



# WASHOE COUNTY

Integrity Communication Service

[www.washoecounty.us](http://www.washoecounty.us)

CM/ACM	<u>CV</u>
Finance	<u>CH</u>
DA	<u>OR</u>
Risk Mgt	<u>—</u>
HR	<u>—</u>
Budget Other	<u>JB</u>

## STAFF REPORT

BOARD MEETING DATE: June 13, 2017

**DATE:** Tuesday, May 30, 2017

**TO:** Board of County Commissioners

**FROM:** Board of Trustees, Washoe County, Nevada OPEB Trust

**THROUGH:** Cathy Hill, OPEB Trustee  
328-2563, [chill@washoecounty.us](mailto:chill@washoecounty.us)

**SUBJECT:** Acknowledge Receipt of the Washoe County, Nevada OPEB Trust Fund Audited Financial Statements for the fiscal year ended June 30, 2016 (All Commission Districts)

### SUMMARY

The purpose of this agenda item is to present for acknowledgment the Washoe County, Nevada OPEB Trust Fund audited financial statements, per Article 7.1(b) of the Restated Trust Agreement for the Washoe County, Nevada OPEB Trust Fund and NRS 287.017(2)(f)(3), requiring that the Trust be audited each year by an independent certified public accountant, and that the results of such audit be reported to the Employer.

**Washoe County Strategic Objective supported by this item:** Stewardship of our Community.

### PREVIOUS ACTION

Through negotiations with Washoe County employee associations, the Board of County Commissioners (BCC) agreed to prefund the retiree health benefit program annually at the actuarially-determined current cost beginning July 1, 1996.

On June 24, 1997, the BCC approved a resolution to create the Pre-Funded Retiree Health Benefits Fund to accumulate sufficient funds to help pay future retiree health benefits. The BCC approved budgeted transfers from the General Fund to the Pre-Funded Retiree Health Benefits Fund each fiscal year from 1997 through 2009.

On May 26, 2009, the BCC directed staff to take the necessary steps to create an irrevocable trust and to return to the BCC for final approval.

On May 11, 2010, the BCC created the Washoe County, Nevada Other Post-Employment Benefits (OPEB) Trust Fund, an irrevocable trust which replaced the Pre-Funded Retiree Health Benefits Fund. Funds totaling approximately \$73 million which had been accumulated in the Pre-Funded Retiree Health Benefits Fund were transferred to the Trust in fiscal year 2010.

Annually from fiscal year 2010 to present, the BCC has approved budgeted transfers from the General Fund to the Trust. Funds accumulated in the Trust may only be used to provide for post-employment healthcare benefits, as set forth in the Trust Agreement.

On January 12, 2016, the BCC established a formal policy directing the Comptroller's Department to submit quarterly request to the Trust for the full cost of the retiree health benefits program for the preceding quarter, effective July 1, 2015. Beginning in fiscal year 2011-12, the County had sought reimbursement from the Trust for only the cost of retiree insurance premiums.

### **BACKGROUND**

NRS 287.017 requires that administration of the Trust is in accordance with generally accepted accounting principles and actuarial studies applicable to the future provision of benefits to Participants, and that the Trust be audited annually, the result of which shall be reported to the Employer. The audit must be conducted by a certified public accountant.

The Washoe County, Nevada OPEB Trust Fund has been audited by Eide Bailly, who has issued an opinion that the financial statements are presented fairly, in all material respects; the net position and the changes in its net position for the fiscal year ended June 30, 2016 are in conformity with accounting principles generally accepted in the United States of America.

### **FISCAL IMPACT**

None.

### **RECOMMENDATION**

It is recommended that the Board of County Commissioners acknowledge receipt of the Washoe County, Nevada OPEB Trust Fund audited financial statements for the fiscal year ended June 30, 2016.

### **POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Washoe County, Nevada OPEB Trust Fund audited financial statements for the fiscal year ended June 30, 2016.

