
John Sherman, Chairman
Darrell Craig
Paul McArthur

AGENDA

WASHOE COUNTY, NEVADA OPEB TRUST FUND
BOARD OF TRUSTEES

April 23, 2015 at 9:00 a.m.

Room C-110 (Central Conference Room)
Washoe County Administrative Complex, Building C
1001 E. 9th Street - Reno, Nevada 89512

NOTE: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another later meeting; moved to or from the Consent section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Items listed in the Consent section of the agenda are voted on as a block and will not be read or considered separately unless removed from the Consent section.

Facilities in which this meeting is being held are accessible to the disabled. Persons with disabilities who require special accommodation or assistance (e.g. sign language, interpreters or assisted listening devices) at the meeting should notify the Washoe County Comptroller's Office at 328-2552, 24 hours prior to the meeting.

Time Limits. 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 individual action items 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 Trustee's meeting. Persons may not allocate unused time to other speakers.

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: "*Trustee's/Staff announcements, requests for information, topics for future agendas and statements relating to items not on the agenda".

This Agenda for the meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9th Street, Bldg. A), Washoe County Courthouse-Second Judicial District Court (75 Court Street), Washoe County Downtown Reno Library (301 S. Center Street), Sparks Justice Court (1675 Prater Way #107) the Washoe County Website at www.washoecounty.us/finance/OPEB.htm, and the Nevada Public Notice Website (<https://notice.nv.gov>).

Support documentation for items on the agenda that is provided to the Washoe County, Nevada OPEB Trust Board of Trustees is available to members of the public at the Washoe County Comptroller's Office (1001 E. 9th Street, Room D-200 Reno, Nevada), Sandra McGarva, Administrative Secretary Supervisor (775) 328-2553; and on the County's website at <http://www.washoecounty.us/finance/OPEB.htm>

All items numbered or lettered below are hereby designated **for possible action** as if the words "for possible action" were written next to each item (NRS 241.020). An item listed with asterisk (*) is an item for which no action will be taken.

- * 1. Roll call.
- * 2. 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 Trustee's 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.
- 3. Approval of minutes from the October 23, 2014 and January 29, 2015, meetings.
- * 4. Review and Discussion: Countywide OPEB Actuarial Analysis
- 5. Review and approve administrative expenditures and reimbursements to employers through March 31, 2014.
- 6. Acknowledge receipt of interim financial statements for the period ending December 31, 2014 and March 31, 2015.
- 7. Discussion and possible action: revisit proposed cash transfer timing to the Nevada Retiree Benefits Investment Fund for the remainder of the fiscal year.
- * 8. Discussion: Status of employers budgets for the upcoming fiscal year and potential impact on the Trust; begin budget assumptions for FYE 2016.
- * 9. Discussion and Information Dissemination: Detail of the rate model and process of how we're calculating the amount of the insurance premiums for the retirees.
- 10. Discussion and possible action: Change meeting day in quarter month from 3rd Thursday to the 4th Thursday.
- * 11. Trustees'/Staff announcements, requests for information, and topics for future agendas, statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Washoe County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)
- * 12. 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 Trustee's 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.
- 13. Adjourn.

BOARD OF TRUSTEES, WASHOE COUNTY, NEVADA OPEB TRUST FUND

THURSDAY, OCTOBER 23, 2014, 9:00 A.M.

Present:

John Sherman, Chairman
Darrell Craig, Trustee
Paul McArthur, Trustee

Staff:

Mary Solorzano, Accounting Manager
Sandra McGarva, Secretary
Terrance Shea, Legal Counsel

1. The Board convenes in regular session at approximately 9:01 a.m. at the Central Conference Room, Building C, of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada. Roll is called, there is a quorum. For the record, Legal Counsel Shea is not present.
2. There is no **Public Comment**.
3. **Approve minutes from August 5, 2014 meeting.**

Trustee Craig moves to approve the minutes of August 5, 2014 as written.

There is no public comment. Trustee McArthur seconds the motion. All are in favor, the motion carries.

4. **Review and approve claims processed, administrative expenditures and reimbursements to employers through September 30, 2014.**

Ms. Solorzano directs the Trustees to Page 12 of their packets and proceeds to explain the Administrative Expense detail, stating the reason she did not pursue reporting the amounts as quarterly is because the agendas indicate “through” the quarter date, and she interprets that to mean year-to-date amounts. She adds that since this is the first quarter, the YTD and quarter amounts are the same, but if the Chairman still wants to change how we word the Agenda, or how we report, she can make it so. She recommends that we take out the “approve claims processed” line because she’s not presenting the claims processed, and adds that we should remove that from the next and all future agendas.

She continues: the invoice came in from Milliman for Sierra Fire, identifying where the \$10,000 in the actuarial valuations came from; no surprises in just the COWCAP and Trustee fees, and on Page 13 is the balance of that agenda item, requesting that the Board approve reimbursements to the employers. The amount at the top of the page, in the box, is what is being requested by the employer as a reimbursement and, at the last meeting she was asked to provide more detail about what the Board is paying for. She wasn’t sure if it came from our history of how we used to pay for 100% of the claims expense, so she didn’t change that until she could speak to it: what the Board is paying for here is retiree premiums; she asks if the Trustees want to see the rate model - adding that we would need to invite some of the people from Health Benefits.

Chairman Sherman states yes, but that we will touch on this subject again at Agenda Item 7, because that is one of the reasons why he had asked to have the duties and requirements and responsibilities of the Trustees and the Trust placed on the Agenda for discussion. It does have a requirement in the Trust that we, as Trustees, get a request from the County to do these reimbursements. It strikes him as rather formal because it actually requires that the BCC, as he reads that, to provide that. But he is interested in the

metrics and the mechanics of how the \$2,094,564 approval request was compiled. He believes it is a responsibility of the Trustees to understand the metrics that go into deriving that number, instead of just seeing a number.

Ms. Solorzano states that that is actually what is in the middle of the page - the subtotal of \$1.5 million for the PPO, and the subtotal of approximately \$500,000 for the HMO, equal the \$2,094,564, and we present it here for you quarterly; the mechanics underlying it takes a number of participants, each of which has a premium, and the premium is the combination of what employment tier they are in, which determines how much they are paying vs. how much the County is paying, and then some people elect coverage for their dependents, so it's the premium times the participants. There is discussion and it is confirmed we don't pay monthly cost.

Chairman Sherman asks if he were to do the mechanics of the participant count multiplied by the individual premium, would it equal the premium total being asked to be reimbursed. It is clarified that the premium amount varies by coverage. Chairman Sherman asks if, when they calculate the amount due, does staff take an average number of participants, multiply it by the premium? – no. Then there is actually a hard number of participants in a particular period of time - if they drop off you don't do that anymore, but if you add them to it, you add that to it, and it's kind of a rolling number that you take a snapshot of?

Solorzano states no, that every month there is a detailed spreadsheet with the name of every single retiree, coverage elected, what tier they're in, and therefore how much their premium costs are. She explains further that it is not an averaging, not a rounding, it is specific to the individual beneficiaries. She adds that we can give the Board, at the next meeting, the full premium amount, because what is seen here is the average. It is noted that some of the retirees are going to pay a higher portion of their costs than others, as well as dependent premium costs.

Chairman Sherman states he would like to have in front of the Trustees the details of the mechanics of how this is done. He states they may decide in the future that they don't need to see that on a quarterly basis, but he believes they should have an understanding at that level.

There is discussion. It is confirmed that the Chairman desires to see not just the detail of how we're calculating the amount for the retirees, but also the rate model. The subject of asking for a formal request for reimbursement from the employer is tabled until Item 7 is opened for discussion.

Ms. Solorzano reiterates, the request for reimbursement as it has been done until now: the amount that is being requested for the Washoe County Health Benefits Plan is just under \$2.1 million, and the cost for the State PEBP participants is just under \$50,000, for a total of \$2,142,022 for the quarter ended September 30, 2014. It is this number that is being asked of the Trustees to approve.

Chairman Sherman asks who in the County actually asks for that reimbursement? Ms. Solorzano states the way it has been done up to this point has been through the Comptroller, under the umbrella of the annual budget. It is noted that, more specifically, the accounting staff of the Comptroller Department and Health Benefits office compiled the resulting number for the reimbursement request.

Ms. Solorzano states that is all for this particular agenda item, and the Trustees are being asked to approve the Administrative Expenses on Page 12 and the reimbursements on Page 13 of your packets.

Trustee Craig asks for clarification with regard to the column heading, Average Monthly Cost per Participant, stating it was earlier purported to be a precise number. Ms. Solorzano states that monthly it is, but unless you want to see every month, we are presenting you with quarterly data, so it is the average of the exact counts in this report.

Trustee McArthur asks if it would add benefit to the Board to actually go through the steps - here's the bill for this profile, so what happens is, I'm a 49 year old male, I do not smoke, I have family coverage, the risk model from the agency puts me at \$872 for my premium, and I am one of 1,700 people. So what will happen is, you will see the risk profile of what their age is: male, non-smoking, and the quoted premium for that month detailed out.

Ms. Solorzano states we actually do not get risk-rated. We get a bill from Hometown Health for the HMO.

Chairman Sherman states that a risk assessment on an aggregate basis is performed. We have no input or control over the Plan itself, we have no input or control over what the County decides to fund to the Trust, but we do have a responsibility and control over what the Trust pays. So I would like to make sure I understand the detail because we are responsible for saying, yes, I agree as a Trustee, to give the County \$2,142,022. And if we say no, the money won't go. We could say some other number. He reiterates that he wants to make sure we all have a good handle on the mechanics of how that number is derived and the data that is used to drive that number.

Trustee McArthur states that, for any new Board members, it is something we would want to put them through; as a person gets comfortable with the detail, it is easier to prove the summary, but this is a very good request from the Board, and the Comptroller Department would be happy to walk everyone through the process. He asks if just going through, seeing what the premium from the insurance quote would be, is enough depth? Or do they actually want to see how the premium was calculated?

Sherman confirms, and states he would appreciate seeing the process.

Ms. Solorzano states we may want to schedule a different room because it will be difficult in printed form, so she'll need to bring a laptop, and because it is public she will need to do some scrubbing with the names and the data to make certain it is legally presentable but we'll need to be able to see that up otherwise they'll get way more paper than they want to see.

Trustee McArthur states he would also like to see a flow chart of ... here's the vendor > goes to the Comptroller's Office > here's how we pay, etc. He adds that in answer to the Chairman's question, who is asking for this money back, and the answer is the Comptroller's Office.

Ms. Solorzano states that when we get to Item 7, and having been through it to prepare for the discussion, she believes she knows where the Chairman is going on this one: there is the way we've always done it, and then the way it reads in the Trust Agreement.

There is discussion. It is noted that accounting of the Health Benefits Fund has changed offices, and an understanding of the processes for handling the requests for reimbursements is important to the due diligence responsibilities of the Board of Trustees.

There is no further discussion, and no public comment.

Trustee McArthur makes a motion to approve payment of the requested reimbursements. Trustee Craig seconds the motion. All are in favor. The motion carries.

5. Acknowledge receipt of interim financial statements for the period ending September 30, 2014.

Ms. Solorzano advises that this report begins on Page 14 of their packets and states there is nothing of note this early in the fiscal year. She explains that we got a little bit of prepaid benefits expense going in, which typically disappears from the second quarter forward and becomes Contribution for Incurred Cost on behalf of the employer, meaning that the employer is actually spending more than they are receiving in premiums.

As intended, she states we have most of the money in the RBIF. All of the Plans are currently solvent in the Pool, so there is no need for another rebalancing, and on Page 15, as requested at the last meeting we've added \$3 million to the budget for interest and dividends for the year. Her summary concludes and she asks for questions.

Chairman Sherman asks for clarification, seeking to know when the first transfer from the County to the Trust is done, and it is confirmed it was last month (September). There is discussion. It is noted the October transfer has not been done.

