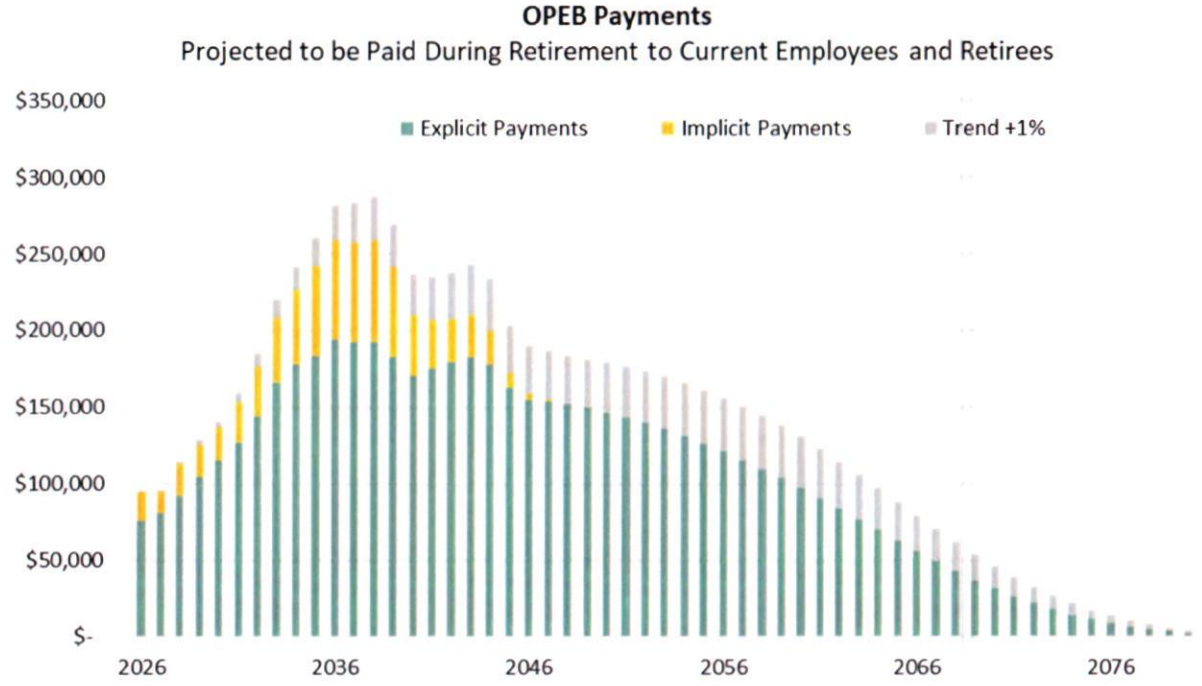
The actuarial valuation reflects plan provisions and related information as provided by TMWA. TMWA is assumed to have access to, and to rely upon, its own legal counsel for advice on legal matters, including the compliance of plan provisions with applicable laws, regulations, Board requirements, or other governing authorities. MacLeod Watts does not practice law, and nothing in this report should be construed as legal advice. While MacLeod Watts is not a public accounting firm, any financial reporting information herein has been prepared in accordance with our understanding of applicable reporting requirements. TMWA should coordinate with its internal accounting staff and external auditors regarding the application of these results to TMWA's financial statements.



B. Valuation Results

The OPEB liability for Section 115 Trust Plan as of December 31, 2025, was determined using the updated employee data, plan provisions and asset information provided to us for the valuation. The actuarial information was derived following the Valuation Process described in Appendix 1. This process uses many assumptions which can be reviewed in the Actuarial Assumptions and Methods, Part H. We recommend TMWA review our understanding of retiree benefits found in the Retiree Benefit Provisions, Part G, of this report. Finally, the Summary of Participant Data, Part F, provides a summary of the data provided by TMWA for this valuation.

Using all the information provided for this report, we projected all future benefit payments expected to be paid on behalf of current retirees and current employees of TMWA (see the chart below).



Explicit payments represent direct payments by TMWA to or on behalf of retirees. Implicit payments reflect the difference between expected retiree claims and premiums paid for coverage, to the extent the cost difference is expected to be borne by TMWA. The grey area on the chart indicates the increase in projected payments if the assumption for healthcare cost inflation were 1% higher in all future years.

The first 15 years of projected benefit payments are shown in tabular form in the Projected Benefit Payments section of the Accounting Information, Part D. Liabilities relating to these projected benefits are shown beginning on the following page.

Valuation Results
(Continued)

This chart compares the results measured as of December 31, 2024, with the new results measured as of December 31, 2025, based on the current valuation.

Valuation Date	**12/31/2023**			**12/31/2025**		
Fiscal Year Ending	**6/30/2025**			**6/30/2026**		
Measurement Date	**12/31/2024**			**12/31/2025**		
Discount rate	6.00%			6.00%		
Number of Covered Employees						
Actives	12			11		
Retirees	10			10		
Total Participants	22			21		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	$ 924,798	$ 539,288	$ 1,464,086	$ 909,354	$ 469,143	$ 1,378,497
Retirees	1,237,797	(31,488)	1,206,310	1,296,924	(100,997)	1,195,927
Total APVPB	2,162,595	507,800	2,670,396	2,206,278	368,146	2,574,424
Total OPEB Liability (TOL)						
Actives	806,957	464,505	1,271,461	795,792	406,947	1,202,739
Retirees	1,237,797	(31,488)	1,206,310	1,296,924	(100,997)	1,195,927
TOL	2,044,754	433,017	2,477,771	2,092,716	305,950	2,398,666
Fiduciary Net Position			1,941,111			2,220,657
Net OPEB Liability			536,660			178,009
Service Cost For the period following the measurement date	18,051	11,894	29,945	17,087	10,267	27,354

A reconciliation between the liabilities shown above begins on the following page.

Valuation Results
(Continued)

Reconciliation

Between the December 31, 2024, and December 31, 2025, measurement dates, the Net OPEB Liability (NOL) decreased by $358,651. This change can be broadly grouped into expected and unexpected changes.

- **Expected changes** - The NOL was expected to decrease by $8,572 through normal plan operation. These changes are shown in the first section of the reconciliation chart on the following page.

- **Unexpected changes –** The NOL experiences unexpected changes when results projected in the prior valuation are not exactly realized. These unexpected changes can be broadly grouped into one of these categories:

    1. *Changes in Benefit Provisions* – Changes in plan benefits since the prior valuation are reflected as an unexpected change. TMWA reported no changes to the plan since the prior valuation.
    2. *Plan Experience* – Plan experience reflects unexpected changes in a plan's actual demographic outcomes (see Glossary – Plan Experience). Unexpected plan experience caused the NOL to decrease by $203,485.
    3. *Assumption Changes* – Each full valuation includes a review of assumptions to ensure current expectations are used in the future projection and discounting of plan benefits. Assumption changes caused the NOL to increase by $37,553. For more details on the assumptions used in the current valuation, see Actuarial Methods and Assumptions Part H.
    4. *Investment Experience* – Trust earnings deviating from the expected trust earnings rate decreased the NOL by $184,147.

The reconciliation chart appears on the following page.

Valuation Results – Reconciliation
(Concluded)

This chart reconciles the Net OPEB Liability measured on December 31, 2024, to the Net OPEB Liability from the current valuation measured on December 31, 2025.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 12/31/2024*	$ 2,477,771	$ 1,941,111	$ 536,660
Expected Changes During the Period:			
Service Cost	29,945		29,945
Interest Cost	147,737		147,737
Expected Investment Income		115,853	(115,853)
TMWA Section 115 Contributions		88,950	(88,950)
Auditing Fees		(16,800)	16,800
Investment & Administrative Fees		(1,749)	1,749
Legal Fees		-	-
Retiree Contributions		7,414	(7,414)
Retiree Portion of Premiums		(7,414)	7,414
Benefit Payments	(90,855)	(90,855)	-
Total Expected Changes During the Period	86,827	95,399	(8,572)
Expected at Fiscal Year Ending 6/30/2026 *Measurement Date 12/31/2025*	$ 2,564,598	$ 2,036,510	$ 528,088
Unexpected Changes During the Period:			
Change Due to Investment Experience		184,147	(184,147)
Plan Experience:			
Premiums and Estimated Claims Other Than Expected	(205,420)		
Other Plan Experience	1,935		
Change Due to Plan Experience			(203,485)
Change Due to Change in Healthcare Trend	37,553		37,553
Total Unexpected Changes During the Period	(165,932)	184,147	(350,079)
Balance at Fiscal Year Ending 6/30/2026 *Measurement Date 12/31/2025*	$ 2,398,666	$ 2,220,657	$ 178,009

C. Valuation Results by Tier

The chart below summarizes the valuation results on the December 31, 2025, 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.

Valuation Date	**12/31/2025**		
Fiscal Year Ending	**6/30/2026**		
Measurement Date	**12/31/2025**		
Discount rate	6.00%		
Group	Tier 1	Tier 2	Total
Number of Covered Employees			
Actives	0	11	11
Retirees	5	5	10
Total Participants	5	16	21
Actuarial Present Value of Projected Benefits			
Actives	$ -	$ 1,378,497	$ 1,378,497
Retirees	969,292	226,635	1,195,927
Total APVPB	969,292	1,605,132	2,574,424
Total OPEB Liability (TOL)			
Actives	-	1,202,739	1,202,739
Retirees	969,292	226,635	1,195,927
TOL	969,292	1,429,374	2,398,666
Service Cost For the period following the measurement date	-	27,354	27,354

D. 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, 2026.

Components of Net Position and OPEB 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, 2026 *Measurement Date is December 31, 2025*	**TMWA Section 115**
Items Included in Net Position:	
Total OPEB Liability	$ 2,398,666
Fiduciary Net Position	(2,220,657)
Net OPEB Liability (Asset)	178,009
Deferred (Outflows) Due to:	
Assumption Changes	(35,180)
Plan Experience	(12,534)
Investment Experience	(68,059)
Deferred Contributions	(54,366)
Deferred Inflows Due to:	
Assumption Changes	239
Plan Experience	143,282
Investment Experience	295,959
Impact on Statement of Net Position, FYE 6/30/2026	**$ 447,350**
Items Included in OPEB Expense:	
Service Cost	$ 29,945
Cost of Plan Changes	-
Interest Cost	147,737
Expected Investment Income	(115,853)
Auditing Fees	16,800
Investment & Administrative Fees	1,749
Legal Fees	-
Retiree Contributions	(7,414)
Retiree Portion of Premiums	7,414
Recognition of Deferred Outflows:	
Assumption Changes	23,924
Plan Experience	24,070
Investment Experience	68,057
Recognition of Deferred (Inflows):	
Assumption Changes	(7,887)
Plan Experience	(77,750)
Investment Experience	(130,112)
OPEB Expense (Income), FYE 6/30/2026	**$ (19,320)**

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 *Measurement Date*	6/30/2025 *12/31/2024*	6/30/2026 *12/31/2025*	Change During Period
Total OPEB Liability	$ 2,477,771	$ 2,398,666	$ (79,105)
Fiduciary Net Position	(1,941,111)	(2,220,657)	(279,546)
Net OPEB Liability (Asset)	536,660	178,009	(358,651)
Deferred (Outflows) Due to:			
Assumption Changes	(21,551)	(35,180)	(13,629)
Plan Experience	(36,604)	(12,534)	24,070
Investment Experience	(136,116)	(68,059)	68,057
Deferred Contributions	(53,385)	(54,366)	(981)
Deferred Inflows Due to:			
Assumption Changes	8,126	239	(7,887)
Plan Experience	17,547	143,282	125,735
Investment Experience	241,924	295,959	54,035
Impact on Statement of Net Position	$ 556,601	$ 447,350	$ (109,251)

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2025	$ 556,601
OPEB Expense (Income)	(19,320)
TMWA Section 115 Contributions During Fiscal Year	(89,931)
Impact on Statement of Net Position, FYE 6/30/2026	$ 447,350

OPEB Expense

TMWA Section 115 Contributions During Fiscal Year	$ 89,931
Deterioration (Improvement) in Net Position	(109,251)
OPEB Expense (Income), FYE 6/30/2026	$ (19,320)

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, 2024	$ 1,951,758	$ (10,647)	$ 1,941,111
Income			
Employer Contribution to trust	71,397	-	71,397
Investment Income	292,586	-	292,586
Plan Members Contribution	7,414	-	7,414
Total Income	371,397	-	371,397
Expense			
Audit Fees	16,800	-	16,800
Administrative Fees	1,749	-	1,749
Legal Fees	-	-	-
Retiree health premiums	69,711	2,011	71,722
Retiree life premiums	1,596	(16)	1,580
Total Expense	89,856	1,995	91,851
Net Change During the Period	281,541	(1,995)	279,546
Balance as of December 31, 2025	**$ 2,233,299**	**$ (12,642)**	**$ 2,220,657**

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, 2025:

Wells Fargo (checking account)	$	65,991
Retirement Benefits Investment Fund		2,167,308
Total Invested	**$**	**2,233,299**

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, 2025		
Asset Class	**Target Allocation**	**Actual Allocation**
U.S. Stocks- S&P 500 Index	42.5%	45.7%
Int'l Stocks- MSCI World x US Index	17.5%	18.7%
U.S. Bonds- U.S. Bond Index	28.0%	32.2%
Short-term Investments	12.0%	3.4%
Total RBIF Fund	**100.0%**	**100.0%**

Accounting Information (GASB 75)
(Continued)

Deferred Resources and Expected Future Recognition

The exhibit below shows deferred resources used in the fiscal year ending June 20, 2026. The plan's Expected Average Remaining Service Life ("EARSL") is 3.38 years. This period is used to recognize any non-investment related deferred resources established as of the measurement date. Investment related deferred resources are always recognized over five years. Details of deferred resources used in the current fiscal year are presented in the Schedule of Deferred Resources section of the Accounting Information, Part D.

