

**CARSON CITY CONSOLIDATED MUNICIPALITY
NOTICE OF MEETING OF THE
OTHER POST EMPLOYMENT BENEFITS TRUST FUND BOARD OF
TRUSTEES**

Day: Tuesday
Date: November 20, 2018
Time: Beginning at 1:30 pm
Location: Community Center, Sierra Room
851 East William Street
Carson City, Nevada

AGENDA

1. Call to Order

2. Roll Call

3. Public Comment:

The public is invited at this time to comment on and discuss any item not on the agenda that is relevant to, or within the authority of, the Other Post Employment Benefits Trust Fund Board of Trustees. In order for members of the public to participate in the Board's consideration of an agenda item, the Board strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

4. For Possible Action: Approval of Minutes - August 28, 2018

5. For Possible Action: Adoption of the Agenda

6. Agenda Items:

6.A For Possible Action: To review and approve the OPEB Trust earnings report for the first quarter of Fiscal Year 2019.

Staff Summary: Carson City staff will present the Trust's earnings activity in the Carson City Investment Pool and Retirement Benefits Investment Fund for the three months ended September 30, 2018.

6.B For Possible Action: To review and approve the OPEB Trust activity for the first quarter of fiscal year 2019.

Staff Summary: Carson City staff will present Trust activity for the three months ended September 30, 2018.

6.C For Discussion: To review the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

Staff Summary: Carson City staff will be making a presentation of the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

6.D For Discussion: To consider dates for the next meeting of the Carson City OPEB Trust Fund Board of Trustees.

7. Public Comment:

The public is invited at this time to comment on any matter that is not specifically included on the agenda as an action item. No action may be taken on a matter raised under this item of the agenda.

8. For Possible Action: To Adjourn

Agenda Management Notice - Items on the agenda may be taken out of order, the public body may combine two or more agenda items for consideration; and the public body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the Finance Department at (775) 887-2133. You are encouraged to attend this meeting and participate by commenting on any agenda item.

Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the Finance Department in writing at 201 North Carson Street, Carson City, NV 89701, or by calling (775) 887-2133 at least 24 hours in advance.

To request a copy of the supporting materials for this meeting contact Emily Toups at etoups@carson.org or call (775) 877-2133.

This agenda and backup information are available on the City's website at www.carson.org/agendas and at the City Manager's Office - 201 N. Carson Street, Ste 2, Carson City, Nevada (775) 887-2100.

In accordance with NRS 241.020, this notice has been posted before 9:00 a.m. three working days before the day of the meeting at the following locations:

- Carson City Library 900 North Roop Street
 - City Hall 201 North Carson Street
 - Community Center 851 East William Street
 - Community Development Permit Center 108 East Proctor Street
- <https://notice.nv.gov>
www.carson.org/agendas

Other Post Employment Benefits Trust Fund Board of Trustees Agenda Item Report

Meeting Date: November 20, 2018

Submitted by: Sheri Russell

Submitting Department: Finance

Item Type: Formal Action / Motion

Agenda Section: For Possible Action: Approval of Minutes -

Subject:

August 28, 2018

Suggested Action:

I move to approve the minutes of August 28, 2018.

Attachments:

[08-28-18 minutes.pdf](#)

CARSON CITY OTHER POST EMPLOYMENT BENEFITS TRUST FUND

BOARD OF TRUSTEES

Minutes of the August 28, 2018 Meeting

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DRAFT

A regular meeting of the Carson City Other Post Employment Benefits Trust Fund Board of Trustees was scheduled for 1:00 p.m. on Tuesday, August 28, 2018, in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Gayle Robertson
Vice Chairperson Nancy Paulson
Trustee Cindy Gower

STAFF: Sheri Russell, Chief Financial Officer
J. Daniel Yu, Chief Deputy District Attorney
Kathleen King, Chief Deputy Clerk

NOTE: A recording of these proceedings, the Board's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND DETERMINATION OF A QUORUM (1:01:22) - Chairperson Robertson called the meeting to order at 1:01 p.m. Ms. King called the roll; a quorum was present.