Ms. Solorzano states that that is the only change to the Budget, because it was approved with that one caveat that we add that \$3 million, and she allocated the \$3 million to the participating Plans, and she weighted it based on FY 2014 for budgeting purposes.

Chairman Sherman makes a motion to acknowledge receipt of the Interim Financial Statements for the Period Ending September 30, 2014. Trustee Craig seconds the motion.

There is no public comment.

All are in favor. The motion carries.

6. Discussion and possible action: Milliman's actuarial analysis regarding TMWA Merger with Washoe County Water/Utility function.

It is noted this item begins on Page 20 of the packets. She explains that this also, as she was going through the Trust Agreement, she was interested to see because there had been some discussion for the TMWA Merger as to what we would be giving TMWA for the future obligation of the people who are going over, and it actually is in the Trust Agreement how that would be done: that the assets being transferred would be prorated. So, if the County were to decide to do anything other than that, it would come from outside of the Trust.

She adds she is not privy to what has been going on with the Water Merger, and asks Chairman Sherman to update us on the status of that event.

Chairman Sherman states that the parties have agreed to the mechanics of the assets to be transferred from the County's Trust to the TMWA 115 trust. That actually involves the Countywide OPEB analysis, and he asks if we have an idea when we will have that.

Ms. Solorzano states it has, in fact, been received, but because we just received it, it was not timely for inclusion in the meeting packets. It is her intent to pass it out at the end of the meeting.

Chairman Sherman states we'll put it on the next meeting's agenda for discussion.

He continues, the Agreement had TMWA setting up their own Trust, which is a closed trust for those employees who are transferring: technically, they are getting fired from us and hired by them. They will have a new benefit that will be stated in this 115 trust just for those transferred employees that will mirror the County's. It has some nuances to it: they will replicate the premium subsidy structure that the County has, depending upon what tier the employee is in based on hire date, and the Health Benefit Plan will be TMWA's health benefit plan. One of the differences is that their Plan requires that retirees go on Medicare at 65 and we don't. Based on those two parameters, the actuarial analysis will take that liability number and multiply it times the County's funded ratio, which will come out of the Countywide, and that is the value of the assets being transferred.

Ms. Solorzano states that is not what she understood from the actuary. She understood that the value in the special study that we requested for our employees was the portion of what was in the Trust relative to these participants.

Chairman Sherman states that we had that as a reference point, because the actual cost to the TMWA Trust is their Plan as he described it.

There is discussion. Chairman Sherman states he re-read our Trust document and his interpretation of it is that we could go either way. He clarifies, this is a trust that has a benefit planned into it; if we terminate employees and they go into another Trust, we can transfer assets from this Trust to the other Trust, but it's not specific as to the mechanics of how it's done.

He adds that it was the Comptroller's office and County management who wanted this done as a reference point to the other OPEB analysis that had described the TMWA's undergoing, which is the demographics of the transferred employees - premium structure County, health benefit plan TMWA - to come up with a total liability number.

More discussion. Ms. Solorzano states they may need more clarification when we get to Item 7, relating that as she was preparing Item 7 for today's meeting, it looks as if the mechanics of transferring money out for any employees that were pulled out of the Plan would be to base what was pulled out on what had been put in for those people.

It is noted there could be more than one way to interpret that part of the Trust document where it describes the mechanics for the transferring of money out of the Trust for employees pulled out of the Plan. More discussion. It is noted that in the Merger negotiations every attempt was made to mirror what the County offers in retiree health benefits as best they could for the outgoing employees.

Chairman Sherman explains that funding for this cost will come from the new TMWA 115 OPEB Trust fund, which will be TMWA's health benefit plan, not the County's. There is discussion with regard to what the rate structure may be.

Trustee McArthur interjects, with respect to the earlier discussion regarding the potential dual interpretation of the mechanics for transferring money out of the Trust for employees pulled out of the Plan, that as we also sit as a subset of Washoe County we need to be considerate of their perspective and the amount of money that these individuals or this Pool put in, what would be considered fair and reasonable as the amount of money that should be taken out, knowing that it is a calculation based upon estimates; in this exchange it is expected that the number from the TMWA analysis will be lower. To explain, once both numbers are available, then a professional opinion can be made, knowing that either number could satisfy the intent of no harm to the employee, while maintaining our fiduciary role to not allow any harm come to this pool of assets or responsibilities. So the exacting word would be if the number from the Milliman is \$10M or \$2M, and the TMWA is \$3M, that would be material to me. If the number is \$2M and \$2,020,000, that would not be material to me. So, based on this conversation, materiality is really where we have to understand our role and make sure that we accommodate the employee, fulfill the Board's requirement to transfer these people and make sure that no harm comes to them, but we are also here to make sure no harm comes to the other 1,600 that are covered here.

He states he would like to defer any solid commitment until both numbers are available.

Chairman Sherman states for clarification that this Board has no authority or involvement in Plan design. There is discussion. It is noted that TMWA's Trust absolutely has to be created, formally approved and legal before we can send any funds from our Trust to them, and that the Trust from TMWA won't even be considered until November.

Trustee McArthur states he would like to have the Chairman call a special meeting at which all the facts of this TMWA Merger can be provided and in front of them instead of in theory, so they would have the ability to approve the amount to be transferred.

There is discussion. Chairman Sherman states it is not beyond the realm of possibility that TMWA could complete their side of the transaction, create the Trust, and have the actuarial analysis done before the transaction closes on December 31. More discussion. It is noted their Trust Attorney has gone through the documents for legal compliance and has rendered a verbal opinion that all is in order.

Trustee McArthur states that if the Opinion as Chairman Sherman has communicated could be written, it would carry more weight if we had to go back through and help people understand the processes. There would be this body of evidence.

It is noted that written documentation comes at a different cost, but an element of comfort is noted between our attorney, TMWA's attorney, and Chairman Sherman that it is fairly safe in terms of the validity of the actions and transactions.

It is noted also that TMWA has agreed to complete the funding of the Trust.

7. Discussion: Responsibilities of the Trustees of the Washoe County, Nevada, OPEB Trust Fund Board of Trustees.

Ms. Solorzano states she has put together a quick summary of what needs to be done by this Board of Trustees in order to fulfill the expected fiduciary responsibilities, and she indicates the beginning of that summary is on page 32.

She explains she had some difficulty with the tentative budget, noting that it is “circular,” because the employer has to tell the Trust Board how much they will contribute to the Trust but we are to advise them what we can give them, and it did not read very well.

It is noted that this Board has no say over how much the County will contribute to the Trust. However, unless they have changed, the CBAs require some minimum funding of the normal cost, while law and the County Rules require no funding, even though there is a minimum normal cost, of ARC so as to not have to accrue any liability.

Chairman Sherman states he went back through the meeting dates of this last round, and at the meeting of April 23rd of this year, and no consideration of the Budget was presented, which would have been the time that we would have had it; the Trustees did not actually approve the 2014 Budget until August; he notes that the Trust does say we have to produce a budget for consideration by the County. And his thoughts regarding the issue of funding from the County are, the ARC is kind of the point of departure, whether it is funded 100%, 80% or none, that’s the point where the discussion begins. For our benefit, he would like to see us addressing a Trust Budget at the April meeting, which is close to lining up with the County’s budget process. At least that would have us in compliance with the Trust document that says this is what we need to do. He states if we think of a different process for accomplishing what we need to do, we would have to amend the Trust document.

Ms. Solorzano notes that the Trust Agreement does, in fact, require that we have our budget done in time for the County to incorporate that budget into theirs. Chairman Sherman reiterates the fact that this Board has no authority to dictate what amount the County may contribute to the Trust. Ms. Solorzano states that our tentative budget would then, as was stated, be based on the ARC as a point of departure, which would be our tentative, which would then be revised upon final budget from the County. She adds that what was delayed significantly on the County’s end this year was final budget for the Health Benefits Fund, there was a lot of back and forth with the insurance negotiating committee and the bargaining units, which got done at the 12th hour. So, we will need to start looking at some assumptions if we start looking at this in April.

Trustee McArthur states he would like to summarize what was just communicated: the Board is by nature to put forth a budget and traditionally we have not put forth our own budget? So, in April we’re going to put forth our expectation as to what we see based on either historical patterns or as the economic environment dictates. And then upon that, will we have an opportunity to revise that budget and after all product is known, formally finalize a budget?

There is discussion regarding the process of presenting to the BCC our “best shot” at fixing a budget, and the Board in its deliberations will decide what they are going to fund, which is the big part of the process for their decision on the Health Benefit Plan and how much that costs and what the premium sets are, which indicates what the Trust will have to pay in terms of the premiums to the Health Benefits Fund.

There is reference made to Item 7.1 (d) of the Trust Agreement and discussion with regard to obtaining approval of the Trust's proposed budget for the overall tentative and final budgets of the Employer's governing body.

The BCC and the adoption of their final budget includes part of the Trust Budget. In terms of having a separate document that says Washoe County, Nevada OPEB Trust Board of Trustees, as an agenda item on the BCC – doesn't feel that is necessary. He feels that they fulfill the obligations under this Trust by approving those two things.

There is discussion with regard to what decisions the Trust Board has authorizations for.

It is clarified that it is the BCC approval that is being discussed, and that they only can approve those parts of the budget for which clearly they have control over: the health premium and the contributions.

Trustee McArthur states that in our budget they would have two line items that both parties understand; to him, the County is an expense item on the OPEB budget. So, the budget is 10 items, we know two of them are controlled by a party that we cannot go out for bid, nor can we dictate what they charge us. But the remaining items are upon us, so the perception is that we do not send our budget over there, we actually have a locked-in vendor that will give us the pricing and therefore we just have to make sure that the vendor is charging, and the board understands what they're being charged because we may have only one vendor to provide us with what they're doing. However, we do need to understand what they're charging us for. Because, as described in earlier minutes, this is a \$100 million-plus event, it is clearly a very small section of people representing very many, and what we have to do in these public forums is communicate that we at least articulated our understanding of what we are being charged, and they do not tell us what we do with the remaining portion of other people's money. So, if the County would like to continue to put forth the overhead of \$17,000 for accumulating this accounting, to do the actuary, we have the luxury of saying no.

It is noted the Trust document does have an agreement with the County to provide those services, and that in 4.1 (c) of the Agreement it states the Employer may annually commission actuarial studies, so we aren't actually charged with commissioning the Study, we just pay the bill.

There is discussion and it is further noted the document can be revised. In 6.3 (d), it is noted the Employer's governing body shall provide the staff necessary to organize and notice meetings of the Trustees, take the minutes of the meetings, etc.

Trustee McArthur clarifies that the observation of "circular" determinations for the Budget are actually circular in nature, but not in authority. More discussion.

Ms. Solorzano continues with her summary of OPEB Board of Trustees duties, indicating each bullet point. It is noted there are no tax returns required of the Trust.

Under the Quarterly, or at the call of the Chairman whenever business is presented, it is noted that in Article 5.1 of the Trust Agreement, this Board is to approve payments directed by the Employer. There is discussion with regard to this process in review of (a) through (d), and that minimally he would like this Board to understand the details of the math in the supporting documentation of how the amount being

requested is derived in order to fulfill his fiduciary responsibility. It is noted the requests for reimbursement to the County have been initiated from the Comptroller Department.

Chairman Sherman states he feels that by formalizing the request for reimbursement, having it actually come from the Employer with the supporting documentation, will lend to this Board's better understanding of how the money being asked for is accurate and necessary, and has supporting documentation.

Discussion follows pertaining to how to timely get these items to the BCC for action by the OPEB Board.

Trustee McArthur states he is very comfortable with asking the County to formally submit on a quarterly basis. It is hoped it won't over-burden the staff, but he believes it would be prudent to make every attempt to maintain the fiduciary role as clean as possible, and our real purpose here is, we accept that the money over which we have no control is being asked of us, but that the understanding of it and the way it's being asked of us be tightened.