TMWA Section 115	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 35,180	$ 239
Differences Between Expected and Actual Experience	12,534	143,282
Net Difference Between Projected and Actual Earnings on Investments	-	227,900
Deferred Contributions	54,366	-
Total	$ 102,080	$ 371,421

TMWA will recognize Deferred Contributions in the next fiscal year. The exhibit below shows future recognition of all other deferred resources.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2027	$ (59,258)
2028	(147,134)
2029	(80,484)
2030	(36,831)
2031	-
Thereafter	-

Accounting Information (GASB 75)
(Continued)

Sensitivity of Liabilities

The discount rate used for accounting purposes for the fiscal year ending June 30, 2026, is 6.00%. Future healthcare cost increases (i.e., healthcare trend rate) were assumed to start at 6.5% (increase effective July 1, 2027) 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%**
Total OPEB Liability	$ 2,675,689	$ 2,398,666	$ 2,163,355
Increase (Decrease)	277,023		(235,311)
% Increase (Decrease)	11.5%		-9.8%
Net OPEB Liability (Asset)	$ 455,032	$ 178,009	$ (57,302)
Increase (Decrease)	277,023		(235,311)
% Increase (Decrease)	155.6%		-132.2%
Change in Healthcare Cost Trend Rate	**Current Trend - 1%**	**Current Trend**	**Current Trend + 1%**
Total OPEB Liability	$ 2,156,778	$ 2,398,666	$ 2,684,698
Increase (Decrease)	(241,888)		286,032
% Increase (Decrease)	-10.1%		11.9%
Net OPEB Liability (Asset)	$ (63,879)	$ 178,009	$ 464,041
Increase (Decrease)	(241,888)		286,032
% Increase (Decrease)	-135.9%		160.7%

Accounting Information (GASB 75)
(Continued)

Schedule of Changes in the Net OPEB Liability

Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service Cost	$ 29,945	$ 29,073	$ 30,475	$ 29,587	$ 35,820	$ 34,777	$ 59,239	$ 56,960	$ 54,769
Interest Cost	147,737	142,863	133,487	128,719	122,661	117,350	119,591	111,978	103,644
Cost of Plan Changes	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(203,485)	-	47,606	-	61,652	-	(179,517)	-	-
Changes of assumptions	37,553	-	34,186	-	(39,674)	-	44,279	-	-
Benefit payments	(90,855)	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Change in total OPEB liability	(79,105)	79,641	161,875	82,733	109,523	93,766	(11,013)	134,873	149,079
Total OPEB liability - beginning	2,477,771	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	$ 2,398,666	$ 2,477,771	$ 2,398,130	$ 2,236,255	$ 2,153,522	$ 2,043,999	$ 1,950,233	$ 1,961,246	$ 1,826,373
Fiduciary Net Position									
Contributions - employer	$ 88,950	$ 74,842	$ 59,115	$ 71,680	$ 117,922	$ 85,743	$ 121,798	$ 119,366	$ 103,441
Net investment income (loss)	300,000	228,859	273,918	(234,401)	248,073	193,517	220,823	(46,458)	126,004
Benefit payments	(90,855)	(92,295)	(83,879)	(75,573)	(70,936)	(58,361)	(54,605)	(34,065)	(9,334)
Auditing Fees	(16,800)	(16,485)	(15,300)	(14,800)	(14,000)	(14,000)	(12,100)	(13,690)	(6,000)
Investment & Administrative Fees	(1,749)	(1,680)	(410)	(496)	(517)	(306)	(315)	(770)	(780)
Legal Fees	-	(1,794)	(2,100)	(4,888)	-	-	(4,288)	(5,864)	(788)
Retiree Contributions	7,414	9,266	18,520	20,741	23,102	22,947	21,302	5,244	930
Retiree Portion of Premiums	(7,414)	(9,266)	(18,520)	(20,741)	(23,102)	(22,947)	(21,302)	(5,244)	(930)
Change in fiduciary net position	279,546	191,447	231,344	(258,478)	280,542	206,593	271,313	18,519	212,543
Fiduciary net position - beginning	1,941,111	1,749,664	1,518,320	1,776,798	1,496,256	1,289,663	1,018,350	999,831	787,288
Fiduciary net position - ending	$ 2,220,657	$ 1,941,111	$ 1,749,664	$ 1,518,320	$ 1,776,798	$ 1,496,256	$ 1,289,663	$ 1,018,350	$ 999,831
Net OPEB liability - ending	$ 178,009	$ 536,660	$ 648,466	$ 717,935	$ 376,724	$ 547,743	$ 660,570	$ 942,896	$ 826,542
Covered-employee payroll	$ 1,650,160	$ 1,655,917	$ 1,585,104	$ 1,623,630	$ 1,593,312	$ 1,558,683	$ 1,688,340	$ 1,866,073	$ 1,630,635
Net OPEB liability as a percentage of covered-employee payroll	10.79%	32.41%	40.91%	44.22%	23.64%	35.14%	39.13%	50.53%	50.69%



Accounting Information – Schedule of Changes in the Net OPEB Liability
(Concluded)

Used in Development of the NOL for the Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Measurement date	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017
Valuation date	12/31/2025	12/31/2023	12/31/2023	12/31/2021	12/31/2021	12/31/2019	12/31/2019	12/31/2017	12/31/2017
Discount rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Investment rate of return	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Healthcare cost trend rates	6.5% in 2027 3.9% by 2075	6.5% in 2025 3.9% by 2075	6.5% in 2025 3.9% by 2075	5.8% in 2023 3.9% by 2076	5.8% in 2023 3.9% by 2076	7.0% in 2021 4% by 2076	7.0% in 2021 4% by 2076	6.25% in 2019 5.0% by 2024	6.25% in 2019 5.0% by 2024
Retirement age	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75
Mortality	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2017 Experience Study	NV PERS 2017 Experience Study	NV PERS 2016 Experience Study	NV PERS 2016 Experience Study
Mortality Improvement	Macleod Watts 2022	Macleod Watts 2022	Macleod Watts 2022	Macleod Watts 2022	Macleod Watts 2022	Macleod Watts 2018	Macleod Watts 2018	Macleod Watts 2017	Macleod Watts 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 deficiency in contributions.

Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 89,931	$ 89,219	$ 57,219	$ 56,289	$ 87,404	$ 86,813	$ 85,743	$ 121,798	$ 119,366
Contributions in relation to the ADC	89,931	89,219	57,219	56,289	87,404	101,635	70,921	121,798	119,366
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (14,822)	$ 14,822	$ -	$ -
Covered-employee payroll	$ 1,643,247	$ 1,693,370	$ 1,682,451	$ 1,760,431	$ 1,623,630	$ 1,570,588	$ 1,714,076	$ 1,771,318	$ 1,886,143
Contributions as a percentage of covered-employee payroll	5.47%	5.27%	3.40%	3.20%	5.38%	6.47%	4.14%	6.88%	6.33%

Used in Development of the ADC for the Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Valuation Date	12/31/2023	12/31/2023	12/31/2021	12/31/2021	12/31/2019	12/31/2019	12/31/2019	12/31/2017	12/31/2017
Discount rate/Trust return	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.00%	4.00%
Healthcare cost trend rates	6.5% in 2025 3.9% by 2075	6.5% in 2025 3.9% by 2075	5.8% in 2023 3.9% by 2076	5.8% in 2023 3.9% by 2076	7.0% in 2021 4% by 2076	7.0% in 2021 4% by 2076	7.0% in 2021 4% by 2076	6.25% in 2019 5.0% by 2024	6.25% in 2019 5.0% by 2024
Retirement age	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75	45 to 75
Mortality	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2021 Experience Study	NV PERS 2017 Experience Study	NV PERS 2017 Experience Study	NV PERS 2017 Experience Study	NV PERS 2016 Experience Study	NV PERS 2016 Experience Study
Mortality Improvement	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2018	MacLeod Watts 2018	MacLeod Watts 2018	MacLeod Watts 2017	MacLeod Watts 2017
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization period	19 years	20 years	21 years	22 years	23 years	24 years	25 years	26 years	27 years
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value

Accounting Information (GASB 75)
(Continued)

Progress in Plan Funding

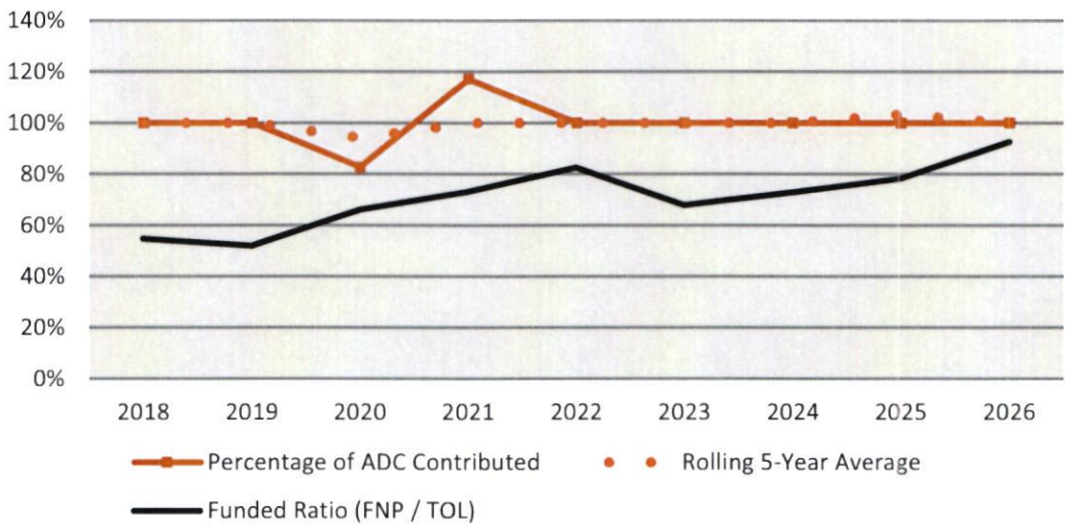
TMWA's contribution history and progress in funding is shown below. This chart itself is not a required disclosure but may assist TMWA in monitoring plan funding. The measures shown include:

- *Percentage of ADC Contributed*: Annual percentage of Actuarially Determined Contributions contributed by TMWA.
- *Rolling 5-Year Average*: The rolling 5-year average of the Percentage of ADC Contributed. Paragraph 38 of GASB 75 states that the most recent 5-year history of contributions should be considered when developing the liability discount rate in partially funded plans.
- *Funded ratio*: The ratio of plan assets (Fiduciary Net Position) to the Total OPEB Liability is a standard measure of plan funded status at a point in time. See Funded Status in the Glossary.

