
Cathy Hill, Chair
Christine Vuletich, Vice Chair
Cindy Vance
Lori Cooke
Tammi Davis

Trenton Ross, Legal Counsel
Brandon Price, Legal Counsel

AGENDA

WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES

January 25, 2024 at 10:00 a.m.

You may attend the meeting via Microsoft Teams
By using meeting ID 238 806 429 186
And passcode hAT2vj

The meeting may also be attended by calling 775-325-0620 and entering the Phone Conference ID 700 807 511# .

Join Zoom Meeting:

<https://washoecounty-gov.zoom.us/j/96288636215?pwd=U2VINnNQSnpU2p4OTN2cDlMcU4UT09>

Meeting ID: 962 8863 6215

Passcode: 063625

NOTE: Items on the agenda may be taken out of order, combined with other items, removed from the agenda, or moved to the agenda of another later meeting. Items with a specific time designation will not be heard prior to the stated time, but may be heard later.

Public Comment. Public comments are welcomed during the Public Comment periods for all matters, whether listed on the agenda or not, and are limited to two minutes per person. Additionally, public comment of two minutes per person will be heard during individually numbered items designated as “for possible action” on the agenda. Persons are invited to submit comments in writing on the agenda items and/or attend and make comment on that item at the Trustees’ meeting. Persons may not allocate unused time to other speakers.

Members of the public may submit comment by either attending the meeting in person, attending the meeting via teleconference, or attending by telephone only. To provide public comment via Teams, log into the Teams Meeting at the above link and utilize the “Raise Hand” feature during any public comment period. To provide public comment via telephone only, press *5. Press *6 to mute/unmute.

Forum Restrictions and Orderly Conduct of Business. The Washoe County OPEB Trust Board of Trustees conducts the business of the OPEB Trust Fund during its meetings. The presiding officer may order the removal of any person whose statement or other conduct disrupts the orderly, efficient or safe conduct of the meeting. Warnings against disruptive comments or behavior may or may not be given prior to removal. The viewpoint of a speaker will not be restricted, but reasonable restrictions may be imposed upon the time, place and manner of speech. Irrelevant and unduly repetitious statements and personal attacks which antagonize or incite others are examples of speech that may be reasonably limited.

Responses to Public Comments. The Board of Trustees can deliberate or take action only if a matter has been listed on an agenda properly posted prior to the meeting. During the public comment period, speakers may address matters

listed or not listed on the published agenda. The Open Meeting Law does not expressly prohibit responses to public comments by the Board. However, responses from Trustees to unlisted public comment topics could become deliberation on a matter without notice to the public. On the advice of legal counsel and to ensure the public has notice of all matters the Board of Trustees will consider, Trustees may choose not to respond to public comments, except to correct factual inaccuracies, ask for staff action or to ask that a matter be listed on a future agenda. The Board may do this either during the public comment item or during the following item: “Trustees’/Staff announcements, requests for information, topics for future agendas and statements relating to items not on the agenda”.

Posting of Agenda. Pursuant to NRS 241.020 (4)(b), the Agenda for the Washoe County OPEB Trust Board of Trustees Meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9th Street, Bldg. A; the Washoe County website (www.washoecounty.gov/comptroller/board_committees/OPEB); and the Nevada Public Notice Website (<https://notice.nv.gov>).

How to Get Copies of the Agenda and Supporting Materials. Copies of this Agenda and supporting materials for the items on the agenda provided to the Washoe County OPEB Trust Board of Trustees are available to members of the public by contacting Victoria Stebbins at the Comptroller’s Office (1001 E. 9th Street, Bldg. D, 2nd Floor, Room 200, Reno, Nevada), phone 775-328-2553, or email at vstebbins@washoecounty.gov and are also posted on the County’s website at: www.washoecounty.gov/comptroller/board_committees/OPEB.

Special Accommodations. Persons with disabilities who require special assistance (e.g. sign language, interpreters or assisted listening devices) to participate in the meeting should please contact Victoria Stebbins at the Comptroller’s Office by emailing vstebbins@washoecounty.gov or by leaving a message at 775-328-2553 in advance at least 48 hours before the meeting so that arrangements can be made.

Possible Changes to the Agenda and Timing. Items on the agenda may be taken out of order, combined with other items; removed from the agenda; moved to the agenda of another meeting; or may be voted on in a block. NRS 241.020(2)(D)(6) AND (7).

1. Roll call.
2. Welcome and introduction of new Trustee Tammi Davis. [FOR POSSIBLE ACTION]
3. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustees’ agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
4. Review and discussion of Fiduciary Duties of Trustees and associated Nevada Revised Statutes. [DISCUSSION ONLY]
5. Review and discussion of Trustee meeting attendance requirements. [FOR POSSIBLE ACTION]
6. Approval of minutes from the October 26, 2023 meeting. [FOR POSSIBLE ACTION]
7. Review and possible approval of year-to-date administrative expenditures and requested reimbursements to employers through December 31, 2023, in the amount of \$6,847,322. [FOR POSSIBLE ACTION]
8. Acknowledge receipt of interim financial statements for the period ending December 31, 2023. [FOR POSSIBLE ACTION]

9. Review and discussion of Cash Flow Projections and Planned Transfers to/from the Nevada Retirement Benefits Investment Fund for the fiscal year ended June 30, 2024. [DISCUSSION ONLY]
10. Informational review and discussion of the Nevada Retirement Benefits Investment Fund – investment process, returns, assets, changes in investment strategy, outlook, and related topics. [DISCUSSION ONLY]
11. Review and discussion of the Nevada Retirement Benefits Investment Fund’s Annual Financial Report for the period Ended June 30, 2023. [DISCUSSION ONLY]
12. Update on the status of the Fiscal Year Ended June 30, 2023 Financial Statements Audit. [DISCUSSION ONLY]
13. Review and discussion of external auditors’ required communication with the Board of Trustees in connection with their audit. [DISCUSSION ONLY]
14. Review and discussion of July 1, 2023 OPEB plan valuations prepared by Milliman, Inc. [DISCUSSION ONLY]
15. Trustees’/Staff announcements, requests for information, and topics for future agendas. Meeting dates for the remainder of calendar year 2024 are April 25, July 25, and October 24 (fourth Thursday of first month of each calendar quarter). The meetings will begin at 10:00 am. [NO DISCUSSION]
16. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustees’ agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
17. Adjourn.

Washoe County, Nevada OPEB Trust Fund

History and Background

The Washoe County, Nevada OPEB Trust (Trust) was created in 2010, pursuant to NRS 287, to accumulate funds to pay retiree health care benefits of participating employers. Prior to the creation of the Trust, the County accumulated money in a Special Revenue Fund.

The Trust was set up to accumulate OPEB money solely for payment of retiree health benefits, with the money not being subject to the demands of the participating employers' creditors or policy/budgetary decisions of the Board of County Commissioner (BCC). Contributions into the Trust are irrevocable.

The Trust is a multi-employer agent trust; the Trust holds money on behalf of each participating employer, and each employer's money can only be used to satisfy the obligations of that employer. The money is commingled for investment purposes, but transactions are tracked separately by participating employer. The participating employers are:

- Washoe County (two plans – one plan for its retirees participating in its health insurance programs, and one plan for its retirees participating in the State of Nevada's Public Employees Benefit Program)
- Truckee Meadows Fire Protection District (the Sierra Fire Protection District was consolidated into the Truckee Meadows Fire Protection District on 7/1/16).

Benefits Funding

There are essentially two sources of money to fund the retiree benefits: employer contributions and investment earnings on those contributions. If the investment earnings fall short of expectations, then the employer must contribute more money to make up the shortfall. If the investment earnings exceed expectations, then employer contributions can be reduced.

Actuarial Valuations

Actuarial valuations are the foundation for all things related to OPEB. Using demographic data for an employer's active and retired employees, plus mortality and other data, the actuary projects the total cost of providing health care benefits to current and future retirees. Plan benefits, eligibility, and medical cost inflation are factored into the calculation.

If assets have been set aside to pay for these future costs (such as in a Trust), those assets are offset against the liability to determine the Net OPEB Liability (NOL). Using the demographic data (particularly current ages and expected mortality dates) and an expected return on the assets, the actuary calculates the Actuarially Determined Contribution (ADC); this was previously known as the Annual Required Contribution (ARC). The idea is that if an employer pays the ADC each and every year, and the assets earn the expected return, then the benefits to be paid will be fully funded over the time those benefits will be paid. By putting away money now, that money will grow through earnings, and those earnings will help pay the costs of the benefits in the future, reducing the cash the employer has to contribute.

“Full” actuarial valuations are required every 2 years. “Rollforward” valuations are done in other years. A “rollforward” valuation merely takes the population demographic data from the “Full” valuation and adds 1 year of service and 1 year of age to the data, updates the assets values, and recomputes the NOL and ADC.

Prefunding Contributions

Employers with OPEB Plans can choose whether and how much of the ADC they will contribute to their Trust. If the employer contributes less than the ADC, then the ADC increases over time to make up for the funding shortfalls. If the assets earn more than the expected rate of return, future ADC’s may be lower.

A similar example is that of funding a child’s college education. That future cost can be estimated. If the parents begin putting in money when the child is born, they have roughly 17 years to accumulate and grow the assets needed to pay for college. If the parents wait until the child enters high school, then they have only 4 years to set aside the assets, and there is very little time for those assets to grow – the annual contributions will be significantly greater than what they would have been if the funding occurred over 17 years.

Washoe County generally funds its annual ADC. The actual prefunding contributions are determined in the annual budget process for the County but are based on the ADC. The Truckee Meadows Fire Protection District determines its contributions during its annual budget process; it has indicated that it intends to contribute to its OPEB plan to achieve and maintain an 80% funding ratio (i.e., 80% of the plan’s Total OPEB Liability has been funded).

Cash and Investments

The Trust invests the employer contributions principally in the State of Nevada’s Retirement Benefits Investment Fund (RBIF), an offshoot of the Public Employees Retirement System created under NRS 287 specifically for investing money on a long-term basis to meet OPEB obligations. RBIF functions much like a mutual fund, investing in a mix of stocks, bonds, and other securities. Such investments are a mix of foreign and domestic investments.

Some money is held in the Washoe County Investment Pool (WCIP), mostly for cash flow purposes. The Trust strives to have as much of its money in the RBIF as possible; given the long-term nature of RBIF, the Trust does not move money back and forth between RBIF and the WCIP. Investments into RBIF are determined annually, subject to quarterly revision.

As of June 30, 2023, the Trust held 45% of RBIF’s assets of \$789 million in assets - \$353 million. The next largest participant held \$207 million, or 26% of RBIF’s assets.

Annual investment returns of the RBIF (including interest, dividends, and realized and unrealized gains and losses) have been as follows:

FYE 6/30/11	11.51%
FYE 6/30/12	2.95%
FYE 6/30/13	12.94%
FYE 6/30/14	19.82%
FYE 6/30/15	4.16%
FYE 6/30/16	1.99%
FYE 6/30/17	14.64%
FYE 6/30/18	8.40%
FYE 6/30/19	8.00%
FYE 6/30/20	6.70%
FYE 6/30/21	27.50%
FYE 6/30/22	-9.40%
FYE 6/30/23	12.90%

The long-term expected rate of return for the Trust's investments currently is 5.75%. This rate is determined by the OPEB Trustees, based on consultation with the actuary and others. It can change periodically, based on RBIF's returns and the economic outlook.

As of September 30, 2023, the plans' respective shares of the Trust's RBIF investment were as follows:

Washoe County Retirees Health Benefits Plan	96.83%
State of Nevada Public Employees Benefit Plan (former Washoe County employees only)	.78%
Truckee Meadows Fire Protection District Retirees Group Medical Plan	3.39%

Eligibility

Eligibility for retiree health benefits is determined by the participating employer. Similarly, any premium subsidy by the employer to the retiree is determined by the employer. Washoe County allows any employee who retires from Washoe County to participate in its health benefits program; however, premium subsidies are determined based on the retiree's hire date and length of service. Persons hired after 7/1/2010 are not eligible for premium subsidies, but can participate in the retiree health benefit program.

Benefits

Retiree health benefit costs are incurred by the participating employers. These costs include insurance premiums and claims costs, depending on the individual employer's retiree health benefits program. Each quarter, the employers submit requests for reimbursement of those costs, net of retirees' share of the premiums and any other revenues associated with their retiree health benefits program (such as Rx Rebates and Reinsurance Reimbursements).

Population

Membership of each plan consisted of the following as of the date of June 30, 2022:

	RHBP	PEBP	TMFPD RGMP	Total
Retirees and beneficiaries receiving benefits	1,875	278	59	2,212
Active plan members	2,507	-	192	2,699
Total	4,382	278	251	4,911

Funded Status

Funded Status represents the portion of future benefits for which assets have been accumulated. The funded status of each plan as of 6/30/2022 (latest available data):

Washoe County Retirees Health Benefits Plan	62.46%
State of Nevada Public Employees Benefit Plan (former Washoe County employees only)	84.75%
Truckee Meadows Fire Protection District Retirees Group Medical Plan	58.38%

These percentages are down from the 6/30/2021 funded statuses due principally to declines in the market values of the underlying RBIF investments.

A low or high Funded Status percentage is best taken in context, as funding for OPEB is like funding a child's college education: In the first few years (if funding started at birth), the percentage of payments made to the total payments to be made for college expenses (the liability) is relatively small. After 15 years, the accumulated assets are a large percentage of the expected cost of college. So it is with OPEB plans. In the early years of funding, the Funded Status will be low, but with steady contributions (ADC) and asset growth, the Funded Status percentage grows, until the OPEB obligation is fully (or nearly fully) funded.

Financial Reporting

Internally prepared financial statements are provided to the Trustees at quarterly meetings.

Annually, the Trust issues a full set of financial statements, including Notes and Required Supplementary Information, as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*. These financial statements, Notes, and Required Supplementary Information are audited by an independent CPA firm.

A significant portion of the data in the Trust's financial reports is subsequently included in the external financial reports of the employers in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Fiduciary Duties – A General Overview

Article VI (Section 6.1) of the Trust Agreement for the Washoe County, Nevada OPEB Trust Fund provides that the Trust shall be administered by three or more trustees who shall be appointed by the Trust Sponsor's governing body (e.g. the Washoe County Board of County Commissioners) to act in a fiduciary capacity for the beneficiaries of the Trust, pursuant to NRS 287.017(2)(e) and NAC 287.788(1)(a). Article VII enumerates the duties and powers of the trustees so appointed.

According to The New Palgrave Dictionary of Economics and the Law, fiduciary duties fall into two broad categories: the duty of loyalty and the duty of care. The discussion below is excerpted largely from the document "ERISA Fiduciary Responsibilities – A Primer for Plan Sponsors" by Abigail B. Pancoast. (The full document can be found at: <http://www.pfslink.com/wp-content/uploads/2012/03/Lincoln-Whitepaper.pdf>.) It is important to note that although Washoe County is exempt from ERISA provisions, the discussion of fiduciary responsibilities contained in the referenced document provides pertinent and useful guidance for the trustees of the Washoe County, Nevada OPEB Trust Fund.

- **Duty of loyalty** – The obligation to act solely in the interest of plan participants and beneficiaries with the exclusive purpose of providing benefits to them and paying reasonable plan expenses.

The duty of loyalty is a command to avoid conflicts of interest and self-dealing. It means that fiduciary decisions must be made without favoring the interests of the fiduciary or any other third party over the interests of participants and beneficiaries. However, plan fiduciaries are not prohibited from taking actions that incidentally benefit the employer so long as the duty of loyalty standard is otherwise met. This duty also places an affirmative obligation on plan fiduciaries to pay only reasonable expenses from the plan.

- **Duty of care / prudence** – The obligation to act prudently in exercising power or discretion over the interests that are the subject of the fiduciary relationship. The general standard is that a trustee should act in a way that a reasonable or prudent person acts in a similar situation or in the conduct of their own affairs.

For plans governed by ERISA, the duty of prudence is one of a fiduciary's most central responsibilities. This rule forms the basis for the courts' and the Department of Labor's emphasis on "procedural prudence." Procedural prudence means that a fiduciary that follows a careful and thorough process in making a fiduciary decision should not generally be liable for violating the prudence requirement even if the decision results in a loss to the plan. Procedural prudence is particularly important in the context of investment decisions because investment decisions can so often have poor outcomes that are not anticipated. In order to be prudent, the decision-making process must involve sufficient investigation and due diligence to allow the fiduciary to make an informed evaluation and decision. Because of the focus on process, documenting decisions and the basis for them is critical for the fiduciary to be able to defend those decisions if ever challenged.

Another important aspect of the prudence requirement is the requirement that the fiduciary act as a prudent expert in carrying out its duties. This means that either the fiduciary must be knowledgeable in all aspects of plan administration or rely on outside experts. Even when

outside experts have been retained, the plan fiduciary still retains some responsibility for the actions of these experts, and for the decisions made when relying upon expert advice. Therefore, when selecting these experts it remains important to engage in a procedurally prudent process and to monitor their performance.

- **Duty to Diversify** - For fiduciaries of ERISA plans, a third duty - to diversify plan investments to avoid large losses – is listed in addition to the two general duties discussed above. While this duty can be viewed as a subset of the duty of prudence, it is listed as a separate duty to emphasize the importance of the investment functions of ERISA fiduciaries. Of all functions performed by a plan fiduciary, plan investment management likely receives the most attention. Proper investment management is critical to ensure that a plan will have sufficient assets to fund the promised benefits. In the case of the Washoe County, Nevada OPEB Trust Fund it is important that the trustees remain mindful of Nevada law as well as the provisions of the Trust Agreement when undertaking the development of an investment plan. It is also vital to consider historic and projected return on plan assets in order to evaluate the discount rate utilized by the actuary to determine projected funding requirements.

NRS 287.017 Trust fund for future retirement benefits of local governmental employees and their spouses and dependents.

1. Notwithstanding any other provision of law, the governing body of any local government which provides retirement benefits to retired employees of that local government and the spouses and dependents of those employees may, in addition to any other power granted by law, establish a trust fund for that purpose in accordance with the provisions of this section.

2. If the governing body of a local government establishes a trust fund pursuant to this section:

(a) That local government may, within the limitations of its budget, make contributions to the trust fund in such an amount as it determines, in accordance with generally accepted accounting principles, to be appropriate to provide, in whole or in part, the funding necessary for any future retirement benefits to which the retired employees of that local government and the spouses and dependents of those employees may be entitled pursuant to the benefits plan of that local government.

(b) All contributions to the trust fund, and any interest and income earned on the money in the trust fund, must be held in trust and used only to:

(1) Provide, for the benefit of retired employees of that local government and the spouses and dependents of those employees, retirement benefits in accordance with the benefits plan of that local government; and

(2) Pay any reasonable administrative expenses incident to the provision of those benefits and the administration of the trust.

(c) All contributions to the trust fund are irrevocable and become the property of the beneficiaries of the trust.

(d) The assets of the trust fund are not subject to the claims of any creditors of:

(1) That local government;

(2) The administrator of the benefits plan of that local government; or

(3) The beneficiaries of the trust.

(e) The trust fund must be administered by a board of trustees appointed by the governing body of that local government to act in a fiduciary capacity for the beneficiaries of the trust. The board of trustees shall be deemed to be a governmental entity for the purposes of [chapter 239](#) of NRS and a public body for the purposes of [chapter 241](#) of NRS, and the members of the board of trustees shall be deemed to be public officers for the purposes of [chapter 281A](#) of NRS. Neither the trust nor the board of trustees shall be deemed to be a local government for the purposes of [chapter 350](#) or [354](#) of NRS, and except as otherwise provided in this section and [NRS 355.220](#), no statutory limitation on the investment of public money shall be deemed to apply to the trust. The governing body:

(1) Must require the board of trustees to administer the trust in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of retirement benefits to retired employees and the spouses and dependents of those employees; and

(2) May authorize the board of trustees to employ such staff and contract for the provision of such management, investment and other services, including, without limitation, the services of accountants, actuaries, attorneys and investment managers, as are necessary for the administration of the trust fund.

(f) The constituent documents that establish the trust must:

(1) Set forth the powers and duties of the board of trustees, which may include any powers and duties that may be exercised by a nonprofit corporation under the laws of this State, but which must not include the power to borrow money or be inconsistent with the provisions of this section;

(2) Establish a procedure for resolving expeditiously any deadlock that arises among the members of the board of trustees; and

(3) Provide for an audit of the trust by an independent certified public accountant at least annually, the results of which must be reported to the governing body of that local government.