As the point of timing is again raised, it is noted that place-holders on the BCC Agenda have often been generated from the Comptroller to fulfill Agenda deadlines; we can have a placeholder until within two days of the event. Chairman Sherman states we can have the form of the document in place and plug in the final numbers before going to print on the Agenda.

Trustee McArthur states we need to make sure that we respect the BCC and tell them that we are not challenging, just tightening up as we bring on new board members.

Chairman Sherman states the underlying motive he had for doing this is that the magnitude of the Trust assets are getting significant, as are its obligations to pay benefits, which impact and involve a lot of people and a lot of money. In light of the evolution of the County, new people coming in, knowledge walking out the door, it is important that the processes of what the Trust is supposed to do and its responsibilities be formalized.

Ms. Solorzano resumes with her Summary, going forward with Periodically, stating she didn't pursue this with points of the obvious, such as that the Trustees have fiduciary responsibilities, etc., but as more of a calendaring, what we need to be aware of and when, to make sure we are taking care of our recurring duties.

Chairman Sherman adds that the Trust Document has a reference to, on the County/RBIF portfolio, try to maximize the amount of the Trust investment in RBIF and minimize the in and out from that Trust too. It is noted we have done an excellent job in never having to pull money back out yet.

Trustee McArthur takes this moment to thank the staff and the Trustees for doing such a wonderful job, very thorough, noting he has been on several boards, and the professionalism here is fantastic.

Chairman Sherman states that he notes in the Trust Agreement, on page 7, 6.3(g), stating that it doesn't make sense in its reference to Section 4.5(c), "All interest, earnings, dividends and distributions with respect to the investment of the Trust Fund, less any expenses charged with respect to such investments, must be deposited in the Trust Fund." It is more likely that the correct reference for this is 6.3(l); it is not

material, but it could be considered as one of those clean-up things, at a time when we're going in to change something else.

Chairman Sherman begins discussion with the fact that this is not the first meeting where staff has been unable to have pertinent material for the meetings. He asks if moving the meeting another couple of weeks out would lessen the need to scramble for the reports and information timely enough for the meeting. Ms. Solorzano states that usually the only items we have trouble getting in time for the meeting are the annual report from RBIF and occasionally the Audit report.

Trustee McArthur states he's open to moving the meetings out a week or so.

Trustee Craig asks if it would help to move the meetings out another week.

There is discussion, and it is believed it would be beneficial to push the meetings out one more week, to the last Thursday of the quarter month.

Trustee Craig confirms they mentioned that April might be pushing it – a bit late in the County's budget process. So he asks if we did a budget projection in February, would that work.

It is noted it would be way too early in the process to have the Health Benefits numbers for a February projection.

It is requested that this be added as an item on the next meeting agenda; everyone look at their personal calendars. Chairman Sherman states that even if we do change it and something comes up that requires our attention, we can always call another meeting.

Chairman Sherman asks that everyone review 5.3, Transfer of Trust Assets Permitted.

So, we'll have the details of the requests, and the process of getting the Board to approve that request, and we need to work on that.

Trustee Craig seconds the motion.

There is no public comment. All are in favor, the motion carries.

8. Discussion and possible action: Revisit proposed cash transfer timing to the Nevada Retiree Benefits Investment Fund for the remainder of the fiscal year.

Ms. Solorzano: No need to discuss transfers. There is brief discussion. It is agreed no action is necessary at this time.

Chairman Sherman states for the record that there are no audience members asking to comment on the items we just discussed in terms of the responsibilities of the Trustees and the cash transfer timing.

Ms. Solorzano advises that the handouts of the annual financials for the RBIF delivered a moment ago were not received until after the cutoff for posting the agenda, so they cannot be discussed at this meeting; they are provided herewith for the Trustees' review.

- 9. Trustees'/Staff announcements, requests for information, and topics for future agendas, statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Washoe County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)**

Discussion with regard to having a special meeting in December to consider the transfer of assets from the County's OPEB Trust to the TMWA OPEB Trust, if Chairman Sherman can have the information by that time, follows. Tentatively, December 3 is calendared.

Trustee McArthur asks that all the bargaining units of the County be invited to attend this meeting, and encourage them to advise their members to participate, as well.

Trustee Craig notes that it would be good, specifically, for those 28 individuals to be able to ask questions and make sure they have a full understanding of how they're being treated.

There is discussion with regard to explaining the Plan.

10. There is no **Public Comment**.

As there is no further business, the meeting is adjourned at 10:10 a.m.

BOARD OF TRUSTEES, WASHOE COUNTY, NEVADA OPEB TRUST FUND

THURSDAY, JANUARY 29, 2015, 9:00 A.M.

Present:

John Sherman, Chairman
Darrell Craig, Trustee
Paul McArthur, Trustee

Staff:

Mary Solorzano, Accounting Manager
Sandra McGarva, Secretary
Paul A. Lipparelli, Legal Counsel

1. The Board convenes in regular session at approximately 9:01 a.m. at the Central Conference Room, Building C, of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada. Roll is called, all Trustees are present.
2. There is no **Public Comment**.
3. **Discussion and possible action: in accordance with the Closing Memorandum To Interlocal Agreement Governing the Merger of the Washoe County Department of Water Resources Into the Truckee Meadows Water Authority dated December 31, 2014, approve the transfer of \$546,873 from the Washoe County, Nevada OPEB Trust Fund to the Truckee Meadows Water Authority OPEB Trust Fund, which has been established exclusively for former Washoe County water utility employees now employed by the Truckee Meadows Water Authority pursuant to the water utility merger.**

Chairman Sherman begins the meeting with explaining that the purpose of this meeting concerns the proposed transfer of \$546,873 from the Washoe County, Nevada OPEB Trust Fund to the Truckee Meadows Water Authority (TMWA) OPEB Trust Fund. He explains there are key pages in the Agenda packet that support or provide information regarding this item. As a point of disclosure, he states he was involved in the merger process of the Department of Water Resources water/utility and TMWA, and had discussed this issue with the District Attorney's office. He adds it seems prudent to formally disclose that fact, and that it doesn't restrict him from discussing nor voting on it as a Trustee of this Board, if it comes to a vote.

Part of the Merger Agreement was to create a retiree health benefit plan that closely mirrors Washoe County's Plan, and TMWA agreed and has created a Trust that has a benefit plan in it that describes both the health benefits structure and the health benefits premium configuration that closely mirrors that. And in addition to those negotiations, the County agreed to transfer a proportionate share of the OPEB Trust assets that represent the proportionate share of the transferred employees' assets.

He addresses Page 5 in the Agenda Packet, and asks everyone to go to Section 8, Retiree Health Benefits, and notes that this is the section of the final Agreement of the Merger where the parties agreed to transfer the \$546, 873 from the County Trust to the TMWA Trust. Further, on Page 151, the calculation detail is displayed, demonstrating where that number came from. Included is a list of 28 employees, names omitted, which is a table from the actuary who did the analysis to determine what the liability of the transferred employees was. Three of the employee numbers on that list, totaling \$180,000 of the actuarial accrued liability, have been removed from because those employees did not transfer, indicating a net of 25 employees transferred. So, the total actuarial accrued liability is \$1,268,000; the agreement was to take a proportionate share of the assets in the County OPEB Trust that those employees have. The Countywide

OPEB analysis, as of July 1, 2014, shows the AAL is approximately \$340 million; total assets at that time were approximately \$146 million, for a ratio of 43%; in other words, 43% of the Countywide liability is in assets. The math was, multiply the 43% by the net AAL for the transferred employees for the total of \$546,873, which accurately represents the proportionate share of the assets based on the total liability.

He asks if anyone has any questions on the calculations. There are none.

Chairman Sherman continues, in order to back up the other numbers, go to Page 152 where the actuarial analysis done by the County's actuary of the transferred employees is included. It identifies the Actuarial Accrued Liability of \$1,448,000, which agrees with the detail on the other page of that total liability. Also, on Page 172, is the actuary's analysis of the Countywide OPEB, which includes all employees of the County. It is noted in the July 1, 2014 column on that page that the actuarial accrued liability of \$339,643,000, is the same as shown on the detail calculation page. And the asset value at that time was \$146,484,000, which also agrees to the detail on Page 151.

Chairman Sherman continues with a couple of points for reference, stating that the Trust Agreement for Truckee Meadows Water Authority OPEB Trust Fund begins on page 194 of the Packets, and it was approved by their Board of Directors; the parties got together with their respective trust attorneys. It was noted that Kathy Ogle worked with us, to determine what path to go and assisted with drafting this trust agreement. It was TMWA's attorney who ultimately drafted this document, with some input from the Merger team. This trust agreement closely mirrors the County's trust agreement with some differences that mostly have to do with circumstances, i.e., this is TMWA, this is a closed Plan only for transferred employees, but for the most part the details are there. This document also includes, on Page 208, Exhibit A, Benefit Plans Funded Through Trust, which mirrors what the County's health benefit plan is. He notes the life insurance provisions in this is a little richer than the County's plan. On Page 211, Exhibit D, Trust Benefits to be Paid to Participants, is the insurance premium structure, which mirrors the County's Plan. He recaps the information on that page with respect to the Tiers. He confirms that tenure in the first Tier includes both employment with the County and with TMWA. He notes that employees who were hired by the County after July 1, 2010, did not get the retiree health insurance benefit, but those employees – a handful of them – will now be covered under the benefit plan of TMWA, so they will have some opportunity for retiree health benefits; however, it is under TMWA's Plan, not tied to the County's Plan.

He continues, indicating Page 222, noting this is a key provision for which we had the trust attorneys look at our Trust document and in discussions. We wanted to make sure of a couple of things – 1), do the Trustees have the legal base to transfer assets to another trust for employees that are going away from Washoe County into another trust. He notes that this particular Section, 5.3, does grant that authority. They also wanted to make sure that TMWA's Trust document and this particular transaction would not impair the tax exempt nature of the County's OPEB Trust, and we did get that verbal assurance.

Chairman Sherman concludes his accounting of the background of this Item and asks if anyone has any questions.

He introduces Mr. Jeff Tissier from the audience as a representative of TMWA; Mr. Tissier moves to the center table and states his name, indicates his title is Chief Financial Officer of Truckee Meadows Water Authority, and he thanks the Board for their work and cooperation on the Agreement between Washoe County and TMWA; he adds that they did appoint four trustees to the new 115 Trust, stating the new Board is comprised of himself, one of his senior accountants, and then two of the transferred employees –

one, George Gainor, is represented by Local 1245, International Brotherhood of Electrical Workers, and the other will be one of their management individuals, Chuck Atkinson. He remembered that that was an issue with WCEA.

Chairman Sherman states that, to round out the discussion, he did have the opportunity to speak with the County Treasurer on this transfer, and he suggests that TMWA touch base with her to formalize the potentially (we haven't taken the vote yet) over \$500,000 transfer of Trust money. It is important to make sure that there is sufficient liquidity on the County's Trust side, and the cash balances that we keep in the Pool versus the retirement benefit Trust. We have up until the end of March to get these things done. He further adds that TMWA has at least two other things to finish out the transfer, and if they are done by now he doesn't know, but to formalize the creation of their Trust 1) they need their tax identification number, and 2) they need to get a formal letter from their attorney indicating that their Trust meets the constitutionality test required to form this Trust; secondarily, after that is the creation of an agreement with the Retirement Benefit Investment Board to, if that is their desire, place monies for this Trust in the RBIF.

Mr. Tissier states they are applying for the EIN right now, and will open up a bank account to receive the funds, will provide the wire instructions for the Treasurer's office, and that they must still file the document with the Department of Taxation. They will get with the RBIF Board and will invest the funds according to statute.

Chairman Sherman states that we just want to make sure that when we're ready to go, TMWA is ready to go, assuming we get through this agenda item.