**Washoe County, Nevada**  
**OPEB Trust Fund**  
**Financial Statements**  
**For the Fiscal Year ended June 30, 2016**

*This page intentionally left blank*

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Plan Net Position as of June 30, 2016 .....	7
Statements of Changes in Plan Net Position for the Fiscal Year ended June 30, 2016.....	8
Notes to the Financial Statements:	
Note 1 – Summary of Significant Accounting Policies.....	9
Note 2 – Plan Descriptions and Contribution Information.....	10
Note 3 – Funded Status and Funding Progress .....	12
Note 4 – Cash and Investments.....	13
Note 5 – Subsequent Event: Consolidation of Fire Districts' Plans .....	14
Required Supplementary Information:	
Schedule of Funding Progress.....	15
Schedule of Employer Contributions.....	15
Notes to Required Supplementary Information .....	16



## **Independent Auditor's Report**

To the Honorable Board of Trustees  
Washoe County, Nevada OPEB Trust Fund  
Reno, Nevada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Washoe County, Nevada OPEB Trust Fund (the "Trust"), which comprise the statements of plan net position as of June 30, 2016, and the related statements of changes in plan net position for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the Washoe County, Nevada OPEB Trust Fund as of June 30, 2016, and changes in its net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of funding progress and the schedule of employer and other entities' contributions on pages 15 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
April 7, 2017

## WASHOE COUNTY, NEVADA OPEB TRUST FUND

### Management's Discussion and Analysis For the Year Ended June 30, 2016

This section presents management's discussion and analysis of the Washoe County, Nevada OPEB Trust Fund's (the Trust) financial position and performance as of and for the fiscal year ended June 30, 2016. Additional information from prior years' financial statements is included herein for comparative purposes. This section is intended to supplement the Trust's financial statements and should be read in conjunction with the remainder of the Trust's financial statements.

#### Financial Highlights

The following financial highlights occurred during the fiscal year.

- Plan net position of the Trust increased by \$7,810,733 to a total of \$176,537,797.
- The Trust had additions during the year of \$25,463,157 and deductions for benefits and administrative expenses of \$17,652,424.
- The actuarial valuations for the participating employers' plans showed that the employers' annual required contributions (ARC) were \$21,661,092 (combined). This amount consists of the accrual for benefits earned by employees during the current year and amortization of the previously accumulated actuarial liability over periods ranging from 20 to 30 years, beginning in 2011. Employer contributions in 2016 were \$17,680,000 or 81.6% of the combined ARC.

More details on these highlights and other information are in the remainder of this discussion and analysis.

#### The Washoe County, Nevada OPEB Trust Fund

The Trust is intended to provide the means to fund the post-employment benefits provided by the benefit plans of the participating employers, who are Washoe County, the Truckee Meadows Fire Protection District, and the Sierra Fire Protection District.

The Trust itself has no obligation to provide funding for the benefits to the retirees of the participating employers, nor does it independently have the capacity to raise funds. Responsibility for determining the benefits and funding them rests with the participating employers and their respective governing bodies.

Assets of the Trust are held for the exclusive benefit of former employees of the participating employers. Plan liabilities do not include actuarial accrued liabilities for benefits, as those are obligations of the participating employers.

#### Overview of the Financial Statements and Accompanying Information

The basic financial statements consist of:

*Statements of Plan Net Position.* This statements presents information on the assets, liabilities, and net position of the Trust at a point in time (the end of the fiscal year). Over time the changes in net position may serve as a useful indicator of the status of funding other postemployment benefits that have been promised to the employees of the participating employers. Net position is classified as "net position restricted for other postemployment benefits".

*Statements of Changes in Plan Net Position.* This statement presents information on the additions and deductions to the Trust during the year being reported. Additions include employer contributions to the Trust, participant contributions, net investment income and any other additions that are available to support benefits and expenses. Deductions include the costs of benefits provided during the year and administrative expenses associated with the benefits and Trust administration.

*Notes to the Financial Statements.* The Notes to the Financial Statements are an integral part of the financial statements and provide additional detailed information and schedules. Information in the notes provides disclosures concerning the Trust's organization, contributions from participating employers, investments, and other information.