(g) Subject to the provisions of paragraph (h) and except as otherwise provided in paragraph (i), the assets of the trust fund or any portion of those assets may, as directed by the board of trustees appointed pursuant to paragraph (e):

(1) Be deposited in or withdrawn from the Retirement Benefits Investment Fund established pursuant to [NRS 355.220](#);

(2) Be invested in any investment which is authorized for a local government pursuant to [NRS 355.170](#); or

(3) Be invested in any stocks or other equity securities or bonds or other debt securities which:

(I) Are traded on a public securities market;

(II) Are approved by the Committee on Local Government Finance or included in any category of stocks or other equity securities or bonds or other debt securities which is approved by the Committee on Local Government Finance; and

(III) Persons of prudence, discretion and intelligence acquire or retain for their own account, ↪ except that in no case may the assets of the trust fund include more than 5 percent of the equity or debt of any single business entity and in no case may more than 5 percent of the assets of the trust fund be invested in the equity or debt of any single business entity.

(h) The assets of the trust fund may be pooled for the purposes of investment with the assets of any trust funds established by any other local governments pursuant to this section only if each participating local government's proportionate share of the pool of assets:

(1) Is accounted for separately;

(2) Is used to provide retirement benefits solely to the retired employees of that local government and the spouses and dependents of those employees; and

(3) Is not subject to any liabilities of any other local governments.

(i) The board of trustees appointed pursuant to paragraph (e) shall not deposit any of the assets of the trust fund in the Retirement Benefits Investment Fund established pursuant to [NRS 355.220](#) unless the board obtains an opinion from the legal counsel for that local government that the investment of those assets in accordance with [NRS 355.220](#) will not violate the provisions of [Section 10 of Article 8](#) of the Constitution of the State of Nevada.

3. The Committee on Local Government Finance may, in the manner prescribed for state agencies in [chapter 233B](#) of NRS, adopt such regulations as it determines to be appropriate for the administration and interpretation of the provisions of this section.

4. As used in this section:

(a) "Benefits plan" means a plan established by a local government or required by law for the provision of retirement benefits to retired employees of a local government and the spouses and dependents of those employees.

(b) "Local government" has the meaning ascribed to it in [NRS 354.474](#).

(c) "Retirement benefits" means any retirement benefits other than a pension and includes, without limitation, life, accident or health insurance, or any combination of such benefits.

(Added to NRS by [2007, 900](#))

NAC 287.788 Contract with professional fund manager; investment plan. (NRS 287.017)

1. The board of trustees may contract with a professional fund manager if the assets of the trust fund are invested:

(a) In an investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of [NRS 287.017](#).

(b) Pursuant to subsection 2 of [NAC 287.790](#).

2. Unless all the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of [NRS 287.017](#), the board of trustees shall develop an investment plan for the trust fund in consultation with a professional fund manager, if the board has entered into a contract with such a person pursuant to subsection 1, or with any other investment management advisor retained by the board of trustees. The investment plan must be approved as to its conformity with this subsection by the Committee on Local Government Finance before the investment of any assets of the trust fund. The investment plan must:

(a) Include formal investment policies consistent with the requirements of [NRS 287.017](#) and [NAC 287.760](#) to [287.792](#), inclusive, including, without limitation, policies governing acceptable risks, diversification requirements and the fundamental processes for regulating the investment of the assets of the trust fund.

(b) Include processes governing the selection and monitoring of the staff and any professional fund manager or other investment management advisor assisting the board of trustees in the administration of the trust fund that are sufficient to ensure such staff, professional fund managers and other advisors have appropriate expertise and exhibit appropriate fiduciary behavior for such positions.

(c) Include appropriate investment training for members of the board of trustees and staff to ensure that they are knowledgeable in the prevailing investment practices.

(d) Include travel policies for participation in investment training for members of the board of trustees and staff that support the need for training and are defensible in the context of the interests of the public and the beneficiaries of the trust fund.

(e) Include an organizational plan for the selection and retention of competent investment expertise among the staff and in professional fund managers and other advisors, and incorporate a competitive process for the selection of both staff and professional fund managers and advisors.

(f) Provide for the development of and annual review by the board of trustees of the asset allocation strategy of the investment plan and the positioning of classes of assets in the investment portfolio of the trust fund in light of general market trends and valuations.

(g) Provide, on at least an annual basis, for a formal evaluation of the role or potential role of passive or indexed investment strategies applicable to the investment portfolio of the trust fund, and of appropriate strategies to minimize the costs of the administration of the trust fund, including, without limitation, the costs of transactions, professional fund managers and other advisors and investment training.

(h) Provide for a periodic review of investment-related practices, including, without limitation, services provided by brokers and unconventional investment strategies, in the context of fiduciary standards and the interests of economy.

(i) Establish formal benchmarks for the performance of the portfolio and managed accounts that are specific to the assigned role of the manager of the portfolio or account.

(j) Provide for the regular evaluation of the performance of the portfolio using consistent, documented and reliable disciplines, and establish clear criteria and procedures for selection and termination of investments by managers.

(k) Provide for regular communications on investment results to the governing body in a clear and intelligible format.

3. Approval by the Committee on Local Government Finance of the investment plan required in subsection 2 does not create or establish any fiduciary responsibility between the Committee on Local Government Finance and the trust fund or its beneficiaries.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

Cathy Hill, Chair

Trenton Ross, Legal Counsel

Christine Vuletich, Vice-chair

Brandon Price, Legal Counsel

Cindy Vance

Lori Cooke

DRAFT of Minutes

WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES

October 26, 2023 at 8:00 am

held via Microsoft Teams

1. ROLL CALL [Non-action item]

Chair Hill called the meeting to order at 8:00am. A quorum was established.

PRESENT: Cathy Hill, Lori Cooke, Christine Vuletich.

ABSENT: Cindy Vance

OTHERS PRESENT: Brandon Price, Legal Counsel; Russell Morgan, Accounting Manager; Robert Andrews, Accounting Manager; Rebecca Mosher, Senior Accountant.

2. PUBLIC COMMENT – [Non-action item]

There was no public comment.

3. Review of applications to be a Trustee of the Washoe County, Nevada OPEB Trust Board of Trustees, and possible action to recommend one of the applicants to the Washoe County Board of County Commissioners for appointment to the Washoe County, Nevada OPEB Trust Board of Trustees effective as of November 28, 2023. [FOR POSSIBLE ACTION]

Cathy Hill opened discussion of nominees for the Trustee of the Washoe County, Nevada OPEB Trust Board of Trustees.

Christine Vuletich said that after reviewing the applications, she recommends Tammi Davis for the position. This is based on Tammi's years of experience as the County Treasurer and handling the County's investment portfolio. She added that of the candidates who applied, she finds her to be the most qualified.

Lorie Cooke agreed with Christine, saying that her application shows experience with the statutory requirements as it comes to investments, and this would be a good fit for the OPEB Trust Board.

Cathy Hill added that she agrees with Christine and Lori given her experience at the County as well as her investment knowledge and experience managing investment portfolios.

Christine Vuletich made a motion, seconded by Lori Cooke, to recommend Tammi Davis to be a Trustee of the Washoe County, Nevada OPEB Trust Board of Trustees effective as of November 28, 2023.

There was no public comment.

The motion passed unanimously.

4. Approval of minutes from the July 27, 2023 meeting. [FOR POSSIBLE ACTION]

Lori Cooke made a motion, seconded by Christine Vuletich, to approve the minutes of the July 27, 2023 meeting as presented.

There was no public comment.

The motion passed unanimously.

5. Review and possible approval of year-to-date administrative expenditures and requested reimbursements to employers through September 30, 2023, in the amount of \$4,230,866. [FOR POSSIBLE ACTION]

Russell Morgan began on page 37 of the packet. He explained that administrative expenses year-to-date are \$2,742. We are early into FY24, so expenses so far are limited. Actuarial valuations are in process and due to the Trust early next month. We will likely pay for those in January, February, or March. The audit for the plans will start in early December and we will likely pay for those in the third quarter of FY24.

The accounting and administrative services costs peak at different times in the year. At this time, Rebecca and Russell are spending more time currently doing accounting for the OPEB Trust. This depends upon financial events that come up.

The other operating expense budget line for \$17,600 is the Retiree Drug Subsidy Program expenses. \$10,000 of that relates to what is paid to the Part D Advisors. That is \$2,500 per quarter. The RDS Attestation Fee is also \$7,600 and will be due at the end of the month.

Reimbursement Requests due to Washoe County for the two plans it sponsors are the Washoe County Retirees Health Benefit Program and the PEBP plan. Plan Member

Premium Payments come from retirees' PERS payments. He added that there is one extra payment from PERS in the \$1.4 million number listed in the document.

Under the "Other Miscellaneous Revenues", there is a (\$70,000). These are reductions in the Reinsurance Reimbursement amounts for two different members. These adjustments are common, but these stand out because the OPEB Trust had minimal Reinsurance Reimbursements and no Prescription Drug Rebates during the quarter to offset the adjustments. The Reinsurance policy runs on a fiscal year basis. So far, no one has incurred over \$325,000 in claims costs.

Cathy Hill clarified if it was \$225,000 or \$325,000.

Russell confirmed that it was \$325,000 as this number was increased again this year in lieu of a premium increase.

Russell said the Benefits Expense of just over \$6 million is typically medical claims. He said these are running light so far and pointed out that this number is volatile.

He said the Quarter 4 FY23 reimbursements of \$648,000 is a reduction of the reimbursement for the first quarter of FY24. Russell explained that when we calculate the fourth quarter reimbursement, we use data from about 10 days before the meeting. It is not uncommon to get transactions after the cut-off date. Here there was \$322,000 of Prescription Drug Rebate Money and \$138,000 in Retiree Drug Subsidy money and there was an adjustment to the Incurred But Not Reported claims liability. These led to a reduction in the net expense to be reimbursed to the employer from the Trust. We had additional revenues or expense reductions of \$648,000, so we are catching up on that.

The net reimbursement to Washoe County is \$4.12 million.

The PEBP Plan reimbursement is a little light at \$57,632.

Russell continued with Reimbursement to TMFPD. The Plan Member Premiums of \$32,000 reflect only two monthly checks from PERS. It takes some time for the payments to process. The benefits expense includes four months of premiums because they pay the next month's premiums at the end of the month, except for July. That is about \$21,000 for those. What is owed to the TMFPD Plan is \$60,468.

Cathy Hill made a motion, seconded by Christine Vuletich, to approve year-to-date administrative expenditures and requested reimbursements to employers through September 30, 2023, in the amount of \$4,230,866.

There was no public comment.

The motion passed unanimously.

6. Acknowledge receipt of interim financial statements for the period ending September 30, 2023. [FOR POSSIBLE ACTION]

Russell Morgan began with the financial highlights for the three months ending on September 30th. The Plan Assets are at \$351.4 million, which is up since June. The contributions were \$6.2 million, and the net investment income was \$2.1 million. All of this was offset by \$6.2 million of benefits expense.

The contributions offset the benefits, and investment growth was the sole increase in the net assets.

The prefunding contributions from employers is about \$4.9 million. Investment income of note were the asset allocations for US and international stocks in RBIF's portfolio. These were above their target. There was a rebalancing event which resulted in \$9.5 million in realized gains. Annualized Investment Yields through August in RBIF were 5.41%. The Annualized Realized Gains and Unrealized Gains were 27.45% which will likely come down.

There were also \$8.6 million of unrealized losses during the quarter due to decreases in the fair-market value of the underlying investments.

The Prefunding Contributions are on target at 25% of the year-to-date. Investment Income is at a quarter of the annual budget amount even though the investment earnings reflect only two months of activity out of RBIF.

Realized gains were budgeted at \$1 million and we are already at \$9.5 million.

The benefits paid at \$6.2 million is a little light.

The administrative expenses of \$2,000 is a matter of timing.

The due to employers totaling \$4.23 million are the reimbursements approved in the item above.

Lori Cooke made a motion, seconded by Christine Vuletich, to acknowledge receipt of interim financial statements for the period ending September 30, 2023.

There was no public comment.

The motion passed unanimously.

7. Review and discussion of Cash Flow Projections and Planned Transfers to/from the Nevada Retirement Benefits Investment Fund for the fiscal year ended June 30, 2024. [DISCUSSION ONLY]

Russell Morgan explained that the plans under the Trust are updated each quarter. He began by talking about the \$648,000 pulled back from the Washoe County plan for the fourth quarter of FY23. He said we originally expected to draw down money, but instead are putting \$275,000 into RBIF this quarter. This is a timing thing, and we will likely draw money out later. For November the reimbursement total was \$4.2 million. In February we estimate reimbursing \$6.4 million and another \$6.4 million in May. Those quarterly amounts total what was anticipated for the fiscal year. Where we are light in November, we have made up that difference for what will go out in July 2024. The \$275,000 went to RBIF today.

8. Informational review and discussion of the Nevada Retirement Benefits Investment Fund – investment process, returns, assets, changes in investment strategy, outlook, and related topics. [DISCUSSION ONLY]

Russell Morgan said the US Stocks had a target allocation of 50.5% at June 30, 2023; however, the actual allocation was 52.8%. Similarly, the International Stocks had a target of 21.5% and had an actual allocation of 22.3%. Because they were over their targets, there was a rebalancing in July to bring these allocations closer to their targets and bring the Bonds allocation up closer to its 28% target.

There are no other changes to the process or strategy that have been communicated. Yesterday we received RBIF's audited financial statements and we are still the largest participant in RBIF. The next largest participant is Clark County. We have 44.2% of RBIF's assets. The top five participants have just over \$702 million of \$789 million in RBIF.

Cathy added that this shows that Washoe County is well-funded.

Christine Vuletich asked if the audited financials from RBIF are available to the Trust Board.

Russell said he will share those at the next quarterly meeting. They are also available on the NV PERS website.

9. Acknowledge receipt of updated financial statements for the year ending June 30, 2023. [FOR POSSIBLE ACTION]

Russell Morgan explained that at the last meeting, we had RBIF activity through May recorded. The adjusted Due to Employers amount is down \$648,000 total. The realized and unrealized gains for our portion of RBIF was \$33 million in fiscal '23. In fiscal '22 our share of RBIF had \$40 million in unrealized losses. The bulk of the \$33 million fiscal '23 gain was in unrealized gains.

Lori Cooke added that for new members, net increase and decrease in fair value with realized and unrealized gains, can swing from period to period or for an entire fiscal year. These shifts are not uncommon and often one offsets another.

Christine Vuletich made a motion, seconded by Lori Cooke, to acknowledge receipt of updated financial statements for the year ending June 30, 2023.

There was no public comment.

The motion passed unanimously.

10. Update on the status of the Fiscal Year Ended June 30, 2023 Financial Statements Audit. [DISCUSSION ONLY]

Russell Morgan explained that the audit will begin in December. For the PEBP and TMFPD plans, those are roll-forward evaluations due to us on November 1st. The financial statements are complete but we will be adding notes. We need the actuarial valuations to update the notes.

For the Washoe County Plan, we are getting another full valuation. This was suggested by Washoe County Human Resources Department, and they will be paying the additional costs involved.

Past valuations have made certain assumptions based on the demographics of PERS' members. The HR Department believes that our population is different enough from PERS' to warrant an experience study done for our population. Rebecca did a lot of work collecting information from HR and looking at data and getting that off to Milliman. The data from SAP went back about ten years. HR is also paying for that experience study.

Cathy thanked Rebecca and Russell for their assistance on that project.

11. Trustees'/Staff announcements, requests for information, and topics for future agendas. Meeting dates for calendar year 2024 are January 25, April 25, July 25, and October 24 (fourth Thursday of first month of each calendar quarter). The meetings will begin at 10:00 am. [NO DISCUSSION]

Cathy stated her thanks for accommodating the 8am meeting time today.

12. Public Comments.

There was no public comment.

13. Meeting adjourned at 8:55am.

WASHOE COUNTY, NEVADA OPEB TRUST
Administrative Expense Detail - YTD Actual vs. Annual Budget
For the Year Ended June 30, 2024 - Unaudited

	Washoe Co Retiree Health Benefit Program	State of Nevada Public Employee Benefit Plan	Truckee Meadows FPD Retiree Group Medical Plan	2024 Total
<u>BUDGET</u>				
Administrative Expenses				
Actuarial valuations	\$ 9,000	\$ 9,000	\$ 10,000	\$ 28,000
Accounting and administrative services	7,000	7,000	7,000	21,000
Audit fees	8,000	8,000	8,000	24,000
Trustee fees	267	266	267	800
Minutes fees	200	200	200	600
Other Operating Expenses	17,600	-	-	17,600
	<u>\$ 42,067</u>	<u>\$ 24,466</u>	<u>\$ 25,467</u>	<u>\$ 92,000</u>
<u>ACTUAL</u>				
Administrative Expenses				
Actuarial valuations	\$ -	\$ -	\$ -	\$ -
Accounting and administrative services	2,704	2,704	2,706	8,114
Audit fees	-	-	-	-
Trustee fees	27	27	26	80
Minutes fees	87	87	86	260
Other Operating Expenses	2,500	-	-	2,500
	<u>\$ 5,318</u>	<u>\$ 2,818</u>	<u>\$ 2,818</u>	<u>\$ 10,954</u>
<u>VARIANCE</u>				
Administrative Expenses				
Actuarial valuations	\$ 9,000	\$ 9,000	\$ 10,000	\$ 28,000
Accounting and administrative services	4,296	4,296	4,294	12,886
Audit fees	8,000	8,000	8,000	24,000
Trustee fees	240	239	241	720
Minutes fees	113	113	114	340
Other Operating Expenses	15,100	-	-	15,100
	<u>\$ 36,749</u>	<u>\$ 21,648</u>	<u>\$ 22,649</u>	<u>\$ 81,046</u>

WASHOE COUNTY, NEVADA OPEB TRUST
Summary of Requested Reimbursement to Washoe County
For the Six Months Ended December 31, 2023

	<u>YTD</u>	<u>Avg / Mo</u>
<u>WCRHBP</u>		
Plan member premium payments	2,087,639	347,940
Other miscellaneous revenues	520,976	86,829
	<u>2,608,615</u>	<u>434,769</u>
Less:		
Benefits expense	<u>14,114,385</u>	<u>2,352,398</u>
Net OPEB expense	11,505,770	<u><u>1,917,628</u></u>
Reimbursements to date:		
For Q1	(4,760,858)	FY24 PORTION ONLY
For Q2	-	
For Q3	-	
For Q4	-	
Balance due to Washoe County	<u><u>6,744,912</u></u>	
<u>PEBP</u>		
PEBP premium subsidies	114,294	<u><u>19,049</u></u>
Reimbursements to date:		
For Q1	(57,632)	
For Q2	-	
For Q3	-	
For Q4	-	
Balance due to Washoe County	<u><u>56,662</u></u>	
Total due to Washoe County	<u><u>\$ 6,801,574</u></u>	

Plan member premium payments: Payments received from retirees for their share of OPEB plan premiums.

Other miscellaneous revenues: Payments received from third parties for reinsurance reimbursements, prescription drug rebates, and Medicare Part D reimbursements.

Benefits expense: Benefits expense includes medical and prescription drug claims and claims administration expense for PPO participants, HMO participant premiums, and dental and vision claims for all electing participants.

Net OPEB expense: Total benefits expense, less plan member premium payments and other miscellaneous revenues. This the County's cost of providing OPEB benefits to participants.

WASHOE COUNTY, NEVADA OPEB TRUST
Summary of Requested Reimbursement to Truckee Meadows Fire Protection District
For the Six Months Ended December 31, 2023

	<u>YTD</u>	<u>Avg / Mo</u>
<u>TMFPD RGMP</u>		
Plan member premium payments	81,640	13,607
Less:		
Benefits expense	<u>187,856</u>	<u>31,309</u>
Net OPEB expense	106,216	<u><u>17,702</u></u>
Reimbursements to date:		
For Q1	(60,468)	
For Q2	-	
For Q3	-	
For Q4	-	
Balance due to employer	<u><u>45,748</u></u>	

Plan member premium payments: Payments received from retirees for their share of OPEB plan premiums.

Benefits expense: Benefits expense includes premiums for medical, prescription drugs, dental, vision, and life insurance coverages.

Net OPEB expense: Total benefits expense, less plan member premium payments. This is TMFPD's cost of providing OPEB benefits to participants.