It is confirmed that Paul McArthur will be the contact on this for TMWA.

Chairman Sherman states he did speak with the auditor and this merger and this transaction did come up; it was duly noted, however, that it was a post-fiscal transaction; the audit for the current fiscal year will have its appropriate disclosures.

Legal Counsel Paul Lipparelli confirms for the record that Mr. Sherman did, indeed, as he indicated earlier, review the State ethics laws with respect to the contract under which he provided services to the County related to the Merger; they found no basis for an ethical problem with his role as a contractor and then as Chairman of this Board; the two matters do not amount to a conflict.

There is no further public comment.

Chairman Sherman calls for a motion for approval of the transfer of \$546,873 from the Washoe County, Nevada OPEB Trust Fund to the Truckee Meadows Water Authority OPEB Trust Fund, which has been established exclusively for former Washoe County water utility employees now employed by the Truckee Meadows Water Authority pursuant to the water utility merger of the Washoe County Department of Water Resources into the Truckee Meadows Water Authority interlocal agreement dated December 31, 2014.

Trustee McArthur moves to so approve; Legal Counsel Paul A. Lipparelli seconds the motion.

All are in favor; the motion carries.

Chairman Sherman states, just for a side-note, that this is a fairly significant event: it is rare to have an OPEB Trust in this country, and even more unique are Trust to Trust transactions – with which our own Trust attorneys stated they have never been involved.

4. Discussion and acknowledge receipt of the Washoe County, Nevada OPEB Trust Fund Annual Financial Report for the Fiscal Year Ended June 30, 2014.

Ms. Solorzano states there are no changes since the financials were discussed as of 6/30/2014 at the last Board of Trustees’ meeting; this just finalizes them and shows that the auditors have indeed looked at them and agreed that they are in appropriate order and our internal controls are in good order.

It is confirmed that no motion is needed, but for the record, receipt of the Audit is acknowledged. There is brief discussion. It is noted our asset balance continues to grow in proportion to the liability, even though recognizing that the OPEB liability date was in 2012. Subsequent audited financial statements will include an update to that OPEB analysis (2015).

There is no public comment.

5. 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 Trustee’s 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.

Chairman Sherman states he had a discussion with Ms. Solorzano before the meeting that the Trustees’ next quarterly meeting should be sufficient to take care of Trustees’ business, so there is no need to call an out-of-sequence meeting; he states he is primarily concerned about the funding of the County’s insurance premium costs and Health Benefit Fund.

Ms. Solorzano states the Health Benefits Fund is liquid – they received a \$2.8 million transfer from the General Fund to make them whole, for previous borrowings from the Fund, so they will do quite well until the next meeting.

Chairman Sherman states that during the course of the water merger discussion on the OPEB, he had the opportunity to read the exposure drafts for GASB Standards that will replace No. 43 and No. 45. These will be in effect in 2016. He feels it would be prudent for this Board’s path to have Staff, when they are comfortable, brief the Trustees on the high-level detail of those two exposure drafts. One will clearly impact the County, but the other one will impact the Trust as GASB 43 did, and we would like to be brought up to speed on the content of those exposure drafts and whatever formal name that they are called when they’re done. He does not know if they’ve been formally approved yet, but to the extent at which it they do, it would be helpful for whatever impact there is on the County’s financial reporting requirements and recording liabilities.

Ms. Solorzano states she expects significant changes for the pension, but no significant impact to the OPEB Trust.

It is noted the next OPEB quarterly meeting is April 23. There is discussion on if it would be good to move the quarterly meetings to the last Thursday of the quarterly month. There is concern for timing with respect to the Budget process.

Trustee McArthur references the earlier discussion regarding disclosure changes in GASB Standards, and states the changes are not monetary in nature; many footnotes within our financial statements have addressed this unfunded liability; the subject matter of GASBs No. 43 and No. 45 is to help the reader of the financials realize that governmental accounting does have unfunded liabilities, and it is to help the financial reader and the investor and the stakeholders of these financial statements to better understand these unfunded liabilities.

There is discussion. It is noted that the details of the new Standard(s) can be sorted out at a future meeting, when Staff can get it all figured out. He adds he believes it would be helpful to the Trustees, particularly our responsibility as to our financial reporting, both in the financial statements and the Note disclosure as required.

There are no other comments or discussion. Meeting is adjourned at 9:35.



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October 21, 2014

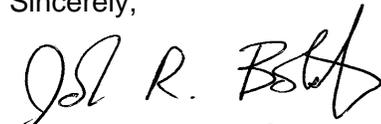
Ms. Mary Solorzano
Accounting Manager
Washoe County Comptroller's Office
1001 East Ninth Street
Reno, Nevada 89512

Washoe County
GASB 45 Actuarial Valuation of Post Employment Benefits as of July 1, 2014

Dear Mary:

I am pleased to enclose the above-titled Milliman report. If you have questions about this report, please give me a call at (415) 394-3740.

Sincerely,


John R. Botsford, FSA, MAAA
Consulting Actuary

JRB:dy
enc.

Washoe County

GASB 45 Actuarial Valuation of
Post Employment Benefits Other than Pension as of July 1, 2014

Prepared by:

John R. Botsford
FSA, MAAA

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October 21, 2014

Washoe County
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Reno, Nevada 89512

***Washoe County –
GASB 45 Actuarial Valuation of Post Employment Benefits as of July 1, 2014***

At the request of the Washoe County, we have completed an actuarial valuation of post employment benefits as of January 1, 2014.

The purpose of this report is to determine the Annual Required Contribution and required financial disclosures under the Governmental Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). Our determinations reflect the procedures and methods prescribed in GASB 45.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by Washoe County's staff. This information includes but is not limited to employee census data, financial information and plan provisions. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

The values provided in this report are estimates only. They represent results if actual experience exactly matches the assumptions used. Actual experience will likely differ and continued monitoring of experience should be performed and adjustments made to the assumptions as necessary. Reliance on information contained in this report by anyone for anything other than the intended purpose puts the relying entity at risk of being misled.

All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent our best estimate of anticipated experience for the Plan.

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 such factors as 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); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The Washoe County has the final decision regarding the appropriateness of the assumptions and actuarial cost methods.

Actuarial computations presented in this report under GASB Statement No. 45 are for purposes of assisting the Washoe County in fulfilling its financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the Washoe County's funding policy and goals. The calculations in this report have been made on a basis consistent with our understanding of the Plan provisions described in Appendix A of this report, and of GASB Statement No. 45. 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.

Milliman's work is prepared solely for the internal business use of the 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:

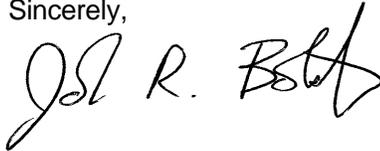
- (a) Washoe County may provide a copy of Milliman's work, in its entirety, to Washoe County's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Washoe County.
- (b) Washoe County may provide a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

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal 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, we hereby certify that, to the best of our knowledge and belief, the 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 applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Botsford". The signature is written in a cursive style with a large, stylized initial "J" and "B".

John R. Botsford, FSA, MAAA
Consulting Actuary

JRB:dy

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Introduction

Milliman, Inc. (“Milliman”) has been retained by the Washoe County (“County”) to provide a GASB 45 actuarial valuation of its post employment benefit (OPEB) plans. In our valuation we:

- Project expected payouts for future years
- Calculate the present value of total benefits
- Calculate the actuarial liability (present value of benefits attributable to past service)
- Determine the Annual Required Contribution (ARC) and annual OPEB expense under GASB Statement No. 45
- Prepare the financial statement disclosures relating to the funded status of 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) and an HMO Plan. 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 w/ 10 years of county service, 75% w/ 15 years and 100% w/ 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 equal to the Non-State Retiree Subsidy Adjustment described in the Nevada PEBP. 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.

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 45 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. A discount rate of 7.0% used in this valuation was selected by the County and reflects the investment policy of assets held in the State of Nevada’s Retiree Benefit Investment Fund (RBIF). The stated annual investment return target for this fund is 7.0%.

Health Cost Trend. We derived the health cost inflation trend assumption 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. Please see Appendix B for a detailed description of these rates.

Mortality Rates. We used the RP 2000 Combined mortality table projected to 2025 with scale AA for this valuation.

Spouse Coverage. Retirees pay 100% of the premiums for any dependent coverage. However, the premium rates charged to retirees are 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 retirees and their spouses. GASB 45 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 25% of future retirees would elect health coverage for their spouses.

Health Plan Election. We have assumed that 100% of Tier 1 employees, 85% of Tier 2 employees, and 50% of Tier 3 employees will elect medical coverage upon retirement. We have assumed that 60% of active employees who elect medical coverage will elect SFGHP coverage at retirement and 40% will elect HMO coverage, and that current retirees will remain enrolled in the same health plans that they are currently enrolled in. We have also assumed that 75% of the active employees who elect medical coverage upon retirement will also elect Dental coverage. For Tier 1 active employees and current retirees who are under age 65, we assume that 30% will not enroll in Medicare coverage once they reach age 65.

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

Results of Study

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

The **Present Value of Benefits** is the present value of projected benefits (projected claims less retiree contributions) discounted at the valuation interest rate (7.0%).

The **Actuarial Accrued Liability (AAL)** is the present value of benefits that are attributed to past service only. The portion attributed to future employee service is excluded. For retirees, this is equal to the present value of benefits. For active employees, this is equal to the present value of benefits prorated by service to date over service at the expected retirement age.

The **Normal Cost** is the portion of the County provided benefit attributable to employee service in the current year. Employees who are not eligible for benefits are assumed to have an equal portion of the present value of benefits attributed to each year of service from date of hire to expected retirement age.

The **Annual Required Contribution (ARC)** (plus a small adjustment if the ARC in prior years is not fully funded) is the amount the County would be required to report as an expense for the 2014-2015 fiscal year under GASB 45. The ARC is equal to the Normal Cost plus an amount to amortize the Unfunded AAL over 30 years in a "closed" basis from June 30, 2011, i.e. the remaining amortization period as of June 30, 2014 is 27 years.

	July 1, 2014	July 1, 2012
Active Employees	2,257	2,184
Retirees and Surviving Spouses	<u>1,381</u>	<u>1,285</u>
Total Participants	3,638	3,469
Covered Spouses of Retirees	170	163
Present Value of Benefits	\$ 404,353,000	\$ 349,987,000
Actuarial Accrued Liability	\$ 339,643,000	\$ 287,185,000
Assets	<u>146,484,000</u>	<u>91,263,000</u>
Unfunded Actuarial Accrued Liability	\$ 193,159,000	\$ 195,922,000
Normal Cost (as of end of year)	\$ 8,535,000	\$ 7,366,000
Annual Required Contribution (ARC)	\$ 19,943,000	\$ 18,447,000

Impact of Changes from Last Valuation

The Actuarial Accrued Liability increased by approximately \$52.4 million since the last valuation. Exhibit 6 shows a reconciliation of the Actuarial Accrued 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. Projected Pay-as-you-go County Costs

The table below illustrates the projected pay-as-you-go County costs of providing retiree health benefits. The projections only consider the closed group of existing employees and retirees. The projected County costs shown below are equal to the projected retiree claims costs less the expected premiums charged to retirees participating in the retiree health plan.

Year	FY Ending June 30	Projected County Costs
1	2015	\$ 11,148,000
2	2016	12,298,000
3	2017	13,506,000
4	2018	14,788,000
5	2019	16,056,000
6	2020	17,416,000
7	2021	18,967,000
8	2022	20,483,000
9	2023	22,119,000
10	2024	23,903,000
11	2025	25,500,000
12	2026	27,208,000
13	2027	29,028,000
14	2028	31,062,000
15	2029	32,714,000

Exhibit 2. Liabilities and Normal Cost

The **Present Value of Benefits** is the actuarial present value of benefits expected to be paid for all retirees and covered employees.