	Contribution History				GASB 75 Funded Status History			
Fiscal Year Ending	Actuarially Determined Contribution (ADC)	Contribution	Percentage of ADC Contributed	Rolling 5-Year Average	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (Asset)	Funded Ratio (FNP / TOL)
2018	$ 119,366	$ 119,366	100%	100%	$ 1,826,373	$ 999,831	$ 826,542	55%
2019	121,798	121,798	100%	100%	1,961,246	1,018,350	942,896	52%
2020	85,743	70,921	83%	94%	1,950,233	1,289,663	660,570	66%
2021	86,813	101,635	117%	100%	2,043,999	1,496,256	547,743	73%
2022	87,404	87,404	100%	100%	2,153,522	1,776,798	376,724	83%
2023	56,289	56,289	100%	100%	2,236,255	1,518,320	717,935	68%
2024	57,219	57,219	100%	100%	2,398,130	1,749,664	648,466	73%
2025	89,219	89,219	100%	103%	2,477,771	1,941,111	536,660	78%
2026	89,931	89,931	100%	100%	2,398,666	2,220,657	178,009	93%

Note: Rolling average based on latest 5 years, or maximum number available if less.

The relevant ratios shown above are provided in the chart below.



Accounting Information (GASB 75)
(Continued)

Detail of Changes to Net Position

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

TMWA Section 115	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	
Balance at Fiscal Year Ending 6/30/2025 *Measurement Date 12/31/2024*	$ 2,477,771	$ 1,941,111	$ 536,660	$ 21,551	$ 36,604	$ 136,116	$ 53,385	$ 8,126	$ 17,547	$ 241,924	$ 556,601
Changes During the Period:											
Service Cost	29,945		29,945								29,945
Interest Cost	147,737		147,737								147,737
Expected Investment Income		115,853	(115,853)								(115,853)
TMWA Section 115 Contributions		88,950	(88,950)								(88,950)
Cost of Plan Changes	-		-								-
Auditing Fees		(16,800)	16,800								16,800
Investment & Administrative Fees		(1,749)	1,749								1,749
Legal Fees		-	-								-
Retiree Contributions		7,414	(7,414)								(7,414)
Retiree Portion of Premiums		(7,414)	7,414								7,414
Benefit Payments	(90,855)	(90,855)	-								-
Assumption Changes	37,553		37,553	37,553							-
Plan Experience	(203,485)		(203,485)						203,485		-
Investment Experience		184,147	(184,147)							184,147	-
Recognized Deferred Resources				(23,924)	(24,070)	(68,057)	(53,385)	(7,887)	(77,750)	(130,112)	(46,313)
Contributions After Measurement Date							54,366				(54,366)
Net Changes in Fiscal Year 2025-2026	(79,105)	279,546	(358,651)	13,629	(24,070)	(68,057)	981	(7,887)	125,735	54,035	(109,251)
Balance at Fiscal Year Ending 6/30/2026 *Measurement Date 12/31/2025*	$ 2,398,666	$ 2,220,657	$ 178,009	$ 35,180	$ 12,534	$ 68,059	$ 54,366	$ 239	$ 143,282	$ 295,959	$ 447,350

Accounting Information (GASB 75)
(Continued)

Schedule of Deferred 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.

Deferred Outflow or (Inflow)						Scheduled Recognition of Deferred Outflow or (Inflow)						
Source	Date Created	Initial Amount	Period (Yrs)	Annual Recognition	Balance as of Dec 31, 2025	2025 (FYE 2026)	2026 (FYE 2027)	2027 (FYE 2028)	2028 (FYE 2029)	2029 (FYE 2030)	2030 (FYE 2031)	Thereafter
Assumption Changes	12/31/2019	44,279	6.65	6,658	-	4,331	-	-	-	-	-	-
	12/31/2021	(39,674)	5.03	(7,887)	(239)	(7,887)	(239)	-	-	-	-	-
	12/31/2023	34,186	4.03	8,483	8,737	8,483	8,483	254	-	-	-	-
	12/31/2025	37,553	3.38	11,110	26,443	11,110	11,110	11,110	4,223	-	-	-
Investment Earnings	12/31/2021	(157,324)	5.00	(31,465)	-	(31,464)	-	-	-	-	-	-
	12/31/2022	340,287	5.00	68,057	68,059	68,057	68,059	-	-	-	-	-
	12/31/2023	(184,096)	5.00	(36,819)	(73,639)	(36,819)	(36,819)	(36,820)	-	-	-	-
	12/31/2024	(125,002)	5.00	(25,000)	(75,002)	(25,000)	(25,000)	(25,000)	(25,002)	-	-	-
	12/31/2025	(184,147)	5.00	(36,829)	(147,318)	(36,829)	(36,829)	(36,829)	(36,829)	(36,831)	-	-
Plan Experience	12/31/2019	(179,517)	6.65	(26,995)	-	(17,547)	-	-	-	-	-	-
	12/31/2021	61,652	5.03	12,257	367	12,257	367	-	-	-	-	-
	12/31/2023	47,606	4.03	11,813	12,167	11,813	11,813	354	-	-	-	-
	12/31/2025	(203,485)	3.38	(60,203)	(143,282)	(60,203)	(60,203)	(60,203)	(22,876)	-	-	-

Accounting Information (GASB 75)
(Continued)

Contributions to the Plan

TMWA contributions to the Plan occur as benefits are paid to or on behalf of retirees and/or as contributions are made to the OPEB trust. Benefit payments may occur in the form of direct payments for retiree benefits ("explicit subsidies") and/or indirect payments to retirees in the form of indirect payments to retirees for claims costs not expected to be fully supported by retiree premiums ("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 more details, see the Implicit Subsidy definition in the Glossary.

TMWA contributions during the measurement period are shown below.

For the Measurement Period, Jan 1, 2025 through Dec 31, 2025		**TMWA Section 115**
TMWA		
(a) Contribution To Section 115 Trust	$	71,397
(b) Benefits Paid Directly To or On Behalf of Retirees		-
(c) Implicit Subsidy Payment		17,553
Section 115 Trust		
(d) Benefits Paid Directly To or On Behalf of Retirees		73,302
(e) Reimbursements to TMWA		-
Total Benefits Paid During the MP, (b)+(c)+(d)		90,855
TMWA Contribution During the MP, (a)+(b)+(c)-(e)		88,950

Estimated TMWA contributions during the fiscal year are shown below. *These estimates should be updated with actual amounts once known.*

For the Fiscal Year, Jul 1, 2025 through Jun 30, 2026		**TMWA Section 115**
TMWA		
(f) Contribution To Section 115 Trust	$	71,127
(g) Benefits Paid Directly To or On Behalf of Retirees		-
(h) Implicit Subsidy Payment		18,804
Section 115 Trust		
(i) Benefits Paid Directly To or On Behalf of Retirees		76,212
(j) Reimbursements to TMWA		-
Total Benefits Paid During the Current FY, (g)+(h)+(i)		95,016
TMWA Contribution During the Current FY, (f)+(g)+(h)-(j)		89,931

Accounting Information (GASB 75)
(Continued)

Projected Benefit Payments

The following is a 15-year projection 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 based on the actuarial assumptions outlined in Actuarial Assumptions and Methods, Part H.

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).

Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2026	$ 76,212	$ -	$ 76,212	$ 18,804	$ -	$ 18,804	$ 95,016
2027	71,689	9,576	81,265	7,201	6,612	13,813	95,077
2028	74,642	17,766	92,407	9,121	11,684	20,804	113,211
2029	77,495	26,986	104,481	4,807	16,062	20,869	125,350
2030	80,181	34,950	115,131	(263)	21,616	21,353	136,484
2031	82,771	44,520	127,291	(5,546)	31,428	25,882	153,172
2032	85,253	59,226	144,478	(10,751)	42,362	31,611	176,089
2033	92,532	73,983	166,515	(9,271)	50,533	41,262	207,777
2034	99,651	78,304	177,955	(7,986)	56,386	48,401	226,355
2035	101,631	81,782	183,413	(7,145)	65,401	58,256	241,669
2036	99,350	94,695	194,045	(5,958)	70,928	64,970	259,015
2037	96,747	95,563	192,309	(4,186)	69,525	65,340	257,649
2038	97,801	94,382	192,183	(2,298)	69,216	66,919	259,101
2039	98,499	83,886	182,385	(555)	59,318	58,763	241,148
2040	98,866	71,264	170,130	(9,434)	49,208	39,774	209,903

The amounts shown in the explicit subsidy columns reflect the expected payment by TMWA toward retiree benefits in each of the years shown. The amounts shown in the implicit subsidy columns 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.

Accounting Information (GASB 75)
(Concluded)

Sample Journal Entries

OPEB Accounts at Beginning of Fiscal Year	*By Source* Debit	*By Source* Credit	*Sources Combined* Debit	*Sources Combined* Credit
Net OPEB Liability		536,660		536,660
Deferred Outflow:				
Assumption Changes	21,551			
Plan Experience	36,604			
Investment Experience	136,116			
Contribution Subsequent to MD	53,385			
Deferred Outflows			247,656	
Deferred Inflow:				
Assumption Changes		8,126		
Plan Experience		17,547		
Investment Experience		241,924		
Deferred Inflows				267,597

Record Contributions to the Trust	Debit	Credit
Net OPEB Liability	71,127	
Cash		71,127

Record Implicit Subsidy Payment	Debit	Credit
Net OPEB Liability	18,804	
Premium Expense		18,804

Record End of Year Updates to OPEB Accounts	*By Source* Debit	*By Source* Credit	*Sources Combined* Debit	*Sources Combined* Credit
Net OPEB Liability	268,720		268,720	
Deferred Outflow:				
Assumption Changes	13,629			
Plan Experience		24,070		
Investment Experience		68,057		
Contribution Subsequent to MD	981			
Deferred Outflows				77,517
Deferred Inflow:				
Assumption Changes	7,887			
Plan Experience		125,735		
Investment Experience		54,035		
Deferred Inflows				171,883
OPEB Expense		19,320		19,320

E. Funding Information

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

Paying Down the UAAL

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

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

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

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

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical and prescription drug claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.



Funding Information
(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

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

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

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

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL) over a 30-year period. Amortization payments are determined on a level dollar basis; 19 years remain for the fiscal year ending June 30, 2026.

Actuarially Determined Contributions, developed as described above for TMWA's fiscal years ending June 30, 2026, 2027, and 2028 are shown the exhibit on the next page. Contributions credited toward meeting the ADC will be comprised of:

1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to TMWA by the trust; plus
2) each year's implicit subsidy payment, to the extent not reimbursed to TMWA by the trust; and
3) contributions to the OPEB trust.

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



Funding Information
(Continued)

We developed the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2027, and June 30, 2028, from the results of this valuation. The ADC for fiscal year end June 30, 2026, was developed from the prior valuation and is included for reference as well.