*Required Supplementary Information.* This section contains two supplementary schedules. The Schedule of Funding Progress shows information from the three most recent actuarial evaluations and permits a determination of the trend



WASHOE COUNTY, NEVADA OPEB TRUST FUND

Management's Discussion and Analysis  
For the Year Ended June 30, 2016

of the overall funding status of the participating employers' obligations. The Schedule of Employer Contributions shows information on the extent to which the participating employers are providing funding relative to their actuarially determined "annual required contribution."

**Financial Analysis and Discussion**

*Statements of Plan Net Position:*

The following summary amounts are as of June 30:

	2016	2015
Total assets	\$ 180,381,512	\$ 171,581,577
Total liabilities	3,843,715	2,854,513
Net position restricted for other postemployment benefits	\$ 176,537,797	\$ 168,727,064

Assets at June 30, 2016 include cash and investments of \$175,957,575; most of this was held in the State of Nevada's Retirement Benefits Investment Fund (RBIF). In addition to interest and dividend income, the investments experienced a net decrease in fair value (market value) during the year. Contributions were receivable from participating employers, based on their budgetary commitments to fund their ARCs; such amounts were subsequently collected. There were small amounts receivable for interest income.

Liabilities consist principally of amounts owed to the participating employers for health insurance benefits provided to the participating employers' retirees and payable as of the reporting date. The June 30, 2015 amounts includes \$546,873 owed to another governmental OPEB trust as a result of the divestiture of Washoe County's water utility to the Truckee Meadows Water Authority effective December 31, 2014. All liabilities were subsequently settled. Plan liabilities do *not* include actuarial accrued liabilities for future benefits, as those are obligations of the participating employers.

Net position restricted for other postemployment benefits is the net difference between assets and liabilities, and is the amount of the assets available to pay future benefits for the participating employers' retirees and the administrative expenses of the Trust. Based on current year amounts, the net position would cover the actual benefits and expense payable for ten years.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2016**

*Statements of Changes in Plan Net Position:*

The Trust experienced the following changes in net position during the years ended June 30 (summary amounts):

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Employer Contributions	\$ 17,680,000	\$ 21,062,892
Plan member contributions	3,614,100	3,171,155
Other income	1,309,068	797,372
<b>Investment income</b>		
Interest and dividends	4,023,115	3,991,348
Net appreciation (depreciation)	(1,116,984)	1,378,768
Less investment expenses	<u>(46,142)</u>	<u>(52,771)</u>
Total additions	<u>25,463,157</u>	<u>30,348,764</u>
<b>Deductions</b>		
Benefits	17,586,101	15,317,088
Administrative expenses	66,323	64,906
Employee separation payment	<u>-</u>	<u>546,873</u>
Total deductions	<u>17,652,424</u>	<u>15,928,867</u>
Change in net position	<u>\$ 7,810,733</u>	<u>\$ 14,419,897</u>

Washoe County budgets for and contributes to the Trust amounts based on the ARCs of the Washoe County Retiree Health Benefit Plan and the State of Nevada Public Employee Benefit Plan (which some former Washoe County employees participate in). TMFPD did not contribute to the Trust because its Retiree Group Medical Plan is currently fully funded. SFPD did not make any contributions to the Trust during the year.

Employer contributions decreased from fiscal year 2015 to fiscal year 2016 because of a reduction in the amounts funded by the employers. Amounts funded are at the discretion of the individual participating employers.

Plan member (retiree) contributions increased as a result of a 4.6% increase in Washoe County Retiree Health Benefit Plan (WCRHBP) participants, to an average of 1,477 monthly participants in fiscal year 2016. Premiums rates also increased.

Benefits include medical claims (including prescription drug benefits), dental claims, vision claims, medical and drug insurance premiums, life insurance premiums, and insurance premiums for supplemental coverage to Medicare. Administrative expenses include actuarial valuations and certain other administrative costs.

The total paid for benefits is driven largely by participants of the WCRHBP. Benefits paid increased because of the 4.6% participant increase and a 10.2% increase in the average cost per retiree. Costs increased principally due to medical inflation and higher claims costs.