The **Actuarial Accrued Liability (AAL)** is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement.

The **Normal Cost** is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero.

	July 1, 2014	July 1, 2012
Present Value of Benefits		
Actives	\$ 197,705,000	\$ 160,059,000
Retirees	<u>206,648,000</u>	<u>189,928,000</u>
Total	\$ 404,353,000	\$ 349,987,000
Actuarial Accrued Liability		
Actives	\$ 132,995,000	\$ 97,257,000
Retirees	<u>206,648,000</u>	<u>189,928,000</u>
Total	\$ 339,643,000	\$ 287,185,000
Normal Cost	\$ 7,977,000	\$ 6,884,000

Exhibit 3. Unfunded Actuarial Accrued Liability

The Unfunded Actuarial Accrued Liability (UAAL) is the actuarial liability offset by any assets set-aside to provide retiree health benefits. This is equal to the value of the retiree health benefits accrued to date that has not been funded. The UAAL must be amortized over a period not exceeding 30 years and included in the ARC amount (shown in Exhibit 5) each year. The UAAL 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, 2014 is 27 years. We have assumed the County’s payroll will increase 3.5% per year for this purpose.

July 1, 2014	
Unfunded Actuarial Liability (UAAL)	
Actuarial Accrued Liability	\$ 339,643,000
Reserve Fund ¹	<u>146,484,000</u>
Unfunded Actuarial Accrued Liability	\$ 193,159,000
Funded percentage	43.1%
 Amortization of UAAL for ARC	
UAAL	\$ 193,159,000
Amortization Period	27 years
Level % of Payroll Amortization Factor	18.1164
Amortization Amount – July 1, 2014	\$ 10,662,000
Interest to end of year	746,000
Amortization Amount – June 30, 2015	\$ 11,408,000

Exhibit 4. Required Financial Statement Disclosures

The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation.

	FOR THE FISCAL YEAR ENDING	
	June 30, 2015	June 30, 2014
Determination of Annual Required Contribution		
Normal Cost at year end	\$ 8,535,000	\$ 7,881,000
Amortization of UAAL	<u>11,408,000</u>	<u>10,858,000</u>
Annual Required Contribution (ARC)	\$ 19,943,000	\$ 18,739,000
Determination of Net OPEB Obligation		
Annual Required Contribution	\$ 19,943,000	\$ 18,739,000
Interest on prior year Net OPEB Obligation	(156,000)	(220,000)
Adjustment to ARC	<u>123,000</u>	<u>170,000</u>
Annual OPEB Cost	\$ 19,910,000	\$ 18,689,000
Retiree Benefit Payments Paid by Employer	TBD	(2,089,884)
County Contributions Made to Trust	<u>TBD</u>	<u>(15,682,610)</u>
Increase in Net OPEB Obligation	TBD	916,506
Net OPEB Obligation – beginning of year	\$ (2,230,963)	\$ (3,147,469)
Net OPEB Obligation – end of year	\$ TBD	\$ (2,230,963)

* Contributions for the 2014-2015 fiscal year will not be known until after the end of the fiscal year. GASB 45 defines contributions for this purpose to be the County's pay-as-you-go costs during the year and contributions made to a separate, irrevocable trust.

The following table shows the annual OPEB cost and net OPEB obligation for the prior 3 years.

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/2012	\$ 23,765,000	83.22%	\$ (2,523,758)
06/30/2013	18,403,000	103.39%	(3,147,469)
06/30/2014	18,689,000	95.10%	(2,230,963)

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the plan was 43.1% funded. The actuarial accrued liability for benefits was \$339.6 million, and the actuarial value of assets was \$146.5 million, resulting in an unfunded accrued liability of \$193.2 million.

Exhibit 5. Required Supplementary Information

The following table shows a schedule of Funding Progress required under GASB 45.

Actuarial Valuation Date	Actuarial Value of Assets ¹	AAL Unit Credit	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/2010	\$ 70,887,000	\$ 273,801,000	\$ 202,914,000	25.89%	\$ 163,749,753	123.92%
07/01/2012	91,263,000	287,185,000	195,922,000	31.8%	n/a	n/a
07/01/2014	146,484,000	339,643,000	193,159,000	43.1%	n/a	n/a

¹ Assets reported for 6/30/2014 are unaudited plan net assets as of 6/30/2014 provided by the County.

Exhibit 6. Reconciliation of the Actuarial Accrued Liability

The following table shows a reconciliation of the Actuarial Accrued Liability (AAL) from 2012 to 2014.

	(in Millions)
Actuarial Accrued Liability as of July 1, 2012	\$ 287.2
Value of Benefits Accrued (Normal Cost for 2 years from July 2012 to June 2014)	14.8
Increase in AAL due to 2 year decrease in discount period when future benefit payments are due	41.1
Decrease due to expected retiree benefits from July 2012 to June 2014	(29.1)
Increase due to additional margin for future mortality improvement	7.5
Increase due to other changes such as demographic experience, changes in health costs different than expected in the last valuation, updates to medical trend, and changes in assumed health plan enrollment elections for future retirees	<u>18.1</u>
Actuarial Accrued Liability as of July 1, 2014	\$ 339.6
Total change in Actuarial Accrued Liability from 2012 to 2014	\$ 52.4

Appendix A. Summary of Benefits

Below is a summary of our understanding of the County's retiree benefit program. Special provisions apply to persons 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 being 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, employees who have terminated employment prior to retirement may enroll in the County's health coverage upon commencing retirement if the County is that individual's last public employer. These persons must show evidence of good health and are subject to a 12 month pre-existing condition limitation. This valuation does not include any future retirees who may be eligible for benefits under this provision.

Retiree health and welfare benefits are provided under three contribution "tiers". Tier 1 includes all employees employed on July 1, 1996 and 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

In order to draw an unreduced PERS benefit, an employee must meet certain age and service requirements described below:

- Regular Members* age 65 with 5 years service, or age 60 with 10 years service, or at any age with 30 years service.
- Sheriffs* age 65 with 5 years service, or age 55 with 10 years service, or age 50 with 20 years service, or at any age with 25 years service.

Disabled Members 5 years service and totally unable to perform current job or any comparable job for which the member is qualified by training and experience, because of injury or illness of a permanent nature.

Benefit Plans

Medical Identical benefits as provided to active employees. Retirees can elect coverage under either the Self-Funded Group Health Plan or the HMO Health Plan. Medicare eligible retirees may also choose the Senior Coverage Plan. The Group Health Plan has full coordination of benefits integration with Medicare.

Prescription Drug Identical benefits as provided to active employees.

Vision Identical benefits as provided to active employees.

Dental Retirees after 1/1/96 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 either of the health care 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 to covered dependents and surviving spouses of deceased retirees is indicated below:

Spouse	\$ 1,000
Child under 14 days	none
Child 14 days to 6 months	100
Child 6 months and over	1,000

Dependents' Benefits

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

Survivor Benefits

Upon the death of the retiree, benefits may be continued to the surviving spouse for his/her remaining lifetime. Spouses 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. Such benefit is not included in this valuation.

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 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 equal to the Non-State Retiree Subsidy Adjustment described in the Nevada PEBP. For Tier 2 retirees under the age of 65, the County's monthly subsidy for the 2014-2015 fiscal year is \$635.53 per month reduced by 5.45% for each year of service less than 20 years. For Tier 2 retirees over the age of 65, the County's monthly subsidy for the 2014-2015 fiscal year is \$220 per month reduced by 5.00% for each year of service less than 20 years.

Tier 3 employees are not 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.

Appendix B. Actuarial Cost Method and Assumptions

The actuarial cost method described below is one of several acceptable costs methods described in GASB 45, 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

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data described this report. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level percentage of expected payroll over 30 years on a closed basis from June 30, 2011, i.e. the remaining amortization period as of June 30, 2014 is 27 years. The actuarial value of assets is equal to the market value of assets as of the valuation date.

Economic Assumptions

<i>Discount Rate</i>	7.0% effective annual rate
<i>Expected Payroll Increases</i>	3.5% effective annual rate (for amortization of UAAL)

Demographic Assumptions.

Mortality RP 2000 Combined Mortality Table Projected to 2025 with Scale AA – Male and Female

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

Age	REGULAR		SHERIFFS	
	< 30 Years	30 or More	< 20 Years	20 or More
50-54	4%	25%	6%	20%
55-59	5%	30%	20%	20%
60	30%	30%	20%	20%
61	20%	20%	25%	25%
62-64	25%	25%	25%	25%
65	30%	30%	100%	100%
66-69	30%	30%		
70	100%	100%		

Withdrawal

LESS THAN 5 YEARS OF SERVICE		
Service	Regular	Sheriffs
0	16%	13%
1	12%	9%
2	9%	6%
3	7%	4%
4	6%	3%

AT LEAST 5 YEARS OF SERVICE		
Age	Regular	Sheriffs
22	14.5%	5.9%
27	10.5%	4.6%
32	7.7%	3.7%
37	6.1%	3.3%
42	4.6%	2.9%
47	4.2%	3.2%
52	0.0%	0.0%
57	0.0%	0.0%

Disability

Age	Regular	Sheriffs
22	0.03%	0.05%
27	0.03%	0.05%
32	0.05%	0.06%
37	0.07%	0.09%
42	0.14%	0.37%
47	0.25%	0.53%
52	0.44%	0.66%
57	0.85%	0.96%

Other Assumptions

Benefit Costs

Below is a summary of the monthly budgeted premium rates of all retiree benefits per retiree and per dependent for fiscal year 2014 - 2015 for the self funded health plan and HMO plan.

Plans	Medicare Ineligible	Medicare Eligible
Self-Funded Group Health Plan (SFGHP)		
Retiree	\$613.75	\$542.01
Dependent	618.09	546.37
HMO		
Retiree	\$569.26	\$434.88
Dependent	537.61	403.22
Senior Care Plus		
Retirees	N/A	\$115.64
Dependent	N/A	104.65
Dental		
Retiree	\$50.14	\$50.14
Dependent	46.33	46.33

Retiree

Contribution Basis

The retiree's contribution is based on the actual budgeted premium rates.

Health Costs

Washoe County sets the same premiums (SFGHP and HMO) for retirees (without Medicare) as for active employees. 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.)

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. Based on the approved premium rates for the 2014-2015 fiscal year and relative age cost factor assumptions, we developed age adjusted monthly PMPM health and dental costs for the 2014-2015 fiscal year as shown in the following tables:

Self Funded Health Plan Age Adjusted Medical PMPM Costs for FY 2014-15

Age	RETIREES		SPOUSES	
	Male	Female	Male	Female
55	\$ 579	\$ 640	\$ 662	\$ 723
60	753	756	837	839
64	959	877	1,042	960
65	391	379	391	379
70	477	453	477	453
75	579	538	579	538
80	678	623	678	623
85	779	716	779	716

HMO Health Plan Age Adjusted Medical PMPM Costs for FY 2014-15

Age	RETIREES		SPOUSES	
	Male	Female	Male	Female
55	\$ 685	\$ 758	\$ 738	\$ 810
60	892	896	944	948
64	1,135	1,039	1,187	1,091
65	322	313	322	313
70	393	374	393	374
75	477	444	477	444
80	559	514	559	514
85	642	590	642	590

Future Retirees - Age Adjusted Medical PMPM Costs for FY 2014-15

Age	RETIREES		SPOUSES	
	Male	Female	Male	Female
55	\$ 622	\$ 687	\$ 692	\$ 758
60	809	812	880	883
64	1,029	942	1,100	1,013
65	363	352	363	352
70	444	421	444	421
75	538	500	538	500
80	631	579	631	579
85	724	666	724	666

Age Adjusted Dental PMPM Costs for FY 2014-15

Age	RETIREES		SPOUSES	
	Male	Female	Male	Female
55	\$ 52	\$ 55	\$ 60	\$ 63
60	57	58	65	66
65 and Over	60	59	68	67

Participation

The assumed participation of future retirees is as follows:

Tier	% of Retirees Electing Medical Coverage
Tier 1	100%
Tier 2	85%
Tier 3	50%

75% of employees who elect medical coverage at retirement are assumed to elect dental coverage.