Valuation date	**12/31/2023**	**12/31/2025**	
Discount rate	6.00%	6.00%	
Number of Covered Employees			
Actives	12	11	
Retirees	10	10	
Total Participants	22	21	
For fiscal year ending	6/30/2026	6/30/2027	6/30/2028
Actuarial Present Value of Projected Benefits	$ 2,750,491	$ 2,639,483	$ 2,699,923
Actuarial Accrued Liability (AAL)			
Actives	1,379,491	1,303,898	1,411,998
Retirees	1,198,807	1,178,277	1,151,044
Total AAL	2,578,298	2,482,175	2,563,042
Market Value of Assets	1,939,641	2,348,659	2,433,880
Unfunded AAL (UAAL)	638,657	133,516	129,162
UAAL Amortization method	Level Dollar	Level Dollar	Level Dollar
Remaining amortization period (years)	19	18	17
Amortization Factor	11.8276	11.4773	11.1059
Actuarially Determined Contribution (ADC)			
Normal Cost	$ 30,844	$ 28,175	$ 29,020
Amortization of UAAL	53,997	11,633	11,630
Interest to fiscal year end	5,090	1,194	1,220
Total ADC	**89,931**	**41,002**	**41,870**

Funding of the ADC

Implicit subsidy contribution	$ 18,804	$ 13,813	$ 20,804
Trust contribution needed to meet ADC	71,127	27,189	21,066

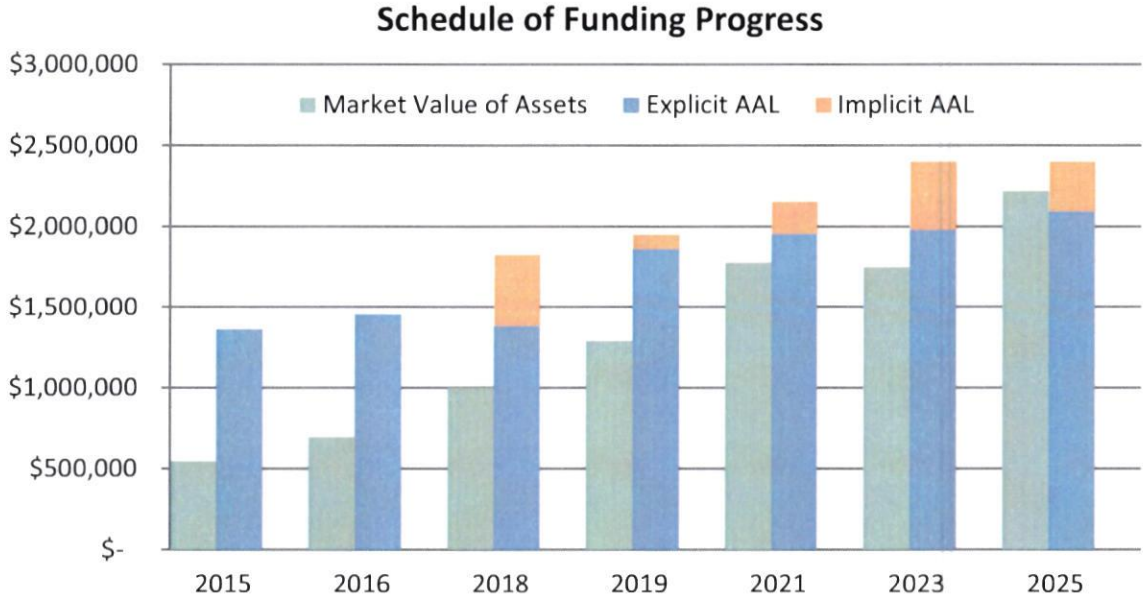
Retiree benefits (explicit subsidies) are paid from the trust. The chart above shows the contribution required to be made to the trust to meet the ADC funding level in each of these fiscal years.

Funding Information
(Concluded)

The charts below provide key measures of the progress in plan funding.

Schedule of Funding Progress

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
1/1/2015	$ 546,873	$ 1,357,972	$ 811,099	40.3%	$ 786,385	103.1%	6.00%
7/1/2016	$ 695,940	$ 1,453,919	$ 757,979	47.9%	$ 1,658,227	45.7%	6.00%
1/1/2018	$ 999,831	$ 1,826,373	$ 826,542	54.7%	$ 1,630,635	50.7%	6.00%
12/31/2019	$ 1,289,663	$ 1,950,233	$ 660,570	66.1%	$ 1,406,020	47.0%	6.00%
12/31/2021	$ 1,776,798	$ 2,153,522	$ 376,724	82.5%	$ 1,570,588	24.0%	6.00%
12/31/2023	$ 1,749,664	$ 2,398,130	$ 648,466	73.0%	$ 1,585,104	40.9%	6.00%
12/31/2025	$ 2,220,657	$ 2,398,666	$ 178,009	92.6%	$ 1,650,160	10.8%	6.00%



F. Summary of Participant Data

The data provided by TMWA for use in this valuation is summarized below. We reviewed and updated the data as needed and found it reasonably accurate and consistent for the purpose of the current valuation. The review does not constitute an audit and, therefore, we relied on TMWA for its completeness and accuracy.

Active employees: TMWA reported 11 active members for the December 31, 2025, valuation. The exhibit below summarizes the distribution of reported employees by age and service.

Distribution of Benefits-Eligible Active Employees					
	Years of Service				
Current Age	Under 15	15 to 19	20 & Up	Total	Percent
Under 25				0	0%
25 to 29				0	0%
30 to 34				0	0%
35 to 39				0	0%
40 to 44				0	0%
45 to 49		1	1	2	18%
50 to 54			5	5	46%
55 to 59			2	2	18%
60 to 64			1	1	9%
65 to 69			1	1	9%
70 & Up				0	0%
Total	0	1	10	**11**	**100%**
Percent	0%	9%	91%	**100%**	

Valuation	December 2023	December 2025
Average Attained Age for Actives	54.0	54.9
Average Years of Service	21.8	23.6

This chart shows the number of active employees by benefit tier. Please refer to the Retiree Benefit Provisions, Part G, 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	11	54.9	23.6	$ 1,305,574
Total	**11**	**54.9**	**23.6**	**$ 1,305,574**



Summary of Participant Data
(Continued)

Retirees: TMWA reported 10 retirees receiving benefits on the valuation date. Their ages are summarized in the chart below.

Retirees by Age				
Current Age	**Tier 1**	**Tier 2**	**Total**	**Percent**
Below 50			0	0%
50 to 54	1		1	10%
55 to 59			0	0%
60 to 64	1		1	10%
65 to 69	2	1	3	30%
70 to 74	1	3	4	40%
75 to 79		1	1	10%
80 & up			0	0%
Total	**5**	**5**	**10**	**100%**
Average Age:				
12/31/2025	63.5	72.8	68.2	
At retirement	56.9	65.5	61.2	

The chart below reconciles the number of actives and retirees included in the December 31, 2023, valuation with those included in the current December 31, 2025, valuation.

Reconciliation of Section 115 Plan Members Between Valuation Dates				
Status	Covered Actives	Covered Retirees	Retirees Deferring Benefits	Total
Number reported as of June 30, 2023	12	9	1	22
Separated employees				0
New retiree, elected coverage	(1)	1		0
New retiree, waiving coverage				0
Number reported as of June 30, 2025	**11**	**10**	**1**	**22**

The various categories of change between the counts reported for the prior valuation and the counts reported for the current valuation should be reviewed for consistency with TMWA records.

Finally, GASB 75 requires the employer to report specific plan member counts. The chart below shows the required counts as of the December 31, 2025, valuation date.

Summary of Plan Member Counts	
Number of active plan members	11
Number of inactive plan members currently receiving benefits	10
Number of inactive plan members entitled to but not receiving benefits	1

G. 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.

2026 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	$ 689.14	$ 195.00
			16	741.19	208.00
11	$ 480.94	$ 143.00	17	793.24	221.00
12	532.99	156.00	18	845.29	234.00
13	585.04	169.00	19	897.34	247.00
14	637.09	182.00	20	949.39	260.00

*Includes service with Washoe County

Current premium rates: The 2026 monthly healthcare premiums for plans available to TMWA retirees are shown in the chart below:

2026 Healthcare Rates for TMWA Retirees				
Plan	Retiree Only	Retiree & Spouse	Retiree & Child(ren)	Retiree & Family
Medical PPO	$ 822.29	$ 1,438.38	$ 1,364.59	$ 1,793.31
Vision	5.46	8.74	8.93	14.42
Dental	78.56	132.10	124.79	171.40

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 $0.23 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.

H. Actuarial Assumptions and Methods

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, 2025
Fiscal Year End	June 30, 2026
GASB 75 Measurement Date	December 31, 2025

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current TMWA active employees and retired participants and covered dependents are valued. This plan is now closed.
Development of Age-related Medical Premiums	Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology (see Appendices). Retiree claims experience, regardless of Medicare enrollment, 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. Representative claims costs derived from the dataset provided by the City of Reno are shown in the chart below.

Expected Monthly Claims by Medical Plan for Selected Ages										
Retiree Age	48	53	58	63	68	73	78	83	88	93
Male	$ 650	$ 858	$1,093	$1,356	$ 555	$ 612	$ 649	$ 660	$ 631	$ 617
Female	841	991	1,120	1,316	536	591	624	640	632	619

Actuarial Assumptions and Methods
(Continued)

Economic Assumptions

Long Term Return on Assets

6.0% as of December 31, 2025, and 6.0% as of December 31, 2024 net of plan investment and trust expenses

Discount Rate

6.0% as of December 31, 2025, and 6.0% as of December 31, 2024

General Inflation Rate

2.5% per year

Salary Increase

3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.

Healthcare Trend

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

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2026	Actual	2035	4.7%
2027	6.5%	2036-2044	4.6%
2028	6.3%	2045-2058	4.5%
2029	6.0%	2059-2066	4.4%
2030	5.8%	2067-2068	4.3%
2031	5.6%	2069-2070	4.2%
2032	5.3%	2071-2072	4.1%
2033	5.1%	2073-2074	4.0%
2034	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2025 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth .9%; Expected Health Share of GDP in 2034 19%; Resistance Point 18%; 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.



Actuarial Assumptions and Methods
(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:** • 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

Unless otherwise noted, participant election assumptions in this section were selected based on TMWA's historical patterns, the plan's eligibility rules, and our experience with similar Nevada public-sector OPEB plans.

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 employees are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives. *Retired participants*: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

Actuarial Assumptions and Methods
(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. Demographic assumptions based on the NV PERS experience study were selected because they reflect the actual experience of the population covered by this plan and therefore provide the most relevant and current representation of expected future experience for TMWA members.

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						
	Years of Service					
Age	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	1%	20%	20%
50	0.2%	0.6%	0.7%	2%	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%

Actuarial Assumptions and Methods
(Continued)

Regular Employees Hired before July 1, 2015 but on or after January 1, 2010						
	Years of Service					
Age	5-9	10-19	20-24	25-27	28-29	30 or more
45	0%	0%	0%	0%	20%	20%
50	0%	0%	0%	0%	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						
	Years of Service					
Age	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%

Actuarial Assumptions and Methods
(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

Healthcare Trend	Updated the healthcare trend from Getzen Model 2023 to Getzen Model 2025, as published by the Society of Actuaries

I. Certification

The purpose of this report is to provide actuarial information for the Section 115 Trust Plan other postemployment benefits (OPEB) provided by the Truckee Meadows Water Authority (TMWA) in compliance with Statement No. 75 of the Governmental Accounting Standards Board (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. It also develops the Actuarially Determined Contribution (ADC) for prefunding plan benefits and, where applicable, may be used to satisfy reporting or filing requirements of the plan's trust. The results are based on an actuarial valuation of the plan as of December 31, 2025.

We relied, without audit, on information supplied by TMWA, including but not limited to participant census data, plan provisions, and financial information. We performed limited reviews for reasonableness and internal consistency and found the information suitable for valuation purposes. The results depend on the completeness and accuracy of that information; if any of the data provided was incomplete or inaccurate, the results herein may differ materially.

We consider the actuarial methods and assumptions used in this valuation to be reasonable and appropriate for the purposes of this report and consistent with generally accepted actuarial principles and practices. This report has been prepared in accordance with applicable Actuarial Standards of Practice. The results represent estimates of the plan's financial condition as of the valuation date. Actual future results may differ materially due to differences between actual and expected demographic or economic experience, changes in plan provisions, changes in applicable law, or other factors.

Alternative assumptions or methods may also be reasonable; evaluating such alternatives was beyond the scope of this engagement. These results are intended for financial reporting and funding purposes as described above and may be materially different from results that would be obtained under alternative measurement objectives, such as plan termination, liability settlement, or an assessment of the economic value of the promises made by the plan.

This report has been prepared solely for the use and benefit of the Truckee Meadows Water Authority. It may not be distributed to third parties without the prior written consent of MacLeod Watts, except as required by law or to TMWA's professional accounting or legal advisors who are subject to confidentiality obligations. No part of this report may be used as the basis for any representation or warranty in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that would impair the objectivity of this work. Nothing in this report should be construed as legal or accounting advice. The signing actuaries are members of the American Academy of Actuaries and meet the Qualification Standards to issue this opinion.

Signed: May 19, 2026

Michael J. Papendieck, EA, FCA, MAAA

J. Kevin Watts, FSA, FCA, MAAA

Appendix 1: Valuation Process

The valuation process begins with the collection of participant data and a description of the plan's benefit provisions. These materials are reviewed for completeness and reasonableness, though the review is not a formal audit. The results of the valuation therefore rely on the accuracy of the information provided.

The following steps outline how these data are transformed into the key valuation measures.