Washoe County, Nevada OPEB Trust Fund
Financial Highlights for the Six Months Ended December 31, 2023 (Unaudited)

Amounts in thousands:				
	<u>WC-RHBP</u>	<u>WC-PEBP</u>	<u>TMFPD</u>	<u>TOTAL</u>
WC-Pool	\$ 1,741	\$ 227	\$ 22	\$ 1,991
State RBIF	343,349	2,525	12,424	358,297
Other-Net	(6,742)	(56)	(46)	(6,844)
Net Assets	<u>\$ 338,348</u>	<u>\$ 2,696</u>	<u>\$ 12,400</u>	<u>\$ 353,444</u>

- Net assets of \$353.4 million are up \$4.2 million year-to-date; contributions of \$12.5 million and net investment income of \$6.1 million were offset by \$14.4 million in benefits expense.

Amounts in thousands	<u>WC-RHBP</u>	<u>WC-PEBP</u>	<u>TMFPD</u>	<u>TOTAL</u>
Additions:				
Prefunding	\$ 9,125	\$ 21	\$ 650	\$ 9,796
Investment income, net of expense	5,869	29	229	6,127
Plan members, other	2,609	-	81	2,690
	<u>17,603</u>	<u>50</u>	<u>960</u>	<u>18,613</u>
Deductions:				
Benefits Paid	14,114	114	188	14,416
Administrative	5	3	2	10
	<u>14,119</u>	<u>117</u>	<u>190</u>	<u>14,426</u>
Net change in Plan Net Assets	<u>\$ 3,484</u>	<u>\$ (67)</u>	<u>\$ 770</u>	<u>\$ 4,187</u>

- Investment income includes realized gains of \$9.5 million and unrealized losses of -\$6.6 million in the RBIF through November 30, 2023. Annualized investment yields through November in the RBIF were 6.18% with these gains and losses included. Annualized realized yields were at 12.9%.

Amounts in thousands	<u>Budget</u>	<u>YTD</u>	<u>Act % Bud</u>	<u>Variance</u>
Additions:				
Prefunding	\$ 19,592	\$ 9,796	50%	\$ (9,796)
Investment income, net of expense	7,939	6,127	77%	(1,812)
Plan members, other	6,447	2,690	42%	(3,757)
	<u>33,978</u>	<u>18,613</u>	<u>55%</u>	<u>(15,365)</u>
Deductions:				
Benefits Paid	31,863	14,416	45%	17,447
Administrative	92	10	11%	82
	<u>31,955</u>	<u>14,426</u>	<u>45%</u>	<u>17,529</u>
Net change in Plan Net Assets	<u>\$ 2,023</u>	<u>\$ 4,187</u>	<u>207%</u>	<u>\$ 2,164</u>

- Prefunding contributions reflect transfers primarily from the employers' General Fund.
- Unrealized gains and losses in the RBIF are not budgeted; realized gains and losses are conservatively budgeted.
- Plan member and other contributions reflect retirees' share of health insurance premiums, plus miscellaneous revenues, such as reinsurance proceeds, drug rebates, and Retiree Drug Subsidy payments from Medicare.
- The County has a reinsurance policy in place to limit the County's cost to \$325,000 for each claim for the year.
- Washoe County's adopted policy is to collect the County's full OPEB cost from the Trust.

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENTS OF PLAN NET ASSETS
AS OF DECEMBER 31, 2023 - UNAUDITED

	Washoe Co. Retiree Health Benefit Plan	State of Nevada Public Employee Benefit Plan	TMFPD Retiree Group Medical Plan	Total
Assets				
Cash and investments:				
Washoe County Investment Pool	\$ 1,741,477	\$ 227,335	\$ 21,720	\$ 1,990,532
State of NV RBIF	343,349,295	2,524,625	12,423,828	358,297,748
Interest receivable	2,759	363	37	3,159
Total Assets	345,093,531	2,752,323	12,445,585	360,291,439
Liabilities				
Accounts payable	951	-	-	951
Due to employers	6,744,912	56,662	45,748	6,847,322
Total Liabilities	6,745,863	56,662	45,748	6,848,273
Net assets held in trust for other postemployment benefits	\$ 338,347,668	\$ 2,695,661	\$ 12,399,837	\$ 353,443,166

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	Combined Trust				
	Budget	Actual	Act %	Variance	6/30/2023
Additions					
Contributions					
Employer:					
Prefunding	\$ 19,591,929	\$ 9,795,964	50.00%	\$ (9,795,965)	\$ 8,134,111
Plan member	4,700,000	2,169,279	46.15%	(2,530,721)	4,211,978
Other	1,747,000	520,976	29.82%	(1,226,024)	4,688,485
Total Contributions	26,038,929	12,486,219	47.95%	(13,552,710)	17,034,574
Investment Income					
Interest and dividends	7,035,100	3,279,175	46.61%	(3,755,925)	7,877,748
Net increase (decrease) in fair value of investments	1,010,923	2,889,807	285.86%	1,878,884	33,132,459
	8,046,023	6,168,982	76.67%	(1,877,041)	41,010,207
Less investment expense	107,251	42,662	39.78%	64,589	100,713
Net Investment Income	7,938,772	6,126,320	77.17%	(1,812,452)	40,909,494
Total Additions	33,977,701	18,612,539	54.78%	(15,365,162)	57,944,068
Deductions					
Benefits	31,862,600	14,416,536	45.25%	17,446,064	29,227,978
Administrative expense	92,000	10,954	11.91%	81,046	187,842
Total Deductions	31,954,600	14,427,490	45.15%	17,527,110	29,415,820
Net Change in Plan Net Assets	2,023,101	4,185,049	206.86%	2,161,948	28,528,248
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	349,258,117	349,258,117		-	320,729,869
End of Period	\$ 351,281,218	\$ 353,443,166		\$ 2,161,948	\$ 349,258,117

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	Washoe County - Retiree Health Benefit Plan				
	Budget	Actual	Act %	Variance	6/30/2023
Additions					
Contributions					
Employer:					
Prefunding	\$ 18,249,364	\$ 9,124,682	50.00%	\$ (9,124,682)	\$ 6,810,652
Plan member	4,550,000	2,087,639	45.88%	(2,462,361)	4,006,484
Other	1,747,000	520,976	29.82%	(1,226,024)	4,688,485
Total Contributions	24,546,364	11,733,297	47.80%	(12,813,067)	15,505,621
Investment Income					
Interest and dividends	6,754,800	3,141,087	46.50%	(3,613,713)	7,570,127
Net increase (decrease) in fair value of investments	970,400	2,768,798	285.33%	1,798,398	31,823,984
	7,725,200	5,909,885	76.50%	(1,815,315)	39,394,111
Less investment expense	102,842	40,867	39.74%	61,975	96,779
Net Investment Income	7,622,358	5,869,018	77.00%	(1,753,340)	39,297,332
Total Additions	32,168,722	17,602,315	54.72%	(14,566,407)	54,802,953
Deductions					
Benefits	31,215,000	14,114,386	45.22%	17,100,614	28,623,774
Administrative expense	42,067	5,318	12.64%	36,749	101,503
Total Deductions	31,257,067	14,119,704	45.17%	17,137,363	28,725,277
Net Change in Plan Net Assets	911,655	3,482,611	382.01%	2,570,956	26,077,676
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	334,865,057	334,865,057		-	308,787,381
End of Period	\$ 335,776,712	\$ 338,347,668		\$ 2,570,956	\$ 334,865,057

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	Washoe County - NV PEBP Plan				
	Budget	Actual	Act %	Variance	6/30/2023
Additions					
Contributions					
Employer:					
Prefunding	\$ 42,565	\$ 21,282	50.00%	\$ (21,283)	\$ 23,459
Total Contributions	42,565	21,282	50.00%	(21,283)	23,459
Investment Income					
Interest and dividends	54,900	26,348	47.99%	(28,552)	63,458
Net increase (decrease) in fair value of investments	7,923	3,393	42.82%	(4,530)	264,204
	62,823	29,741	47.34%	(33,082)	327,662
Less investment expense	909	344	37.84%	565	817
Net Investment Income	61,914	29,397	47.48%	(32,517)	326,845
Total Additions	104,479	50,679	48.51%	(53,800)	350,304
Deductions					
Benefits	250,000	114,294	45.72%	135,706	246,266
Administrative expense	24,466	2,818	11.52%	21,648	33,788
Total Deductions	274,466	117,112	42.67%	157,354	280,054
Net Change in Plan Net Assets	(169,987)	(66,433)		103,554	70,250
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	2,762,094	2,762,094		-	2,691,844
End of Period	\$ 2,592,107	\$ 2,695,661		\$ 103,554	\$ 2,762,094

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023)

	Truckee Meadows FPD - Retiree Group Medical Plan				
	Budget	Actual	Act %	Variance	6/30/2023
Additions					
Contributions					
Employer:					
Prefunding	\$ 1,300,000	\$ 650,000	50.00%	\$ (650,000)	\$ 1,300,000
Plan member	150,000	81,640	54.43%	(68,360)	205,494
Total Contributions	1,450,000	731,640	50.46%	(718,360)	1,505,494
Investment Income					
Interest and dividends	225,400	111,740	49.57%	(113,660)	244,163
Net increase (decrease) in fair value of investments	32,600	117,616	360.79%	85,016	1,044,271
	258,000	229,356	88.90%	(28,644)	1,288,434
Less investment expense	3,500	1,451	41.46%	2,049	3,117
Net Investment Income	254,500	227,905	89.55%	(26,595)	1,285,317
Total Additions	1,704,500	959,545	56.29%	(744,955)	2,790,811
Deductions					
Benefits	397,600	187,856	47.25%	209,744	357,938
Administrative expense	25,467	2,818	11.07%	22,649	52,551
Total Deductions	423,067	190,674	45.07%	232,393	410,489
Net Change in Plan Net Assets	1,281,433	768,871	60.00%	(512,562)	2,380,322
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	11,630,966	11,630,966		-	9,250,644
End of Period	\$ 12,912,399	\$ 12,399,837		\$ (512,562)	11,630,966

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to (from) the Retirees' Benefits Investment Fund (RBIF) for FY 23-24
As Updated through 12/31/2023

		Prefunding Contributions	Net Direct Expenses	Reimburse Employers	Pooled Cash Change	Trsfrs to/ (from) RBIF	Cash in WC Pool		Cash in RBIF	Total Cash & Investmts		
Beginning balance							\$	812,685	\$	352,828,361	\$	353,641,046
Jul-23	Trustee Meeting	1,849,327	(210)	-	1,849,117	-	-	2,661,802	352,828,361			355,490,163
Aug		1,524,327	-	(5,027,223)	(3,502,896)	(925,000)	-	83,906	351,903,361			351,987,267
Sep		1,524,327	(2,532)	-	1,521,795	-	-	1,573,774	354,014,081			355,587,855
Oct	Trustee Meeting	1,849,327	(130)	-	1,849,197	275,000	-	3,147,971	354,289,081			357,437,052
Nov		1,524,327	(2,500)	(4,230,865)	(2,709,038)	-	-	438,933	354,289,081			354,728,014
Dec		1,524,327	(5,583)	-	1,518,744	-	-	1,990,532	358,297,748			360,288,280
Jan	Trustee Meeting	1,869,727	(43,696)	-	1,826,031	-	-	3,816,563	358,297,748			362,114,311
Feb		1,524,327	(24,000)	(6,847,322)	(5,346,995)	(1,875,000)	-	344,568	356,422,748			356,767,316
Mar		1,524,327	(5,250)	-	1,519,077	-	-	1,863,645	356,422,748			358,286,393
Apr	Trustee Meeting	1,849,327	(2,849)	-	1,846,478	-	-	3,710,123	356,422,748			360,132,871
May		1,524,327	-	(6,353,900)	(4,829,573)	(1,400,000)	-	280,550	355,022,748			355,303,298
Jun		1,524,332	(5,250)	-	1,519,082	-	-	1,799,632	355,022,748			356,822,380
Jul-24	Trustee Meeting	-	-	(7,335,420)	(7,335,420)	(2,600,000)	-	(2,935,788)	352,422,748			349,486,960
Cash flow total		19,612,329	(92,000)	(29,794,730)	(10,274,401)	(6,525,000)						
Less: Pmts related to FY23			-	4,379,130								
FY24 Budget			(92,000)	(25,415,600)								

Key Assumptions:

Only key changes in cash flow are shown.

TMFPD - Quarterly payments to City of Reno.

Transfers to/from RBIF will be reviewed quarterly for possible adjustment.

	WCRHBP	PEBP	Total	ADC's per Actuarial valuations.	
WC Contributions	18,249,364	42,565	18,291,929	Paid in monthly increments.	Recommended
TMFPD Contirbutions			1,320,400	Per TMFPD FY 24 Budget. Paid quarterly.	\$ 1,987,902
Total Prefunding Contributions			<u>19,612,329</u>		Per Milliman

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to (from) the Retirees' Benefits Investment Fund (RBIF) for FY 23-24
As Updated through 12/31/2023

WCRHBP		Prefunding Contributions	Net Direct Expenses	Reimburse Employers	Pooled Cash Change	Trsfrs to/ (from) RBIF	Cash Realloc *	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance								\$ 684,803	\$ 338,484,813	339,169,616
Jul-23	Trustee Meeting	1,520,780	(70)		1,520,710	-	-	2,205,513	338,484,813	340,690,326
Aug		1,520,780	-	(4,948,526)	(3,427,746)	(1,250,000)	-	27,767	337,234,813	337,262,580
Sep		1,520,780	(844)	-	1,519,936	-	-	1,519,465	339,258,993	340,778,458
Oct	Trustee Meeting	1,520,780	(43)		1,520,737	250,000	-	2,790,202	339,508,993	342,299,195
Nov		1,520,780	(2,500)	(4,112,766)	(2,594,486)	-	-	195,716	339,508,993	339,704,709
Dec		1,520,780	(1,861)	-	1,518,919	-	-	1,741,477	343,349,295	345,090,772
Jan	Trustee Meeting	1,520,780	(22,632)		1,498,148	-	-	3,239,625	343,349,295	346,588,920
Feb		1,520,780	(8,000)	(6,744,912)	(5,232,132)	(2,150,000)	-	157,493	341,199,295	341,356,788
Mar		1,520,780	(1,750)	-	1,519,030	-	-	1,676,523	341,199,295	342,875,818
Apr	Trustee Meeting	1,520,780	(2,617)		1,518,163	-	-	3,194,686	341,199,295	344,393,981
May		1,520,780	-	(6,229,500)	(4,708,720)	(1,650,000)	-	135,966	339,549,295	339,685,261
Jun		1,520,784	(1,750)	-	1,519,034	-	-	1,655,000	339,549,295	341,204,295
Jul-24	Trustee Meeting	-	-	(7,182,729)	(7,182,729)	(2,600,000)	-	(2,927,729)	336,949,295	334,021,566
Cash flow total		18,249,364	(42,067)	(29,218,433)	(11,011,136)	(7,400,000)	-			
Less: Pmts related to FY23			-	4,300,433						
FY24 Budget			(42,067)	(24,918,000)						
PEBP		Prefunding Contributions	Net Direct Expenses	Reimburse Employers	Pooled Cash Change	Trsfrs to/ (from) RBIF	Cash Realloc *	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance								70,149	2,749,764	2,819,913
Jul-23	Trustee Meeting	3,547	(70)	-	3,477	-	-	73,626	2,749,764	2,823,390
Aug		3,547	-	(57,986)	(54,439)	-	-	19,187	2,749,764	2,768,951
Sep		3,547	(844)	-	2,703	-	-	21,376	2,766,650	2,788,026
Oct	Trustee Meeting	3,547	(43)		3,504	(250,000)	-	274,880	2,516,650	2,791,530
Nov		3,547	-	(57,631)	(54,084)	-	-	220,796	2,516,650	2,737,446
Dec		3,547	(1,861)	-	1,686	-	-	227,335	2,524,625	2,751,960
Jan	Trustee Meeting	3,547	(10,032)		(6,485)	-	-	220,850	2,524,625	2,745,475
Feb		3,547	(8,000)	(56,662)	(61,115)	-	-	159,735	2,524,625	2,684,360
Mar		3,547	(1,750)	-	1,797	-	-	161,532	2,524,625	2,686,157
Apr	Trustee Meeting	3,547	(116)		3,431	-	-	164,963	2,524,625	2,689,588
May		3,547	-	(62,500)	(58,953)	-	-	106,010	2,524,625	2,630,635
Jun		3,548	(1,750)	-	1,798	-	-	107,808	2,524,625	2,632,433
Jul-24	Trustee Meeting	-	-	(73,207)	(73,207)	-	-	34,601	2,524,625	2,559,226
Cash flow total		42,565	(24,466)	(307,986)	(289,887)	(250,000)	-			
Less: Pmts related to FY23			-	57,986						
FY24 Budget			(24,466)	(250,000)						

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to (from) the Retirees' Benefits Investment Fund (RBIF) for FY 23-24
As Updated through 12/31/2023

TMFPD		Prefunding Contributions	Net Direct Expenses	Reimburse Employers	Pooled Cash Change	Trsfrs to/ (from) RBIF	Cash Realloc *	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance								57,733	11,593,784	11,651,517
Jul-23	Trustee Meeting	325,000	(70)	-	324,930	-	-	382,663	11,593,784	11,976,447
Aug		-	-	(20,711)	(20,711)	325,000	-	36,952	11,918,784	11,955,736
Sep		-	(844)	-	(844)	-	-	32,933	11,988,438	12,021,371
Oct	Trustee Meeting	325,000	(43)		324,957	275,000	-	82,890	12,263,438	12,346,328
Nov		-	-	(60,468)	(60,468)	-	-	22,422	12,263,438	12,285,860
Dec		-	(1,861)	-	(1,861)	-	-	21,720	12,423,828	12,445,548
Jan	Trustee Meeting	345,400	(11,032)		334,368	-	-	356,088	12,423,828	12,779,916
Feb		-	(8,000)	(45,748)	(53,748)	275,000	-	27,340	12,698,828	12,726,168
Mar		-	(1,750)	-	(1,750)	-	-	25,590	12,698,828	12,724,418
Apr	Trustee Meeting	325,000	(117)		324,883	-	-	350,473	12,698,828	13,049,301
May		-	-	(61,900)	(61,900)	250,000	-	38,573	12,948,828	12,987,401
Jun		-	(1,750)	-	(1,750)	-	-	36,823	12,948,828	12,985,651
Jul-24	Trustee Meeting	-	-	(79,484)	(79,484)	-	-	(42,661)	12,948,828	12,906,167
Cash flow total		<u>1,320,400</u>	<u>(25,467)</u>	<u>(268,311)</u>	<u>1,026,622</u>	<u>1,125,000</u>	<u>-</u>			
Less: Pmts related to FY23			-	20,711						
FY24 Budget			<u>(25,467)</u>	<u>(247,600)</u>						

* Rebalancing between Pool and RBIF to ensure sufficient cash flow to meet plan expenses.

Retirement Benefits Investment Fund

September 30, 2023

Performance Gross of Fees

Asset Class	Market Value	Target Allocation	Actual Allocation	FYTD Return	One Year	3 Years	5 Years	10 Years	Since Inception (2008)
U.S. Stocks- S&P 500 Index	\$ 374,690,370	49.5%	49.0%	-3.3%	21.6%	10.2%	9.9%	11.9%	9.7%
Market Return				-3.3%	21.6%	10.2%	9.9%	11.9%	9.7%
Int'l Stocks- MSCI World x US Index	\$ 145,272,450	19.5%	19.0%	-4.1%	24.2%	6.3%	3.7%	4.2%	3.1%
Market Return				-4.1%	24.0%	6.1%	3.4%	3.9%	2.9%
U.S. Bonds- U.S. Bond Index	\$ 217,431,794	28.0%	28.4%	-3.1%	-0.8%	-2.7%	1.9%	1.8%	2.6%
Market Return				-3.1%	-0.8%	-2.9%	1.7%	1.5%	2.4%
	\$ 27,829,821	3.0%	3.6%						
Total RBIF Fund	\$ 765,224,435	100.0%	100.0%	-3.0%	16.2%	6.1%	7.0%	7.7%	6.7%
Market Return				-3.1%	15.9%	5.9%	6.6%	7.5%	6.7%

RETIREMENT BENEFITS INVESTMENT FUND

**A COMPONENT UNIT of
the STATE of NEVADA**

ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2023**

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Table of Contents

Independent Auditor's Report.....	5
Management's Discussion & Analysis.....	8
Financial Statements	
Statement of Net Position.....	10
Statement of Changes in Net Position.....	11
Notes to the Financial Statements.....	12
Supplementary Information	
Participating Trusts.....	18

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Casey Neilon
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board
Carson City, Nevada

Opinion

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund, a component unit of the State of Nevada, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which comprise the Retirement Benefits Investment Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Benefits Investment Fund, as of June 30, 2023, and the 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. 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 Retirement Benefits Investment Fund, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Retirement Benefits Investment Fund, and do not purport to, and do not present fairly the financial position of the State of Nevada as of June 30, 2023, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Retirement Benefits Investment Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 Retirement Benefits Investment Fund'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement Benefits Investment Fund'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.