Plan Election

Employees who elect medical coverage at retirement are assumed to elect the following plans:

SFGHP	60%
HMO	40%

Dependent Coverage

25% of future retirees are assumed to elect coverage for their spouses.

Medicare Eligibility

70% of active employees hired prior to the Tier 1 exclusive dates (see Appendix A), and 100% hired thereafter, are assumed to enroll in Medicare Parts A&B at age 65.

Of current Tier 1 retirees under age 65, 70% are assumed to become Medicare eligible at age 65. For retirees and spouses age 65 and over, we have used the Medicare status provided by the County.

Spouse Age

Female spouses are assumed to be three years younger than male spouses, on average. Actual ages were used for current spouses receiving benefits from the County.

Reinstatement

Persons terminating County employment prior to retirement are assumed not to apply for reinstatement.

Medical Inflation

The medical cost inflation trend used in this valuation was derived from the “Getzen Model” published by the Society of Actuaries for developing long term medical cost trends. The “Getzen Model” was then updated to reflect the latest economic growth factors, and an adjustment was made to reflect the value of expected excise tax payable in 2018 and beyond. Budgeted premiums and PEBP subsidies are assumed to increase at the medical inflation trend rates.

Fiscal Year Beginning	Pre 65 – % Inflation	Fiscal Year Beginning	Post 65 – % Inflation
2014	6.25%	2014	6.50%
2015	5.75%	2015 - 2021	6.00%
2016 - 2021	6.00%	2021 - 2029	5.75%
2021 - 2025	5.75%	2029 - 2030	6.00%
2025	6.00%	2030	6.50%
2026 - 2031	6.25%	2031	6.75%
2031	6.00%	2032 - 2036	6.50%
2032	6.50%	2036	6.25%
2033 - 2035	6.75%	2037 - 2043	6.00%
2035 - 2037	6.50%	2043 - 2049	5.75%
2037 - 2039	6.25%	2049 - 2056	5.50%
2039 - 2042	6.00%	2056 - 2068	5.25%
2042 - 2048	5.75%	2068 - 2076	5.00%
2048 - 2055	5.50%	2076 - 2080	4.75%
2055 - 2067	5.25%	2080 +	4.50%
2067 - 2075	5.00%		
2075 - 2080	4.75%		
2080 +	4.50%		

Dental Inflation 3.00%

Appendix C. Summary of Participant Data

The employee and retiree census was provided by the County as of June 2014, and is assumed to be representative of the participants as of July 1, 2014.

Regular Employees

Age	YEARS OF SERVICE							Total
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30&Over	
Under 25	4	0	0	0	0	0	0	4
25-29	67	14	0	0	0	0	0	81
30-34	70	59	19	0	0	0	0	148
35-39	51	86	65	8	0	0	0	210
40-44	35	83	83	58	6	2	0	267
45-49	30	59	80	62	45	9	1	286
50-54	24	77	74	76	39	32	5	327
55-59	14	56	65	72	38	29	4	278
60-64	12	39	44	44	29	14	4	186
65-over	<u>3</u>	<u>14</u>	<u>33</u>	<u>11</u>	<u>7</u>	<u>2</u>	<u>1</u>	<u>71</u>
Totals	310	487	463	331	164	88	15	1,858
Average Age:	47.7							
Average Year of Service:	11.7							

Sheriffs

Age	YEARS OF SERVICE							Total
	Under 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30&Over	
Under 25	8	0	0	0	0	0	0	8
25-29	20	15	0	0	0	0	0	35
30-34	11	41	5	0	0	0	0	57
35-39	6	32	23	5	0	0	0	66
40-44	2	22	26	47	11	0	0	108
45-49	2	10	8	33	25	3	0	81
50-54	0	2	5	4	10	7	1	29
55-59	0	1	1	3	0	2	2	9
60-64	0	0	0	3	0	1	2	6
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	49	123	68	95	46	13	5	399
Average Age:	40.4							
Average Year of Service:	12.4							

County Plan Retirees and Surviving Spouses

Age	Health Plan Election			Total
	SFGHP	HMO	SCP	
Under 50	21	13	0	34
50-54	41	24	0	65
55-59	126	58	1	185
60-64	185	88	0	273
65-69	223	72	41	336
70-74	143	54	22	219
75-79	99	22	6	127
80-84	59	16	5	80
85 & Over	<u>54</u>	<u>5</u>	<u>3</u>	<u>62</u>
Totals	951	352	78	1381

Average Retirees' Age: 67.0

Note: We also valued 170 spouses for current retirees in this valuation.

WASHOE COUNTY, NEVADA OPEB TRUST
Administrative Expense Detail - YTD Actual vs. Annual Budget
For the Nine Months Ended March 31, 2015 - unaudited

	<u>Washoe Co</u> <u>Retiree Health</u> <u>Benefit</u> <u>Program</u>	<u>State of Nevada</u> <u>Public Employee</u> <u>Benefit</u> <u>Plan</u>	<u>Truckee Meadows</u> <u>FPD Retiree</u> <u>Group Medical</u> <u>Plan</u>	<u>Sierra FPD</u> <u>Retiree</u> <u>Group Medical</u> <u>Plan</u>	<u>2015</u> <u>Total</u>
<u>BUDGET</u>					
Administrative Expenses					
Actuarial valuations	\$ 15,000	\$ 3,000	\$ 1,500	\$ 10,000	\$ 29,500
Accounting and administrative services	6,067	6,067	6,066	6,066	24,266
Audit fees	1,660	1,660	1,660	1,660	6,640
Trustee fees	160	160	160	160	640
Operating Expenses	-	-	-	-	-
	<u>\$ 22,887</u>	<u>\$ 10,887</u>	<u>\$ 9,386</u>	<u>\$ 17,886</u>	<u>\$ 61,046</u>
<u>ACTUAL</u>					
Administrative Expenses					
Actuarial valuations	\$ 17,500	\$ 4,500	\$ -	\$ 10,000	\$ 32,000
Accounting and administrative services	4,550	4,550	4,550	4,550	18,200
Audit fees	1,625	1,625	1,625	1,625	6,500
Trustee fees	120	120	120	120	480
Legal fees	306	306	306	306	1,224
Operating Expenses	-	-	-	-	-
	<u>\$ 24,101</u>	<u>\$ 11,101</u>	<u>\$ 6,601</u>	<u>\$ 16,601</u>	<u>\$ 58,404</u>
<u>VARIANCE</u>					
Administrative Expenses					
Actuarial valuations	\$ (2,500)	\$ (1,500)	\$ 1,500	\$ -	\$ (2,500)
Accounting and administrative services	1,517	1,517	1,516	1,516	6,066
Audit fees	35	35	35	35	140
Trustee fees	40	40	40	40	160
Legal fees	(306)	(306)	(306)	(306)	(1,224)
Operating Expenses	-	-	-	-	-
	<u>\$ (1,214)</u>	<u>\$ (214)</u>	<u>\$ 2,785</u>	<u>\$ 1,285</u>	<u>\$ 2,642</u>

WASHOE COUNTY, NEVADA OPEB TRUST
Review of Washoe County Request for Reimbursement
For the Quarter Ended March 31, 2015

	<u>Washoe Co. Retiree Health Benefit Plan</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>Total</u>
Trust portion of retiree premiums - Q2	\$ 2,104,683	\$ -	\$ 4,247,953
Trust portion of retiree premiums - Q3	2,143,270	-	
Cost for State PEBP participants - Q2	-	93,642	164,379
Cost for State PEBP participants - Q3	-	70,737	
Requested reimbursement	<u>\$ 4,247,953</u>	<u>\$ 164,379</u>	<u>4,412,332</u>

Review of Average Cost per Participant by Coverage Type

Plan	<u>Average # Participants</u>	<u>Premium Total</u>	<u>Average Monthly Cost per Participant</u>
PPO with Medicare	328	451,963	459.31
PPO without Medicare	637	1,111,522	581.64
Subtotal - PPO	<u>965</u>	<u>1,563,484</u>	
HMO with Medicare	65	71,458	366.45
HMO without Medicare	303	483,879	532.32
Subtotal - HMO	<u>368</u>	<u>555,338</u>	
Senior Care Plus	90	24,447	90.55
State PEBS	280	70,737	63.16
Total - all plans	<u>1,703</u>	<u>2,214,006</u>	

Historical Comparison of Benefits Expense vs. Premium Reimbursements - WCRHBP

	<u>Benefits Expense</u>	<u>Retiree Pmts / Misc Revenue</u>	<u>Premium Reimbursement</u>	<u>Reimb over/ (under) net exp</u>
<u>Fiscal Year 2014:</u>				
Q1 FY14	\$ 2,027,172	\$ (832,254)	\$ 1,931,143	\$ 736,225
Q2 FY14	4,566,136	(1,020,094)	1,941,728	(1,604,314)
Q3 FY14	2,187,617	(759,729)	1,958,334	530,446
Q4 FY14	4,673,531	(757,037)	1,962,890	(1,953,604)
Total FY2014	<u>\$ 13,454,456</u>	<u>\$ (3,369,114)</u>	<u>\$ 7,794,095</u>	<u>\$ (2,291,247)</u>
<u>Fiscal year 2015</u>				
Q1 FY15	\$ 2,530,205	\$ (792,686)	\$ 2,094,564	\$ 357,045
Q2 FY15	4,026,528	(1,199,010)	2,104,683	(722,836)
Q3 FY15	3,678,370	(893,707)	2,143,270	(641,393)
Total FY2015	<u>\$ 10,235,103</u>	<u>\$ (2,885,403)</u>	<u>\$ 6,342,517</u>	<u>\$ (1,007,184)</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENTS OF PLAN NET ASSETS
AS OF MARCH 31, 2015 - UNAUDITED

	Washoe Co. Retiree Health Benefit Plan	State of Nevada Public Employee Benefit Plan	TMFPD Retiree Group Medical Plan	SFPD Retiree Group Medical Plan	Total
Assets					
Cash and investments:					
Washoe County Investment Pool	\$ 1,828,346	\$ 122,108	\$ 21,727	\$ 248,952	\$ 2,221,133
State of NV RBIF	158,502,455	2,746,440	4,040,458	1,023,664	166,313,017
Interest receivable	5,014	224	53	583	5,874
Prepaid benefits expense	-	-	-	-	-
Total Assets	160,335,815	2,868,772	4,062,238	1,273,199	168,540,024
Liabilities					
Accounts payable	4,247,953	164,379	-	-	4,412,332
Net assets held in trust for other postemployment benefits	\$ 156,087,862	\$ 2,704,393	\$ 4,062,238	\$ 1,273,199	\$ 164,127,692