Projecting Future Benefits

We begin by estimating the future stream of benefit payments (e.g., premiums) for each current retiree and active employee, incorporating both:

- **Explicit subsidies** – direct employer payments toward retiree benefits or premiums; and
- **Implicit subsidies** – indirect employer payments occurring when retiree claims costs are not expected to be fully supported by retiree premiums, and the cost difference is expected to be borne by the employer.

To develop these projections, assumptions are applied about future benefit cost trends, the ages at which benefits will end, and the likelihood that employees will continue working and elect coverage for themselves and their dependents.

Calculating Present Values

Each projected payment is then discounted to the valuation date using a discount rate. This produces the *Present Value of Projected Benefits (PVPB)* — the current value of all expected future benefit payments for participants who are already in the plan. Anticipated future participants are not included in this measure.

The chart below represents the present value of all benefits expected to be paid to current employees, beneficiaries, and retirees of the plan.

Present Value of Projected Benefit (PVPB)
Value on the valuation date of all future benefits expected to be paid to all current participants.

Attributing Benefits to Service

When accounting for the plan, or determining contributions to the plan, it's necessary to divide the value of all expected future benefits into two pieces:

1. Past service benefits -- the value of benefits already earned through past service, and
2. Future service benefits -- the value of benefits expected to be earned through future service of current employees.

An *attribution method* – also referred to as the actuarial cost method -- is used to divide the PVPB into past service and future service components.

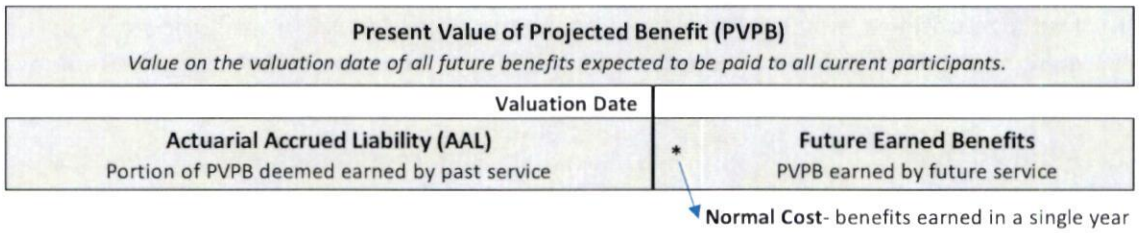


Valuation Process
(Continued)

For public-sector financial reporting, GASB requires use of the *Entry Age Normal (EAN)* attribution method. The EAN method spreads total expected future costs for an individual as a level percentage of pay so that the value of compensation earned to date over the value of all expected pay earned over an individual's career represents the fraction of the PVPB earned to date.

The portion of all future benefits attributed to past service is called the *Actuarial Accrued Liability (AAL)*. In GASB statements, the AAL is called the Total OPEB Liability or Total Pension Liability. The portion of the PVPB attributed to a single additional year of employee service is called the *Normal Cost* or *Service Cost*.

The chart below shows the PVPB split between past and future service.

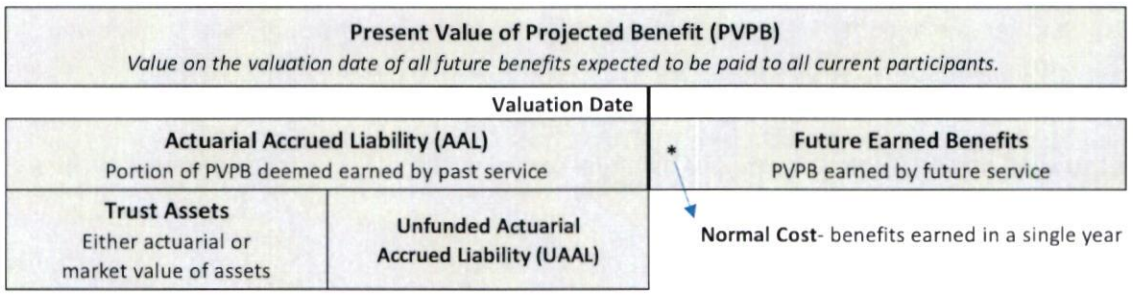


Funding Liabilities

When contributions are set aside in a trust, those funds and their investment earnings accumulate to pay future benefits or to reimburse the employer for benefit payments made directly. One measure of the plan's funding progress — the *Unfunded Actuarial Accrued Liability (UAAL)* — is found by subtracting the trust's *Market Value of Assets (MVA)* or *Actuarial Value of Assets (AVA)* from the Actuarial Accrued Liability (AAL). The UAAL shows, at a single point in time, how much of the benefits earned to date are already funded by the trust.

A plan is considered *fully funded* when the UAAL equals zero (i.e., past service benefits are covered by current trust assets). Even then, however, new contributions are needed each year to fund benefits earned by continued employee service. If no trust assets are held, the Unfunded Actuarial Accrued Liability equals the Actuarial Accrued Liability itself, since all benefits earned to date remain unfunded.

The chart below adds the split of the accrued liability between trust assets and the unfunded liability. Note that if assets exceed the Actuarial Accrued Liability, then the unfunded liability is negative, and a "surplus" exists.



Valuation Process
(Concluded)

Contributing to a Trust

When a trust is present, future trust contributions are generally designed to:

1. Fund the annual Normal Cost, the value of benefits earned by current service, and
2. Pay down (or, if applicable, recognize credits for) any difference between assets and actuarial accrued liabilities.

In terms of the chart shown on the previous page, funding contributions generally are the sum of the Normal Cost plus a slice of the unfunded actuarial accrued liability (with interest and administrative expenses, if applicable). The timing and pattern of these contributions can vary, but spreading the recognition of funding deficits or surpluses over a number of years helps maintain long-term stability in funding levels.

Managing Uncertainty

Actuarial valuations rely on long-term projections — often extending 70 years or more — and depend on many economic and demographic assumptions. Actual plan experience will differ from these assumptions, so plan costs evolve over time.

The methods and assumptions used in an actuarial valuation are intended to be reasonable and consistent with professional standards. However, valuation results should be viewed as point-in-time estimates rather than precise forecasts.

Plan sponsors assume certain risks when providing long-term post-retirement benefits. Frequent actuarial valuations and monitoring of results can help manage these risks, though unplanned variation in results cannot be eliminated.

Understanding Terminology

Certain actuarial and accounting terms describe the same underlying concepts and may be used interchangeably for discussion purposes. The table below summarizes common actuarial measures and their corresponding terms used in GASB statements for OPEB and pension plans.

Actuarial Term	GASB 68 / 75 Equivalent
Present Value of Projected Benefits (PVPB)	No equivalent term
Actuarial Accrued Liability (AAL)	Total Pension Liability (TPL) / Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position (FNP)
Actuarial Value of Assets (AVA)	No equivalent term
Unfunded Actuarial Accrued Liability (UAAL)	Net Pension Liability (NPL) / Net OPEB Liability (NOL)
Normal Cost	Service Cost

While terminology varies between actuarial and accounting contexts, these measures describe the same fundamental relationships between plan benefits, assets, and liabilities. The Glossary has more detailed definitions for these and other topics.

Appendix 2: MacLeod Watts Age Rating Methodology

Accounting standards such as GASB 75 and actuarial standards such as ASOP No. 6 require actuaries to measure retiree healthcare liabilities using expected claims, not premiums. In many valuations, credible claims experience is unavailable or too limited to rely on directly. In these cases, actuaries estimate expected claims by "age rating" the premiums paid by the plan sponsor.

Premiums for active employees and non-Medicare retirees are typically uniform across most ages and sexes. Though total premiums are designed to cover total expected costs, they do not capture the variations in healthcare costs typically incurred at older ages or the variation by sex. Younger participants generally pay more in premiums than their expected cost; older participants generally pay less. Age rating reallocates the total premium to approximate the expected claims at each age and sex.

The process of translating premiums into expected claims involves three steps:

1. **Develop relative age/sex cost factors.**

   Claims cost curves show how expected costs vary by age and sex (e.g., a factor of 1.00 for a 50-year-old male, 1.25 for a 50-year-old female, 0.40 for a 30-year-old male, etc.). These factors come from industry studies or other credible sources.

2. **Identify the covered population and premiums.**

   The participants enrolled in coverage, their coverage elections, and their applicable premiums are used to model the group supporting the premium rates. Dependents are included for rating purposes; when dependent data is incomplete, assumptions about spouse age and child demographics are applied.

3. **Allocate total premium dollars based on expected claims.**

   Total premiums for the group are spread across participants in proportion to their age/sex cost factors, producing **estimated per-capita claims** for the current year. These estimates are then projected using the valuation's medical trend assumptions.

This approach provides a reasonable estimate of expected claims when plan-specific experience is not credible, or not available, and aligns with applicable actuarial standards.

Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards (ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP No. 6, Measuring Retiree Group Benefits Obligations) require actuaries to reflect future mortality improvement when valuing long-term retiree obligations. Because credible improvement rates must be based on large national datasets, actuaries rely on published research rather than plan-specific experience.

Best practices for building mortality improvement scales generally recommend that the actuary:

1. Set **short-term** improvement rates using recent mortality experience.

2. Set **long-term** improvement rates using expert judgment.

3. Join short- and long-term rates smoothly over an **appropriate transition period**.

MacLeod Watts Scale 2022 follows these principles. In developing the scale, we relied on sources from the Society of Actuaries (SOA) and the Social Security Administration (SSA).

Society of Actuaries (SOA) – For historical and short-term improvement rates we used the SOA's MP-2021 Improvement scale, published in October 2021. We duplicate MP-2021's historical rates of improvement from 1951-2017 and utilize their projected improvement rates for years 2018-2020.

Social Security Administration (SSA) – To set long-term expected mortality improvement rates, we looked to the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds (August 2021), specifically the SSA's Intermediate mortality improvement assumptions. This report uses constant long-term improvement rates for various age bands for the years 2030-2044 with a final step down for years 2045 and beyond.

The short-term and long-term rates were joined by a linear transition over the 10-year period 2021-2030. For ages 95 to 117, we graded improvement rates to zero.

The SOA's MP-2021 materials and the SSA Trustees Report assumptions are available on their respective public websites.

Appendix 4: Funding Considerations

This appendix outlines key considerations in financing retiree benefit obligations. Public employers generally use one of three approaches: (1) Pay-As-You-Go (PAYGO), (2) designated reserves, or (3) prefunding through an irrevocable trust. Each approach affects financial reporting, long-term costs, and budget flexibility. The following discussion summarizes these differences to support long-term planning and budgeting.

Pay-As-You-Go (PAYGO) Financing

Under PAYGO financing, retiree benefits are paid from current revenues as they come due. PAYGO requires minimal administration and provides maximum near-term budget flexibility. Because no assets are set aside, employer costs track the pattern of benefit payments directly.

Over time, PAYGO costs typically rise as retiree populations increase or healthcare trend elevates premiums. For financial reporting, unfunded OPEB and pension liabilities must be discounted using a municipal bond index rate under GASB Statements 67, 68, 74, and 75, which typically produces higher reported liabilities and annual expense than under a prefunded arrangement. Also, rating agencies may view large unfunded liabilities as an indicator of long-term fiscal stress.

PAYGO may be reasonable when obligations are small, stable, or diminishing, or when the employer provides benefits solely through an implicit subsidy (see Glossary). In these cases, annual costs may remain manageable without establishing a trust.

Potentially Beneficial For:

- Employers with small, stable, or declining liabilities.
- Plans providing short-term benefits or those offering only an implicit subsidy.
- Closed plans with short remaining duration.
- Employers requiring maximum near-term budget flexibility.
- Agencies without capacity for trust governance, investment oversight, or formal funding policy development.

Informal Funding Through Designated Reserves

Some employers set aside resources within governmental funds—such as the General Fund or an Internal Service Fund—as designated reserves for future retiree benefit payments. These reserves can help smooth future PAYGO volatility, support multi-year planning, and demonstrate internal fiscal discipline while preserving budget flexibility.

Designated reserves remain employer assets and are not plan assets under GASB. They do not reduce reported liabilities or allow use of the trust discount rate when measuring obligations. Rating agencies generally view such reserves as part of available liquidity rather than evidence of prefunding and may note that designated funds can be repurposed or borrowed during fiscal stress or changing priorities.

Funding Considerations
(Continued)

Even with these limitations, designated reserves can be useful when employers anticipate rising costs but are not prepared to commit assets to an irrevocable trust. They also provide a practical transitional step toward prefunding.