Report on Summarized Comparative Information

We have previously audited the Retirement Benefits Investment Fund's June 30, 2022 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated September 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Retirement Benefits Investment Fund's financial statements. The schedule of participating entities and reconciliation of market value to net position on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of participating entities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Casey Neilson

Carson City, Nevada
October 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial performance of the Retirement Benefits Investment Fund (RBIF or Fund) provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2023. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. Readers are encouraged to consider the information presented in conjunction with the financial statements, as a whole, which follow the MD&A.

RBIF was created during the 2007 Legislative Session, was effective July 1, 2007, and received its first investment contribution in January 2008. The purpose of the Fund is to invest contributions made by participating OPEB Trust Funds (Trusts) to support financing of other post-employment benefits (OPEB) at some time in the future. Monies received by the Fund from participating trusts are not held in a fiduciary capacity. At June 30, 2023, there were twelve participating trusts: Washoe County School District OPEB Trust; Truckee Meadows Water Authority Post Retirement Medical Plan & Trust; Washoe County OPEB Trust; City of Las Vegas OPEB Trust; Tahoe Douglas Fire Protection District Post Retirement Plan & Trust; Clark County OPEB Trust; City of Reno OPEB Trust; Las Vegas Metropolitan Police Department OPEB Trust; Truckee Meadows Water OPEB Trust; North Lake Tahoe Fire Protection District Post Retirement Plan & Trust; Carson City OPEB Trust; and Las Vegas Valley Water District OPEB Trust.

Overview of the Financial Statements

The basic financial statements consist of the Statement of Net Position, the Statement of Changes in Net Position, and the Notes to the Financial Statements.

The **Statement of Net Position** includes all of the Fund's assets, liabilities, and the net position at the end of the fiscal year.

The **Statement of Changes in Net Position** reports additions to and deductions from the Fund during the fiscal year presented. Over time, the increase or decrease in net position serves as a useful indicator of the health of the Fund's financial position.

The **Notes to the Financial Statements** provide additional information that is required by generally accepted accounting principles.

Financial Highlights

- Total contributions were \$12,039,976 during fiscal year 2023, an increase of 134.7% from fiscal year 2022.
- There were distributions of \$14,713,910 during fiscal year 2023 as compared to \$5,175,354 during fiscal year 2022.
- Net investment income was \$90,315,122 during fiscal year 2023, as compared to a loss of \$72,172,512 during fiscal year 2022.
- Total investments at fair value as of June 30, 2023, were \$777,776,534, an increase of 12.0% from fiscal year 2022.

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

The following are summary comparative statements of the Fund.

CONDENSED STATEMENT OF NET POSITION

	As of June 30, 2023	As of June 30, 2022	Increase/ (Decrease) from 2022 to 2023	Percentage Increase/ (Decrease) from 2022 to 2023
Cash and cash equivalents	\$ 9,934,411	\$ 4,860,086	\$ 5,074,325	104.4 %
Receivables	3,502,057	14,196,387	(10,694,330)	(75.3)
Investments, at fair value	777,776,534	694,554,397	83,222,137	12.0
Total assets	791,213,002	713,610,870	77,602,132	10.9
Accounts payable and accrued expenses	59,794	63,786	(3,992)	(6.3)
Pending trades payable	2,181,489	12,104,238	(9,922,749)	(82.0)
Total liabilities	2,241,283	12,168,024	(9,926,741)	(81.6)
Net position held in fund	<u>\$ 788,971,719</u>	<u>\$ 701,442,846</u>	<u>\$ 87,528,873</u>	12.5 %

CONDENSED STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30,

	2023	2022	Increase/ (Decrease) from 2022 to 2023	Percentage Increase/ (Decrease) from 2022 to 2023
Contributions from participating trusts	\$ 12,039,976	\$ 5,128,897	\$ 6,911,079	134.7 %
Net investment income (loss)	90,315,122	(72,172,512)	162,487,634	(225.1)
Other income	2,624	382	2,242	586.9
Total additions	102,357,722	(67,043,233)	169,400,955	(252.7)
Distributions to participating trusts	14,713,910	5,175,354	9,538,556	184.3
Administrative expenses	114,939	113,228	1,711	1.5
Total deductions	14,828,849	5,288,582	9,540,267	180.4
Change in net position	87,528,873	(72,331,815)	159,860,688	(221.0)
Net position, beginning of year	701,442,846	773,774,661	(72,331,815)	(9.3)
Net position, end of year	<u>\$ 788,971,719</u>	<u>\$ 701,442,846</u>	<u>\$ 87,528,873</u>	12.5 %

The net position increased by \$87.5 million during fiscal year 2023. This can be attributed primarily to three items: contributions from participating trusts of \$12.0 million, net investment income of \$90.3 million, and distributions to participating trusts of \$14.7 million.

In 2023, the Fund experienced a net investment income of \$90.3 million compared to a net investment loss of \$72.2 million in 2022. The Fund generated a return of 12.9% (gross of fees) for fiscal year 2023 compared to a negative return of 9.4% (gross of fees) for fiscal year 2022. Since inception (2008), the Fund has generated an annualized return (gross of fees) of 7.0%.

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

STATEMENT OF NET POSITION

June 30, 2023

	<u>2023</u>
ASSETS	
Cash and cash equivalents	\$ 9,934,411
Receivables:	
Accrued investment income	2,818,992
Pending trades receivable	<u>683,065</u>
Total receivables	<u>3,502,057</u>
Investments, at fair value:	
U.S. bonds	187,932,988
U.S. stocks	401,755,910
International stocks	<u>188,087,636</u>
Total investments, at fair value	<u>777,776,534</u>
Total assets	<u>791,213,002</u>
 LIABILITIES	
Accounts payable and accrued expenses	30,887
Management fees payable	28,907
Pending trades payable	<u>2,181,489</u>
Total liabilities	<u>2,241,283</u>
 NET POSITION	
Net position held in fund	<u>\$ 788,971,719</u>

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

STATEMENT OF CHANGES IN NET POSITION

For the Year Ended June 30, 2023

(With Summarized Comparative Totals For the Year Ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
ADDITIONS		
Contributions from participating trusts	\$ 12,039,976	\$ 5,128,897
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	73,111,244	(84,958,180)
Interest and dividend income	17,312,632	12,905,866
Investment income (loss)	90,423,876	(72,052,314)
Less investment fees and other expenses	(108,754)	(120,198)
Net investment income (loss)	90,315,122	(72,172,512)
Other income	2,624	382
Total additions	<u>102,357,722</u>	<u>(67,043,233)</u>
DEDUCTIONS		
Distributions to participating trusts	14,713,910	5,175,354
Administrative expenses	114,939	113,228
Total deductions	<u>14,828,849</u>	<u>5,288,582</u>
Change in net position	87,528,873	(72,331,815)
Net position held in fund:		
Beginning of year	701,442,846	773,774,661
End of year	<u>\$ 788,971,719</u>	<u>\$ 701,442,846</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Retirement Benefits Investment Fund (RBIF) is governed by a seven-member Board. The Board consists of the members of the Public Employees' Retirement Board ex officio and serve without any additional compensation.

The Board for the fiscal year ended June 30, 2023, consisted of the following members:

Mark Stevens	Chair	2027
Brian Wallace	Vice Chair	2025
Dawn Huckaby	Member	2026
Todd Ingalsbee	Member	2027
Norma Santoyo	Member	2025
Jessica Colvin	Member	2025
Cameron Wagner	Member	2026

Terms expire on June 30 of year noted.

Board members remain on the Board until they have been replaced or reappointed.

The Fund has developed criteria in accordance with standards issued by the Governmental Accounting Standards Board (GASB) to determine whether participating trusts should be included within its financial reporting entity as component units. A component unit is defined as a legally separate organization for which officials of the Fund are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Fund are such that exclusion would cause the Fund's financial statements to be misleading or incomplete.

In accordance with GASB, the following criteria are used when evaluating financial accountability: the ability of the Fund to appoint a voting majority of the organization's governing body and (1) the ability to impose its will on the other organization, or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Fund. In addition, RBIF may be financially accountable if an organization is fiscally dependent on the Fund regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

RBIF has no relationship with another entity that meets the above criteria and has not included any other entity as a component unit of its financial reporting entity.

RBIF is classified as a component unit of the State of Nevada for financial reporting purposes in accordance with the provisions of GASB.

Basis of Accounting

The accompanying financial statements of RBIF have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. RBIF has adopted the pronouncements of GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned and become measurable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Comparative Totals

The Statement of Changes in Net Position includes a partial presentation of prior year comparative financial statements but not at the level of detail required for a presentation in conformity with the accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the RBIF financial statements as of and for the year ended June 30, 2022, from which the partial information was derived.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fund Oversight

The Fund was established per NRS 355.220 and is administered by the Retirement Benefits Investment Board (RBIB or Board). An annual financial report, which includes the independent auditor's opinion, is presented to, and accepted by RBIB. RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, nor is it so required, as it is a public fund.

Cash and Cash Equivalents

Cash and cash equivalents include both operating cash on deposit with our commercial bank and cash on deposit with our custodial bank. Cash on deposit at our custodial bank includes investments in Goldman Sachs Financial Square Treasury Obligations Fund. This fund invests in short-term, high credit quality money market instruments. These instruments are direct obligations of the U.S. Treasury and repurchase agreements backed by Treasury obligations.

Investments

The Board serves as the administrator of the Fund. RBIF's assets are managed in accordance with RBIF's investment objectives and policies. In general, the authorized investments include: U.S. bonds, U.S. and international stocks, money market funds, and cash equivalents (other short-term investments).

Realized gains and losses on securities are calculated by subtracting the security cost from the price of the asset at the point of sale. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of the investments (unrealized gains/losses). Unrealized gains and losses are calculated by subtracting the cost of the security from the fair value of the asset. Realized gains and losses on investments are included as a net change in the fair value of the investments in the year they are sold.

Earned Income and Expenses

RBIF is designed to value participants' shares in the Fund according to the contributions of each trust. Specifically, on a pro-rata basis for each trust's participation, RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each trust according to their proportional share in the Fund. As of June 30, 2023, twelve trusts participated in the Fund. A schedule of participating trusts is reported in the Supplementary Information section of this report.

NOTE 2 - Fund Description

History and Purpose

The Nevada Legislature established the Fund with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating trusts, as defined in Section 355.220 of the Nevada Revised Statutes (NRS), to enable such trusts to support financing of other post-employment benefits at some time in the future. Per NRS 355.220(2) monies received by RBIB from participating trusts are held for investment purposes only and not in any fiduciary capacity. Each participating trust acts as fiduciary for its particular share of the Fund.

Contributions

Contributions received by the Fund are for investment purposes only and are not held in any fiduciary capacity by RBIF. Any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested.

To enable maximum investment return and consistent reporting on such, participating trusts are required to provide advance notification to RBIF of the amount of contributions or distributions the trust wishes to make during any given month. RBIF has no direction or control over amounts the participating trusts choose to contribute or distribute.

NOTE 3 - Deposit and Investment Risk Disclosures

NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money in the PERS Investment Fund is invested. The PERS Investment Fund is governed primarily by the "prudent person" standard. The prudent person standard, as set forth by NRS 286.682, authorizes the Retirement Board to invest PERS' funds in "every kind of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account."

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - Deposit and Investment Risk Disclosures (continued)

Given the Fund's significantly smaller size than the PERS Investment Fund, there are differences in structure between the two portfolios. However, both portfolios maintain a similar statistical return and risk profile.

Investment Policy

The Fund's policies* which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board's adopted policy target asset allocation as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. stocks	50.50 %
International stocks	21.50 %
U.S. bonds	28.00 %
Total	100.00 %

*RBIF's current Investment Objectives and Policies may be found on the PERS website www.nvpers.org.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments was 12.9% (gross of fees). The money-weighted rate of return expresses investment performance adjusted for the changing amounts actually invested.

The majority of the Fund's investments are held by the Depository Trust Company (DTC) in DTC's nominee name, and trading is conducted through DTC's book-entry system. The holder of record for the Fund is The Bank of New York Mellon (BNYM).

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of its depository financial institution, the Fund will not be able to recover its deposits.

At June 30, 2023, the carrying amount of the Fund's commercial cash deposits and commercial bank balance was \$12,968. The bank balance was fully insured by the Federal Deposit Insurance Corporation (FDIC). Amounts reported as cash and cash equivalents on the accompanying statement of net position also include \$968,493 held in custodial accounts by BNYM, as well as \$8,952,950 in short-term treasuries at June 30, 2023. The commercial bank balance is, according to a depository pledge agreement between the Fund and the Fund's commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the Fund's agent in the Fund's name.

Custodial cash is swept nightly from the custodial bank to an overnight short-term investment fund held outside the bank. Monies arriving at the bank after the overnight sweep deadline are part of the custodial bank cash reserve and are covered up to the FDIC limit of \$250,000. Any amount in the cash reserve in excess of \$250,000 is subject to custodial credit risk.

The custodial bank also carries insurance covering destruction of cash or securities on or off premises (including securities or others held in custody) with a limit of \$875,000,000 per occurrence.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - Deposit and Investment Risk Disclosures (continued)

Credit Risk - Investment

Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the Fund. *Custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty to a transaction, RBIF will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

RBIF policies provide protection from undue investment credit risk as follows:

- Direct obligations of the U.S. Treasury, including bills, notes, bonds, and repurchase agreements secured by those obligations.
- U.S. Treasury money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard & Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the Fund's overall short-term investment criteria.
- Short selling and the use of leverage are not permitted

There is no credit risk assigned to U.S. Treasury securities as these are explicitly guaranteed by the U.S. Government. It is important to note, however, that the value of U.S. Treasury obligations fluctuate based on non-credit-related factors, such as interest-rate movements, which could cause future price declines despite government backing.

Quality Rating

The Standard and Poor's (S & P) credit quality ratings of the Fund's investments in U.S. bonds as of June 30, 2023, have been provided by the Fund's custodial bank, The Bank of New York Mellon and are as follows:

Cash equivalents consist of \$8,952,950 investment in Goldman Sachs Financial Square Treasury Obligations Fund and are not rated. The Fund additionally holds \$187,932,988 in treasury securities which are explicitly guaranteed by the U.S. Government.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. No concentration of credit risk exists in the portfolio as RBIF policy requires 100% of the U.S. bond portfolio be invested in U.S. Treasury bonds.

Investment policy requires that the combined RBIF, Judicial, Legislators', and PERS' assets shall not permanently constitute more than 30% of any firm's assets within the asset class (equity, bonds, real estate, or alternative investments) managed. Staff shall provide an annual report of combined assets to the Board consistent with this policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates interest rate risk through portfolio diversification. The Fund's investment policy permits investment only in bonds within the Bloomberg U.S. Treasury Index.

The following table shows the fair value of U.S. bonds and the applicable investment maturities, as of June 30, 2023.

INVESTMENT MATURITIES (in thousands, by years)

<u>Investment Type</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	<u>Total</u>
Cash equivalents	\$ 8,953	\$ -	\$ -	\$ -	\$ 8,953
U.S. treasuries	-	98,639	50,625	38,669	187,933
Total Investments	<u>\$ 8,953</u>	<u>\$ 98,639</u>	<u>\$ 50,625</u>	<u>\$ 38,669</u>	<u>\$ 196,886</u>

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - Deposit and Investment Risk Disclosures (continued)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency forward contracts (to hedge currency exposure) are not permitted.

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2023, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE
(in thousands)

Currency Type	Equity	Pending Trades	Cash	Total
Australian Dollar	\$ 11,257	\$ -	\$ 33	\$ 11,290
Canadian Dollar	18,174	-	62	18,236
British Pound Sterling	22,346	-	38	22,384
Danish Krone	4,769	-	17	4,786
Euro	52,809	-	69	52,878
Hong Kong Dollar	3,668	-	27	3,695
Israeli Shekel	613	-	19	632
Japanese Yen	34,723	(56)	61	34,728
New Zealand Dollar	311	-	9	320
Norwegian Krone	971	-	20	991
Singapore Dollar	1,864	-	19	1,883
Swedish Krona	5,007	-	17	5,024
Swiss Franc	15,709	-	17	15,726
Total	<u>\$ 172,221</u>	<u>\$ (56)</u>	<u>\$ 408</u>	<u>\$ 172,573</u>

Derivative Instruments

RBIF held no derivatives in the portfolio as of June 30, 2023, and had no derivative transactions during the current fiscal year.

NOTE 4 - Fair Value

RBIF holds investments that are measured at fair value on a recurring basis. RBIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments measured and reported at fair value using Level inputs are classified and disclosed in one of the following categories:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include U.S. Treasuries and listed stocks.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable.
- Level 3 Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - Fair Value (continued)

The following table presents fair value measurements as of June 30, 2023:

FAIR VALUE LEVELS
(in thousands)

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 187,933	\$ -	\$ -	\$ 187,933
Stocks	589,844	-	-	589,844
	<u>589,844</u>	<u>-</u>	<u>-</u>	<u>589,844</u>
Total investments by fair value level	<u>\$ 777,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,777</u>

No securities are measured at the net asset value (NAV).

Stocks and bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 5 - Subsequent Events

Management has evaluated subsequent events through October 02, 2023, the date on which the financial statements were available to be issued.

RETIREMENT BENEFITS INVESTMENT FUND
2023 ANNUAL FINANCIAL REPORT

SUPPLEMENTARY INFORMATION

PARTICIPATING TRUSTS

Participating Trusts	Net Contributions from Inception through June 30, 2023	Fair Value as of June 30, 2023
Washoe County School District OPEB Trust (WCSD)	\$ 20,846,602	\$ 81,614,442
Truckee Meadows Water Authority Post Retirement Medical Plan & Trust (TMWA)	3,459,356	14,757,459
Washoe County OPEB Trust (WCOT)	140,336,402	352,828,361
City of Las Vegas OPEB Trust (LVOT)	10,000,000	24,859,303
Tahoe Douglas Fire Protection District Post Retirement Plan & Trust (TDFP)	5,400,000	13,679,031
Clark County OPEB Trust (CCOT)	119,867,150	207,198,344
City of Reno OPEB Trust (RENO)	19,189,524	25,951,629
Las Vegas Metropolitan Police Department OPEB Trust (LVMPD)	22,396,667	33,680,838
Truckee Meadows Water OPEB Trust (TMWA II)	931,855	1,636,788
North Lake Tahoe Fire Protection District Post Retirement Plan & Trust (NLTFPD)	1,966,345	2,713,693
Carson City OPEB Trust (CC)	2,410,000	3,327,230
Las Vegas Valley Water District OPEB Trust (LVVWD)	20,149,800	26,745,033
Totals	<u>\$ 366,953,701</u>	<u>\$ 788,992,151</u>

Net Contributions equals contributions less distributions for each participating trust from the inception of the Fund through the end of the current fiscal year.

The fair value for each participating trust includes the fair value of all assets held at the custodial bank, The Bank of New York Mellon (BNYM), based on their net contributions.

Reconciliation of Fair Value to Net Position

Fair value as of June 30, 2023	\$ 788,992,151
Cash in commercial bank	12,968
Investment related payables	(30,887)
Administrative fee accrual	(2,513)
Total net position as of June 30, 2023	<u>\$ 788,971,719</u>



December 9, 2023

To the Board of Trustees
Washoe County, Nevada
Reno, Nevada

This letter is provided in connection with our engagement to audit the financial statements of the Washoe County, Nevada OPEB Trust Fund (Trust Fund) as of and for the year ended June 30, 2023. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated December 9, 2023, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Planned Scope of the Audit

Our audits will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;

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- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

- Management Override of Controls - Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified a significant risk that management could potentially override controls that the Trust Fund has implemented with the intent of manipulating the financial statements to overstate the Trust Fund’s financial performance or to conceal fraudulent transactions.
- Improper Revenue Recognition – Professional standards include a presumptive risk of revenue recognition. Accordingly, we identified revenue recognition as a significant risk to address the possibility that revenue could be materially misstated due to error or potential fraud.
- The most sensitive accounting estimate affecting the financial statements are management’s estimate of the OPEB liability which is based on valuation performed by a third-party actuary utilizing various assumptions for the calculation. There is a significant risk relating the valuation of the OPEB liability.