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	Combined Trust				6/30/2014
	Budget	Actual	Act %	Variance	
Additions					
Contributions					
Employer:					
Prefunding	\$ 18,700,000	\$ 9,350,000	50.00%	\$ (9,350,000)	\$ 16,644,869
Contributions for incurred cost	2,287,500	1,007,183	44.03%	(1,280,317)	2,089,883
Plan member	3,024,000	2,372,342	78.45%	(651,658)	2,923,133
Other	570,000	533,516	93.60%	(36,484)	663,005
Total Contributions	<u>24,581,500</u>	<u>13,263,041</u>	53.96%	<u>(11,318,459)</u>	<u>22,320,890</u>
Investment Income					
Interest and dividends	3,000,000	2,443,639	81.45%	(556,361)	3,835,908
Net increase (decrease) in fair value of investments	-	4,761,457		4,761,457	18,625,689
	<u>3,000,000</u>	<u>7,205,096</u>	240.17%	<u>4,205,096</u>	<u>22,461,597</u>
Less investment expense	58,150	37,625	64.70%	20,525	56,584
Net Investment Income	<u>2,941,850</u>	<u>7,167,471</u>	243.64%	<u>4,225,621</u>	<u>22,405,013</u>
Total Additions	<u>27,523,350</u>	<u>20,430,512</u>	74.23%	<u>(7,092,838)</u>	<u>44,725,903</u>
Deductions					
Benefits	14,135,350	10,551,583	74.65%	3,583,767	13,971,411
Administrative expense	61,046	58,404	95.67%	2,642	54,083
Total Deductions	<u>14,196,396</u>	<u>10,609,987</u>	74.74%	<u>3,586,409</u>	<u>14,025,494</u>
Net Change in Plan Net Assets	<u>13,326,954</u>	<u>9,820,525</u>	73.69%	<u>(3,506,429)</u>	<u>30,700,409</u>
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	154,307,167	154,307,167		-	123,606,758
End of Period	<u>\$ 167,634,121</u>	<u>\$ 164,127,692</u>		<u>\$ (3,506,429)</u>	<u>\$ 154,307,167</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	Washoe County - Retiree Health Benefit Plan				
	<u>Budget</u>	<u>Actual</u>	<u>Act %</u>	<u>Variance</u>	<u>6/30/2014</u>
Additions					
Contributions					
Employer:					
Prefunding	\$ 18,303,872	\$ 9,151,936	50.00%	\$ (9,151,936)	\$ 15,682,610
Contributions for incurred cost	2,287,500	1,007,183	44.03%	(1,280,317)	2,089,883
Plan member	3,015,000	2,351,887	78.01%	(663,113)	2,914,801
Other	570,000	533,516	93.60%	(36,484)	663,005
Total Contributions	<u>24,176,372</u>	<u>13,044,522</u>	53.96%	<u>(11,131,850)</u>	<u>21,350,299</u>
Investment Income					
Interest and dividends	2,845,000	2,321,324	81.59%	(523,676)	3,641,185
Net increase (decrease) in fair value of investments	-	4,533,317		4,533,317	17,695,720
	<u>2,845,000</u>	<u>6,854,641</u>	240.94%	<u>4,009,641</u>	<u>21,336,905</u>
Less investment expense	55,000	35,604	64.73%	19,396	53,515
Net Investment Income	<u>2,790,000</u>	<u>6,819,037</u>	244.41%	<u>4,029,037</u>	<u>21,283,390</u>
Total Additions	<u>26,966,372</u>	<u>19,863,559</u>	73.66%	<u>(7,102,813)</u>	<u>42,633,689</u>
Deductions					
Benefits	13,601,500	10,235,103	75.25%	3,366,397	13,461,784
Administrative expense	22,887	24,101	105.30%	(1,214)	10,665
Total Deductions	<u>13,624,387</u>	<u>10,259,204</u>	75.30%	<u>3,365,183</u>	<u>13,472,449</u>
Net Change in Plan Net Assets	<u>13,341,985</u>	<u>9,604,355</u>	71.99%	<u>(3,737,630)</u>	<u>29,161,240</u>
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	146,483,507	146,483,507		-	117,322,267
End of Period	<u>\$ 159,825,492</u>	<u>\$ 156,087,862</u>		<u>\$ (3,737,630)</u>	<u>\$ 146,483,507</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	Washoe County - NV PEBS Plan				6/30/2014
	Budget	Actual	Act %	Variance	
Additions					
Contributions					
Employer:					
Prefunding	\$ 396,128	\$ 198,064	50.00%	\$ (198,064)	\$ 417,390
Total Contributions	396,128	198,064	50.00%	(198,064)	417,390
Investment Income					
Interest and dividends	52,000	41,793	80.37%	(10,207)	65,419
Net increase (decrease) in fair value of investments	-	80,930		80,930	316,933
	52,000	122,723	236.01%	70,723	382,352
Less investment expense	1,000	658	65.80%	342	975
Net Investment Income	51,000	122,065	239.34%	71,065	381,377
Total Additions	447,128	320,129	71.60%	(126,999)	798,767
Deductions					
Benefits	320,000	211,839	66.20%	108,161	310,442
Administrative expense	10,887	11,101	101.97%	(214)	9,060
Total Deductions	330,887	222,940	67.38%	107,947	319,502
Net Change in Plan Net Assets	116,241	97,189		(19,052)	479,265
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	2,607,204	2,607,204		-	2,127,939
End of Period	\$ 2,723,445	\$ 2,704,393		\$ (19,052)	\$ 2,607,204

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	Truckee Meadows FPD - Retiree Group Med Plan				
	<u>Budget</u>	<u>Actual</u>	<u>Act %</u>	<u>Variance</u>	<u>6/30/2014</u>
Additions					
Contributions					
Employer:					
Prefunding	\$ -	\$ -		\$ -	\$ -
Total Contributions	-	-		-	-
Investment Income					
Interest and dividends	85,000	62,953	74.06%	(22,047)	106,316
Net increase (decrease) in fair value of investments	-	118,052		118,052	514,711
	85,000	181,005	212.95%	96,005	621,027
Less investment expense	1,650	956	57.94%	694	1,630
Net Investment Income	83,350	180,049	216.02%	96,699	619,397
Total Additions	83,350	180,049	216.02%	96,699	619,397
Deductions					
Benefits	200,000	92,769	46.38%	107,231	186,242
Administrative expense	9,386	6,601	70.33%	2,785	24,679
Total Deductions	209,386	99,370	47.46%	110,016	210,921
Net Change in Plan Net Assets	(126,036)	80,679	(64.01%)	206,715	408,476
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	3,981,559	3,981,559		-	3,573,083
End of Period	\$ 3,855,523	\$ 4,062,238		\$ 206,715	3,981,559

WASHOE COUNTY, NEVADA OPEB TRUST FUND
INTERIM STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2015 - UNAUDITED
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	Sierra FPD - Retiree Group Med Plan				6/30/2014
	Budget	Actual	Act %	Variance	
Additions					
Contributions					
Employer:					
Prefunding	\$ -	\$ -		\$ -	\$ 544,869
Plan member	9,000	20,455	227.28%	11,455	8,332
Total Contributions	9,000	20,455	227.28%	11,455	553,201
Investment Income					
Interest and dividends	18,000	17,569	97.61%	(431)	22,988
Net increase (decrease) in fair value of investments	-	29,158		29,158	98,325
	18,000	46,727	259.59%	28,727	121,313
Less investment expense	500	407	81.40%	93	464
Net Investment Income	17,500	46,320	264.69%	28,820	120,849
Total Additions	26,500	66,775	251.98%	40,275	674,050
Deductions					
Benefits	13,850	11,872	85.72%	1,978	12,943
Administrative expense	17,886	16,601	92.82%	1,285	9,679
Total Deductions	31,736	28,473	89.72%	3,263	22,622
Net Change in Plan Net Assets	(5,236)	38,302	(731.51%)	43,538	651,428
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	1,234,897	1,234,897		-	583,469
End of Period	\$ 1,229,661	\$ 1,273,199		\$ 43,538	\$ 1,234,897

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2015
Updated to include Actual Activity through 3/31/15

	Prefunding Contributions	Direct Expenses	Reimburse Employers	Cash Change	Trsfrs to RBIF	Cash in WC Pool	Cash in RBIF	Total Cash & Investmts*
Beginning balance						\$ 490,838	\$ 150,880,597	\$ 151,371,435
Jul-14	-	-	-	-	-	490,838	150,880,597	151,371,435
Aug Trustee Meeting	5,075,000	-	(2,035,906)	3,039,094	-	3,529,932	150,880,597	154,410,529
Sep	-	(16,228)	-	(16,228)	2,015,000	1,387,972	154,514,895	155,902,867
Oct Trustee Meeting	4,675,000	-	(2,142,022)	2,532,978	2,015,000	1,905,950	156,529,895	158,435,845
Nov	-	-	-	-	1,515,000	390,950	158,044,895	158,435,845
Dec	-	(6,226)	-	(6,226)	-	788,815	160,229,331	161,018,146
Jan Trustee Meeting	4,675,000	(98,836)	(2,198,325)	2,377,839	907,000	2,259,654	161,136,331	163,395,985
Feb	-	(29,885)	-	(29,885)	907,000	1,322,769	162,043,331	163,366,100
Mar	-	(11,874)	-	(11,874)	907,000	2,221,132	166,313,017	168,534,149
Apr Trustee Meeting	4,675,000	(6,228)	(2,214,006)	2,454,766	907,000	3,768,898	167,220,017	170,988,915
May	-	-	-	-	907,000	2,861,898	168,127,017	170,988,915
Jun	-	(94,745)	-	(94,745)	907,000	1,860,152	169,134,017	170,994,169
Jul-15 Trustee Meeting	4,675,000	-	(1,565,647)	3,109,353	-	4,969,506	169,134,017	174,103,523
Cash flow total	23,775,000	(264,022)	(10,155,906)	13,355,072	10,987,000			
Less: Pmts related to FY14	(5,075,000)		2,035,906					
FY15 Budget	18,700,000		(8,120,000)					

Key Assumptions:

Only key changes in cash flow are shown.

TMFPD - Quarterly payments to City of Reno, based on FY14 actual - paid in last month of each quarter.

Transfers to RBIF will be reviewed quarterly for possible adjustment.

	<u>WCRHBP</u>	<u>PEBP</u>	<u>WC Total</u>	
WC contribution	18,303,872	396,128	18,700,000	Alloc. based on UAAL / paid in quarterly increments

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2015
Updated to include Actual Activity through 3/31/15

WCRHBP		Prefunding Contributions	Direct Expenses	Reimburse Employers	Cash Change	Trsfrs to RBIF	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance							\$ 98,067	\$ 143,374,562	\$ 143,472,629
Jul-14		-	-	-	-	-	98,067	143,374,562	143,472,629
Aug	Trustee Meeting	4,970,660	-	(1,963,050)	3,007,610	-	3,105,677	143,374,562	146,480,239
Sep		-	(1,557)	-	(1,557)	2,000,000	1,094,882	146,917,899	148,012,781
Oct	Trustee Meeting	4,575,968	-	(2,094,564)	2,481,404	2,000,000	1,576,286	148,917,899	150,494,185
Nov		-	-	-	-	1,500,000	76,286	150,417,899	150,494,185
Dec		-	(1,556)	-	(1,556)	-	482,734	152,492,865	152,975,599
Jan	Trustee Meeting	4,575,968	(1,517)	(2,104,683)	2,469,768	900,000	2,052,502	153,392,865	155,445,367
Feb		-	(19,471)	-	(19,471)	900,000	1,133,031	154,292,865	155,425,896
Mar		-	-	-	-	900,000	1,828,346	158,502,455	160,330,801
Apr	Trustee Meeting	4,575,968	(1,557)	(2,143,270)	2,431,141	900,000	3,359,487	159,402,455	162,761,942
May		-	-	-	-	900,000	2,459,487	160,302,455	162,761,942
Jun		-	-	-	-	900,000	1,559,487	161,202,455	162,761,942
Jul-15	Trustee Meeting	4,575,968	-	(1,457,483)	3,118,485	-	4,677,972	161,202,455	165,880,427
Cash flow total		<u>23,274,532</u>	<u>(25,658)</u>	<u>(9,763,050)</u>	<u>13,485,824</u>	<u>10,900,000</u>			
Less: Pmts related to FY14		(4,970,660)		1,963,050					
FY15 Budget		<u>18,303,872</u>		<u>(7,800,000)</u>					