Potentially Beneficial For:

- Employers seeking planning structure without irrevocable commitment.
- Agencies accumulating resources before establishing a trust.
- Organizations valuing flexibility while preparing for rising costs.
- Plans with modest obligations where GASB benefits of prefunding may be limited.
- Employers adopting a gradual or transitional funding strategy.

Formal Prefunding Through an Irrevocable Trust

Prefunding involves contributing assets to an irrevocable trust dedicated exclusively to retiree benefits. Trust assets may be invested for long-term growth, allowing investment earnings to offset future employer contributions and enhance cost stability.

Under GASB 67, 68, 74, and 75, projected benefit payments expected to be covered by trust assets may be discounted using the trust's long-term expected rate of return, which is typically higher than the municipal bond rate applied to unfunded periods. As a result, prefunding generally produces lower reported liabilities, lower annual expense, and improved funded ratios. Rating agencies often view ongoing prefunding as evidence of disciplined financial management and long-range planning.

Prefunding supports intergenerational equity by better matching benefit costs to the periods in which those benefits are earned. It may be especially valuable when retiree populations are expected to grow, producing steeply rising retiree benefit payments in future years.

Prefunding requires maintaining a funding policy, adopting an investment policy, providing governance oversight, and making regular contributions. Trust assets are legally restricted and may not be redirected for other purposes; however, under the terms of most OPEB trusts, the employer may request reimbursement from the trust for eligible retiree benefit payments made directly to or on behalf of retirees during the fiscal year.

Potentially Beneficial For:

- Employers with material, ongoing obligations and long time horizons
- Agencies prioritizing cost stability, intergenerational equity, and long-term planning
- Employers seeking to reduce reported liabilities and annual expense
- Organizations aiming to strengthen their credit profile
- Employers able to sustain regular, structured contributions
- Plans with growing retiree populations or rising subsidy costs
- Employers seeking greater assurance that resources will be available to pay retiree benefits over the long term



Funding Considerations
(Continued)

Hybrid Approaches

Employers are not limited to choosing exclusively among PAYGO, designated reserves, or full prefunding. Many agencies use hybrid approaches that apply different strategies to different segments of the obligation or phase in prefunding over time.

One common hybrid method treats the plan as having two components—current retirees and current active employees. Because retiree obligations are a shorter duration and already in pay status, some employers continue to finance these payments on a PAYGO basis. At the same time, they establish an irrevocable trust for active employees, prefunding Normal Cost and amortizing the portion of the actuarial accrued liability attributable to active service.

Another hybrid approach applies different funding strategies to different benefit tiers. For example, a plan may include a higher-cost legacy tier and a lower-cost tier for newer hires. An employer might prefund the newer tier while using PAYGO for the legacy tier, gradually improving the plan's overall funding outlook as legacy benefits decline over time.

Other hybrid strategies include prefunding a portion of annual costs, contributing to a trust in surplus years, or combining trust contributions with designated reserves. Hybrid methods allow employers to balance long-term planning with near-term flexibility and support gradual movement toward stronger funding practices without requiring an abrupt transition to full prefunding.

Potentially Beneficial For:

- Employers tailoring funding approaches to specific goals or constraints
- Agencies seeking to prefund long-duration obligations while managing short-duration liabilities on a PAYGO basis
- Employers transitioning from pay-as-you-go financing toward prefunding over time
- Plans with multiple tiers or differing benefit structures
- Organizations balancing budget flexibility with long-term cost control

Funding Approaches and Long-Term Financial Risk

The funding approaches described above differ not only in administration and accounting treatment, but also in how benefit costs are distributed across time and which revenue sources—current or future—are expected to bear those costs. From a long-term financial perspective, these differences influence the timing of cash outlays, the degree of reliance on future operating revenues, and the variability of required budgetary resources over time.

Pay-As-You-Go Financing

Under a pay-as-you-go approach, benefit costs are largely deferred to future operating budgets as payments come due. This structure places primary reliance on future revenues to absorb both expected benefit costs and any adverse experience. As a result, long-term affordability depends on the employer's future revenue capacity and its ability to accommodate rising benefit payments alongside other budget priorities. Effective use of a PAYGO approach therefore requires an understanding of the full projected path of benefit payments, rather than a focus limited to near-term costs.



Funding Considerations
(Continued)

Designated Reserves

Designated reserves alter the timing of cash flows by setting aside current resources to support future benefit payments. When used consistently, reserves can moderate year-to-year budget volatility and reduce short-term pressure during periods of rising costs or constrained revenues. However, because these assets remain available for other employer purposes, designated reserves generally do not change the extent to which long-term benefit costs ultimately depend on future operating revenues. Their primary effect is on budget smoothing rather than on the long-term allocation of plan costs across periods.

Prefunding Through an Irrevocable Trust

Prefunding through an irrevocable trust shifts a greater portion of plan costs toward periods in which benefits are earned or recognized, reducing reliance on future operating revenues to finance benefit payments. Investment earnings on trust assets can offset a portion of future cash outlays, contributing to more stable contribution patterns over time. While prefunding does not alter the underlying benefit obligations, it can improve predictability by spreading funding requirements more evenly across periods and by reducing the concentration of plan costs in future budgets.

Hybrid Funding Approaches

Hybrid funding approaches combine elements of these strategies by allocating different portions of the obligation to different revenue sources. By determining which costs are funded in advance and which are paid as incurred, employers can tailor the timing of benefit costs to their fiscal capacity, risk tolerance, and planning objectives. Hybrid approaches provide flexibility to manage long-term budget exposure without committing to a single funding method for all components of the plan.

Long-Term Perspective

Regardless of the funding strategy adopted, long-term benefit obligations require long-term planning. In practice, funding decisions for retiree benefit plans are often made in the context of an employer's broader financial obligations, including the funding status and contribution requirements of multiple benefit plans and other long-term commitments. Understanding how these funding choices affect the timing of costs and reliance on future revenues is central to managing financial uncertainty and maintaining budgetary sustainability.



Funding Considerations
(Concluded)

Comparison Summary

The table below summarizes key differences among PAYGO financing, designated reserves, and formal trust prefunding. Hybrid approaches are not shown in a separate column because they blend elements of the three methods in ways that vary by employer policy and plan design.

Feature / Consideration	1. PAYGO	2. Designated Reserves	3. Irrevocable Trust
Asset Status	No assets accumulated	Earmarked but unrestricted	Legally restricted
Legal Restrictions	None	None (policy only)	Irrevocable; For plan benefit only
GASB Discount Rate	Municipal bond rate	Municipal bond rate	Long-term expected return
Impact on Reported Liabilities & Expense	Highest liability and expense	Same as PAYGO	Lower reported liability and expense
Long-Term Cost Profile	Usually rising costs over time	Rising costs Reserves provide smoothing	Investment earnings reduce long-term contributions
Deferral of Plan Costs	High in early years; None once benefits mature	Moderate; reduced to extent reserves offset future costs	Minimal - trust funding alligns costs with periods of accrual
Intergenerational Cost Allocation	Costs largely borne by future taxpayers or ratepayers	Partial alignment; depends on reserve use consistency	Strong alignment of costs with periods of service
Governance & Oversight Requirements	Minimal	Minimal	Requires funding investment policies; Investment oversight
Investment Return	None	Typically low pooled returns	Potential for higher long-term returns
Rating Agency Perspective	Unfunded liability may be a credit risk	Viewed as liquidity, not prefunding	Viewed favorably as structured prefunding

Glossary

Actuarial Accrued Liability (AAL) – The portion of the actuarial present value of projected benefits that is not covered by future normal costs; the accumulated value of benefits attributed to past service under the actuarial cost method. See also: Service Cost; Total OPEB Liability; Total Pension Liability

Actuarial Cost Method – A procedure used to allocate the present value of projected benefits to periods of employee service. It determines how benefit costs and liabilities are assigned over time, based on actuarial assumptions about future events such as salary increases, retirement, and mortality.

Actuarial cost methods are defined in actuarial standards (such as ASOP Nos. 4 and 6) and may be used for various purposes, including funding, accounting, or plan design. In accounting standards such as GASB 68 & 75, this concept is referred to as the attribution method.

See also: Attribution Method; Actuarial Funding Method

Actuarial Funding Method – An actuarial funding method determines the pattern of contributions required to finance a benefit plan's obligations over time. It combines the actuarial cost method, which allocates the present value of projected benefits between past and future service, with an additional step specifying how any unfunded actuarial accrued liability (UAAL) will be recognized and amortized.

Under a funding method, the normal cost (the cost of benefits accruing for active employees during the year) is added to an amortization payment designed to eliminate the UAAL over a prescribed period. The resulting total is the Actuarially Determined Contribution (ADC).

Actuarial funding methods are typically used for funding valuations, not for financial reporting under GASB 68 & 75. GASB 68 & 75 focuses solely on the measurement of liabilities using the actuarial cost method (referred to in the standard as the attribution method) and does not prescribe contribution requirements.

See also: Actuarial Cost Method; Attribution Method

Actuarial Present Value of Projected Benefits (APVPB) – The amount currently required to fund all projected plan benefits of current employees and retirees. This value is determined by discounting expected future benefit payments using an appropriate interest rate and the estimated probability of payment.

Actuarial Valuation Report – A formal report prepared by an actuary that presents the results of an actuarial valuation of plan liabilities.

Actuarial Value of Assets (AVA) – A smoothed measure of plan assets sometimes used in valuations to limit the impact of short-term investment swings. The AVA averages market gains and losses over several years to show a steadier trend in the plan's funding progress. Under GASB standards, a plan's financial reporting must use market value of assets, but an AVA may be used in the determination of funding contributions. See also: Market Value of Assets

Actuarially Determined Contribution (ADC) – The contribution amount calculated by the actuary for a given fiscal period to fund the employer's obligations for Pension or Other Post-Employment Benefits (OPEB). It generally consists of the normal cost (the portion of benefits earned during the current year) plus an amortization payment to reduce the unfunded actuarial accrued liability. Actuarial Standards of Practice No. 4 and No. 6 require the ADC to be determined consistent with the trust being able to pay plan benefits when due (see ASOP No. 4 §3.11 and ASOP No. 6 §3.12). Note that the ADC represents a recommended contribution level based on actuarial methods and assumptions and may or may not be a required contribution depending on the plan and its governing authority.



Glossary
(Continued)

Amortization Policy – Amortization Policy refers to a prescribed or adopted set of rules governing how unfunded actuarial accrued liabilities (UAALs) are paid down over time through a series of contributions or, for accounting, a series of expense recognition. The policy defines the amortization method, amortization period, and treatment of new gains and losses (e.g., whether separate "bases" are established for each year's changes). Common amortization methods include level dollar (a fixed annual payment) and level percentage of payroll (a payment that grows with expected payroll). A well-designed amortization policy balances intergenerational equity, contribution stability, and funding progress, ensuring that unfunded liabilities are reduced systematically and within a reasonable timeframe.

Assumption Changes – Revisions to the demographic or economic actuarial assumptions used in determining a plan's liabilities, reflecting updated expectations of future plan experience. Assumption changes may involve updates to the discount rate, mortality tables, retirement or termination rates, salary or payroll growth, retiree participation rates, healthcare cost trends, or other relevant assumptions.

Under GASB 68 & 75, the changes in liability resulting from assumption changes are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Attribution Method – The attribution method is the term used in accounting standards—such as GASB Statements No. 68 and 75 or FASB ASC 715-30 and 715-60—to describe how the total projected benefit, and therefore the related cost, is assigned or *attributed*, to periods of employee service for financial reporting purposes.

Conceptually, this is equivalent to the actuarial cost method used in actuarial practice. GASB 68 & 75 specifies the Entry Age Normal (level percentage of pay) method as the required attribution method for OPEB and pension plans.

See also: Actuarial Cost Method; Actuarial Funding Method

Closed Group – A closed group actuarial valuation includes only the current members of the plan as of the valuation date—active, inactive, retired, and beneficiaries—and does not assume any future entrants. The valuation projects future benefit payments, contributions, and liabilities solely for this fixed population, reflecting assumptions regarding future terminations, retirements, or deaths, without regard to future workforce growth. Closed group valuations are commonly used for establishing near-term plan contributions and for financial reporting purposes (e.g., under GASB 67, 68, 74, or 75).