3. PUBLIC COMMENT (1:01:38) - Chairperson Robertson entertained public comment; however, none was forthcoming.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 22, 2018 (1:01:52) - Chairperson Robertson introduced this item, and entertained a motion. **Vice Chairperson Paulson moved to approve the minutes. Trustee Gower seconded the motion. Motion carried 3-0.**

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (1:02:21) - Chairperson Robertson introduced this item, and entertained modifications to the agenda. When no modifications were forthcoming, Chairperson Robertson entertained a motion. **Vice Chairperson Paulson moved to approve the agenda, as published. Trustee Gower seconded the motion. Motion carried 3-0.**

6. AGENDA ITEMS:

6(A) POSSIBLE ACTION TO REVIEW AND APPROVE THE OPEB TRUST EARNINGS REPORT FOR THE FOURTH QUARTER OF FISCAL YEAR 2018 (1:02:53) - Chairperson Robertson introduced this item, and Ms. Russell presented the agenda materials. Chairperson Robertson entertained questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Paulson moved to approve the OPEB Trust Earnings Report for the fourth quarter of Fiscal Year 2018. Trustee Gower seconded the motion. Motion carried 3-0.**

6(B) POSSIBLE ACTION TO REVIEW AND APPROVE THE OPEB TRUST ACTIVITY FOR THE FOURTH QUARTER OF FISCAL YEAR 2018 (1:04:04) - Chairperson Robertson introduced this item. Ms. Russell presented the agenda materials, and responded to questions of clarification. Chairperson Robertson entertained additional questions or comments and, when none were forthcoming, a motion. **Vice Chairperson Paulson moved to approve the OPEB Trust Activity for the fourth quarter of Fiscal Year 2018. Trustee Gower seconded the motion. Motion carried 3-0.**

CARSON CITY OTHER POST EMPLOYMENT BENEFITS TRUST FUND

BOARD OF TRUSTEES

Minutes of the August 28, 2018 Meeting

Page 2

DRAFT

6(C) POSSIBLE ACTION TO SCHEDULE THE NEXT MEETING OF THE OPEB TRUST FUND BOARD OF TRUSTEES (1:07:40) - Chairperson Robertson introduced this item, and Ms. Russell presented suggested meeting dates. Following discussion, consensus indicated the next meeting would be scheduled for 1:00 p.m. on Tuesday, November 20, 2018.

7. PUBLIC COMMENT (1:09:10) - Chairperson Robertson entertained public comment; however, none was forthcoming.

8. ACTION TO ADJOURN (1:09:32) - Chairperson Robertson entertained a motion to adjourn. **Vice Chairperson Paulson moved to adjourn the meeting at 1:09 p.m. Trustee Gower seconded the motion. Motion carried 3-0.**

The Minutes of the August 28, 2018 Carson City Other Post Employment Benefits Trust Fund Board of Trustees meeting are so approved this _____ day of November, 2018.

GAYLE ROBERTSON, Chair

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Other Post Employment Benefits Trust Fund Board of Trustees Agenda Item Report

Meeting Date: November 20, 2018

Submitted by: Sheri Russell

Submitting Department: Finance

Item Type: Formal Action / Motion

Agenda Section: Agenda Items:

Subject:

For Possible Action: To review and approve the OPEB Trust earnings report for the first quarter of Fiscal Year 2019.

Staff Summary: Carson City staff will present the Trust's earnings activity in the Carson City Investment Pool and Retirement Benefits Investment Fund for the three months ended September 30, 2018.

Suggested Action:

I move to approve the OPEB Trust earnings report for the first quarter of fiscal year 2019.

Attachments:

[SR_-_Earnings_Report.docx](#)

[Earnings Report.pdf](#)

**Carson City Other Post-Employment Benefits (OPEB) Trust Fund
Staff Report**

Date Submitted: 11/13/18

Agenda Date Requested: 11/20/2018

To: Board of Trustees

From: Sheri Russell, Chief Financial Officer

Subject Title: For Possible Action: To review and approve the OPEB Trust earnings report for the first quarter of Fiscal Year 2019.

Staff Summary: Carson City staff will present the Trust's earnings activity in the Carson City Investment Pool and Retirement Benefits Investment Fund for the three months ended September 30, 2018.

Agenda Action: Formal Action/Motion

Time Requested: 5 Minutes

Recommended Trust Action: I move to approve the OPEB Trust earnings report for the first quarter of fiscal year 2019.

Explanation for Recommended Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: None

Financial Information:

Is there a fiscal impact? No

If yes, account name/number: N/A

Is it currently budgeted? No

Explanation of Fiscal Impact: N/A

Alternatives: N/A

Reviewed By: _____ **Date:** _____
(Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

CARSON CITY OPEB TRUST FUND
EARNINGS REPORT
June 30, 2019

	Interest Earnings		Gains/Losses		Fees	
Carson City Investment						
	Pool	RBIF	RBIF	RBIF		Total Earnings
July-18	\$ 120.66	\$ 1,205.55	\$ 20,862.22	\$ (11.16)		22,177.27
August-18	309.04	2,505.40	12,355.30	(42.78)		15,126.96
September-18	183.54	1,847.31	205.92	(15.87)		2,220.90
October-18						-
November-18						-
December-18						-
January-19						-
February-19						-
March-19						-
April-19						-
May-19						-
June-19						-
	<u>613.24</u>	<u>5,558.26</u>	<u>33,423.44</u>	<u>(69.81)</u>		<u>39,525.13</u>
Fair Market Value Adjustment	<u>-</u>					<u>-</u>
	613.24					39,525.13
Investment Expense	<u>-</u>					<u>-</u>
	<u>\$ 613.24</u>					<u>\$ 39,525.13</u>