We expect to begin our audit in December 2023 and issue our report by February 15, 2024.

This information is intended solely for the information and use of the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Reno, Nevada



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Boise, ID 83702
USA

Tel +1 208 342 3485

milliman.com

December 20, 2023

Russell O. Morgan, CPA
Accounting Manager
Washoe County
1001 East Ninth Street, Building D
Reno, Nevada 89512

**Re: Washoe County
GASB 74 & 75 Actuarial Valuation of Postemployment Benefits as of July 1, 2023**

Dear Russ:

We are pleased to enclose the above-titled Milliman report. If you have questions about this report, please give us a call at (208) 342-3487 (Robert) or (208) 350-2230 (Ryan).

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Schmidt".

Robert L. Schmidt, FSA, EA, MAAA
Principal & Consulting Actuary

A handwritten signature in black ink, appearing to read "Ryan Cook".

Ryan J. Cook, FSA, EA, CERA, MAAA
Consulting Actuary

RLS/RJC/joj/kw

Enclosure

Washoe County

GASB 74 & 75 Actuarial Valuation of
Postemployment Benefits Other than Pension as of July 1, 2023

Prepared by:

Robert L. Schmidt, FSA, EA, MAAA
Principal & Consulting Actuary

Ryan J. Cook, FSA, EA, CERA, MAAA
Consulting Actuary

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December 20, 2023



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December 20, 2023

Washoe County
1001 East Ninth Street, Building D
Reno, Nevada 89512

**Re: Washoe County – GASB 74 & 75 Actuarial Valuation of Postemployment Benefits
as of July 1, 2023**

As part of our engagement with Washoe County, we performed an actuarial valuation of the postemployment benefits (the “Plan”) as of July 1, 2023. Our findings are set forth in this actuary’s report. This report reflects the benefit provisions in effect as of July 1, 2023.

Certification

Actuarial computations presented in this report under GASB Statements No. 74 and 75 are for purposes of assisting Washoe County in fulfilling its financial accounting and funding requirements. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix A of this report and of GASB Statements No. 74 and 75. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, are adopted by the Washoe County. That entity is responsible for selecting the Plan’s assumptions. The assumptions used in this valuation are those that have been so adopted and are described in this report. Washoe County is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for Washoe County have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of Washoe County and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting Washoe County and are expected to have no significant bias.

This valuation report is only an estimate of the Plan’s financial condition as of a single date. It can neither predict the Plan’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of benefits, only the timing of contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or

demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. Washoe County has the final decision regarding the appropriateness of the assumptions and actuarial cost methods and has adopted them as indicated in Appendix B.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by Washoe County. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Milliman's work is prepared solely for the use and benefit of Washoe County. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a release, subject to the following exceptions:

- a) Washoe County may provide a copy of Milliman's work, in its entirety, to Washoe County's professional service advisors, who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit Washoe County.
- b) Washoe County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification

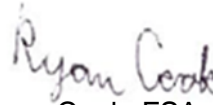
Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit this report and look forward to discussing it with you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert L. Schmidt".

Robert L. Schmidt, FSA, MAAA
Principal and Consulting Actuary

A handwritten signature in dark ink, appearing to read "Ryan Cook".

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Section	Page
I	MANAGEMENT SUMMARY
Introduction.....	1
Background	1
Rationale for Significant Assumptions	1
Valuation Results.....	2
Impact of Changes from Last Valuation	3
Variability of Results	3
II	EXHIBITS
Exhibit 1. GASB 74: Net OPEB Liabilities.....	4
Exhibit 2. GASB 74/75: Sensitivity of Net OPEB Liabilities	5
Exhibit 3. GASB 74/75: Changes in Net OPEB Liability	6
Exhibit 4. GASB 75: OPEB Expense	7
Exhibit 5. GASB 75: Deferred Inflows and Outflows.....	8
Exhibit 6. Actuarially Determined Contribution.....	9
Exhibit 7. Reconciliation of the Total OPEB Liability.....	10
III	APPENDICES
Appendix A. Summary of Benefits	11
Appendix B. Actuarial Cost Method and Assumptions	16
Appendix C. Summary of Participant Data	31
Appendix D. Depletion Date Projection.....	33
Appendix E. Glossary of Key Terms.....	34

Introduction

Milliman, Inc. ("Milliman") has been retained by Washoe County ("County") to provide a GASB 74 & 75 actuarial valuation of its postemployment benefit (OPEB) plans. In our valuation we:

- Calculate the Total OPEB Liability and Net OPEB Liability
- Determine the Actuarially Determined Contribution (ADC) and annual OPEB expense under GASB Statements No. 74 & 75
- Prepare the financial statement disclosures relating to the plan

Background

Eligible retirees are allowed coverage in the County's health and life benefit programs. Retirees can choose between the Self Funded Group Health Plan (SFGHP), including a PPO Plan and an HDHP Plan, and a fully insured HMO plan. Effective January 1, 2024, the HMO plan will be replaced with a fully insured commercial PPO plan (Surest plan). Retirees age 65 and older can also elect a Medicare Advantage Prescription Drug (MAP-D) plan called Senior Care Plus (SCP). Health benefits include medical, vision, and dental coverage. Employees hired before 1997 (exact date varies by bargaining group) will receive a County paid benefit of 50% of the retiree's premium with ten years of county service, 75% with 15 years and 100% with 20 or more years. Employees hired after 1997 (exact date varies by bargaining group) and before July 1, 2010, will receive a County paid benefit, shown in Appendix A of this report. Deputies hired between July 1, 2010 and June 30, 2040 with 20 years of consecutive service as a deputy or supervisory deputy with the County are also eligible for this subsidy. All other employees hired on or after July 1, 2010, will receive no health care contributions by Washoe County, but may continue health plan coverage by paying the entire premium.

Appendix A provides a more detailed summary of benefits.

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well.

Discount Rate. GASB 74 & 75 requires that the interest rate used to discount future benefit payments back to the present day be based on the expected rate of return on any investments set aside in a dedicated trust to pay for these benefits. The discount rate of 5.75% used in this valuation was selected by the County and reflects the investment policy and asset allocation of the State of Nevada's Retiree Benefit Investment Fund (RBIF) as shown below.

Asset Class	Asset Allocation
Foreign Developed Equity	21.50%
U.S. Fixed Income	28.00%
U.S. Large Cap Equity	50.50%

We reviewed this investment return assumption and believe it to be reasonable based on the above asset allocation.

Health Cost Trend. We derived the health cost inflation trend assumptions based on the “Getzen Model” developed by the Society of Actuaries. Please see Appendix B for an explanation of the trend model.

Retirement, Withdrawal and Disability Rates. Nevada Public Employee Retirement System (Nevada PERS) completed an experience study for employees and retirees in 2021. Based on the results of this study, Nevada PERS developed new demographic assumptions. We used the disability assumption from this study for the valuation of Washoe County’s Plan, effective with the July 1, 2022 valuation.

In 2023, a study was completed by Milliman of the experience of Washoe County’s Plan from July 1, 2014, through July 1, 2023. This study was used to adjust the 2021 Nevada PERS withdrawal and retirement assumptions to develop assumptions specific to Washoe County’s Plan. These retirement and termination assumptions were used for the valuation of Washoe County’s Plan effective with the July 1, 2023 valuation.

Mortality. We also use the mortality assumptions from the 2021 Nevada PERS experience study. They are based on the Pub-2010 mortality tables published by the Society of Actuaries adjusted to match Nevada PERS experience.

Demographic assumptions regarding disability, mortality, retirement, and termination are described in Appendix B. Actual experience will likely differ and continued monitoring of experience should be performed, and adjustments made to the assumptions as necessary.

Spouse Coverage. Retirees pay 100% of any dependent coverage. However, the spouse rates charged to retirees are premium rates based on combined active and retiree (without Medicare) claims experience. Since retiree claims tend to be higher than active claims, the County is providing an implicit rate subsidy for spouses of retirees. GASB 74 & 75 requires that such a subsidy be valued in determining accounting liabilities and annual expense. The County provided us with actual spouse data for current retirees. Based on this data, we assumed that 15% of future retirees would elect health coverage for their spouses.

Health Plan Election. Health plan elections are reviewed each valuation based on the plan elections of current retirees. We changed the percentages to better align with recent observed experience and anticipated future experience. Election assumptions based on age and tier can be found in Appendix B.

A complete summary of the actuarial assumptions is presented in Appendix B.

Valuation Results

The valuation results are summarized in the following exhibit and use the following terms:

The **Total OPEB Liability (TOL)** is the present value of benefits that are attributed to past service only discounted at the valuation interest rate (5.75%). The portion attributed to future employee service is excluded. For retirees, this is equal to the present value of benefits.

The **Service Cost** is that portion of the Washoe County provided benefit attributable to employee service in the current year. The Service Cost remains level as a percentage of pay throughout the participant's assumed working lifetime. Since retirees are not accruing any more service, their service cost is zero.

The **Fiduciary Net Position (FNP)** is equal to market value of assets.

The **Net OPEB Liability (NOL)** is the Total OPEB Liability minus the Plan's Fiduciary Net Position (formerly referred to as unfunded accrued liability).

	July 1, 2023	July 1, 2022
Active employees	2,656	2,507
Retirees and Surviving Spouses	<u>1,900</u>	<u>1,875</u>
Total Participants	4,556	4,382
Covered Retired Spouses	237	231
Total OPEB Liability	\$491,239,799	\$494,401,625
Fiduciary Net Position	<u>334,865,057</u>	<u>308,787,381</u>
Net OPEB Liability	\$156,374,742	\$185,614,244
End of Year Service Cost	\$4,818,112	\$5,133,480
End of Year Actuarially Determined Contribution (ADC)	\$16,204,623	\$18,249,364

Impact of Changes from Last Valuation

The Total OPEB Liability decreased by approximately \$3.2 million since the last valuation. See Exhibit 7 for a reconciliation of the Total OPEB Liability.

Variability of Results

The results contained in this report represent our best estimates. However, variation from these or any other estimates of future retiree medical costs is not only possible but probable. Actual future costs may vary significantly from estimates in this report.

Exhibit 1. GASB 74: Net OPEB Liabilities

The Valuation Dates are July 1, 2022, and July 1, 2023. These are the dates as of when the actuarial valuation is performed.

The Measurement Dates are June 30, 2022, and June 30, 2023. These are the dates as of which the Net OPEB Liability (NOL) is determined. The Reporting Dates are as of the fiscal year end and are listed below.

	July 1, 2023	July 1, 2022
Total OPEB Liability	\$491,239,799	\$494,401,625
Fiduciary Net Position	<u>334,865,057</u>	<u>308,787,381</u>
Net OPEB Liability	\$156,374,742	\$185,614,244
FNP as a % of TOL	68.2%	62.5%
Valuation Date	07/01/2023	07/01/2022
Measurement Date	06/30/2023	06/30/2022
GASB 74 Reporting Date (for plan reporting)	06/30/2023	06/30/2022
GASB 75 Reporting Date (for employer reporting)	06/30/2024	06/30/2023
Depletion date	N/A	N/A
Discount rate	5.75%	5.75%

Exhibit 2. GASB 74/75: Sensitivity of Net OPEB Liabilities*Sensitivity of the Net OPEB Liability to changes in the discount rate*

The following presents what Washoe County's Net OPEB Liability (NOL) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Sensitivity Analysis	1% Decrease	As of June 30, 2023	1% Increase
	in Discount Rate 4.75%	Current Discount Rate 5.75%	in Discount Rate 6.75%
Net OPEB Liability	\$220,247,119	\$156,374,742	\$103,639,092

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

The following presents what Washoe County's Net OPEB Liability (NOL) would be if it were calculated using a Healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current Healthcare cost trend rates.

Sensitivity Analysis	1% Decrease	As of June 30, 2023	1% Increase
	in Health Cost Trend	Current Health Cost Trend	in Health Cost Trend
Net OPEB Liability	\$103,354,718	\$156,374,742	\$220,131,257

Exhibit 3. GASB 74/75: Changes in Net OPEB Liability

The following exhibit shows a reconciliation of the Net OPEB Liability from June 30, 2022, to June 30, 2023, applicable for the fiscal year ending June 30, 2023, for GASB 74 and for the fiscal year ending June 30, 2024, for GASB 75.

	Increase / (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022	\$494,401,625	\$308,787,381	\$185,614,244
Service cost	4,854,356	0	4,854,356
Interest cost	28,127,424	0	28,127,424
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	(28,998,830)	0	(28,998,830)
Changes of assumptions	13,307,829	0	13,307,829
Actual benefit payments	(20,452,605)	(20,452,605)	0
Employer Contributions	0	6,810,652	(6,810,652)
Federal Government Payments	0	523,799	(523,799)
Net investment income	0	39,297,333	(39,297,333)
Administrative expense	0	(101,503)	101,503
Total changes	(3,161,826)	26,077,676	(29,239,502)
Balance as of June 30, 2023	\$491,239,799	\$334,865,057	\$156,374,742

Exhibit 4. GASB 75: OPEB Expense

The following tables illustrate the development of the OPEB expense required by GASB 75.

OPEB Expense	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Service cost	\$4,854,356	\$3,877,260
Interest cost	28,127,424	22,076,351
Effect of plan changes	0	7,528,783
Administrative expense	101,503	23,043
Member contributions	0	0
Revenue from Federal Government Payments	(523,799)	(473,658)
Expected investment return, net of investment expenses	(17,380,521)	(19,855,250)
<i>Recognition of Deferred (Inflows)/Outflows of Resources</i>		
Economic/demographic gains or losses	\$7,876,432	\$12,036,953
Assumption changes or inputs	(16,420,969)	(18,330,270)
Investment gains or losses	<u>(7,102,602)</u>	<u>(3,276,039)</u>
Total Recognition	(15,647,139)	(9,569,356)
OPEB expense	(\$468,176)	\$3,607,173

For Fiscal Year Ending June 30, 2024	Deferred Inflows	Deferred Outflows
Deferred Inflows / Outflows of Resources	of Resources	of Resources
Differences between expected and actual experience	(\$25,215,080)	\$63,186,571
Changes of assumptions	(52,814,785)	14,191,372
Net difference between projected and actual earnings	(10,248,958)	0
Contributions made subsequent to measurement date	<u>0</u>	<u>18,249,364</u>
Total	(\$88,278,823)	\$95,627,307

Amounts currently reported as deferred inflows of resources and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Recognized Deferred Inflows
2025	(\$14,642,206)
2026	(13,589,465)
2027	65,283
2028	5,847,792
2029	10,231,156
Thereafter	<u>1,186,560</u>
Total	(\$10,900,880)

Exhibit 5. GASB 75: Deferred Inflows and Outflows

The following table illustrates the schedule of deferred inflows/outflows of resources required by GASB 75 as of June 30, 2024.

Investment (gains)/losses are recognized in OPEB expense over a period of five years. Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Established in Year Ending	Original Amount	Original Recognition Period	Amount Recognized in Expense 6/30/2024	Balance of Inflows 6/30/2024	Balance of Outflows 6/30/2024
Investment (gains) or losses					
6/30/2024	(\$21,916,812)	5.00	(\$4,383,362)	(\$17,533,450)	\$0
6/30/2023	52,270,657	5.00	10,454,131	0	31,362,395
6/30/2022	(59,253,332)	5.00	(11,850,666)	(23,701,334)	0
6/30/2021	(1,882,853)	5.00	(376,571)	(376,569)	0
6/30/2020	(4,730,666)	5.00	(946,134)	0	0
Total			(\$7,102,602)	(\$41,611,353)	\$31,362,395
Economic/demographic (gains) or losses					
6/30/2024	(\$28,998,830)	6.97	(\$4,160,521)	(\$24,838,309)	\$0
6/30/2023	86,894,125	7.27	11,952,424	0	62,989,277
6/30/2022	0	0.00	0	0	0
6/30/2021	(896,459)	6.90	(129,922)	(376,771)	0
6/30/2020	0	0.00	0	0	0
6/30/2019	1,484,000	6.92	214,451	0	197,294
Total			\$7,876,432	(\$25,215,080)	\$63,186,571
Assumption changes					
6/30/2024	\$13,307,829	6.97	\$1,909,301	\$0	\$11,398,528
6/30/2023	3,852,748	7.27	529,952	0	2,792,844
6/30/2022	0	0.00	0	0	0
6/30/2021	(123,584,517)	6.90	(17,910,800)	(51,941,317)	0
6/30/2020	0	0.00	0	0	0
6/30/2019	(6,570,000)	6.92	(949,422)	(873,468)	0
Total			(\$16,420,969)	(\$52,814,785)	\$14,191,372

Exhibit 6. Actuarially Determined Contribution

The following table shows the calculation of the Actuarially Determined Contribution.

	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Determination of Actuarially Determined Contribution		
Service Cost at fiscal year end	\$ 4,818,112	\$ 5,133,480
NOL Amortization Period ¹	18 years	19 years
NOL Amortization Amount ¹	11,386,511	13,115,884
Actuarially Determined Contribution (ADC)	\$ 16,204,623	\$ 18,249,364
Amort Factor		
Interest Rate	5.75%	5.75%
Payroll Growth	3.00%	2.85%
Interest net of Payroll Growth	2.67%	2.82%
Years to amortize	18	19
Amort Factor BOY paymt	14.5230	14.9656

1. The NOL is being amortized as a level percentage of payroll over 30 years on a "closed" basis from June 30, 2011, i.e., the remaining amortization period as of June 30, 2023, is 18 years. For purposes of amortizing the UAAL, we have assumed that total County-wide payroll will increase 3.00% per year.

Exhibit 7. Reconciliation of the Total OPEB Liability

The following table shows a reconciliation of the Total OPEB Liability (TOL) from July 1, 2022 to July 1, 2023.

	(in Millions)
Total OPEB Liability as of July 1, 2022	\$494.4
1. Value of Benefits Accrued (Service Cost for one year from July 2022 to June 2023)	4.9
2. Increase in AAL, Service Cost and benefit payments due to one year decrease in discount period	28.1
3. Decrease due to actual retiree benefits from July 2022 to June 2023	(20.5)
4. Increase due to demographic experience	4.4
5. Decrease due to changes in health costs different than expected in the last valuation	(33.4)
6. Increase due to changes in demographic assumptions	12.6
7. Increase due to update to trend assumption	3.3
8. Decrease due to change in interest rate	-
9. Decrease due to other assumption changes	(2.6)
Actuarial Accrued Liability as of July 1, 2023	\$491.2
Total change in Actuarial Accrued Liability from 2022 to 2023	(\$3.2)

In the table above, items 1-3 represent expected changes due to interest and benefit accruals, net of benefit payments. Item 4 is a result of demographic experience differing from assumptions. The decrease in item 5 is due to updates in the full cost rates and contribution rates. The increase in item 6 is a result of changes in the retirement and withdrawal assumptions. Item 7 is a result of changes to the long term medical, dental, and HRA trend assumption. Item 9 includes changes to the election assumptions and salary scale.

Appendix A. Summary of Benefits

Below is a summary of our understanding of the County's retiree benefit program. Special provisions apply to persons initially employed by the County between May 3, 1977, and January 13, 1981, under which such persons retain the County subsidy even if employment is terminated prior to retirement. Special provisions also apply to elected officials. The effects of these special provisions are not valued within this actuarial study.

Eligibility

All employees who retire from County employment and receive monthly payments under the Public Employees Retirement System (PERS) of Nevada are eligible to participate in the plan.

In addition, persons initially employed between May 3, 1977, and January 13, 1981, who have terminated employment prior to retirement may be eligible for the County's health coverage upon commencing retirement.

Retiree health and welfare benefits are provided under three contribution "tiers". Tier 1 includes all employees hired prior to the dates shown in the table below. Tier 2 includes all employees hired after the Tier 1 "exclusion" dates in the table below and before July 1, 2010. Tier 3 includes all employees hired on or after July 1, 2010.