A significant factor for consideration and perhaps the major issue from GASB Statement Nos. 43 and 45 is the participating employers' annual contribution to the Trust compared to their actuarially determined annual required contributions. The ARC has two components. One component is the estimated amount of benefits and administrative expenses accrued each year based on employee services that year. The second component is the amortization of the "unfunded actuarial accrued liability" (UAAL). This is the present value of the actuarial amount of

## WASHOE COUNTY, NEVADA OPEB TRUST FUND

### Management's Discussion and Analysis For the Year Ended June 30, 2016

OPEB benefits earned in previous years by employees at the valuation date. This UAAL is allocated to the ARC over periods ranging from 20 to 30 years (beginning in FY 2011), depending on the participating employer's plan, but actuarially adjusted for assumptions about increases in health care costs, the earnings rate on investments, the average age at which employees will retire, mortality rates, etc. The participating employers must report in their entity-wide and proprietary fund financial statements (but not governmental fund financial statements) any over or under funding of the ARC during the year as an asset (if over funded) or liability (if under funded). From the July 1, 2015 actuarial roll-forward valuation for the WCRHBP, the ARC was \$20,946,000; the County's direct employer contributions in FY16 were \$17,680,000 or 84.4% of the ARC.

From the June 30, 2016 actuarial valuation for the Washoe County PEBP Plan, the ARC was \$43,000; the County's employer contributions in FY16 were \$67,182, or 156.2% of the ARC.

#### **Investments**

The Trust has invested nearly all of its assets in the State of Nevada's Retirement Benefits Investment Fund (RBIF), as authorized by Nevada Revised Statutes. The State of Nevada Public Employees Retirement System is the investment manager of the RBIF. Investment performance during FY 2016 was 2.0%.

#### **Requests for Information**

This financial report is designed to provide an overview of the Washoe County, Nevada OPEB Trust. Questions concerning any of the information provided or requests for additional information should be addressed to: Comptroller, Washoe County, 1001 E. Ninth Street, Reno, NV 89512.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**STATEMENTS OF PLAN NET POSITION**  
**AS OF JUNE 30, 2016**