Other Post Employment Benefits Trust Fund Board of Trustees Agenda Item Report

Meeting Date: November 20, 2018

Submitted by: Sheri Russell

Submitting Department: Finance

Item Type: Formal Action / Motion

Agenda Section: Agenda Items:

Subject:

For Possible Action: To review and approve the OPEB Trust activity for the first quarter of fiscal year 2019.

Staff Summary: Carson City staff will present Trust activity for the three months ended September 30, 2018.

Suggested Action:

I move to approve the OPEB Trust activity for the first quarter of fiscal year 2019.

Attachments:

[SR_-_Financial_update.docx](#)

[OPEB Monthly Reconciliation FY19.pdf](#)

**Carson City Other Post-Employment Benefits (OPEB) Trust Fund
Staff Report**

Date Submitted: 11/13/18

Agenda Date Requested: 11/20/2018

To: Board of Trustees

From: Sheri Russell, Chief Financial Officer

Subject Title: For Possible Action: To review and approve the OPEB Trust activity for the first quarter of fiscal year 2019.

Staff Summary: Carson City staff will present Trust activity for the three months ended September 30, 2018.

Agenda Action: Formal Action/Motion

Time Requested: 5 Minutes

Recommended Trust Action: I move to approve the OPEB Trust activity for the first quarter of fiscal year 2019.

Explanation for Recommended Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: None

Financial Information:

Is there a fiscal impact? No

If yes, account name/number: N/A

Is it currently budgeted? No

Explanation of Fiscal Impact: N/A

Alternatives: N/A

Reviewed By: _____ **Date:** _____
(Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

CARSON CITY OPEB TRUST FUND
MONTHLY RECONCILIATION
June 30, 2019

	Revenues				Expenses					Monthly	
	PERS Withheld	City Subsidy	Retiree Pay	TOTAL	Medical	Dental	Vision	Life & AD&D	TOTAL	P&L	
Jul-18	59,524.32	64,645.65	4,394.80	128,564.77	117,286.09	8,922.05	804.78	361.21	127,374.13	1,190.64	
Aug-18	56,793.90	65,894.71	4,823.46	127,512.07	119,013.40	9,057.95	770.18	361.21	129,202.74	(1,690.67)	
Sep-18	59,696.89	66,765.80	4,042.58	130,505.27	120,179.19	9,125.90	804.62	377.76	130,487.47	17.80	
Oct-18				-					-	-	
Nov-18				-					-	-	
Dec-18				-					-	-	
Jan-19				-					-	-	
Feb-19				-					-	-	
Mar-19				-					-	-	
Apr-19				-					-	-	
May-19				-					-	-	
Jun-19				-					-	-	
July				-					-	-	
City Contribution		80,000.00							-	-	
TOTALS	176,015.11	277,306.16	13,260.84	386,582.11	356,478.68	27,105.90	2,379.58	1,100.18	387,064.34	(482.23)	
									Interest Income	39,525.13	As of September 30, 201
									City Deposit to OPEB Trust	80,000.00	
									Audit Fees		
									Deferred Revenue	(2,071.33)	
										<u>116,971.57</u>	Current Year Earnings
									ASSETS		
									Cash	1,251,243.46	9/30/2018
									Receivable		
									TOTAL ASSETS	<u>1,251,243.46</u>	
									LIABILITIES & NET POSITION		
									Deferred/Unearned Revenue	2,113.97	Prepaid Premiums
									Beginning Fund Balance	1,132,157.92	
									Current Year Net Earnings	<u>116,971.57</u>	
									TOTAL LIABILITIES & NET POSITION	<u>1,251,243.46</u>	

Other Post Employment Benefits Trust Fund Board of Trustees Agenda Item Report

Meeting Date: November 20, 2018

Submitted by: Sheri Russell

Submitting Department: Finance

Item Type: Other / Presentation

Agenda Section: Agenda Items:

Subject:

For Discussion: To review the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

Staff Summary: Carson City staff will be making a presentation of the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

Suggested Action:

Discussion only – no Motion necessary.

Attachments:

[SR - Recap FY18 Draft Financials.docx](#)

[Draft 2018 Financials.pdf](#)

**Carson City Other Post-Employment Benefits (OPEB) Trust Fund
Staff Report**

Date Submitted: 11/13/2018

Agenda Date Requested: 11/20/2018

To: Board of Trustees

From: Sheri Russell, Deputy Chief Financial Officer

Subject Title: For Discussion: To review the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

Staff Summary: Carson City staff will be making a presentation of the Carson City, Nevada OPEB Trust Fund's Draft Financial Report for the fiscal year ended June 30, 2018.