Employee Association	Tier 1 Exclusion Date for Employees Hired After
Confidential (non-represented)	September 17, 1997
WCEA (non-supervisory)	September 17, 1997
WCEA (supervisory)	September 17, 1997
WCSDA (non-supervisory)	January 1, 1998
WCSSDA (supervisory)	July 1, 1998
WCDA (investigators)	February 11, 1998
WCPAA (attorneys)	April 29, 1998
Non-represented attorneys in DA/PD	April 29, 1998
WCNA (nurses)	August 26, 1998
WC Elected Officials	September 29, 1999

Benefit Plans

<i>Medical</i>	Identical benefits as provided to active employees. Retirees can elect coverage under either one of the two Self-Funded Group Health Plans (PPO or HDHP) or the Surest Plan. Effective January 1, 2024 the Surest Plan replaced the HMO Health Plan. Medicare eligible retirees may also choose the Senior Care Plus Medicare Advantage Plan. The Group Health Plans have full coordination of benefits integration with Medicare.
<i>Prescription Drug</i>	Identical benefits as provided to active employees.
<i>Vision</i>	Identical benefits as provided to active employees.
<i>Dental</i>	Retirees have the option, upon retirement, to retain dental benefits with the retiree paying the full premium.

Life Insurance

Life insurance coverage is provided to those retirees enrolling in any healthcare benefit plans offered by the County. The amount of coverage provided for the retiree varies according to the retiree's age, as indicated below:

Under age 65	\$ 20,000
Age 65 to 69	13,000
Age 70 and over	7,000

The amount of coverage provided for covered dependents and surviving spouses of deceased retirees is below:

Spouse	\$ 1,000
Child from birth to age 26	1,000
Disabled dependent	1,000

Dependents' Benefits

Coverage is available for dependents of the retiree, including a spouse and children who are under age 26 or disabled and incapable of self-support.

Survivor Benefits

Upon the retiree's death, benefits may be continued to the surviving spouse for their remaining lifetime, or dependents until they turn 26. Surviving spouses and/or dependents are required to pay 100% of the premium.

Retiree Contributions

For eligible retirees, the County pays a portion of the retiree's premium based on years of County service. Retirees pay 100% of the premium for dependent coverage. Employees must retire directly from the County to be eligible for the County contribution (i.e., individuals seeking reinstatement are not eligible for this payment regardless of their prior years of service with the County).

Exception: Persons employed by the County between May 3, 1977, and January 13, 1981, retain the County subsidy even if employment is terminated prior to retirement. These people must be medically eligible for reinstatement.

For Tier 1 retirees, the retiree's contribution is determined as follows, except for the cost of dental benefits, which is 100% paid for by the retiree, regardless of years of service:

Years of Service	Tier 1 Retiree Contribution
Less than 10	100%
10 but less than 15	50%
15 but less than 20	25%
20 or more	0%

For Tier 2 retirees, the retiree's contribution is the monthly premium amount set by the County less a County paid premium subsidy, as described in the following table:

Years of Service	Calendar Year 2023		Calendar Year 2024	
	Under Age 65	Over Age 65	Under Age 65	Over Age 65
5	\$135.00	\$75.00	\$132.00	\$73.00
6	177.00	90.00	173.00	88.00
7	216.00	105.00	211.00	103.00
8	256.00	119.00	251.00	117.00
9	297.00	134.00	291.00	131.00
10	336.00	149.00	329.00	146.00
11	376.00	165.00	368.00	162.00
12	415.00	181.00	406.00	177.00
13	456.00	194.00	446.00	190.00
14	497.00	209.00	487.00	205.00
15	536.00	224.00	525.00	219.00
16	577.00	240.00	565.00	235.00
17	617.00	254.00	604.00	249.00
18	656.00	270.00	642.00	264.00
19	698.00	285.00	683.00	278.00
20+	737.00	300.00	722.00	294.00

Effective July 1, 2022, all Tier 3 Deputies hired between July 1, 2010, and June 30, 2040, with 20 years of consecutive service as a deputy or supervisory deputy with Washoe County who immediately begin to collect their PERS pension (Tier 3B), will also be eligible for the Tier 2 (Post 97/98) subsidy upon retiring from Washoe County.

Tier 3 non-Deputy employees (Tier 3A) and Deputy employees hired after June 30, 2040 (Tier 4), will not be eligible for any County contribution toward retirement health benefits but may elect to continue coverage in the County health plans upon retirement at the retiree's own expense.

For each retiree enrolled in the HDHP plan, the County provides an annual contribution into a Health Reimbursement Arrangement (HRA). The contribution was \$2,250 as of January 1, 2023, and January 1, 2024, and is expected to continue with periodic increases in the amount of the contribution. The County also provides a supplemental HRA benefit for Tier 2 and Tier 3B Deputy retirees equal to the difference between the Tier 2 subsidy amount and the Retiree Only HDHP total rates used in determining retiree contributions. These HRA amounts may be used by the retiree for eligible medical expenses.

Effective 1/1/2023 the administrator has switched from Hometown Health to UMR for administration. Medical and dental preventive services are free to participants in the plans. A summary of the 2024 medical plan in network member cost sharing provisions is below.

Medical Plan	PPO	SUREST	HDHP	SCP (MAP-D)
Deductible	\$375 Individual \$750 Family	\$0 Individual \$0 Family	\$2,600 Individual \$3,200 Family	N/A
Coinsurance	20% generally	0% generally	20% generally	0% generally
Copays	\$25 Office Visits	\$10-\$65 Office Visits Other \$75-\$2,500	\$0	\$10-\$25 Office Visits Other up to \$225
Out of Pocket Maximum	\$3,450 Individual \$6,900 Family	\$4,000 Individual \$8,000 Family	\$5,250 Individual \$6,350 Family after deductible	\$2,500 Individual
Retail Prescription Drugs				
Generic	\$7 Copay	\$15 Copay	\$7 Copay	\$2-\$16 Copay
Preferred Brand	\$30 Copay	\$40 Copay	\$30 Copay	\$41-\$47 Copay
Non-Preferred Brand	\$50 Copay	\$60 Copay	\$50 Copay	\$94-\$100 Copay
Specialty Drug	20% Co- insurance with Maxor Plus*	\$170-\$230 with Optum Rx	20% Co- insurance with Maxor Plus*	33% Coinsurance

* This benefit is provided if the participant doesn't qualify for ShaRx.

The dental plan has the following summarized provisions:

- \$50 deductible
- \$3,000 calendar year maximum per person
- \$1,500 orthodontia lifetime maximum per person
- Basic services – 20% coinsurance
- Major and orthodontic services – 50% coinsurance

Appendix B. Actuarial Cost Method and Assumptions

The actuarial cost method described below is required by GASB 74 & 75, and the assumptions represent our best estimate of anticipated future experience based on information provided to us. Note that the ultimate responsibility of selecting/approving the actuarial cost method and assumptions lies with the County and its auditor.

Actuarial Cost Method

In June 2015, the Governmental Accounting Standards Board adopted GASB 75, which replaced GASB 45. The new standard, which first became effective for the County for the 2018 fiscal year, contains significant changes from the previous standard. One such change is the required use of the Individual Entry Age Normal Level Percent of Pay cost method.

Under this method, Normal Cost is calculated as a percent of salary that remains constant over an individual's working lifetime such that when the normal costs for all years of service are summed, the result is the individual's present value of projected benefits. The sum of normal costs attributable to all years of service prior to the valuation date is the actuarial accrued liability. Retirees have a normal cost of zero. Normal cost is also referred to as service cost in this report.

In determining the Actuarially Determined Contribution, the Net OPEB Liability is amortized as a level percentage of expected payroll over 30 years on a closed basis from June 30, 2011. The remaining amortization period as of July 1, 2023, is 18 years. The actuarial value of assets is equal to the market value of assets as of the valuation date.

Economic Assumptions

General Inflation Rate 2.50% effective annual rate, chosen by Washoe County

Discount Rate 5.75% effective annual rate, chosen by Washoe County

GASB 74/75 requires that the interest rate used to discount future benefit payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. Washoe County selected a 5.75% discount rate based on the investments held in the Nevada Retirement Benefits Investment Fund (RBIF). 5.75% was used in the prior valuation.

Salary Scale

For purposes of allocating normal costs under the Entry Age Normal cost method, we used the following salary increase assumptions. These assumptions were provided by Washoe County based on their expectations of future salary increases for their employees. We feel that this assumption is reasonably consistent with salary scale assumptions used for other systems.

Service	Regular	Sheriffs/Deputies
<1	7.50%	7.50%
1 - 4	7.50	7.50
5+	2.50	2.50

Payroll Growth

For purposes of amortizing the NOL in the ADC calculation, we have assumed that county-wide payroll will increase by 3.00% per year.

Demographic Assumptions

Rationale for Assumptions

In this report, the Nevada Public Employee Retirement System (Nevada PERS) demographic assumptions were used with the following exception. In 2023, a study was completed of the experience of Washoe County's Plan from July 1, 2014, through July 1, 2023. This study was used to adjust the Nevada PERS withdrawal and retirement assumptions to develop assumptions specific to Washoe County's Plan.

Mortality

Regular

Pub-2010, Amount Weighted, Above Median, General Mortality tables split by Male/Female, Employee/Retiree, and Healthy/Disabled. Projected generationally from the 2010 base year using the MP-2020 projection scale. Male healthy retiree rates increased by 30%, and female healthy retiree rates increased by 15%. Male disabled retiree rates increased by 20%, and female disabled retiree rates increased by 15%.

Sheriff's/Deputies

Pub-2010, Amount Weighted, Above Median, Safety Mortality tables split by Male/Female, Employee/Retiree, and Healthy/Disabled. Projected generationally from the 2010 base year using the MP-2020 projection scale. Male healthy retiree rates increased by 30%, and female healthy retiree rates increased by 5%. Male disabled retiree rates increased by 30%, and female disabled retiree rates increased by 10%.

Retirement

The tables below list the probabilities that an active employee will retire from the County in a single year.

Members with a hire date before January 1, 2010:

Regular						
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
45	0.0%	0.3%	0.3%	0.2%	0.9%	36.3%
50	0.5	1.6	1.7	1.3	3.6	36.3
55	2.0	3.8	3.0	5.9	4.6	30.5
60	7.9	17.3	19.4	30.7	31.6	26.6
65	26.5	28.0	25.6	28.8	22.1	25.1
70	29.5	29.5	26.9	32.7	30.2	30.2
75+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Sheriffs/Deputies						
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
40	0.0%	10.0%	10.0%	0.0%	0.0%	0.0%
45	0.0	1.9	2.0	6.5	36.3	36.3
50	4.0	12.1	12.7	29.7	41.7	41.7
55	11.3	27.5	22.3	35.3	38.2	38.2
60	7.9	28.3	31.7	44.3	44.3	44.3
65	29.5	36.8	33.7	52.3	50.3	50.3
70+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Members with a hire date on or after January 1, 2010, and before July 1, 2015:

Age	Regular					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
45	0.0%	0.0%	0.0%	0.0%	0.0%	36.3%
50	0.0	0.0	0.0	0.0	0.0	36.3
55	0.5	2.5	2.0	3.9	3.1	30.5
60	3.1	6.3	7.0	10.2	12.7	26.6
65	25.0	26.2	24.0	27.0	20.7	25.1
70	28.0	27.5	25.2	30.6	28.3	30.2
75+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Age	Sheriffs/Deputies					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
45	0.0	0.0	0.0	5.4	23.8	36.3
50	0.0	5.6	5.9	27.9	39.0	41.7
55	7.0	18.0	14.6	33.2	35.7	38.2
60	6.4	26.6	29.8	41.4	41.5	44.3
65	27.5	34.5	31.5	49.1	47.1	50.3
70+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Members with a hire date on or after July 1, 2015:

Age	Regular					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
45	0.0%	0.0%	0.0%	0.0%	0.0%	13.1%
50	0.0	0.0	0.0	0.0	0.0	22.9
55	0.5	2.3	1.8	3.5	2.7	27.5
60	2.8	5.7	6.3	9.2	11.4	23.9
65	22.5	23.6	21.6	24.2	18.6	22.6
70	25.2	24.7	22.6	27.6	25.4	27.1
75+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Age	Sheriffs/Deputies					
	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
45	0.0	0.0	0.0	5.4	23.8	36.3
50	0.0	5.6	5.9	27.9	39.0	41.7
55	7.0	18.0	14.6	33.2	35.7	38.2
60	6.4	26.6	29.8	41.4	41.5	44.3
65	27.5	34.5	31.5	49.1	47.1	50.3
70+	100.0	100.0	100.0	100.0	100.0	100.0

The above table only shows rates for select age and service combinations. The full table can be provided upon request.

Withdrawal

The table below lists the probabilities that an active employee will withdraw from the County in a single year.

Service	Regular	Sheriffs/Deputies
0	11.10%	10.22%
5	5.72%	3.43%
10	4.04%	1.40%
15	2.24%	0.80%
20	2.16%	0.37%
25 +	2.16%	0.37%

The above table only shows rates for select years of service. The full table can be provided upon request.

Disability Retirement

The table below lists the probabilities that an active employee will become disabled in a single year.

Age	Regular	Sheriffs/Deputies
22	0.01%	0.00%
27	0.03%	0.06%
32	0.04%	0.16%
37	0.10%	0.32%
42	0.20%	0.50%
47	0.30%	0.80%
52	0.55%	0.70%
57	0.70%	0.50%
62	0.30%	0.30%
65+	0.00%	0.00%

The above table only shows rates for select ages. The full table can be provided upon request.

Health Assumptions

Retiree Usage of HRA We assume retirees use the full amount in their HRA each year.

Retiree Contributions

Below is a summary of the monthly rates of all retiree benefits for calendar years 2023 and 2024 that are used for determination of the retiree contributions.

Plans	Calendar Year 2023		Calendar Year 2024	
	Medicare Ineligible or Opted Out	Medicare Enrolled	Medicare Ineligible or Opted Out	Medicare Enrolled
PPO				
Retiree	\$1,001.90	\$581.47	\$1,079.97	\$541.24
Spouse	985.50	541.30	1,062.00	508.62
Child(ren)	812.74	450.66	875.88	425.02
High Deductible Health Plan (HDHP)				
Retiree	\$556.17	\$481.57	\$598.58	\$443.03
Spouse	539.14	445.50	579.93	410.39
Child(ren)	456.06	375.31	490.66	346.44
HMO				
Retiree	\$919.50	\$541.33		
Spouse	780.37	443.28		
Child(ren)	624.77	355.78		
Surest				
Retiree			\$913.87	\$541.76
Spouse			780.55	446.54
Child(ren)			622.38	358.36
Senior Care Plus				
Retirees	N/A	\$205.50	N/A	\$201.16
Spouse	N/A	180.49	N/A	180.49
Child(ren)	N/A	N/A	N/A	N/A
Dental				
Retiree	\$50.76	\$50.76	\$56.90	\$56.90
Spouse	47.49	47.49	53.63	53.63
Child(ren)	37.99	37.99	42.90	42.90

Claim Costs

Washoe County sets the same premiums (PPO, Surest, and HDHP) for retirees (without Medicare Parts A and B) as for active employees as per Nevada Revised Statutes. Therefore, the retiree premium rates are being subsidized by the inclusion of active lives in setting rates. Premiums calculated only based on retiree health claims experience would have resulted in higher retiree premiums.

For the PPO and HDHP plans, Washoe County elected to set retiree contributions based on rates different than those that represent the full cost of the plan. We used the calendar year 2024 full cost rates below as the basis for the PPO and HDHP claims costs.

Calendar Year 2024 Full Cost Rates

Plans	Medicare Ineligible or Opted Out	Medicare Enrolled
PPO		
Retiree	\$1,384.91	\$541.24
Spouse	1,352.04	508.62
Child(ren)	1,099.76	425.02
HDHP		
Retiree	\$611.45	\$443.03
Spouse	578.56	410.39
Child(ren)	480.99	346.44

The calendar year 2023 and 2024 Surest, Senior Care Plus, and dental full cost rates are the same as the rates used for retiree contribution setting. We used the calendar years 2023 and 2024 rates for the basis of the claims costs for these plans.

To account for the fact that per member health costs vary depending on age (higher health costs at older ages), we calculated equivalent Per Member Per Month (PMPM) costs that vary by age based on the age distribution of covered members (employees/retirees and dependents) and based on relative cost factors by age. The relative cost factors were developed from the Milliman *Health Cost Guidelines*TM. Based on the full cost rates, relative age cost factor, and morbidity assumptions, we developed age adjusted monthly PMPM health and dental costs for the 2023-2024 fiscal year, as shown in the tables below. We apply a separate pre 65 age curve for the few retirees younger than age 65 who are on Medicare.

The monthly medical and dental claim costs are below.

Pre-65 Deputy Retirees in Tiers 2 or 3B
Age Adjusted Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
45	\$668	\$1,009	\$606	\$751
50	760	960	699	828
55	865	929	802	895
60	995	999	933	972
64	1,147	1,109	1,113	1,104

All Other Pre-65 Retirees
Age Adjusted Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
45	\$897	\$1,354	\$813	\$1,008
50	1,020	1,288	938	1,111
55	1,161	1,247	1,077	1,201
60	1,335	1,341	1,253	1,304
64	1,539	1,488	1,494	1,482

Tier 1 Post-65 Retirees Who Have Not Enrolled in both Medicare Parts A and B
Age Adjusted Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
65	\$1,447	\$1,392	\$1,447	\$1,392
70	1,749	1,627	1,749	1,627
75	2,075	1,835	2,075	1,835
80	2,323	1,967	2,323	1,967
85	2,410	1,999	2,410	1,999

Post 65 Tier 1 Retirees Enrolled Both Medicare Parts A and B

Assumed Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
65	\$456	\$408	\$456	\$408
70	506	449	506	449
75	559	479	559	479
80	591	491	591	491
85	576	468	576	468

Post 65 Tier 2 and 3B Deputy Retirees

Age Adjusted Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
65	\$320	\$296	\$320	\$296
70	344	316	344	316
75	371	331	371	331
80	389	339	389	339
85	386	333	386	333

All Other Post 65 Retirees

Age Adjusted Medical PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
65	\$235	\$224	\$235	\$224
70	245	233	245	233
75	257	239	257	239
80	266	245	266	245
85	271	247	271	247

Dental

Age Adjusted Dental PMPM Costs for FY 2024

Age	Retirees		Spouses	
	Male	Female	Male	Female
45	\$39	\$45	\$55	\$61
50	42	48	58	64
55	48	52	64	69
60	55	58	71	74
65	63	62	79	78
70 and Over	70	63	86	79

Participation and Election

Participation The assumed medical participation is as follows:

Tier	% of Retirees Participating
Tier 1	95%
Tier 2 non-Deputies	85%
Tier 2 Deputies and Tier 3B (Deputies with 20 years of service)	95%
Tier 3A (Tier 3 without Deputies with 20 years of service)	15%

We assume 100% of retirees under age 65 with medical enrollment continue with medical enrollment over age 65.

We assume 80% of retirees with medical coverage will also elect dental coverage.

Plan Election Employees who elect medical coverage at retirement are assumed to elect plans in the tables below.

Retirees under age 65

Tier	Tier 2 and Tier 3B Deputies	All Others
PPO	25%	37%
Surest	25%	19%
HDHP	50%	44%
SCP	0%	0%

Tier 1 retirees over age 65 not enrolled in both Medicare Parts A and B

Plan	Tier 1
PPO	76%
Surest	19%
HDHP	5%
SCP	0%

Tier 1 retirees over age 65 enrolled in both Medicare Parts A and B

Plan	Tier 1
PPO	75%
Surest	6%
HDHP	3%
SCP	11%

Tier 2 and Tier 3 retirees ages 65 or over

Tier	Tier 2 and Tier 3B Deputies	All Others
PPO	10%	9%
Surest	5%	1%
HDHP	10%	5%
SCP	75%	85%

<i>Spouse Coverage</i>	15% of future retirees are assumed to elect medical and dental coverage for their spouses.
<i>Medicare Eligibility</i>	<p>50% of Tier 1 actives and pre 65 retirees are assumed to enroll in both Medicare Parts A and B.</p> <p>All Tier 2 and Tier 3 actives and retirees under age 65 are assumed to enroll in Medicare Parts A and B at age 65.</p> <p>For retirees and spouses age 65 and over of Tiers 1, 2, and 3, we have used the Medicare status provided by the County.</p>
<i>Spouse Age</i>	Female spouses are assumed to be two years younger than male spouses, on average. Actual ages were used for current spouses receiving benefits from the County.
<i>Reinstatement</i>	Persons terminating County employment prior to retirement are assumed not to apply for reinstatement.

Healthcare Trends

There is substantial uncertainty regarding the impact of the COVID-19 pandemic on projected plan costs. Therefore, for purposes of this valuation, we have chosen not to make any adjustments to these costs. However, please be aware that the COVID-19 pandemic could have a material cost impact in future valuations.