	Washoe Co. Retiree Health Benefit Plan	State of Nevada Public Employee Benefit Plan	TMFPD Retiree Group Medical Plan	SFPD Retiree Group Medical Plan	Total
<b>Assets</b>					
Cash and investments	\$ 168,153,787	\$ 2,687,081	\$ 3,864,985	\$ 1,251,722	\$ 175,957,575
Contributions receivable	4,403,205	16,795	-	-	4,420,000
Interest receivable	3,538	318	20	61	3,937
Total Assets	<u>172,560,530</u>	<u>2,704,194</u>	<u>3,865,005</u>	<u>1,251,783</u>	<u>180,381,512</u>
<b>Liabilities</b>					
Accounts payable - benefit					
reimbursements to employers	3,631,563	64,402	107,200	33,590	3,836,755
Accounts payable - others	1,980	1,660	1,660	1,660	6,960
Total Liabilities	<u>3,633,543</u>	<u>66,062</u>	<u>108,860</u>	<u>35,250</u>	<u>3,843,715</u>
<b>Net Position Restricted for</b>					
Other Postemployment Benefits	<u>\$ 168,926,987</u>	<u>\$ 2,638,132</u>	<u>\$ 3,756,145</u>	<u>\$ 1,216,533</u>	<u>\$ 176,537,797</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
STATEMENTS OF CHANGES IN PLAN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Washoe Co. Retiree Health Benefit Plan</b>	<b>State of Nevada Public Employee Benefit Plan</b>	<b>TMFPD Retiree Group Medical Plan</b>	<b>SFPD Retiree Group Medical Plan</b>	<b>Total</b>
<b>Additions</b>					
Contributions:					
Employer prefunding	\$ 17,612,818	\$ 67,182	\$ -	\$ -	\$ 17,680,000
Plan members	3,569,353	-	4,439	40,308	3,614,100
Other	1,309,068	-	-	-	1,309,068
Total Contributions	<u>22,491,239</u>	<u>67,182</u>	<u>4,439</u>	<u>40,308</u>	<u>22,603,168</u>
Investment Income:					
Interest and dividends	3,840,017	63,548	90,502	29,048	4,023,115
Net appreciation (depreciation) in fair value of investments	<u>(1,037,669)</u>	<u>(22,576)</u>	<u>(39,918)</u>	<u>(16,821)</u>	<u>(1,116,984)</u>
Total Investment Income	2,802,348	40,972	50,584	12,227	2,906,131
Less investment expense	<u>43,993</u>	<u>800</u>	<u>1,016</u>	<u>333</u>	<u>46,142</u>
Net Investment Income	<u>2,758,355</u>	<u>40,172</u>	<u>49,568</u>	<u>11,894</u>	<u>2,859,989</u>
Total Additions	<u>25,249,594</u>	<u>107,354</u>	<u>54,007</u>	<u>52,202</u>	<u>25,463,157</u>
<b>Deductions</b>					
Benefits	17,070,050	260,737	200,017	55,297	17,586,101
Administrative expense	<u>12,294</u>	<u>11,997</u>	<u>21,385</u>	<u>20,647</u>	<u>66,323</u>
Total Deductions	<u>17,082,344</u>	<u>272,734</u>	<u>221,402</u>	<u>75,944</u>	<u>17,652,424</u>
Change in Plan Net Position	8,167,250	(165,380)	(167,395)	(23,742)	7,810,733
<b>Net Position Restricted for Other Postemployment Benefits</b>					
Beginning of year	<u>160,759,737</u>	<u>2,803,512</u>	<u>3,923,540</u>	<u>1,240,275</u>	<u>168,727,064</u>
End of year	<u>\$ 168,926,987</u>	<u>\$ 2,638,132</u>	<u>\$ 3,756,145</u>	<u>\$ 1,216,533</u>	<u>\$ 176,537,797</u>

The notes to the financial statements are an integral part of this statement.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Washoe County, Nevada OPEB Trust Fund (Trust) was established by the Washoe County Board of Commissioners (BCC) on May 11, 2010. The Trust, a multiple-employer trust, was created to fund and account for the participating employers' costs of retiree healthcare benefits pursuant to Nevada Revised Statutes (NRS) 287.017 and is intended to qualify under Internal Revenue Code Section 115. It is governed by a three-member Board of Trustees appointed by the BCC. As of June 30, 2016, there are three participating employers in the Trust: Washoe County, Nevada (County), Truckee Meadows Fire Protection District (TMFPD), and Sierra Fire Protection District (SFPD).

The County provides other postemployment benefits (OPEB) for eligible employees through the Washoe County Retiree Health Benefit Plan (RHBP), a single-employer defined benefit OPEB plan, and participates in the State of Nevada's Public Employee Benefit Plan (PEBP), an agent multiple-employer defined benefit OPEB plan.

TMFPD and SFPD provide other postemployment benefits for eligible employees through the Truckee Meadows Fire Protection District Retiree Group Medical Plan (TMFPD RGMP) and the Sierra Fire Protection District Retiree Group Medical Plan (SFPD RGMP), both single-employer defined benefit OPEB plans.

Although assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits on behalf of the members of that plan, in accordance with the terms of the plan.

**Basis of Accounting**

The Trust's financial statements are prepared using the accrual basis of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative expenses are recorded in the period to which they relate.

**Cash and Investments**

The Trust is authorized to participate in the Washoe County Investment Pool (WCIP) for short-term cash flow purposes and the State of Nevada Retirement Benefits Investment Fund (RBIF) for long-term investments.

The BCC administers and is responsible for the WCIP in accordance with NRS 355.175. The investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the investment pool monthly. Washoe County has not provided or obtained any legally binding guarantees during the year to support these values. Each participant's share is equal to their investment plus or minus their pro-rata share of monthly interest income, realized and unrealized gains and losses.