Agenda Action: Presentation Only

Time Requested: 10 Minutes

Recommended Trust Action: Discussion only – no Motion necessary.

Explanation for Recommended Action: See Staff Summary

Applicable Statute, Code, Policy, Rule or Regulation: None

Financial Information:

Is there a fiscal impact? No

If yes, account name/number: N/A

Is it currently budgeted? No

Explanation of Fiscal Impact: N/A

Alternatives: N/A

Reviewed By: _____ **Date:** _____
(Chief Financial Officer)

Board Action Taken:

Motion: _____

	Member	Aye/Nay
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

(Vote Recorded By)

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CARSON CITY, NEVADA
OPEB TRUST FUND
FINANCIAL STATEMENTS FOR THE
FISCAL YEAR ENDED
JUNE 30, 2018

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CARSON CITY, NEVADA OPEB TRUST FUND
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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CARSON CITY, NEVADA, OPEB TRUST FUND
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2018

As management of the Carson City, Nevada OPEB Trust Fund (Trust), we offer readers the following discussion and analysis as an introduction to the basic financial statements and an analytical overview of the Trust's financial activities for the fiscal year ended June 30, 2018. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Financial Highlights

Financial highlights of the Trust as of and for the year ended June 30, 2018 are as follows:

- Total RBIF Investments as of June 30, 2018 were \$970,343.
- Operating Cash balances as of June 30, 2018 were \$105,077.
- Employer Contributions comprised of \$1,021,524, or 58.4%, of Total Contributions of \$1,748,656, to the Trust during the year.

Overview of the Financial Statements

The Trust's financial statements include the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

In addition to the aforementioned financial statements, required supplementary information is provided in the following schedules:

- Schedule of Changes in the City's Net OPEB Liability and Related Ratios
- Schedule of City Contributions
- Schedule of Investment Returns

The *Statement of Fiduciary Net Position* presents the Trust's assets, liabilities and net position. The assets are held in trust for beneficiary post-employment benefits. This statement measures the Trust's investments at fair value, cash and other short term assets and liabilities as of June 30, 2018.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Trust's net position changed during the fiscal year. This statement includes additions for employer and beneficiary contributions, investment income, and deductions for payments for the benefit of beneficiaries and administrative expenses for the fiscal year ended June 30, 2018.

The *Notes to the Financial Statements* are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data in the financial statements.

The *Schedule of Changes in the City's Net OPEB Liability and Related Ratios* is required supplementary information which provides multi-year information regarding the Carson City's (City), net OPEB liability, including total actuarial determined OPEB liability and the Trust's fiduciary net

CARSON CITY, NEVADA, OPEB TRUST FUND
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2018

position. It contains the fiduciary net position as a percentage of total OPEB liability as of the actuarial valuation date as well as the City's net OPEB liability as a percentage of covered-employee payroll.

The Schedule of City Contributions is required supplementary information which provides multi-year information regarding the Carson City, the Trust Sponsor's, Contributions to the Plan and Trust in relation to the actuarially determined contribution. It contains a calculation of the contribution deficiency, actuarial assumptions, and contributions as a percentage of covered-employee payroll.

The Schedule of Investment Returns is required supplementary information which provides multi-year information over the annual money-weighted rate of return net of investment expense.

Trust Analysis

The following table provides a summary of the Net Position of the Trust as of June 30, 2018 and June 30, 2017:

	2018	2017
Assets		
Cash	\$ 105,077	\$ 40,002
Receivable	56,738	1,003
Prepaid	-	8,417
Investments	970,343	714,732
Total Assets	1,132,158	764,154
Liabilities		
Accounts Payable	-	569
Unearned Revenue	2,071	2,650
Overdraft	-	4,220
Total Liabilities	2,071	7,439
Net Position Restricted for Postemployment Benefits Other Than Pensions	\$ 1,130,087	\$ 756,715

As of June 30, 2018, the Net Position of the Trust was \$1,130,087. The Net Position is comprised of assets of the Trust offset by a minor balance of unearned revenue, and an overdraft. The Net position of the Trust increased during June 30, 2018, primarily due to Employer prefunding and investment earnings of the Retirement Benefit Investment Fund (RBIF).

Trust assets as of June 30, 2018 of \$1,132,158, were comprised of investment in fair value with RBIF of \$970,343, investments at fair value of 75,075 held in the Carson City Investment Pool as operating cash, and cash of approximately \$30,002 held in a Bank of America account in the funds name, and PERS withholdings receivables of \$56,738. The liabilities of the Trust as of June 30, 2018 include an unearned revenue balance of \$2,071 which includes July 2018 premium payments from retirees received in June 2018.