Medical

The trend assumptions have changed from the prior valuation due to updates in the trend model that we use. The model is based on the Society of Actuaries' (SOA) published report on long-term medical trend. That report includes detailed research performed by a committee of economists and actuaries and proposes the use of the "Getzen Model" named after the professor who developed the model. We believe that the research and the model are fundamentally and technically sound and advance the body of knowledge available to actuaries to more accurately project long-term medical trends. Trend rates assume that over time, deductibles and out of pocket maximums will be periodically increased as trends increase. The development of the trend rates was based on assumed general inflation of 2.50% per year. The following table shows the assumed rate increases in future years for medical premiums.

Trend from Year Ending June 30				Pre-65 Trend	Trend from Year Ending June 30				Post-65 Trend
2024	to	2025		4.70%	2024	to	2025		1.90%
2025	to	2026		6.70%	2025	to	2026		6.60%
2026	to	2027		6.10%	2026	to	2027		6.00%
2027	to	2028		5.50%	2027	to	2028		5.40%
2028	to	2029		5.10%	2028	to	2029		5.00%
2029	to	2030		4.90%	2029	to	2030		4.90%
2030	to	2031		4.80%	2030	to	2031		4.70%
2031	to	2032		4.60%	2031	to	2032		4.60%
2032	to	2033		4.40%	2032	to	2033		4.40%
2033	to	2051		4.30%	2033	to	2058		4.30%
2051	to	2065		4.40%	2058	to	2064		4.40%
2065	to	2067		4.30%	2064	to	2067		4.30%
2067	to	2070		4.20%	2067	to	2069		4.20%
2070	to	2072		4.10%	2069	to	2072		4.10%
2072	to	2074		4.00%	2072	to	2074		4.00%
2074	+			3.90%	2074	+			3.90%

Dental

The first year dental trend is 8%. Thereafter, the dental trend is the lower of 4.00% and medical trend.

Standard HRA Employer Contribution

Starting from the calendar year 2024 HRA employer contribution, we assume the HRA employer contribution will increase every few years at an average increase of 2.00% per year. This is based on a review of the past six years of HRA employer contribution amounts.

Appendix C. Summary of Participant Data

The employee and retiree census was provided by the County as of July 1, 2023.

Regular Employees

Age	YEARS OF SERVICE						30 & Over	Total
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29		
Under 25	34	0	0	0	0	0	0	34
25-29	164	20	0	0	0	0	0	184
30-34	200	81	6	1	0	0	0	288
35-39	141	128	37	16	0	0	0	322
40-44	129	100	44	58	13	0	0	344
45-49	82	86	22	68	60	1	1	320
50-54	68	64	21	66	57	29	2	307
55-59	49	41	16	43	44	25	2	220
60-64	19	19	7	35	20	11	5	116
65-over	<u>11</u>	<u>15</u>	<u>4</u>	<u>18</u>	<u>8</u>	<u>6</u>	<u>3</u>	<u>65</u>
Totals	897	554	157	305	202	72	13	2,200

Average Age: 44.5

Average Years of Service: 9.2

Sheriffs/Deputies

Age	YEARS OF SERVICE						30 & Over	Total
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29		
Under 25	23	0	0	0	0	0	0	23
25-29	67	12	0	0	0	0	0	79
30-34	42	45	7	0	0	0	0	94
35-39	22	29	17	11	0	0	0	79
40-44	8	12	17	36	3	0	0	76
45-49	2	7	6	28	10	2	0	55
50-54	1	5	3	16	8	9	0	42
55-59	0	0	2	4	1	0	0	7
60-64	0	0	0	0	0	1	0	1
65-over	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	165	110	52	95	22	12	0	456

Average Age: 37.8

Average Years of Service: 9.5

County Plan Retirees and Surviving Spouses

Age	Health Plan Election				Total
	PPO	HMO	SCP	HDHP	
Under 50	0	5	0	35	40
50-54	27	30	0	80	137
55-59	73	34	1	75	183
60-64	136	53	0	132	321
65-69	207	52	74	37	370
70-74	203	26	98	9	336
75-79	203	21	60	4	288
80-84	97	19	15	0	131
85 & Over	<u>81</u>	<u>10</u>	<u>3</u>	<u>0</u>	<u>94</u>
Totals	1,027	250	251	372	1,900

Average Retirees' Age: 68.7

Note: The totals above include 23 surviving spouses

Note: We also valued 237 spouses for current retirees

Treatment of Incomplete Data

ID	Size	Situation	Assumption and Resolution
1	8 actives	Medical Tier is ED+D	Changed Medical Tier to EE+S
2	5 actives	Medical Tier is ED+F	Changed Medical Tier to EE+F

Appendix D. Depletion Date Projection

GASB 74 and 75 generally require that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year tax-exempt municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB 74 and 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 and 75 (paragraph 29) do allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Washoe County:

- It is our understanding that Washoe County intends to contribute the Actuarially Determined Contribution (formerly the Actuarially Required Contribution) each year. This policy fits with the County's pattern of contributions over the last three to five years, during which time the County's contributions have been consistent with the Actuarially Required Contribution and/or the Annual OPEB Cost, as determined under GASB 43 and 45 as well as the Actuarially Determined Contribution, as determined under GASB 74 and 75.
- GASB 74 and 75 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and that there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our professional opinion that the detailed depletion date projections outlined in GASB 74 and 75 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Appendix E. Glossary of Key Terms

Actuarially Determined Contribution. A target or recommended contribution to an OPEB plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.

Discount Rate. Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Long-Term Expected Rate of Return. Long-term expected rate of return on OPEB plan investments expected to be used to finance the payment of benefits, net of investment expenses.

Municipal Bond Rate. Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Total OPEB Liability. The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75 (formerly Total OPEB Liability).

Fiduciary Net Position. Equal to market value of assets.

Net OPEB Liability. Total OPEB Liability minus the Plan's Fiduciary Net Position (formerly unfunded accrued liability).

Service Cost. The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. This is also referred to as Normal Cost.



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November 3, 2023

Russell O. Morgan, CPA
Accounting Manager
Washoe County
1001 East Ninth Street
Reno, Nevada 89512

**Re: Washoe County – PEBP
GASB 74 & 75 Actuarial Valuation of Post Employment Benefits for Former County
Employees Enrolled in PEBP as of July 1, 2023**

Dear Russ:

As requested, Milliman has prepared and enclosed a roll-forward actuarial valuation of Nevada Public Employees Benefit Plan liabilities as of July 1, 2023.

If you have any questions, please email me at ryan.cook@milliman.com or give me a call at (208) 350-2230.

Sincerely,

A handwritten signature in dark ink that reads "Ryan Cook".

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Enclosure

Washoe County

GASB 74 & 75 Actuarial Valuation of
Post Employment Benefits Other than Pensions for
Former County Employees Enrolled in PEBP as of July 1, 2023

Prepared by:

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

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November 3, 2023

Washoe County
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**Re: Washoe County – PEBP
GASB 74 & 75 Actuarial Valuation of Post Employment Benefits for Former County
Employees Enrolled in PEBP as of July 1, 2023**

At the request of the Washoe County (“the “County”), we have completed a roll-forward actuarial valuation of the post-employment benefits for former County employees who are enrolled in the Nevada Public Employees Benefit Plan (“PEBP” or the “Plan”) as of July 1, 2023.

This is a roll-forward valuation. Therefore, we used the same data, assumptions, methods, and plan provisions as our July 1, 2022, valuation report dated November 18, 2022.

Purpose of the Valuation

Actuarial computations presented in this report under GASB Statements No. 74 and 75 are for purposes of assisting Washoe County in fulfilling its financial accounting requirements. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix A of our July 1, 2022, valuation report, and of GASB Statements No. 74 and 75. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Assumptions

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report and actuarial cost methods are adopted by the County. That entity is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The County is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. Washoe County has the final decision regarding the selection of the assumptions and actuarial cost methods, and has adopted them as indicated in Appendix B of our July 1, 2022, valuation report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by Washoe County. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of Washoe County. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions.

- a) Washoe County may provide a copy of Milliman's work, in its entirety, to the Washoe County's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Washoe County.
- b) Washoe County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Models

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Health Assumption Certification

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualification in all actuarial communications. I, Janet Jennings, have performed the claims and trend analyses in this report. I am member of the American Academy of Actuaries and meet the qualification standards for performing the claims and trend analyses in this report.

OPEB Certification

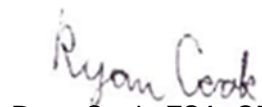
The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit this report, and we look forward to discussing it with you.

Sincerely,

A handwritten signature in blue ink that reads "Ryan Cook".

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Section	Page
I MANAGEMENT SUMMARY	
Introduction	1
Background	1
Rationale for Significant Assumptions	2
Selection/Approval of Actuarial Assumptions	3
Key Results	3
Changes from Prior Valuation	3
Variability of Results	3
II GASB 74/75 EXHIBITS	
Exhibit 1. Net OPEB Liabilities	4
Exhibit 2. Sensitivity of Net OPEB Liabilities	5
Exhibit 3. Changes in Net OPEB Liabilities	6
III GASB 75 & OTHER EXHIBITS	
Exhibit 4. Calculation of OPEB Expense and Deferred Inflows/Outflows	7
Exhibit 5. Schedule of Deferred Inflows and Outflows of Resources	8
Exhibit 6. Actuarially Determined Contribution	9
IV APPENDICES	
Appendix A. Depletion Date Projection	10
Appendix B. Glossary of Key Terms	11

Introduction

Milliman, Inc. ("Milliman") has been retained by Washoe County (the "County") to provide a GASB 74 & 75 actuarial valuation of its post employment benefit (OPEB) plan. In our valuation we:

- Calculate the Total OPEB Liability and Net OPEB Liability
- Determine the Actuarially Determined Contribution (ADC) and annual OPEB expense under GASB Statements No. 74 & 75
- Prepare the financial statement disclosures relating to the plan

Background

Under Nevada State Law, the County is required to pay a portion of monthly premiums for former County employees who retired and enrolled in the State PEBP health plan pool. Appendix A of our July 1, 2022, valuation report provides a detailed summary of benefits.

The valuation results are summarized in the following exhibits and use the following terms:

The **Total OPEB Liability (TOL)** is the present value of benefits that are attributed to past service only discounted at the valuation interest rate (5.75%). The portion attributed to future employee service is excluded. For retirees, this is equal to the present value of benefits.

The **Service Cost** is that portion of the Washoe County – PEBP (PEBP) provided benefit attributable to employee service in the current year. The Service Cost remains level as a percentage of pay throughout the participant's assumed working lifetime. Since retirees are not accruing any more service, their service cost is zero.

The **Fiduciary Net Position (FNP)** is equal to market value of assets.

The **Net OPEB Liability (NOL)** is the Total OPEB Liability minus the Plan's Fiduciary Net Position (formerly referred to as unfunded accrued liability).

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. The following assumptions should be reviewed for appropriateness.

Discount Rate. GASB 74 & 75 requires that the interest rate used to discount future benefit payments back to the present day be based on the expected rate of return on any investments set aside in a dedicated trust to pay for these benefits. The discount rate of 5.75% used in this valuation was selected by the District and reflects the investment policy and asset allocation of the State of Nevada's Retiree Benefit Investment Fund (RBIF), as shown below.

Asset Class	Asset Allocation
Foreign Developed Equity	21.50%
U.S. Fixed Income	28.00%
U.S. Large Cap Equity	50.50%

We reviewed this investment return assumption and believe it to be reasonable based on the asset allocation.

Health Cost Trend. We have assumed health costs will increase according to the health cost inflation trend derived by using the "Getzen Model" developed by the Society of Actuaries. Please see Appendix B of our July 1, 2022, valuation report for an explanation of this trend model.

Mortality. Pub-2010, Amount Weighted, Above Median, General Mortality tables split by Male/Female, Employee/Retiree, and Healthy/Disabled. Projected generationally from the 2010 base year using the MP-2020 projection scale. Male retiree rates increased by 30%, and female retiree rates increased by 15%.

Change in Subsidy Amount at Age 65. For current retirees under age 65, we assumed their Medicare PEBP subsidy level will be approximately 40% of their Non-Medicare subsidy level. This is the same assumption as used in the prior valuation.

This assumption is based on a comparison of non-state subsidies for retirees under age 65 compared to the same subsidies for retirees aged 65 and over. For this purpose, we compared Non-State Retiree Years of Service Subsidies in effect from July 1, 2021 to June 30, 2022, which were provided to us by Washoe County.

A complete summary of the actuarial assumptions is presented in Appendix B of our July 1, 2022, valuation report.

Selection/Approval of Actuarial Assumptions

An actuarial valuation of post-employment benefits includes estimates of uncertain future events. We have developed a set of economic and demographic actuarial assumptions to anticipate future plan experience. In our opinion, these assumptions fall within a best estimate range of future plan experience. Ultimately, the District and its auditor must select/approve the set of actuarial assumptions used in reporting liabilities on its financial statements.

Key Results

The valuation results are summarized in the following exhibit:

	July 1, 2023	July 1, 2022
Active employees	0	0
Retirees and Surviving Spouses	<u>278</u>	<u>278</u>
Total Participants	278	278
 Total OPEB Liability	 \$3,105,607	 \$3,176,221
Fiduciary Net Position	<u>2,762,094</u>	<u>2,691,844</u>
Net OPEB Liability	\$343,513	\$484,377
 End of Year Service Cost	 \$0	 \$0
End of Year Actuarially Determined Contribution (ADC)	\$31,133	\$42,565

Changes from Prior Valuation

The TOL decreased by approximately \$71,000 since the last valuation which was performed as of July 1, 2022. The following is a summary of changes from the prior valuation that contributed to the changes in liability:

- The interest on the prior valuation's TOL due to the passage of time less benefit payments since the last valuation date contributed to the change in liability. The combined impact of these factors was a decrease in the TOL of approximately \$71,000.

Variability of Results

The results contained in this report represent our best estimates. However, variation from these or any other estimates of future retiree medical costs is not only possible but probable. Actual future costs may vary significantly from estimates in this report.

Exhibit 1. GASB 74: Net OPEB Liabilities

The Valuation Date is July 1, 2022. This is the date as of which the actuarial valuations are performed.

The Measurement Dates are June 30, 2022, and June 30, 2023. These are the dates as of which the Net OPEB Liability (NOL) is determined using standard actuarial roll-forward techniques from the July 1, 2022, valuation date. The Reporting Dates are as of the fiscal year end and are listed below.

	July 1, 2023	July 1, 2022
Total OPEB Liability	\$3,105,607	\$3,176,221
Fiduciary Net Position	<u>2,762,094</u>	<u>2,691,844</u>
Net OPEB Liability	\$343,513	\$484,377
FNP as a % of TOL	88.9%	84.7%
Valuation Date	07/01/2022	07/01/2022
Measurement Date	06/30/2023	06/30/2022
GASB 74 Reporting Date	06/30/2023	06/30/2022
GASB 75 Reporting Date	06/30/2024	06/30/2023
Depletion date	N/A	N/A
Discount rate	5.75%	5.75%

Exhibit 2. GASB 74/75: Sensitivity of Net OPEB Liabilities

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents what PEBP's Net OPEB Liability (NOL) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Sensitivity Analysis	As of June 30, 2023		
	1% Decrease in Discount Rate 4.75%	Current Discount Rate 5.75%	1% Increase in Discount Rate 6.75%
Net OPEB Liability	\$645,636	\$343,513	\$84,947

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

The following presents what PEBP's Net OPEB Liability (NOL) would be if it were calculated using a Healthcare cost trend that is one percentage point lower or one percentage point higher than the current Healthcare cost trend rates.

Sensitivity Analysis	As of June 30, 2023		
	1% Decrease in Health Cost Trend	Current Health Cost Trend	1% Increase in Health Cost Trend
Net OPEB Liability	\$94,313	\$343,513	\$629,133

Exhibit 3. GASB 74/75: Changes in Net OPEB Liabilities

The following exhibit shows a reconciliation of the Net OPEB Liability from June 30, 2022, to June 30, 2023, applicable for the fiscal year ending June 30, 2023, for GASB 74 and for the fiscal year ending June 30, 2024, for GASB 75.

	Increase / (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022	\$3,176,221	\$2,691,844	\$484,377
Service cost	0	0	0
Interest cost	175,652	0	175,652
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	0	0	0
Changes of assumptions	0	0	0
Benefit payments	(246,266)	(246,266)	0
Contributions (employer, employee and "other")	0	23,459	(23,459)
Net investment income	0	326,845	(326,845)
Administrative expense	0	(33,788)	33,788
Other changes	<u>0</u>	<u>0</u>	<u>0</u>
Total changes	(70,614)	70,250	(140,864)
Balance as of June 30, 2023	\$3,105,607	\$2,762,094	\$343,513

Exhibit 4. GASB 75: Calculation of OPEB Expense and Deferred Inflows/Outflows

The following tables illustrate the development of the OPEB expense required by GASB 75.

OPEB Expense	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Service cost	\$0	\$0
Interest cost	175,652	191,553
Effect of plan changes	0	0
Administrative expense	33,788	21,396
Member contributions	0	0
Expected investment return, net of investment expenses	(147,507)	(177,157)
<i>Recognition of Deferred (Inflows)/Outflows of Resources</i>		
Economic/demographic gains or losses	\$0	(\$65,856)
Assumption changes or inputs	0	(149,120)
Investment gains or losses	<u>(63,339)</u>	<u>(37,260)</u>
Total recognition	(63,339)	(252,236)
OPEB expense	(\$1,406)	(\$216,444)

For Fiscal Year Ending June 30, 2024	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings	(89,305)	0
Contributions made subsequent to measurement date	<u>0</u>	<u>42,565</u>
Total	(\$89,305)	\$42,565

Amounts currently reported as deferred inflows of resources and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Recognized Deferred Inflows and Outflows of Resources
2025	(\$57,092)
2026	(\$52,388)
2027	\$56,041
2028	(\$35,866)
2029	\$0
Thereafter	\$0

Exhibit 5. GASB 75: Schedule of Deferred Inflows and Outflows of Resources

The following table illustrates the scheduled deferred inflows/outflows of resources required by GASB 75 as of June 30, 2024.

Investment (gains)/losses are recognized in OPEB expense over a period of five years. Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Since the PEBP only has inactive members, the average remaining service for the plan is deemed to be 1.0.

Date Established	Original Amount	Original Recognition Period	Amount Recognized in Expense 6/30/2024	Balance of Deferred Inflows 6/30/2024	Balance of Deferred Outflows 6/30/2024
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Investment (gains) or losses

6/30/2024	(\$179,338)	5.00	(\$35,868)	(\$143,470)	\$0
6/30/2023	\$459,553	5.00	\$91,911	\$0	\$275,731
6/30/2022	(\$542,163)	5.00	(\$108,433)	(\$216,864)	\$0
6/30/2021	(\$23,502)	5.00	(\$4,700)	(\$4,702)	\$0
6/30/2020	(\$31,245)	5.00	<u>(\$6,249)</u>	<u>\$0</u>	<u>\$0</u>
Total			(\$63,339)	(\$365,036)	\$275,731

Economic/demographic (gains) or losses

6/30/2024	\$0	0.00	\$0	\$0	\$0
6/30/2023	(\$65,856)	1.00	\$0	\$0	\$0
6/30/2022	\$0	0.00	\$0	\$0	\$0
6/30/2021	\$123,541	1.00	\$0	\$0	\$0
6/30/2020	\$0	0.00	\$0	\$0	\$0
6/30/2019	(\$9,159)	1.00	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total			\$0	\$0	\$0

Assumption changes

6/30/2024	\$0	0.00	\$0	\$0	\$0
6/30/2023	(\$149,120)	1.00	\$0	\$0	\$0
6/30/2022	\$0	0.00	\$0	\$0	\$0
6/30/2021	(\$468,540)	1.00	\$0	\$0	\$0
6/30/2020	\$0	0.00	\$0	\$0	\$0
6/30/2019	\$240,944	1.00	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total			\$0	\$0	\$0

Exhibit 6. Actuarially Determined Contribution

The following table shows the calculation of the Actuarially Determined Contribution.

	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Determination of Actuarially Determined Contribution		
Service Cost at fiscal year end	\$ -	\$ -
NOL Amortization Period ¹	18 years	19 years
NOL Amortization Amount ¹	29,440	40,251
Interest on NOL Amortization	1,693	2,314
Actuarially Determined Contribution (ADC)	\$ 31,133	\$ 42,565

- ¹ The NOL is being amortized as a level dollar amount over 30 years on a "closed" basis from June 30, 2011. The remaining amortization period as of June 30, 2023, is 18 years.