Investment earnings and investment fees for both the WCIP and the RBIF not directly allocable to a participating plan are allocated based on the monthly average cash and investment balances in each plan.

The Nevada Legislature established the RBIF with an effective date of July 17, 2007. The purpose of the RBIF is to invest contributions made by participating public entities, as defined in NRS 355.220, to enable such entities to support financing of OPEB. Monies received by the RBIF are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the RBIF. Bank of New York Mellon determines the fair value of the investment pool monthly. The RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each participant according to their proportional share in the RBIF. This investment pool is not registered with the SEC as an investment company.

**Administrative Expenses**

Certain costs incurred by the County in administering the Trust are paid by the Trust. Indirect costs, except for investment fees, incurred for the benefit of all participating plans in the Trust are allocated equally to each plan. Investment fees not directly allocable to a participating benefit plan are allocated based on the monthly average cash and investment balances of each plan. Administrative expenses are financed through investment earnings.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016  
(CONTINUED)**

**Implementation of GASB Statement No. 72**

As of July 1, 2015, the Trust adopted GASB Statement No. 72, *Fair Value Measurement and Application*. The implementation of this standard requires governments to measure investments at fair value. The additional disclosures required by this standard are included in Note 4.

**NOTE 2 – PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION**

Membership of each plan consisted of the following as of the date of the latest actuarial valuation:

	RHBP July 1, 2014	PEBP June 30, 2016	TMFPD RGMP July 1, 2014	SFPD RGMP July 1, 2014	Total
Retirees and beneficiaries receiving benefits	1,381	286	45	7	1,719
Active plan members	2,257	-	74	36	2,367
Total	3,638	286	119	43	4,086

**Washoe County Retiree Health Benefit Plan (RHBP)**

Plan Description and Eligibility

In accordance with NRS 287.010, the BCC adopted the Washoe County Retiree Health Benefit Plan, a single-employer defined benefit OPEB plan, to provide OPEB to eligible employees upon retirement. Retirees are offered medical, prescription, vision, life, and dental insurance for themselves and their eligible dependents. Retirees can choose between the Self Funded Group Health Plan (SFGHP) and an HMO Plan. The authority to establish and amend benefit provisions is set by mutual agreement between the BCC and the various employee associations.

All employees hired before July 1, 2010 who retire from County employment and receive monthly payments under the Public Employees Retirement System of Nevada (PERS) are eligible to participate in the RHBP. In addition, employees hired before this date who have terminated employment prior to retirement may enroll in the RHBP upon commencing retirement if the County is that individual's last public employer.

All employees hired on or after July 1, 2010 who retire from County employment with at least five years of service and receive monthly payments under PERS will be eligible to participate in the RHBP, but must pay 100% of the premium for their coverage, including dependent coverage.

Contributions

For eligible retirees, the County pays a portion of the retiree's premium based on years of County service. Benefits are provided under two contribution "tiers": Tier 1 includes employees hired prior to various exclusion dates between 1997 and 1999, as stipulated in employee association contracts, and Tier 2 includes all employees hired after the Tier 1 exclusion dates but before July 1, 2010. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums depending on the Tier. Retirees pay 100% of the premium for dependent coverage.

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 less a County-paid premium subsidy. The subsidy for retirees age 64 and under is equal to the Non-State Retiree Subsidy Adjustment described in the State of Nevada's Public Employee Benefit Plan. The County's monthly subsidy for fiscal year 2016 depends on years of full-time service and ranges from a minimum of \$106 for five years to a maximum of \$585 for 20 or more years. The subsidy for retirees age 65 and over is

**WASHOE COUNTY, NEVADA OPEB TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**  
**(CONTINUED)**

based on the State of Nevada's HRA contribution for retirees enrolled in a Medicare Advantage Plan, and for fiscal year 2016 ranges from \$55 to \$220 per month, depending upon years of service.

Retirees whose employment commenced on or after July 1, 2010 and are eligible to participate in the RHBP will contribute 100% of the premium.