PEBP		Prefunding Contributions	Direct Expenses	Reimburse Employers	Cash Change	Trsfrs to RBIF	Cash in WC Pool	Cash in RBIF	Total Cash & Invest.
Beginning balance							\$ 9,995	\$ 2,565,611	\$ 2,575,606
Jul-14		-	-	-	-	-	9,995	2,565,611	2,575,606
Aug	Trustee Meeting	104,340	-	(72,856)	31,484	-	41,479	2,565,611	2,607,090
Sep		-	(1,557)	-	(1,557)	15,000	24,728	2,608,139	2,632,867
Oct	Trustee Meeting	99,032	-	(47,458)	51,574	15,000	61,302	2,623,139	2,684,441
Nov		-	-	-	-	15,000	46,302	2,638,139	2,684,441
Dec		-	(1,556)	-	(1,556)	-	44,890	2,675,274	2,720,164
Jan	Trustee Meeting	99,032	(1,517)	(93,642)	3,873	7,000	41,763	2,682,274	2,724,037
Feb		-	(6,471)	-	(6,471)	7,000	28,292	2,689,274	2,717,566
Mar		-	-	-	-	7,000	122,108	2,746,440	2,868,548
Apr	Trustee Meeting	99,032	(1,557)	(70,737)	26,738	7,000	141,846	2,753,440	2,895,286
May		-	-	-	-	7,000	134,846	2,760,440	2,895,286
Jun		-	-	-	-	7,000	127,846	2,767,440	2,895,286
Jul-15	Trustee Meeting	99,032	-	(108,163)	(9,131)	-	118,715	2,767,440	2,886,155
Cash flow total		<u>500,468</u>	<u>(12,658)</u>	<u>(392,856)</u>	<u>94,954</u>	<u>87,000</u>			
Less: Pmts related to FY14		(104,340)		72,856					
FY15 Budget		<u>396,128</u>		<u>(320,000)</u>					

Washoe County, Nevada OPEB Trust Fund
Cash Flow Projections and Planned Transfers to the State Investment Fund (RBIF) for FY 2015
Updated to include Actual Activity through 3/31/15

	TMFPD	Prefunding Contributions	Direct Expenses	Reimburse Employers	Cash Change	Trsfrs to RBIF	Cash in WC Pool*	Cash in RBIF*	Total Cash & Invest.
Beginning balance							\$ 78,566	\$ 4,010,573	\$ 4,089,139
Jul-14		-	-	-	-	-	128,566	4,060,573	4,189,139
Aug Trustee Meeting		-	-	-	-	-	128,566	4,060,573	4,189,139
Sep		-	(1,557)	-	(1,557)	-	19,238	3,999,290	4,018,528
Oct Trustee Meeting		-	-	-	-	-	19,238	3,999,290	4,018,528
Nov		-	-	-	-	-	19,238	3,999,290	4,018,528
Dec		-	(1,557)	-	(1,557)	-	17,820	4,057,704	4,075,524
Jan Trustee Meeting		-	(94,286)	-	(94,286)	-	23,534	4,057,704	4,081,238
Feb		-	(1,971)	-	(1,971)	-	21,563	4,057,704	4,079,267
Mar		-	-	-	-	-	21,726	4,040,458	4,062,184
Apr Trustee Meeting		-	(1,557)	-	(1,557)	-	20,169	4,040,458	4,060,627
May		-	-	-	-	-	20,169	4,040,458	4,060,627
Jun		-	(92,769)	-	(92,769)	-	27,400	4,040,458	4,067,858
Total		-	(193,697)	-	(193,697)	-			

	SFPD	Prefunding Contributions	Direct Expenses	Reimburse Employers	Cash Change	Trsfrs to RBIF	Cash in WC Pool*	Cash in RBIF*	Total Cash & Invest.
Beginning balance							\$ 304,210	\$ 929,851	\$ 1,234,061
Jul-14		-	-	-	-	-	254,210	979,851	1,234,061
Aug Trustee Meeting		-	-	-	-	-	254,210	979,851	1,234,061
Sep		-	(11,557)	-	(11,557)	-	249,124	989,567	1,238,691
Oct Trustee Meeting		-	-	-	-	-	249,124	989,567	1,238,691
Nov		-	-	-	-	-	249,124	989,567	1,238,691
Dec		-	(1,557)	-	(1,557)	-	243,370	1,003,488	1,246,858
Jan Trustee Meeting		-	(1,517)	-	(1,517)	-	241,854	1,003,488	1,245,342
Feb		-	(1,971)	-	(1,971)	-	239,882	1,003,488	1,243,370
Mar		-	(11,874)	-	(11,874)	-	248,952	1,023,664	1,272,616
Apr Trustee Meeting		-	(1,557)	-	(1,557)	-	247,395	1,023,664	1,271,059
May		-	-	-	-	-	247,395	1,023,664	1,271,059
Jun		-	(1,976)	-	(1,976)	-	145,419	1,123,664	1,269,083
Total		-	(32,009)	-	(32,009)	-			

* Cash balances in TMFPD and SFPD reflect reallocations of Pool and RBIF cash in July and January.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND
RECOMMENDED BUDGET
FOR THE YEAR ENDED JUNE 30, 2016**

NOT YET UPDATED

				<i>2016 Recommended Budget</i>			
	<u>2014 Actual</u>	<u>2015 ETC</u>	<u>2016 Total</u>	<u>Washoe Co Retiree Health Benefit Program</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>Truckee Meadows FPD Retiree Group Medical Plan</u>	<u>Sierra Fire Retiree Group Medical Plan</u>
Additions							
Contributions							
Employer:							
Prefunding	\$ 16,644,869	\$ 18,600,970	\$ 17,680,000	\$ 17,612,818	\$ 67,182	\$ -	\$ -
Contributions for incurred cost	2,089,883	1,648,576	1,900,000	1,900,000	-	-	-
Plan member	2,923,133	3,173,323	3,178,000	3,150,000	-	-	28,000
Other	663,004	623,542	610,000	610,000	-	-	-
Total Contributions	<u>22,320,889</u>	<u>24,046,411</u>	<u>23,368,000</u>	<u>23,272,818</u>	<u>67,182</u>	<u>-</u>	<u>28,000</u>
Investment Income:							
Investment earnings	22,461,598	8,019,643	50,500	47,500	1,000	1,500	500
Less investment expense	(56,585)	(50,167)	(50,500)	(47,500)	(1,000)	(1,500)	(500)
Net Investment Income	<u>22,405,013</u>	<u>7,969,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Additions	<u>44,725,902</u>	<u>32,015,887</u>	<u>23,368,000</u>	<u>23,272,818</u>	<u>67,182</u>	<u>-</u>	<u>28,000</u>
Deductions							
Benefits	13,971,411	14,173,427	14,175,500	13,685,000	282,500	185,000	23,000
Administrative expense	54,083	64,631	54,726	10,307	10,807	24,306	9,306
Total Deductions	<u>14,025,494</u>	<u>14,238,058</u>	<u>14,230,226</u>	<u>13,695,307</u>	<u>293,307</u>	<u>209,306</u>	<u>32,306</u>
Net Change in Plan Net Assets	30,700,408	17,777,829	9,137,774	9,577,511	(226,125)	(209,306)	(4,306)
Net Assets Held in Trust for Other Postemployment Benefits							
Beginning of year	<u>123,606,758</u>	<u>154,307,166</u>	<u>172,084,995</u>	<u>164,077,972</u>	<u>2,744,970</u>	<u>3,988,578</u>	<u>1,273,475</u>
End of year	<u>\$ 154,307,166</u>	<u>\$ 172,084,995</u>	<u>\$ 181,222,769</u>	<u>\$ 173,655,483</u>	<u>\$ 2,518,845</u>	<u>\$ 3,779,272</u>	<u>\$ 1,269,169</u>

**WASHOE COUNTY, NEVADA OPEB TRUST
PROPOSED ADMINISTRATIVE EXPENSE BUDGET
FISCAL YEAR ENDING JUNE 30, 2016**

NOT YET UPDATED

	Washoe Co Retiree Health Benefit Program	State of Nevada Public Employee Benefit Plan	Truckee Meadows FPD Retiree Group Medical Plan	Sierra FPD Retiree Group Medical Plan	2015 Total
Administrative Expenses					
Actuarial valuations	\$ 2,500	\$ 3,000	\$ 16,500	\$ 1,500	\$ 23,500
Accounting and administrative services	6,067	6,067	6,066	6,066	24,266
Audit fees	1,660	1,660	1,660	1,660	6,640
Trustee fees	80	80	80	80	320
Other operating expenses	-	-	-	-	-
	<u>\$ 10,307</u>	<u>\$ 10,807</u>	<u>\$ 24,306</u>	<u>\$ 9,306</u>	<u>\$ 54,726</u>

Actuarial Valuation History:

FY 12/13	16,000	4,500	-	8,500	29,000
FY 13/14	2,235	2,865	16,250	1,250	22,600
FY 14/15	17,500	4,500	-	10,000	32,000

Overview of Washoe County OPEB Rates & Reimbursements

Washoe County utilizes an internal service fund to account for medical, dental, vision, prescription and life insurance for its employees and retirees. At present, the fund is staffed as follows: one benefits manager, one benefits specialist, one senior accountant. Beginning in FY 2016, the fund will add an additional full time benefits specialist.

HMO Rates

Rates for the HMO are based on contract rates submitted by the selected vendor.

PPO Rates

PPO rates are set by the County. The rate-setting process begins with an actuarial analysis, which provides rate recommendations. These recommendations are based on projected claims, which in turn are founded upon annual health trend. Health trend is the anticipated rate of increase in healthcare costs, and is calculated from actual claims experience, with reasonableness adjustments from the actuary's health cost guidelines. Rates are developed on a composite basis, and then allocated to coverage tiers (employee only, employee + spouse, employee + child/children, and employee + family) using relative cost factors.

The County adds amounts to both the HMO and the PPO base rates to cover the cost of dental, vision and life insurance, as well as administrative expenses for the Health Benefits Fund, to arrive at the full rates that are charged to Departments and participants.

Final rates are additionally affected by budgetary considerations, management direction, and collective bargaining input.

The principal factors that influence rates are:

- Plan design (e.g. out of pocket maximums, deductibles, co-pays, covered services, etc.)
- Utilization (how often / how much the plan is used by members)
- Inflation

Health Benefits staff maintain a spreadsheet of all retirees who have elected coverage in a County-sponsored health plan. (The spreadsheet is periodically audited by accounting staff, and is also subjected to audit procedures as part of the County's annual financial statement audit.) For each retiree, the file contains the following information:

- Personal information (name, address, SSN, age)
- Years of Service
- Coverage Group:
 - PPO with / without Medicare A&B
 - HMO with / without Medicare A&B
 - Senior Care Plus (all w/ Medicare A&B)
- Gross retiree monthly health plan premium.
- Monthly premium allocation based on subsidy eligibility:
 - Washoe County portion (reimbursed by the OPEB Trust)
 - Retiree portion (generally deducted from PERS benefits and remitted by PERS)
- Dental premium (100% paid by retiree)
- Dependent monthly health plan premium (100% paid by retiree)

Washoe County, Nevada OPEB Trust
Retiree Health Insurance Rates

Component	Source	Key Drivers
PPO Plan Only:		
Medical Claims	Actuary	Plan design, utilization, inflation
Prescription Drug Claims	Actuary	Plan design, utilization, inflation
Stop Loss Insurance	Insurance company	# of large claims, \$ value of total
Third Party Administration (claims payments)	Contracts	Enrollees
HMO Plan Only:		
Insurance Premium	Insurance company	Plan design, utilization, insurer overhead
Both Plans:		
ACA Fees	Federal government (rates)	# of covered persons, rates
Internal Costs	Washoe County Budget, contracts	Health Benefits FTE's, TPA's claims audits
Vision Claims	Insurance company	Utilization, inflation

Process:

1. Benefit Plans designed
2. Rates established
3. Subsidies applied to rates
4. Premiums paid