Appendix A. Depletion Date Projection

GASB 74 and 75 generally require that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year tax-exempt municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB 74 and 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 and 75 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Washoe County:

- It is our understanding that Washoe County intends to contribute the Actuarially Determined Contribution (formerly the Actuarially Required Contribution) each year. This policy fits with the County's pattern of contributions over the last three to five years. During this time, the County's contributions have been consistent with the Actuarially Determined Contribution, as determined under GASB 74 and 75.
- GASB 74 and 75 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and that there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our professional opinion that the detailed depletion date projections outlined in GASB 74 and 75 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Appendix B. Glossary of Key Terms

Actuarially Determined Contribution. A target or recommended contribution to an OPEB plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.

Discount Rate. Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Long-Term Expected Rate of Return. Long-term expected rate of return on OPEB plan investments expected to be used to finance the payment of benefits, net of investment expenses.

Total OPEB Liability. The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75 (formerly Total OPEB Liability).

Fiduciary Net Position. Equal to market value of assets.

Net OPEB Liability. Total OPEB Liability minus the Plan's Fiduciary Net Position (formerly unfunded accrued liability).

Service Cost. The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. This is also referred to as Normal Cost.



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November 3, 2023

Cindy Vance
Chief Fiscal Officer
Truckee Meadows Fire Protection District
3663 Barron Way
Reno, NV 89511

**Re: Truckee Meadows Fire Protection District –
Actuarial Valuation of Post Employment Benefits as of July 1, 2023**

Dear Cindy:

As requested, Milliman has prepared and enclosed a roll-forward actuarial valuation of Truckee Meadows Fire Protection District's Retiree Health Plan liabilities as of July 1, 2023.

If you have any questions, please email me at ryan.cook@milliman.com or give me a call at (208) 350-2230.

Sincerely,

A handwritten signature in dark ink that reads "Ryan Cook".

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Enclosure

cc: Russ Morgan

Truckee Meadows Fire Protection District

Actuarial Valuation of
Post Employment Benefits Other than Pensions as of July 1, 2023

Prepared by:

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Milliman, Inc.

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November 3, 2023



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November 3, 2023

Truckee Meadows Fire Protection District
3663 Barron Way
Reno, NV 89511

**Re: Truckee Meadows Fire Protection District –
Actuarial Valuation of Post Employment Benefits as of July 1, 2023**

At the request of the Truckee Meadows Fire Protection District (TMFPD), we have completed a roll-forward actuarial valuation of post employment benefits (the “Plan”) as of July 1, 2023. All figures and results reported herein include post employment benefit liabilities for Sierra Fire Protection District, which merged with Truckee Meadows Fire Protection District for purposes of financial reporting on July 1, 2016. Within this report, “the District” refers to the post-merger entity, including members and liabilities of both entities.

This is a roll-forward valuation. Therefore, we used the same data, assumptions, methods, and plan provisions as our July 1, 2022, valuation report dated January 24, 2023.

Purpose of the Valuation

Actuarial computations presented in this report under GASB Statements No. 74 and 75 are for purposes of assisting the District in fulfilling its financial accounting requirements. The calculations in this report have been made on a basis consistent with our understanding of the OPEB plan provisions described in Appendix A of our July 1, 2022, valuation report, and of GASB Statements No. 74 and 75. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial Assumptions

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report and actuarial cost methods are adopted by the District. That entity is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The District is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

Variability of Results

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements. The District has the final decision regarding the selection of the assumptions and actuarial cost methods, and has adopted them as indicated in Appendix B of our July 1, 2022, valuation report.

Reliance

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by Truckee Meadows Fire Protection District. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Limited Distribution

Milliman's work is prepared solely for the use and benefit of Truckee Meadows Fire Protection District. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions.

- a) Truckee Meadows Fire Protection District may provide a copy of Milliman's work, in its entirety, to the District's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the District.
- b) Truckee Meadows Fire Protection District may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Models

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

Health Assumptions Certification

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualification in all actuarial communications. I, Janet Jennings, have performed the claims and trend analyses in this report. I am member of the American Academy of Actuaries and meet the qualification standards for performing the claims and trend analyses in this report.

OPEB Certification

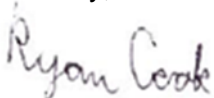
The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We respectfully submit this report, and we look forward to discussing it with you.

Sincerely,

A handwritten signature in blue ink that reads "Ryan Cook".

Ryan Cook, FSA, CERA, MAAA
Consulting Actuary

Section	Page
I MANAGEMENT SUMMARY	
Introduction	1
Background	1
Rationale for Significant Assumptions	2
Selection/Approval of Actuarial Assumptions	3
Key Results	3
Variability of Results	3
II GASB 74/75 EXHIBITS	
Exhibit 1. Net OPEB Liabilities	4
Exhibit 2. Sensitivity of Net OPEB Liabilities	5
Exhibit 3. Changes in Net OPEB Liabilities	6
III GASB 75 & OTHER EXHIBITS	
Exhibit 4. Calculation of OPEB Expense and Deferred Inflows/Outflows	7
Exhibit 5. Schedule of Deferred Inflows and Outflows of Resources	8
Exhibit 6. Actuarially Determined Contribution	9
Exhibit 7. Reconciliation of the Total OPEB Liability	10
IV APPENDICES	
Appendix A. Depletion Date Projection	11
Appendix B. Glossary of Key Terms	12

Introduction

Milliman, Inc. ("Milliman") has been retained by the Truckee Meadows Fire Protection District ("District") to provide a GASB 74 & 75 actuarial valuation of its post employment benefit (OPEB) plan. In our valuation we:

- Calculate the Total OPEB Liability and Net OPEB Liability
- Determine the Actuarially Determined Contribution (ADC) and annual OPEB expense under GASB Statements No. 74 & 75
- Prepare the financial statement disclosures relating to the plan

Background

Truckee Meadows Fire Protection District with City of Reno Coverage

Eligible retirees who retired before June 30, 2012, are allowed coverage in the City of Reno's health and life benefit programs.

Retirees who retired before June 30, 2012, and are not yet age 65 or eligible for Medicare are required to pay for 40% of their benefits as well as their spouse's. Thereafter, they are required to pay for 50% of their coverage and 100% of their spouse's.

Health benefits include medical, vision, dental, and prescription drug coverage. The District commenced prefunding the normal cost portion of these benefits on July 1, 1996.

For the purpose of this report, we have only included retirees on or after July 1, 2000. Employees who retired prior to July 1, 2000 have been excluded from this report, as the City of Reno is paying for their costs.

Effective in 2004, the employer portion of the benefit costs for retirees who retired prior to June 30, 2012, are apportioned between Truckee Meadows Fire Protection District and the City of Reno based on service with each entity (City of Reno for service earned prior to July 1, 2000, and TMFPD for service earned on or after July 1, 2000). The liabilities and costs shown in this report represent Truckee Meadows service only.

Any District employee retiring on or after June 30, 2012, will not be eligible for coverage under the City of Reno Retiree Health Plan. The District identified 37 retirees who were eligible for the City of Reno Health Plan as of June 30, 2012, and are currently receiving benefits.

Truckee Meadows Fire Protection District and Sierra Fire Protection District (merged July 1, 2016)

Active District employees will be eligible for retiree health coverage under the District's fully insured health plan, assuming they satisfy age and service requirements upon retirement. The District will pay 50% of the retiree's portion of the health insurance premium, while retirees must pay 100% of the health premiums for spouses and dependents. Two employees with specific contracts must pay 100% of their health insurance premiums for both themselves and their spouses and dependents.

Please see Appendix A of our July 1, 2022, valuation report for a more detailed summary of benefits.

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. The following assumptions should be reviewed for appropriateness.

Discount Rate. GASB 74 & 75 requires that the interest rate used to discount future benefit payments back to the present day be based on the expected rate of return on any investments set aside in a dedicated trust to pay for these benefits. The discount rate of 5.75% used in this valuation was selected by the District and reflects the investment policy and asset allocation of the State of Nevada's Retiree Benefit Investment Fund (RBIF), as shown below.

Asset Class	Asset Allocation
Foreign Developed Equity	21.50%
U.S. Fixed Income	28.00%
U.S. Large Cap Equity	50.50%

We reviewed this investment return assumption and believe it to be reasonable based on the asset allocation.

Health Cost Trend. We have assumed health costs will increase according to the health cost inflation trend derived by using the "Getzen Model" developed by the Society of Actuaries. Please see Appendix B of our July 1, 2022, valuation report for an explanation of this trend model.

Demographic Rates. Nevada Public Employee Retirement System (Nevada PERS) completed an experience study for employees and retirees in 2021. Based on the results of this study, Nevada PERS developed new assumed rates of retirement, withdrawal, and disability. We used these updated assumptions for retirement, withdrawal, and disability.

Mortality. We also use the mortality assumptions from the 2021 Nevada PERS experience study. They are based on the Pub-2010 mortality tables published by the Society of Actuaries adjusted to match Nevada PERS experience.

Demographic assumptions regarding disability, mortality, retirement, and termination are described in Appendix B of our July 1, 2022, valuation report. Actual experience will likely differ, and continued monitoring of experience should be performed, and adjustments made to the assumptions as necessary.

Retiree Health Premiums after Age 65. We have assumed that future retirees under the age of 65 will continue coverage in the same fully insured District health plan. We have also assumed retirees over the age of 65 will enroll in Medicare.

A complete summary of the actuarial assumptions is presented in Appendix B of our July 1, 2022, valuation report.

Selection/Approval of Actuarial Assumptions

An actuarial valuation of post-employment benefits includes estimates of uncertain future events. We have developed a set of economic and demographic actuarial assumptions to anticipate future plan experience. In our opinion, these assumptions fall within a best estimate range of future plan experience. Ultimately, the District and its auditor must select/approve the set of actuarial assumptions used in reporting liabilities on its financial statements.

Key Results

The valuation results are summarized in the following exhibit:

	July 1, 2023	July 1, 2022
Active employees	192	192
Retirees and Surviving Spouses	<u>59</u>	<u>59</u>
Total Participants	251	251
 Total OPEB Liability	 \$17,628,956	 \$15,845,799
Fiduciary Net Position	<u>11,630,966</u>	<u>9,250,644</u>
Net OPEB Liability	\$5,997,990	\$6,595,155
 End of Year Service Cost	 \$1,075,085	 \$1,028,790
End of Year Actuarially Determined Contribution (ADC)	\$2,031,446	\$1,987,902

See Exhibit 7 for a reconciliation of the Total OPEB Liability.

Variability of Results

The results contained in this report represent our best estimates. However, variation from these or any other estimates of future retiree medical costs is not only possible but probable. Actual future costs may vary significantly from estimates in this report.

Exhibit 1. GASB 74: Net OPEB Liabilities

The Valuation Date is July 1, 2022. This is the date as of which the actuarial valuations were performed. The Measurement Dates are June 30, 2022, and June 30, 2023. These are the dates as of which the Net OPEB Liability (NOL) is determined using standard actuarial roll-forward techniques from the July 1, 2022, valuation date. The Reporting Dates are as of the fiscal year end and are listed below.

	July 1, 2023	July 1, 2022
Total OPEB Liability	\$17,628,956	\$15,845,799
Fiduciary Net Position	<u>11,630,966</u>	<u>9,250,644</u>
Net OPEB Liability	\$5,997,990	\$6,595,155
FNP as a % of TOL	66.0%	58.4%
Valuation Date	07/01/2022	07/01/2022
Measurement Date	06/30/2023	06/30/2022
GASB 74 Reporting Date	06/30/2023	06/30/2022
GASB 75 Reporting Date	06/30/2024	06/30/2023
Depletion date	N/A	N/A
Discount rate	5.75%	5.75%

Exhibit 2. GASB 74/75: Sensitivity of Net OPEB Liabilities*Sensitivity of the Net OPEB Liability to changes in the discount rate*

The following presents what the District's Net OPEB Liability (NOL) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

Sensitivity Analysis	1% Decrease in Discount Rate	As of June 30, 2023 Current Discount Rate	1% Increase in Discount Rate
	4.75%	5.75%	6.75%
Net OPEB Liability	\$8,248,725	\$5,997,990	\$4,098,203

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

The following presents what the District's Net OPEB Liability (NOL) would be if it were calculated using a Healthcare cost trend that is one percentage point lower or one percentage point higher than the current Healthcare cost trend rates.

Sensitivity Analysis	1% Decrease in Health Cost Trend	As of June 30, 2023 Current Health Cost Trend	1% Increase in Health Cost Trend
Net OPEB Liability	\$3,837,289	\$5,997,990	\$8,633,731

Exhibit 3. GASB 74/75: Changes in Net OPEB Liabilities

The following exhibit shows a reconciliation of the Net OPEB Liability from June 30, 2022, to June 30, 2023, applicable for the fiscal year ending June 30, 2023, for GASB 74 and for the fiscal year ending June 30, 2024, for GASB 75.

	Increase / (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022	\$15,845,799	\$9,250,644	\$6,595,155
Service cost	972,851	0	972,851
Interest cost	962,750	0	962,750
Changes of benefit terms	0	0	0
Differences between actual and expected experience with regard to economic or demographic factors	0	0	0
Changes of assumptions	0	0	0
Benefit payments	(152,444)	(152,444)	0
Contributions (employer, employee and "other")	0	1,300,000	(1,300,000)
Net investment income	0	1,285,317	(1,285,317)
Administrative expense	0	(52,551)	52,551
Other changes	0	0	0
Total changes	1,783,157	2,380,322	(597,165)
Balance as of June 30, 2023	\$17,628,956	\$11,630,966	\$5,997,990

Exhibit 4. GASB 75: Calculation of OPEB Expense and Deferred Inflows/Outflows

The following tables illustrate the development of the OPEB expense required by GASB 75.

Exhibit 4

OPEB Expense	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Service cost	\$972,851	\$619,298
Interest cost	962,750	822,087
Effect of plan changes	0	756,058
Administrative expense	52,551	22,396
Member contributions	0	0
Expected investment return, net of investment expenses	(562,953)	(568,096)
<i>Recognition of Deferred (Inflows)/Outflows of Resources</i>		
Economic/demographic gains or losses	\$41,780	\$41,780
Assumption changes or inputs	395,704	395,704
Investment gains or losses	<u>(179,852)</u>	<u>(49,551)</u>
Total recognition	257,632	387,933
OPEB expense	\$1,682,831	\$2,039,676

For Fiscal Year Ending June 30, 2024	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	(\$624,636)	\$958,071
Changes of assumptions	(444,528)	658,936
Net difference between projected and actual earnings	(289,695)	0
Contributions made subsequent to measurement date	<u>0</u>	<u>1,320,400</u>
Total	(\$1,358,859)	\$2,937,407

Amounts currently reported as deferred inflows of resources and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Recognized Deferred Inflows and Outflows of Resources
2025	\$90,692
2026	(\$64,027)
2027	\$248,670
2028	(\$58,128)
2029	\$86,344
Thereafter	(\$45,403)

Exhibit 5. GASB 75: Schedule of Deferred Inflows and Outflows of Resources

The following table illustrates the scheduled deferred inflows/outflows of resources required by GASB 75 as of June 30, 2024.

Investment (gains)/losses are recognized in OPEB expense over a period of five years. Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Date Established	Original Amount	Original Recognition Period	Amount Recognized in Expense 6/30/2024	Balance of Deferred Inflows 6/30/2024	Balance of Deferred Outflows 6/30/2024
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Investment (gains) or losses

6/30/2024	(\$722,364)	5.00	(\$144,473)	(\$577,891)	\$0
6/30/2023	\$1,533,999	5.00	\$306,800	\$0	\$920,399
6/30/2022	(\$1,563,486)	5.00	(\$312,697)	(\$625,395)	\$0
6/30/2021	(\$34,044)	5.00	(\$6,809)	(\$6,808)	\$0
6/30/2020	(\$113,365)	5.00	<u>(\$22,673)</u>	<u>\$0</u>	<u>\$0</u>
Total			(\$179,852)	(\$1,210,094)	\$920,399

Economic/demographic (gains) or losses

6/30/2024	\$0	0.00	\$0	\$0	\$0
6/30/2023	\$600,538	10.67	\$56,283	\$0	\$487,972
6/30/2022	(\$914,105)	9.41	(\$97,142)	(\$622,679)	\$0
6/30/2021	\$817,675	9.41	\$86,894	\$0	\$470,099
6/30/2020	\$0	0.00	\$0	\$0	\$0
6/30/2019	(\$27,487)	6.46	<u>(\$4,255)</u>	<u>(\$1,957)</u>	<u>\$0</u>
Total			\$41,780	(\$624,636)	\$958,071

Assumption changes

6/30/2024	\$0	0.00	\$0	\$0	\$0
6/30/2023	(\$547,072)	10.67	(\$51,272)	(\$444,528)	\$0
6/30/2022	\$0	0.00	\$0	\$0	\$0
6/30/2021	\$861,777	9.41	\$91,581	\$0	\$495,453
6/30/2020	\$0	0.00	\$0	\$0	\$0
6/30/2019	\$2,295,853	6.46	<u>\$355,395</u>	<u>\$0</u>	<u>\$163,483</u>
Total			\$395,704	(\$444,528)	\$658,936

Exhibit 6. Actuarially Determined Contribution

The following table shows the calculation of the Actuarially Determined Contribution.

	For the Fiscal Year Ending	
	June 30, 2024	June 30, 2023
Determination of Actuarially Determined Contribution		
Service Cost at fiscal year end	\$ 1,075,085	\$ 1,028,790
NOL Amortization Period ¹	8 years	9 years
NOL Amortization Amount ¹	904,360	906,962
Interest on NOL Amortization	52,001	52,150
Actuarially Determined Contribution (ADC)	\$ 2,031,446	\$ 1,987,902

¹ The NOL is being amortized as a level dollar amount over 20 years on a “closed” basis from June 30, 2011, i.e., the remaining amortization period as of June 30, 2023, is eight years.

Note that in compliance with GASB 74, the TOL includes liability for an implicit rate subsidy. See the *Medical Plan Costs Before Medicare Eligibility* section of Appendix B from our July 1, 2022, valuation report for an explanation of the implicit rate subsidy. To the extent that this implicit rate subsidy is not reflected in the actual benefit payments recorded for the plan each year, there are expected to be actuarial gains. Therefore, an ADC based on a liability that includes the implicit rate subsidy may not be a desired funding method.

Exhibit 7. Reconciliation of the Total OPEB Liability

The following table shows a reconciliation of the Total OPEB Liability (TOL) from July 1, 2022, to July 1, 2023.

	(in Millions)
Total OPEB Liability as of July 1, 2022	\$15.8
1. Value of Benefits Accrued (Service Cost for one year from July 2022 to June 2023)	1.0
2. Increase in AAL, Service Cost and benefit payments due to one year decrease in discount period	1.0
3. Decrease due to actual retiree benefits from July 2022 to June 2023	(0.2)
4. Decrease due to demographic experience	-
5. Decrease due to changes in health assumptions	-
6. Decrease due to changes in demographic assumptions	-
7. Decrease due to change in interest rate	-
8. Decrease due to other assumption changes	-
Total OPEB Liability as of July 1, 2023	\$17.6
Change to Total OPEB Liability from 2022 to 2023	\$1.8

In the table above, items 1-3 represent expected changes due to interest and benefit accruals, net of benefit payments. Items 4-8 are not applicable during the roll-forward valuation.

Appendix A. Depletion Date Projection

GASB 74 and 75 generally require that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year tax-exempt municipal bond yield or index rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Determining the discount rate under GASB 74 and 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 74 and 75 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Truckee Meadows Fire Protection District:

- It is our understanding that Truckee Meadows Fire Protection District intends to fund the Total OPEB Liability at an 80% ratio.
- GASB 74 and 75 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our professional opinion that the detailed depletion date projections outlined in GASB 74 and 75 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Appendix B. Glossary of Key Terms

Actuarially Determined Contribution. A target or recommended contribution to an OPEB plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted.

Discount Rate. Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Long-Term Expected Rate of Return. Long-term expected rate of return on OPEB plan investments expected to be used to finance the payment of benefits, net of investment expenses.

Total OPEB Liability. The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75 (formerly Total OPEB Liability).

Fiduciary Net Position. Equal to market value of assets.

Net OPEB Liability. Total OPEB Liability minus the Plan's Fiduciary Net Position (formerly unfunded accrued liability).

Service Cost. The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. This is also referred to as Normal Cost.