CARSON CITY, NEVADA, OPEB TRUST FUND
MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED JUNE 30, 2018

The following table provides a summary of the Changes in Net Position for the year ended June 30, 2018, and June 30, 2017:

	2018	2017
Additions		
Employer/Plan Member Contributions	\$ 766,841	\$ 766,841
Net Investment Income	<u>64,804</u>	<u>64,804</u>
Total Additions	<u>831,645</u>	<u>831,645</u>
Deductions		
Benefit Payments	566,728	566,728
Administrative Expenses	<u>10,000</u>	<u>10,000</u>
Total Deductions	<u>576,728</u>	<u>576,728</u>
Changes in Net Position	254,917	254,917
Net Position Restricted for Postemployment Benefits Other than Pensions		
Beginning of the Year, as Previously reported	\$ 756,715	\$ 701,798
Prior period adjustment	<u>-</u>	<u>(200,000)</u>
Beginning of the Year, as restated	<u>\$ 756,715</u>	<u>\$ 501,798</u>
End of Year	<u>\$ 1,130,087</u>	<u>\$ 756,715</u>

In order to ensure that funds are accumulated on a regular and systematic basis, the Carson City Board of Supervisors approved the contribution of approximately 1% of employee salaries to the Trust annually. The Trust assets will not be sufficient to cover the City's net OPEB liability, which is disclosed in the Notes to the Financial Statements; however, the City is attempting to begin the process of prefunding this liability. It is anticipated that transfers to the Trust will continue to increase as the economy improves and funding becomes available.

The Trust implemented Governmental Accounting Standards Board Statement No.74 as of July 1, 2016. The standard does not allow the Trust to recognize a contribution receivable, unless the funds are legally restricted. The City contributed \$200,000 to the Trust for the year ended June 30, 2017, but did not make the contribution until October 4, 2017; therefore, this contribution will be recognized in the June 30, 2018 statements. For comparative purposes, the contribution of \$200,000 made in November 2016 which was recognized as a receivable at June 30, 2016 was removed via prior period adjustment.

Requests for Information

Questions concerning the information provided in this report or requests for additional financial information should be addressed to Carson City Finance Department, 201 North Carson Street, Suite 3, Carson City, NV 89701.

CARSON CITY, NEVADA, OPEB TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2017)

	2018	2017
Assets:		
Cash	\$ 105,077	\$ 40,002
Accounts Receivable	56,738	1,003
Prepaid	-	8,417
Investments, at fair value	970,343	714,732
Total Assets	1,132,158	764,154
Liabilities:		
Accounts Payable	-	569
Unearned Revenue	2,071	2,650
Overdraft	-	4,220
Total Liabilities	2,071	7,439
Net Position Restricted for Postemployment Benefits Other Than Pensions	\$ 1,130,087	\$ 756,715

CARSON CITY, NEVADA, OPEB TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
Additions:		
Contributions:		
Employer contributions	\$ 1,021,524	\$ 766,841
Investment Income:		
Interest	20,730	9,741
Net appreciation (depreciation) in fair value of investments	45,537	55,162
Total Investment Income	66,267	64,903
Less: Investment Expense	213	99
Net Investment Income	66,054	64,804
Total Additions	1,087,578	831,645
Deductions:		
Benefits	701,206	566,728
Administrative Expense	13,000	10,000
Total Deductions	714,206	576,728
Change in Net Position	373,372	254,917
 Net Position Restricted for Postemployment Benefits Other Than Pensions:		
Beginning of the Year, as previously reported	\$ 756,715	\$ 701,798
Prior Period Adjustment	-	(200,000)
Beginning of the year, restated	756,715	501,798
End of the year	\$ 1,130,087	\$ 756,715

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

The Carson City, Nevada OPEB Trust Fund (Trust) was established by the Carson City Board of Supervisors (BOS) on June 4, 2015. The Trust, a single employer trust, was created to fund and account for Carson City's (City) 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 BOS in which at least one person who has a combination of education and experience of at least five (5) years in finance or economics; a public office or employee of the City who manages the fiscal affairs of the City; and a current beneficiary of the Trust.

The City provides other postemployment benefits (OPEB) for eligible employees through various bargaining units and employee agreements.

Basis of Accounting:

The Trust's financial statements are prepared using the accrual basis of accounting in accordance with Governmental Accounting Standard's Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement addresses accounting and financial reporting issues related to other postemployment benefit plans and replaces GASB 43. The implementation of this standard requires changes to the reporting format of the financial statements, additional footnote disclosures, and changes to the required supplementary schedules from what was presented in prior years. The additional disclosures required by this standard are included in Note 3 and the required supplementary information.