For the year ended June 30, 2016, plan members contributed \$3,569,353. The County is required by association agreements to contribute, at a minimum, the amount necessary to fund current retiree health plan premium costs plus the actuarially determined "normal cost". These agreements can only be amended through a negotiation process between the County and the bargaining units. The BCC approves the retiree health benefit contribution amount annually and the amount contributed is allocated between the two County plans on a proportional basis to prefund benefits. During the current fiscal year, the County contributed \$17,612,818.

**State of Nevada's Public Employee Benefit Plan (PEBP)**

Plan Description and Eligibility

NRS 287.023 allowed County retirees to join the State's PEBP, an agent multiple-employer defined benefit plan, at the County's expense until September 1, 2008, after which time the plan was closed to new entrants. Eligibility and subsidy requirements are governed by statutes of the State of Nevada and can only be amended through legislation. PEBP is administered by a nine member governing board and provides medical, dental, prescription, vision, life and accident insurance for retirees.

Contributions

Through collective bargaining agreements, the County is required to provide a subsidy for their retirees who have elected to join PEBP. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The monthly subsidy for this plan is based on years of County service and in 2016 ranged from a minimum of \$106 for five years of service to a maximum of \$585 for 20 or more years of service. Retirees age 65 and over are required to enroll in a Medicare Advantage Plan at their own expense and receive monthly Health Reimbursement Account contributions of between \$55 and \$220 based on years of service. Subsidies for participating retirees are paid directly to the State when due. The County's obligation for subsidies is limited to payment of the statutorily required contribution. Retiree contributions for the non-subsidized portion of the premium are paid directly to PEBP and are not included in these financial statements. In addition to the annual subsidy payments, the BCC approves the retiree health benefit contribution amount annually and the amount contributed to the Trust is allocated between the two County plans on a proportional basis to prefund benefits. During the current fiscal year, the County contributed \$67,182.

**TMFPD Retiree Group Medical Plan (TMFPD RGMP)**

Plan Description and Eligibility

TMFPD's operations were combined with the City of Reno's fire operations from July 1, 2000 through June 30, 2012, pursuant to an interlocal agreement for fire services and consolidation. For employees who retired prior to July 1, 2000, TMFPD has no responsibility for the cost of benefits; the City of Reno has assumed this liability. Employees who retired between July 1, 2000 and June 30, 2012 are eligible for retiree health benefits provided through the City of Reno's self-insured plan. Employees hired between July 1, 2012 and July 1, 2014, as well as those who transferred to TMFPD from the City of Reno in 2012 in connection with the termination of the interlocal agreement with the City of Reno, are eligible for retiree health benefits through the District's own fully insured plan.

Effective in 2004, the employer portion of the benefit costs for retirees who retired between July 1, 2000 and June 30, 2012 are apportioned between TMFPD and the City of Reno based upon service, with service earned prior to July 1, 2000 considered to have been service with TMFPD. Benefits under the City's plan include medical, dental, prescription, vision and life insurance.

The TMFPD's fully insured plan is a single-employer defined benefit plan which includes health, dental, vision and prescription coverage. Eligibility requirements, benefit levels, employee contributions, and employer contributions may be amended by the mutual agreement of the Truckee Meadows Fire Protection District and the TMFPD Fire Fighters Association.

Contributions

Contributions for retirees eligible for coverage under the City of Reno's plan depend on the retirees' union membership. Local #731 members retiring prior to age 65 or eligibility for Medicare are required to pay for 40% of their benefits as well as 40% of the benefits of their spouse. Thereafter, retirees are required to pay for 50% of their coverage and 100% of their spouse's coverage. Local #39 members retiring prior to age 65 or eligibility for Medicare are required to pay for 25% of their coverage if they have at least 15 but less than 30 years of service and 0% if they have over 30 years of service. There is no coverage after age 65 and spouses are not covered. Eligible retirees who retire from TMFPD will be required to pay for 50% of the retirees' health insurance premium, and 100% of the cost of coverage for their spouses. There is currently one retiree in the TMFPD fully insured plan.