Covered Payroll – The payroll on which contributions to the plan are based, typically representing the pensionable or contributory earnings of employees currently covered by the plan. Under GASB Statement No. 82, covered payroll replaced covered-employee payroll for use in certain ratios presented in financial statement disclosures when plan contributions are determined with reference to payroll.



Glossary
(Continued)

Covered-Employee Payroll – The total payroll of employees who are eligible, or who through continued service can become eligible, for retirement benefits through the plan, regardless of whether contributions are based on payroll or whether the benefits themselves are related to pay. For plans whose contributions are not payroll-based (for example, most OPEB plans), this measure represents the aggregate payroll of employees potentially eligible for retirement benefits and remains the appropriate denominator for certain ratios in financial statement disclosures required by GASB.

Because GASB does not prescribe a specific payroll measure, covered-employee payroll generally reflects the employer's total gross or W-2 payroll for employees potentially eligible for OPEB. Consultation with auditors may be appropriate to consider whether employee-specific or nonrecurring items included in gross payroll could materially affect reported ratios. Whatever measure is adopted should be documented, applied consistently, administratively sustainable, and reflect the spirit of the GASB concept of 'total payroll of covered employees.

Crossover Test – Also called the Trust Sufficiency Test, the Crossover Test is a projection required under GASB 68 & 75 to determine whether a plan's fiduciary net position (trust assets) is expected to be sufficient to make all projected benefit payments given the sponsor's pattern of contributions. The Crossover Test is only required for plans whose funding policy provides for contributions that are less than the Actuarially Determined Contribution (ADC). When the sponsor contributes the full ADC—calculated in accordance with Actuarial Standards of Practice—the actuarial funding method itself ensures that, if all assumptions are realized, assets will be sufficient to pay benefits when due. When a Crossover Test is required, the projection determines the effective discount rate to be used in valuing plan liabilities, based on a blend between the long-term expected trust earnings rate and the municipal bond rate, reflecting the relative periods during which plan assets are and are not projected to be sufficient. See GASB 68 paragraphs 29–31 and GASB 75 paragraphs 30-32.

Deferred Resources – Deferred Resources represent the difference between the timing of recognition of certain events and their impact on expense. They include Deferred Outflows of Resources (assets consumed before they are recognized as expenses) and Deferred Inflows of Resources (resources received before they are recognized as revenue or reductions in expense). In the context of GASB 68 & 75, deferred resources are established for actuarial gains or losses (i.e., plan and investment experience), and assumption changes. For cost-sharing plans, deferred resources are also established for changes in proportions and the difference between actual and proportionate share of employer contributions. Deferred resources are recognized over time in the calculation of benefit expense.

Defined Benefit (DB) Plan – A pension or OPEB plan that specifies the amount of benefits a plan member will receive, typically based on factors such as age, years of service, and salary history.

Defined Contribution (DC) Plan – A pension or OPEB plan that establishes an individual account for each member and specifies how contributions are determined and distributed after separation from employment.



Glossary
(Continued)

Demographic Assumptions – Rates and patterns used to model how members enter, move through, and exit the plan. They reflect expected future experience and may vary by age, service, benefit tier, and (when relevant) sex. Typical components include mortality (pre and post retirement) and mortality improvement, retirement, termination of employment, disability incidence, benefit option elections (e.g., form of payment), participation in coverage at and after retirement, spouse & dependent coverage and spouse-age differentials, and marriage assumptions. Demographic assumptions are selected using plan experience, relevant industry tables or studies, and professional judgment, and are reviewed periodically for continued reasonableness.

Discount Rate (GASB) – The interest rate used to convert projected future benefit payments into present values as of the valuation date. Under GASB standards, the discount rate depends on the plan's funding policy. For prefunded plans that consistently contribute the Actuarially Determined Contribution (ADC), the rate is based on the long-term expected return on plan investments. For pay-as-you-go plans, the rate is based on a 20-year, tax-exempt, AA/Aa-rated municipal bond index composed of general obligation bonds (not revenue or other special-purpose bonds). When contributions are made at levels below the ADC, GASB requires a blended discount rate—reflecting both the expected return on trust assets and the municipal bond rate—determined through a crossover test that measures when projected trust assets are expected to be depleted. See also: Crossover Test

Economic Assumptions – Financial variables that affect the timing and amount of projected benefits and contributions. Core elements typically include the discount rate (and, where applicable, the long-term expected return on assets), general price inflation, salary-increase scale (merit and longevity plus inflation), payroll growth, cost-of-living adjustments (COLAs) if provided, and (for OPEB) the health care cost trend. Economic assumptions are selected to be internally consistent and appropriate for the measurement objective and are reviewed periodically alongside demographic assumptions.

Entry Age Normal Actuarial Cost Method – An actuarial cost allocation method in which, 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 potential retirement age at which benefits are paid. Under GASB 68 & 75, the Entry Age Normal (Level Percent of Pay) method is required for financial reporting.

Expected Average Remaining Service Lifetime (EARSL) – The average of the expected remaining service lives of all current and former employees covered by the plan. Former employees receiving or expected to receive benefits are included in the average with zero future service. Used to determine the period over which certain deferred resources are recognized under GASB standards.

Expense – The annual accounting recognition of the cost of benefits under applicable GASB standards. Expense includes the normal cost (service cost), interest on the total liability, expected earnings on plan assets, and the amortization of deferred items such as differences between expected and actual experience or assumption changes.

Experience Study – A periodic (commonly 3–5 year) statistical review of actual plan experience versus current assumptions, conducted to assess the continued appropriateness of demographic (and, where applicable, economic) assumptions. The study summarizes observed rates (e.g., retirement, termination, mortality, disability, elections), evaluates credibility, and recommends assumption updates to better reflect expected future experience. Results are documented, adopted by the appropriate authority, and incorporated prospectively into valuations.



Glossary
(Continued)

Explicit Subsidy – An explicit subsidy occurs when an employer makes a direct contribution toward the cost of retiree health coverage. This may take the form of a fixed dollar amount, a percentage of premium, or payment of the entire premium on behalf of the retiree. The value of these payments represents a direct employer cost and is recognized as part of the employer's Other Postemployment Benefits (OPEB) liability under GASB 75.

Explicit subsidies are typically easier to measure and track than implicit subsidies because they are typically defined in plan documents, labor agreements, or employer policy, and the payments are made directly by or on behalf of the employer.

Fiduciary Net Position – The value of assets held in trust for the payment of benefits, reduced by any liabilities of the trust. It represents the net position restricted for future benefit payments and is measured at fair value.

Fully Funded – Fully Funded describes a plan whose assets are sufficient to cover the actuarial present value of accrued or projected benefit obligations as of a specific measurement date, based on the valuation method and assumptions in use. The term applies differently under various measurement bases:

- In funding valuations, a plan is fully funded when the Actuarial Value of Assets equals or exceeds the Actuarial Accrued Liability (AAL).
- For financial reporting, a plan is fully funded when the Plan Fiduciary Net Position equals or exceeds the Total Pension or OPEB Liability under GASB standards.

However, *fully funded* does not mean that no further contributions will be required. Even when a plan is fully funded on the valuation date, future normal cost accruals (i.e., employees earning additional benefits due to service), investment experience, assumption changes, or demographic events typically create new funding needs. Accordingly, "fully funded" reflects a momentary actuarial condition rather than a permanent financial destination.

Funded Ratio – A point-in-time measure of funding status. Under GASB financial reporting, it is typically defined as Plan Fiduciary Net Position ÷ Total Pension (or OPEB) Liability at the measurement date. In funding valuations, a comparable measure may be shown as Actuarial Value of Assets ÷ Actuarial Accrued Liability.



Glossary
(Continued)

Funded Status – Represents the relationship between a plan's assets and its benefit obligations at a specific measurement date, based on the applicable actuarial or accounting valuation. It is typically expressed as the difference between plan assets and the actuarial present value of liabilities, or as a ratio comparing those two values.

Funded status is commonly presented using either the Actuarial Value of Assets and Actuarial Accrued Liability (AAL) for funding purposes, or the Plan Fiduciary Net Position and Total Pension or OPEB Liability (TPL/TOL) for financial reporting under GASB Statements No. 67, 68, 74, and 75. Funded status provides a point-in-time measure of a plan's financial position.

The degree of funding can be described using the following generalized categories.

- *Underfunded* - Assets are less than the AAL. The shortfall represents the Unfunded Actuarial Accrued Liability (UAAL). In this category, assets do not yet cover the value of benefits earned by past service.
- *Fully Funded* - Assets equal the AAL. The plan's assets cover benefits earned to date.
- *Overfunded* - Assets exceed the AAL but are less than the Present Value of Projected Benefits (PVPB). The plan holds a surplus relative to the Actuarial Accrued Liability so that current assets cover a portion of expected benefits that will be earned by future employee service.
- *Super-Funded* - Assets equal or exceed the Present Value of Projected Benefits (PVPB). The plan's assets are expected to be sufficient to cover all expected future benefits for current participants if the plan were frozen to new entrants.

If Assets			
< AAL	= AAL	> AAL but < PVPB	>= PVPB
Underfunded	Fully Funded	Overfunded	Super-funded

A plan sponsor may shift these relationships to meet their particular view on plan funding. For example, "fully funded" could be viewed as anywhere between 95% and 110% of the Actuarial Accrued Liability. In this case, each category could be used to change the funding strategy depending on the funding level.

Funding Policy – The formal strategy adopted by a plan sponsor or governing board to determine how contributions will be made to systematically fund benefit obligations. The funding policy establishes the principles and methods used to calculate the Actuarially Determined Contribution (ADC), including the actuarial cost method, amortization policy, and asset valuation method.

A sound funding policy aims to achieve and maintain a sustainable, fully funded plan over the long term while balancing the need for predictable and affordable contribution levels. Under ASOP No. 4 (Measuring Pension Obligations and Determining Pension Plan Costs or Contributions) and 6 (Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions), an actuarially sound funding policy should be designed so that, if contributions are made as intended and all assumptions are realized, plan assets will be sufficient to pay benefits when due.

Funding policy decisions often reflect both actuarial considerations (such as risk, smoothing, and amortization) and budgetary or statutory constraints.



Glossary
(Continued)

Gain/Loss Analysis – A reconciliation that decomposes period-to-period changes in liabilities and assets into expected changes (based on prior assumptions) and experience gains/losses. Typical components include demographic experience (e.g., retirements, terminations, mortality), economic experience (e.g., actual salary growth, actual health claims or premiums), assumption changes, plan/method changes, investment gains/losses relative to expectation, and contribution differences. For GASB reporting, many of these items create deferred outflows/inflows of resources recognized in expense over prescribed periods; for funding, they may establish new amortization bases that affect the Actuarially Determined Contribution.

Governmental Accounting Standards Board (GASB) – A private, not-for-profit organization that establishes generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed annual rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to medical inflation, utilization, and technological advancements.

Implicit Subsidy – An implicit subsidy occurs when retiree benefit claims are expected to exceed the premiums charged for retiree coverage. The difference must be paid from another source of funds that is said to implicitly subsidize the retiree benefit. GASB 75 and applicable actuarial standards specify when such a subsidy must be recognized as an employer liability and how that liability is recognized in expense and extinguished over time as retiree benefits are paid.

The simplest situation creating an implicit subsidy arises when active and retired employees are covered under the same medical plan, the employer's actives and retirees are the only experience used to determine premiums, and a single blended premium rate is charged for both groups even though retirees generally have higher expected health costs. In these cases, employer premiums for active employees indirectly subsidize retiree coverage. Although the subsidy is not a separate or explicitly identified payment, it represents a real economic transfer from the employer to retirees—hidden within the plan's blended rate structure.

Under GASB 75, this type of implicit subsidy is recognized as an OPEB liability during employees' active service as the benefit is earned over their careers. When retirees later participate in the plan and their estimated claims exceed their premiums, the difference represents an implicit benefit payment to retirees and is treated as a benefit paid by the plan. To the extent the employer is not reimbursed by a trust for these payments, the employer is credited with a plan contribution.

Other, more complex situations can also create implicit subsidies, but those arrangements do not lend themselves to a simple general definition.