Cash and Investments:

The Trust is authorized to participate in the Carson City Investment Pool (CCIP) for short-term cash flow purposes and the State of Nevada Retirement Benefits Investment Fund (RBIF) for long-term investments. In addition, the Trust maintains a checking account.

The BOS administers and is responsible for the CCIP in accordance with NRS 355.175. The CCIP is not registered with the SEC as an investment company. Bank of New York, Mellon determines the fair value of the investment pool monthly. The City 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.

The Nevada Legislature established the RBIF during the 2007 legislative session 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 and managed by Bank of New York, Mellon, as instructed by the

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Retirement Benefit Investment Board. 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. The RBIF is not registered with the SEC as an investment company.

The Trust's investment in the CCIP is reported at fair value which is determined by the fair value per share of the CCIP underlying portfolio at June 30, 2018 and June 30, 2017 (Level 2 Inputs). Investment earnings and investment fees for CCIP, is not directly allocable to a participant but instead are allocated based on the monthly average cash and investment balances in each account. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to their proportional share in the RBIF. See note 4 on how to obtain the RBIF Financial Report.

Actuarial Assumptions:

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of the events in the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on those allowed in employee agreements and negotiated in collective bargaining, and include the types of benefits in force at the valuation date and the pattern of sharing of benefit costs between the City and plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial OPEB liabilities and the actuarial value of assets.

Administrative Expenses:

All costs incurred by the City in administering the Trust are paid by the Trust and financed through investment earnings.

Termination:

Although it has not expressed any interest to do so, the City has the right under the Trust agreement to terminate this Trust in whole or in part at any time as permitted by law.

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – BENEFIT DESCRIPTIONS AND CONTRIBUTION INFORMATION

As of the date of the last actuarial valuation, June 30, 2017, the City had 151 inactive plan members or beneficiaries currently receiving payments and 576 active employees.

Benefit Descriptions:

Benefit provisions for the City’s plan are established pursuant to NRS 287.023 and amended through Board resolution and contracts between the City and the various bargaining units. The City explicitly subsidizes the healthcare premiums pursuant to the City’s plan and contracts negotiated with various bargaining units. Retirees who are eligible and elect to participate receive medical, prescription, vision, dental, life and accidental death and dismemberment insurance (group health), identical to the benefits provided to active employees, for themselves and their dependents. Retirees can choose between the HMO, POS or the PPO plans. The authority to establish and amend benefit provisions is set by BOS, through a recommendation from the Insurance Committee annually. The Insurance Committee is comprised of at least one member of each of the City’s seven bargaining units, at least one retiree, the Chief Financial Officer and the Human Resources Director.

	2017	2017
Total Premiums Paid for Retirees	\$1,428,338	\$1,234,417
Less: Employee Contribution	(727,132)	(667,689)
Benefits	\$ 701,206	\$ 566,728

Contributions:

Carson City has the following collective bargaining units and contractual terms:

Carson City Employee Association (CCEA) July 1, 2015 thru June 30, 2021, Sheriff’s Association – Deputies July 1, 2017 thru June 30, 2021, Sheriff’s Supervisory Association – Sergeants July 1, 2018 thru June 30, 2022, Sheriff’s Supervisory – Lieutenants/Captains July 1, 2015 thru June 30, 2019, Alternative Sentencing Officers Association July 1, 2017 thru June 30, 2021, and Juvenile Probation Officers, Marshals, and Bailiffs Employee Agreement Effective July 2, 2014 – Employees who are members of the above listed collective bargaining units and subject to employee agreements who retire under Nevada PERS, are age 47 or older, and have 20 or more years of service receive a percentage of the group health premiums for themselves and their dependents. The City pays 90% of the retiree group health premium, until age 65, then 50% of the retiree’s Medicare supplement medical premium. The City pays 50% of the dependent coverage until age 65, then 25% of the dependent’s Medicare supplement medical premium.

Unclassified Employee Agreement Effective July 1, 2015 – Employees subject to this agreement who retire under Nevada PERS, are age 47 or older, and have 15 or more years of

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

service receive a percentage of the group health premiums for themselves and their dependents. The City pays 75% of the retiree group health premium and 25% of their dependent's premium. Employees with over 20 years of service the City pays 90% of their retiree group health premium and 50% of their dependent's premium. Once the retiree reaches age 65 the City pays 50% of the retiree's coverage and 25% of the dependent's supplement medical premium.

Firefighters Association, Local 2251 July 1, 2010 to June 30, 2023, and Classified Chief Officers Association July 1, 2010 thru June 30, 2020 - Employees who are members of the above listed collective bargaining unit who retire under Nevada PERS, and have 20 or more years of service receive a percentage of the group health premiums for themselves and their dependents. The City pays 90% of the retiree group health premium, until age 65, then 50% of the retiree's Medicare supplement medical premium. The City pays 50% of the dependent coverage until age 65, then 25% of the dependent's Medicare supplement medical premium.

Employees that retired from the City prior to the above contract changes who had at least 10 years of service (including firefighters and sheriff's department retirees not yet eligible or not qualifying for the benefits above) received a subsidy of \$6 per month for each year of service after 10 years of service, to a maximum of 30 years of service towards the cost of their coverage. Retirees were allowed to elect to continue coverage for their spouse and other eligible dependents, however, had to do so entirely at their expense.

For the year ended June 30, 2018 and 2017, plan members (retirees) contributed \$727,132 and \$667,689, respectively. The City is required by bargaining associations and employee agreements to contribute, at a minimum, the required subsidy. The bargaining associations can only be amended through a negotiation process between the City and the bargaining units. In addition, the BOS has approved to prefund benefits, at a fraction of the actuarially determined "normal costs". For the current fiscal year, the City contributed \$1,021,524, including \$320,000 to prefund benefits.

NOTE 3 – NET OPEB LIABILITY OF THE CITY

The components of the Net OPEB Liability of the City at June 30, 2018 were as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$70,321,431	\$66,567,575
Plan fiduciary net position	<u>1,129,532</u>	<u>756,715</u>
City's net OPEB liability	<u>\$69,191,899</u>	<u>\$65,810,860</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.6%	1.1%

CARSON CITY, NEVADA OPEB TRUST FUND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, updated with the following actuarial assumptions as of June 30, 2018, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Discount Rate	3.65%
Inflation rate	2.75% per year
Projected salary increases	4.00%, average, including 3.00% wage inflation
Health cost trend rate*	6.50% initial 5.00% ultimate for 2024 and later years

* Health cost trend rate decreases 0.25% each year until ultimate trend rate is reached.

Mortality rates were based on the RP-2000 Combined Healthy Table (set-back 1 year for females). These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2017 on a generational basis from 2015 forward.

The actual assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study published by the Nevada Public Employees Retirement System, dated June 30, 2015..

The expected long-term rate of return of 7.5% was used to determine projected benefits to be provided by Trust assets and the Fidelity Muni GO AA 20 Year Bond Index was used for other projected benefits.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.65 percent in FY2018 and 3.57 as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.573) or 1-percentage-point higher (4.573) than the current discount rate:

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
Net OPEB liability (asset)	\$83,996,668	\$69,191,899	\$57,819,434

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4%) or 1-percentage-point higher (7.5% decreasing to 6%) than the current healthcare cost trend rates:

	<u>1% Decrease (5.5% decreasing to 4%)</u>	<u>Discount Rate (6.5% decreasing to 5%)</u>	<u>1% Increase (7.5% decreasing to 6%)</u>
Net OPEB liability (asset)	\$55,123,149	\$69,191,899	\$91,456,157

NOTE 4 – CASH AND INVESTMENTS

The Trust is authorized to participate in the Carson City Investment Pool (CCIP) for short-term cash flow purposes and State Retirement Benefits Investment Fund (RBIF) for long-term investments.

At year end, the Trust's carrying amount of deposits in cash was \$30,002. The Trust's investment in the CCIP, was \$75,075.

As of June 30, 2018 the City's investments were as follows:

	<u>June 30, 2018</u>
Retirement Benefits Investment Fund	\$ <u>970,343</u>
Total Investments, at fair value	\$ <u>970,343</u>

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuations inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant non-observable inputs. All Trust investments are Level 2.

The CCIP is an unrated external investment pool. CCIP is reported at fair value which is determined by the fair value per share of the CCIP underlying portfolio at June 30, 2018 (Level 2 Inputs). All pooled investments are collateralized and held by Bank of New York, Mellon. Investments in the CCIP are classified as cash and short-term investments in the Statement of Fiduciary Net Position, because they can be withdrawn on demand in an amount equal to the original investment plus or minus monthly allocation of interest income, realized and unrealized gains and losses. Complete financial information on the Carson City Investment Pool as of

CARSON CITY, NEVADA OPEB TRUST FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

June 30, 2018 can be obtained through written request, care of the Carson City Finance Department, 201 N. Carson Street, Suite 3, Carson City, NV 89701.

The RBIF is also an unrated external investment pool. The Trust's investment in the RBIF is reported at fair value, which is determined by the fair value per share of RBIF's underlying portfolio at June 30, 2018 (Level 2 inputs). Bank of New York, Mellon determines the fair value of the investment pool monthly. Investments in the RBIF are classified as cash and short-term investments in the Statement of Fiduciary Net Position. 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. Complete financial information on the RBIF as of June 30, 2018 can be obtained by contacting the Retirement Benefits Investment Board, 693 W. Nye Lane, Carson City, NV, 89703.