Intergenerational Equity – Intergenerational Equity refers to the principle that the cost of benefits should be borne equitably by the generations of taxpayers, employers, and employees who receive the benefit of associated services or compensation. In the context of pension and OPEB funding, it means that each generation's contributions should be sufficient to cover the benefits earned during that generation's period of employment, without shifting significant costs to future participants or taxpayers. Funding policies that align contributions closely with benefit accruals—such as those using the Entry Age Normal actuarial cost method and level percentage of payroll amortization—are designed to promote intergenerational equity. Conversely, policies that defer or extend payments long after the associated services are provided potentially violate intergenerational equity principles by transferring costs from current to future taxpayers or employees.



Glossary
(Continued)

Investment experience – Investment experience reflects the difference between actual investment returns on plan assets and the expected returns based on the assumptions used in the prior valuation. Favorable differences produce investment gains; unfavorable differences produce losses.

For GASB 68 & 75 reporting, plan assets are measured at market value. Investment gains or losses are recognized as deferred outflows or inflows of resources and are amortized as expense over a period of five years.

Level Dollar Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a fixed dollar amount each year over the amortization period. This approach results in declining payments as a percentage of payroll if payroll is expected to grow, since the dollar payment remains constant while payroll increases. This method is generally most appropriate for benefit programs not directly tied to payroll, such as OPEB plans where benefits are based on fixed-dollar medical subsidies or premium-sharing arrangements rather than a percentage of salary.

Level Percentage of Payroll Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a constant percentage of expected payroll over the amortization period. As payroll is assumed to grow each year, the dollar amount of the contribution increases, maintaining a stable contribution rate relative to payroll. This method is generally most appropriate for benefit programs that are payroll-related, such as defined benefit pension plans where liabilities and normal costs are expressed as a percentage of covered payroll. When both benefits and contributions are tied to payroll, using a constant contribution rate as a percent of payroll better maintains intergenerational equity between current and future taxpayers or employers. However, this approach may be less suitable for OPEB plans or flat-dollar benefit structures, where payroll growth is not related to benefit growth.

Market Value of Assets (MVA) – The Market Value of Assets (MVA) represents the fair value of plan assets as of the measurement date. Fair value is the amount that could be realized if all plan assets were sold in an orderly transaction between willing market participants on that date. In most cases fair value is determined by market or quoted prices.

In contrast to a smoothed or actuarial value of assets (AVA) — which averages asset gains and losses over time to reduce short-term volatility — the MVA represents the plan's assets at actual market value on the reporting date. GASB 68 & 75 requires use of the MVA for financial reporting purposes.

Measurement Date – The date as of which the Total OPEB Liability or Total Pension Liability and the plan's Fiduciary Net Position are measured for financial reporting. Under GASB Statements 67, 68, 74, and 75, the measurement date must fall within the employer's reporting period and cannot rely on an actuarial valuation older than 30 months and 1 day before the employer's fiscal year-end. When the valuation date precedes the measurement date, results must be updated to the measurement date using roll-forward procedures. See also: Valuation Date; Roll-Forward Valuation

Net OPEB Liability (NOL) – The total OPEB liability minus the fiduciary net position. This represents the employer's liability for OPEB benefits provided through a defined benefit plan.

Net Pension Liability (NPL) – The Total Pension Liability minus the fiduciary net position. This represents the employer's liability for Pension benefits provided through a defined benefit plan.



Glossary
(Continued)

Net Position – The residual of all other elements presented in a statement of financial position. In the context of OPEB reporting, it reflects the impact of the Net OPEB Liability adjusted for deferred inflows and outflows of resources.

Normal Cost – The portion of the actuarial present value of projected benefits that is allocated to a given year under the actuarial cost method. For a valuation year, Normal Cost is equal to the Service Cost, representing the value of benefits expected to be earned by active employees during that year. See also: Service Cost

Open Group – An open group actuarial valuation considers both current plan participants and future entrants who are expected to join the plan in the future. The projection of liabilities and assets assumes the ongoing operation of the plan as a continuing entity, with new members entering according to specified demographic, economic, and plan participation assumptions.

Open group valuations require additional demographic and economic assumptions beyond those used in closed-group studies, including 1) population entry and exit assumptions (e.g., expected new hires, turnover, retirements, and mortality), 2) payroll growth and new entrant profiles (age, service, pay), 3) plan participation rates among new hires, and 4) future contribution and benefit accrual patterns consistent with long-term plan sustainability.

Open group valuations are often used for funding policy analysis, long-range financial projections, long-term plan risk assessment, or plan design studies, rather than for current financial reporting or establishing near-term contribution levels of the current plan.

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

Overfunded – Overfunded describes a plan whose assets exceed the actuarial present value of accrued or projected benefit obligations as of the measurement date, based on the chosen actuarial or accounting method. This condition occurs when the Actuarial Value of Assets or Plan Fiduciary Net Position is greater than the Actuarial Accrued Liability (AAL) or Total Pension or OPEB Liability (TPL/TOL). An overfunded status typically reflects favorable investment performance, assumption experience, or past contribution patterns, but it does not necessarily eliminate the need for future contributions to fund benefits expected to be earned by active employees or to maintain the plan's funding target over time.

Participation Rate – The assumed proportion of eligible members who will elect to participate in a plan or a specific benefit/coverage option when first eligible (for example, electing retiree medical coverage, Medicare coordination, or a particular tier). Participation rates are commonly stratified by age, service, subsidy level, union/class, or coverage tier, and can materially affect projected benefit payments (especially for OPEB). For pensions, "participation" may also refer to elections such as optional forms of payment or DROP participation where applicable.

Pay-As-You-Go (PAYGO) – A funding arrangement under which contributions to the plan are made when benefit payments and expenses come due.

Glossary
(Continued)

Plan Experience – Plan experience reflects unexpected changes in a plan's actual demographic outcomes. Plan experience is distinct from differences in investment performance, assumption changes, or plan amendments, each of which is recognized separately.

Common sources of plan experience gains or losses include:

- Retirements, terminations, disability rates, or mortality rates differing from the assumptions used in a prior valuation.
- Salary progression, service accrual, or payroll growth deviating from expected patterns.
- Coverage or benefit elections (e.g., dependent participation, healthcare plan selection, Medicare coordination) differing from assumptions.
- Data updates, corrections, or retroactive changes in participant status.

Under GASB 68 & 75, plan-experience gains or losses are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Present Value of Projected Benefits (PVPB) – The actuarial present value of all benefits expected to be paid to current plan participants, based on both service to date and projected future service, with benefits determined according to the plan provisions and actuarial assumptions in effect as of the measurement date.

The PVPB encompasses benefits for existing active, inactive, and retired members, discounted to the valuation date. It includes both the portion attributable to past service (the Actuarial Accrued Liability, AAL) and the portion expected to be earned through future service of current employees (the value of future normal costs).

The PVPB provides the broadest measure of a plan's obligations with respect to its current participants.

Reporting Date – The employer's fiscal year-end to which financial statement disclosures apply (for example, June 30, 2025). Under GASB reporting, amounts are measured as of the measurement date (which may precede the reporting date by up to one year) and then reported as of the reporting date in the notes and required supplementary information. Distinguishing reporting date from valuation date and measurement date is essential for reconciling year-over-year changes.

Glossary
(Continued)

Roll-Forward Valuation – A simplified actuarial process that estimates liabilities as of a measurement date by projecting results from a prior full actuarial valuation forward. Rather than collecting new census data and fully re-measuring liabilities, the actuary updates the earlier valuation to reflect expected changes such as the passage of time, benefit payments, and updated plan assets.

Roll-forward valuations are used to reduce the time and cost of performing a full valuation each year while providing a reasonable interim estimate of liabilities. Under a roll-forward, demographic events (such as retirements, deaths, or new entrants) and other plan experience are assumed to occur as expected, rather than being explicitly measured.

Because of these simplifications, a roll-forward valuation is less detailed than a full actuarial valuation and is appropriate only when no material changes to the plan or membership have occurred since the prior valuation. GASB 68 & 75 specifically permits roll-forward valuations for OPEB plans to support consistent annual reporting.

A full actuarial valuation, by contrast, uses current participant data and a complete review of plan provisions and assumptions to recalculate all liabilities and costs, and serves as the foundation for subsequent roll-forward measurements.

Section 115 Trust – An irrevocable trust established under Section 115 of the Internal Revenue Code, which permits state and local government agencies to set aside funds for essential governmental purposes—such as the prefunding of Other Post-Employment Benefits (OPEB) and pension obligations. To qualify for tax-exempt status, the trust must serve a recognized governmental purpose and remain under the substantial control of the sponsoring public agency. Assets held in a Section 115 Trust are legally segregated from the employer's general funds, may be invested pursuant to the agency's adopted investment policy, and are restricted to use for the designated governmental purpose. Because the trust is separate from general assets, its balances may be recognized as plan assets for financial reporting under GASB standards.

Select and Ultimate – A type of actuarial assumption that applies varying rates for an initial "select" period, followed by a long-term stable "ultimate" rate.

Sensitivity Analysis – A required GASB disclosure showing how the Net Pension or Net OPEB Liability would change if the discount rate or healthcare cost trend rate (for OPEB plans) were 1% higher or lower.

Service Cost – The portion of the actuarial present value of projected benefits that is assigned to the current valuation year under the actuarial cost method. Service Cost represents the value of benefits earned by active employees during that year. See also: Normal Cost; Actuarial Cost Method.

Total OPEB Liability (TOL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability

Total Pension Liability (TPL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability



Glossary
(Concluded)

Trust – A separate legal entity established to hold assets for the purpose of paying benefits to participants. To qualify as a trust for GASB reporting, assets must be held for the exclusive benefit of plan members and their beneficiaries, be legally protected from the creditors of the employer, and be used solely to provide benefits and related administrative expenses.

Trust Sufficiency Test – See Crossover Test

Underfunded – Underfunded describes a plan whose assets are less than the actuarial present value of accrued or projected benefit obligations at the valuation date, based on the applicable actuarial or accounting measurement basis. Underfunding indicates that the Actuarial Value of Assets (for funding valuations) or the Plan Fiduciary Net Position (for financial reporting) is less than the corresponding liability measure—the Actuarial Accrued Liability (AAL) or the Total Pension or OPEB Liability (TPL/TOL). An underfunded position does not imply insolvency; rather, it represents the portion of benefits earned to date that are not yet covered by current assets and will need to be funded over time through future contributions, investment returns, or both.

Unfunded Actuarial Accrued Liability (UAAL) – On a funding (actuarial) basis, the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL reflects past service costs not yet funded under the adopted funding policy and is commonly amortized over a closed period using level-dollar or level-percent-of-pay methods. UAAL is distinct from the GASB accounting measures Net Pension Liability (NPL) or Net OPEB Liability (NOL), which are defined as Total Liability – Plan Fiduciary Net Position at fair value.

Valuation Date – The date as of which the actuarial valuation is performed. The valuation date may precede the measurement date. See also: Measurement Date

Vesting – Requirements, as defined by the plan, which when met make a benefit nonforfeitable upon separation from service.



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Retirement Benefits Investment Fund

March 31, 2026

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	$	438,253,971	44.5%	44.8%	6.2%	17.8%	18.3%	12.1%	14.1%	11.1%
Market Return					**6.2%**	**17.8%**	**18.3%**	**12.1%**	**14.2%**	**11.1%**
Int'l Stocks- MSCI World x US Index	$	185,749,107	18.5%	19.0%	9.7%	23.0%	14.4%	8.6%	8.9%	5.0%
Market Return					**9.8%**	**23.0%**	**14.3%**	**8.4%**	**8.7%**	**4.8%**
U.S. Bonds- U.S. Bond Index	$	322,611,702	34.0%	33.0%	2.4%	3.3%	2.6%	0.8%	2.0%	2.9%
Market Return					**2.4%**	**3.3%**	**2.6%**	**0.7%**	**1.9%**	**2.7%**
Short-term Investments	$	32,161,789	3.0%	3.3%	3.0%	4.0%				4.7%
Market Return					2.9%	4.0%				**4.7%**
Total RBIF Fund	**$**	**978,776,569**	**100.0%**	**100.0%**	**5.5%**	**13.1%**	**12.3%**	**7.9%**	**9.7%**	**7.7%**
Market Return					**5.6%**	**13.1%**	**12.3%**	**7.8%**	**9.4%**	**7.7%**