NOTE 5 – ACCOUNTING CHANGE

Rate of Return: For the year ended June 30, 2018 and 2017, the annual money-weighted rate of return on investments, net of investment expenses was 6.97 percent and 9.05 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

NOTE 6 – SUBSEQUENT EVENTS

On August 10, 2018 the City contributed an additional \$80,000 to the Trust, which was approved for the fiscal year ended June 30, 2018 to prefund benefits.

CARSON CITY, NEVADA, OPEB TRUST FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET OPEB
 LIABILITY AND RELATED RATIOS
 LAST TEN FISCAL YEARS*

	2018	2017
Total OPEB liability		
Service cost	\$ 3,515,230	\$ 4,102,048
Interest	2,479,794	2,172,097
Differences between expected and actual experience	2,114	-
Changes of assumptions	(1,001,704)	(8,661,214)
Benefit payments	(1,241,578)	(1,076,308)
Net change in total OPEB liability	3,753,856	(3,463,377)
Total OPEB liability - beginning	\$ 66,567,575	\$ 70,030,952
Total OPEB liability - ending (a)	\$ 70,321,431	\$ 66,567,575
 Plan fiduciary net position		
Contributions:		
Employer	\$ 1,561,560	\$ 766,841
Net investment income	72,812	64,804
Investment experience	(6,873)	-
Benefit payments	(1,241,578)	(566,728)
Administrative expense	(13,104)	(10,000)
Net change in plan fiduciary net position	372,817	254,917
Plan fiduciary net position - beginning, restated	\$ 756,715	\$ 501,798
Plan fiduciary net position - ending (b)	\$ 1,129,532	\$ 756,715
 City's net OPEB liability -ending (a)-(b)	\$ 69,191,899	\$ 65,810,860
 Plan fiduciary net position as a percentage of the total OPEB liability	1.61%	1.14%
 Covered- employee payroll	\$ 39,084,686	\$ 36,664,557
 City's net OPEB liability as a percentage of covered-employee payroll	177.03%	179.49%

Notes to Schedule:

- Changes of assumptions: In Fiscal Year 2017 the City Implemented GASB 74 which required the actuary to change the discount rate being used. There was a slight decrease in the discount rate from 8% to 7.5% again in FY18.

* 10 year trend: GASB 74 is being implement in 2018; therefore, 10 years of information is unavailable.

CARSON CITY, NEVADA, OPEB TRUST FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST TEN FISCAL YEARS*

	2018	2017
Actuarially determined contribution	\$ 3,442,671	\$ 4,913,561
Contributions in relation to the actuarially determined contribution	1,561,560	766,841
Contribution deficiency (excess)	\$ 1,881,111	\$ 4,146,720
 Covered employee Payroll	 \$ 39,084,686	 \$ 36,664,557
Contributions as a percentage of covered-employee payroll	4.00%	2.09%

Notes to Schedule:

* 10 years of information is unavailable in 2018; but will be presented as soon as it is available.

Valuation Date:

Actuarial determined contributions rates are calculated as of June 30, and is primarily based on a City subsidy. City subsidies are calculated as a percentage of the premiums (adjusted by healthcare trend factors) paid dependent on actuarially determined eligibility. Where the City subsidy is defined as a fixed dollar amount, we have assumed no increase in this amount.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age normal cost
Amortization Method:	Level percent age of payroll, closed
Amortization Period:	30 year
Asset Valuation Method:	Market value of assets
Inflation:	2.75% per year
Healthcare cost trend rates:	6.5% initial, decreasing .5% per year to an ultimate rate of 5%
Projected Salary Increases:	4%, average, including 3% wage inflation
Discount Rate	3.65%
Retirement Age:	

Mortality:

In the 2018 actuarial valuation, expected retirement ages of general employees were based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2015. Based on the RP-2000 Combined Healthy Table (set-back 1 year for females). These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2017 on a generational basis from 2015 forward.

CARSON CITY, NEVADA, OPEB TRUST FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS*

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.97%	9.05%

* 10 years of information is unavailable in 2018; but will be presented as soon as it is available.

Other Post Employment Benefits Trust Fund Board of Trustees Agenda Item Report

Meeting Date: November 20, 2018

Submitted by: Sheri Russell

Submitting Department: Finance

Item Type: Other / Presentation

Agenda Section: Agenda Items:

Subject:

For Discussion Only: To consider dates for the next meeting of the Carson City OPEB Trust Fund Board of Trustees.

Suggested Action:

Discussion Only

Attachments: