

CARSON CITY

NOTICE OF MEETING OF THE OTHER POST EMPLOYMENT BENEFITS TRUST FUND BOARD OF TRUSTEES

Day: Wednesday
Date: November 20, 2019
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, 2019

5. Agenda Items:

5.A For Possible Action: Discussion and possible action regarding approval of the OPEB Trust earnings report for the first quarter of fiscal year 2020.

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, 2019.

5.B For Possible Action: Discussion and possible action regarding approval of the OPEB Trust activity for the first quarter of fiscal year 2020.

Staff Summary: Carson City staff will present Trust activity for the three months ended September 30, 2019.

5.C For Information Only: Discussion and review of the Carson City, Nevada OPEB Trust Fund's draft financial report for the fiscal year ended June 30, 2019.

Staff Summary: Carson City staff will present a draft of the OPEB Trust Fund's financial report for the fiscal year ended June 30, 2019.

6. For Information Only: Future Meeting Date

Discussion and consideration of dates for the next meeting.

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 Omattie Luedtke at Oluedtke@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

**CARSON CITY OTHER POST EMPLOYMENT BENEFITS TRUST FUND
BOARD OF TRUSTEES**

Minutes of the August 28, 2019 Meeting

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A regular meeting of the Carson City Other Post Employment Benefits Trust Fund Board of Trustees was scheduled for 1:00 p.m. on Wednesday, August 28, 2019 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Sheri Russell, Chairperson
Beth Huck, Vice Chairperson
Debbie Devall, Trustee

STAFF: Pamala Ganger, Deputy Chief Financial Officer
Todd Reese, 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 ROLL CALL (1:01:12) - Trustee Russell called the meeting to order at 1:01 p.m. Ms. King called the roll; a quorum was present.

3. PUBLIC COMMENT (1:01:32) - Trustee Russell entertained public comment; however, none was forthcoming.

4. DISCUSSION AND POSSIBLE ACTION TO ELECT A CHAIR AND VICE CHAIR (1:01:37) - Trustee Russell introduced this item, and entertained nominations for chair. Trustee Huck nominated Sheri Russell for chair. Trustee Devall seconded the nomination. Trustee Russell accepted the nomination. Trustee Russell nominated Beth Huck for vice chair. Trustee Huck accepted the nomination. Trustee Russell entertained a motion. **Trustee Huck moved to elect Sheri Russell as chair and Beth Huck as vice chair. Trustee Devall seconded the motion. Motion carried 3-0.**

5. POSSIBLE ACTION ON APPROVAL OF MINUTES - May 29, 2019 (1:02:59) - Chairperson-elect Russell introduced this item, and entertained a motion. **Trustee Devall moved to approve the minutes. Vice Chairperson-elect Huck seconded the motion. Motion carried 3-0.**

6. AGENDA ITEMS:

6(A) DISCUSSION AND POSSIBLE ACTION REGARDING RATIFICATION OF ALL OFFICIAL ACTION TAKEN FROM MAY 2017 THROUGH JUNE 30, 2019 BY THE CARSON CITY OTHER POST-EMPLOYMENT BENEFITS BOARD OF TRUSTEES (1:03:31) - Chairperson Russell introduced this item, and Ms. Ganger presented the staff summary. Chairperson Russell provided additional clarification, and entertained a motion. **Vice Chair Huck moved to approve all action taken from May 2017 through June 30, 2019 by the Carson City Other Post Employment Benefits Board of Trustees. Trustee Devall seconded the motion. Motion carried 3-0.**

**CARSON CITY OTHER POST EMPLOYMENT BENEFITS TRUST FUND
BOARD OF TRUSTEES**

Minutes of the August 28, 2019 Meeting

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6(B) DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE OPEB TRUST EARNINGS REPORT FOR THE FOURTH QUARTER OF FISCAL YEAR 2019 (1:05:08) - Chairperson Russell introduced this item. Ms. Ganger presented the agenda materials, and entertained questions. When no questions or comments were forthcoming, Chairperson Russell entertained a motion. **Vice Chairperson Huck moved to approve the OPEB Trust Earnings Report for the fourth quarter of fiscal year 2019. Trustee Devall seconded the motion. Motion carried 3-0.**

6(C) DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE OPEB TRUST ACTIVITY FOR THE FOURTH QUARTER OF FISCAL YEAR 2019 (1:06:37) - Chairperson Russell introduced this item. Ms. Ganger presented the agenda materials, and responded to questions of clarification. Chairperson Russell entertained a motion. **Vice Chair Huck moved to approve the OPEB Trust activity for the fourth quarter of fiscal year 2019. Trustee Devall seconded the motion. Motion carried 3-0.**

7. DISCUSSION REGARDING FUTURE MEETING DATES (1:09:04) - Chairperson Russell introduced this item, and Ms. Ganger listed suggested dates. Following a brief discussion, consensus indicated scheduling the next board meeting date for Wednesday, November 20th at 1:30 p.m.

8. PUBLIC COMMENT (1:09:57) - Chairperson Russell entertained public comment; however, none was forthcoming.

9. ACTION TO ADJOURN (1:10:09) - Upon motion by Vice Chairperson Huck, Chairperson Russell adjourned the meeting at 1:10 p.m.

The Minutes of the Carson City Other Post Employment Benefits Trust Fund Board of Trustees are so approved this _____ day of November, 2019.

SHERI RUSSELL, Chair

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

Date Submitted: 11/14/2019

Agenda Date Requested: 11/20/2019

To: Board of Trustees

From: Pamala Ganger, Deputy Chief Financial Officer

Subject Title: For Possible Action: Presentation and discussion regarding approval of the OPEB Trust earnings report for the first quarter of Fiscal Year 2020.

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, 2019.

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 2020.

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

Board Action Taken:

Motion: _____

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

(Vote Recorded By)

CARSON CITY OPEB TRUST FUND
EARNINGS REPORT
June 30, 2020

	Interest Earnings		Gains/Losses		Fees	
Carson City Investment						
	Pool	RBIF	RBIF	RBIF		Total Earnings
July-19	\$ -	\$ 1,917.43	\$ 4,504.71	\$ (16.43)	\$	6,405.71
August-19	-	3,567.27	(9,003.23)	(55.14)		(5,491.10)
September-19	144.11	2,929.61	15,372.03	(18.60)		18,427.15
October-19						-
November-19						-
December-19						-
January-20						-
February-20						-
March-20						-
April-20						-
May-20						-
June-20						-
	<u>144.11</u>	<u>8,414.31</u>	<u>10,873.51</u>	<u>(90.17)</u>		<u>19,341.76</u>
Fair Market Value Adjustment	<u>-</u>					<u>-</u>
	144.11					19,341.76
Investment Expense	<u>-</u>					<u>-</u>
	<u>\$ 144.11</u>					<u>\$ 19,341.76</u>

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

Date Submitted: 11/14/2019

Agenda Date Requested: 11/20/2019

To: Board of Trustees

From: Pamala Ganger, Deputy Chief Financial Officer

Subject Title: For Possible Action: Discussion and possible action regarding approval of the OPEB Trust activity for the first quarter of fiscal year 2020.

Staff Summary: Carson City staff will present Trust activity for the three months ended September 30, 2019.

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 2020.

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

Board Action Taken:

Motion: _____

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

(Vote Recorded By)

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CARSON CITY OPEB TRUST FUND
MONTHLY RECONCILIATION
June 30, 2020

	Revenues				Expenses					Monthly
	PERS Withheld	City Subsidy	Retiree Pay	TOTAL	Medical	Dental	Vision	Life & AD&D	TOTAL	P&L
Jul-19	53,741.64	67,947.87	4,352.35	126,041.86	115,518.84	9,182.74	827.35	368.30	125,897.23	144.63
Aug-19	53,710.56	67,697.09	4,347.35	125,755.00	115,622.85	9,202.38	830.83	368.60	126,024.66	(269.66)
Sep-19	53,810.31	68,046.36	4,349.85	126,206.52	115,676.66	9,202.38	823.13	368.90	126,071.07	135.45
Oct-19				-					-	-
Nov-19				-					-	-
Dec-19				-					-	-
Jan-20				-					-	-
Feb-20				-					-	-
Mar-20				-					-	-
Apr-20				-					-	-
May-20				-					-	-
Jun-20				-					-	-
Prepays			1,598.26	1,598.26					-	1,598.26
City Contribution		-							-	-
TOTALS	161,262.51	203,691.32	14,647.81	379,601.64	346,818.35	27,587.50	2,481.31	1,105.80	377,992.96	1,608.68
									Interest Income	19,341.76
									City Deposit to OPEB Trust	-
									Audit Fees	-
									Deferred Revenue	(1,598.26)
										<u>19,352.18</u> Current Year Earnings
ASSETS										
									Cash	1,512,869.42 9/30/2019
									Receivable	-
									TOTAL ASSETS	<u>1,512,869.42</u>
LIABILITIES & NET POSITION										
									Deferred/Unearned Revenue	1,598.26 Prepaid Premiums
									Beginning Fund Balance	1,491,918.98
									Current Year Net Earnings	19,352.18
									TOTAL LIABILITIES & NET POSITION	<u>1,512,869.42</u>
										-

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

Date Submitted: 11/14/2019

Agenda Date Requested: 11/20/2019

To: Board of Trustees

From: Pamala Ganger, Deputy Chief Financial Officer

Subject Title: For Information Only: Discussion and review of the Carson City, Nevada OPEB Trust Fund's draft financial report for the fiscal year ended June 30, 2019.

Staff Summary: Carson City staff will present a draft of the OPEB Trust Fund's draft financial report for the fiscal year ended June 30, 2019.

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)

DRAFT

**CARSON CITY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	OPEB TRUST FUND	INVESTMENT TRUST FUND	CUSTODIAL FUNDS
ASSETS			
Cash and investments			
Unrestricted	\$ 60,400	\$ 9,147,646	\$ 830,534
Accounts receivable			4,911
Taxes receivable, delinquent	-	-	147,107
Restricted assets:			
Cash and investments	1,433,743	-	-
Total Assets	1,494,143	9,147,646	982,552
LIABILITIES			
Accounts payable	-	-	102,171
Due to other governments	-	-	868,112
Unearned revenue	2,224	-	-
Other liabilities	-	-	12,269
Total Liabilities	2,224	-	982,552
NET POSITION			
Held in trust for pool participants	\$ 1,491,919	\$ 9,147,646	\$ -

DRAFT

**CARSON CITY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	OPEB TRUST FUND	INVESTMENT TRUST FUND	CUSTODIAL FUNDS
ADDITIONS			
Investment income	\$ 96,597	\$ 382,764	\$ -
Employer Contributions	1,071,960	-	-
Capital share transactions:			
Shares sold	-	6,251,195	-
	<u>1,168,557</u>	<u>6,633,959</u>	<u>-</u>
Total Additions			
DEDUCTIONS			
Benefits	791,425		
Administrative expenses	15,300		
Capital share transactions:			
Shares redeemed	-	5,978,708	-
	<u>806,725</u>	<u>5,978,708</u>	<u>-</u>
Total Deductions			
Change in Net Position	361,832	655,251	-
Net Position, July 1	<u>1,130,087</u>	<u>8,492,395</u>	<u>-</u>
Net Position, June 30	<u>\$ 1,491,919</u>	<u>\$ 9,147,646</u>	<u>\$ -</u>

CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

F. IMPLEMENTATION OF GASB STATEMENT NO. 84

As of July 1, 2018, the City elected to early implement GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that the activities be reported in a fiduciary fund in the basic financial statements. A statement of fiduciary net position and a statement of changes in fiduciary net position are required to be presented for these activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds (formerly agency funds).

G. IMPLEMENTATION OF GASB STATEMENT NO. 88

As of July 1, 2018, the City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds. All annual appropriations lapse at fiscal year-end.

On or before mid-February of each year, all agencies of the City must submit requests for appropriations to the Internal Finance Committee comprised of the City Manager, Finance Director, District Attorney and Human Resources Director in order that a budget may be prepared. Before April 15th, a tentative budget is submitted to the Board of Supervisors, the Redevelopment Authority, and the State of Nevada. The City then holds a series of public hearings and a final budget must be prepared and adopted no later than June 1st.

The appropriated budget is prepared by fund, function and department. The City's department heads may request transfers of appropriations within the department's budget categories. Transfers of appropriations between department categories or functions within a fund may be made with the City Manager's approval. Transfers of appropriations between funds, from contingency accounts, or increases in budget appropriations require the approval of the Board of Supervisors or Redevelopment Authority. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level for governmental funds and the sum of operating and nonoperating expenses in the proprietary funds. There are no budgetary restrictions in the debt service funds regarding expenditures related to payments of principal and interest on long-term debt. The Board made several supplemental budgetary appropriations throughout the year.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Total expenditures exceeded those budgeted for the year in the Grants Fund Juvenile Function by \$2,613 and in the Insurance Fund by \$586,069, which are apparent violations of NRS 354.626.

C. DEFICIT FUND EQUITY

The Ambulance and the Group Medical Insurance Funds have deficit fund balances of \$2,208,052 and \$484,808, respectively. These deficit balances are due to large retirement obligations added as a result of the implementation of GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additionally, the deficit balance in the Ambulance Fund increased in the current year due to a reimbursement to the General Fund subsidies paid to the Ambulance fund.

CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Descriptions. The City contributes to a single-employer defined benefit healthcare and life insurance plan, the City's Retiree Subsidy Plan (City's Plan), and a closed agent multiple-employer defined healthcare plan. The Trust was established by the Carson City Board of Supervisors on June 4, 2015 and is governed by a three-member Board of Trustees appointed by the Board of Supervisors in which at least one person who has 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 also has some employees hired prior to December 1, 2008 who are eligible to participate in the State of Nevada Public Employees' Benefits Program (PEBP), which is now a closed plan administered by the State of Nevada. Both plans provide medical, dental, vision, accidental death and dismemberment, and life insurance benefits to eligible retired City employees and beneficiaries.

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. The City currently contributes toward the cost of coverage as follows:

- Firefighters who retire under Nevada PERS after July 1, 2002, sheriff's department employees who retire under Nevada PERS after June 30, 2010, and Carson City Employee Association (CCEA – Classified Employees) who retire under Nevada PERS after July 1, 2013, at age 47 or older and with 20 or more years of service receive a percentage of the medical, dental, vision and life insurance 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 dependent coverage until age 65, then 25% of the dependent's Medicare supplement medical premium.
- Unclassified Employees who retire under Nevada PERS after July 1, 2013, at age 47 or older and with 15 or more years of service receive a percentage of their medical, dental, vision and life insurance premiums for themselves and their dependents. If an employee has more than 15 years of service, the City pays 75% of the retiree group health premiums and 25% of their dependent's premium. Employees with over 20 years of service the City pays 90% of the retiree group health premiums and 50% of their dependent's premium. Once the retiree reaches age 65, the City pays 50% of the retiree's and 25% of their dependent's 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 toward 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 at their expense.

Under state law, retiree loss experience is pooled with active loss experience for the purposes of setting rates in the City's Plan. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an OPEB obligation for the City.

The City serves as a secondary carrier for retirees eligible for Medicare. Expenditures for post-employment healthcare and life insurance are recognized each month when premiums are paid.

Benefits provided for PEBP participants are established pursuant to NRS 287.023 and are subject to amendment by the State of Nevada each biennium. Pursuant to NRS 287.023 (as amended during the 2007 session of the Nevada Legislature), through November 29, 2008, retirees had the option to participate in the City's Plan for post-employment healthcare and life insurance benefits or to join PEBP offered by the State of Nevada. However, subsequent to November 29, 2008, retirees no longer have the option of joining PEBP, yet still retain the option to participate in the City's Plan. Local governments are required to pay the same portion of cost of coverage for those persons joining PEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the plan.

**CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Employees covered by benefit terms: At June 30, 2019, the following employees were covered by the benefit terms:

	PEBP	Carson City OPEB
Inactive employees or beneficiaries currently receiving benefit payments	189	163
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	-	595
	189	758

Contributions. As of July 1, 2015, the Board of Supervisors established the Carson City Other Post-Employment Benefits Trust Fund. The City intends to fund the Trust annually at a rate of approximately 1% of covered payroll, over normal costs. The net OPEB obligation attributable to governmental activities is liquidated primarily by the General Fund. For Carson City OPEB Plan participants the amount of the subsidy has been described in the Benefit Provisions section of this note. Subsidy payments are transferred to the Carson City OPEB Trust monthly, and the Trust receives PERS deductions for the Employee paid portion of their premiums monthly as well. During the annual budget process it is determined what amount will be contributed to the Trust as an extra employer contribution. At June 30, 2019, the City Contributed \$1,071,960 to the Carson City OPEB Trust.

The City is required to provide a subsidy for their retirees that have elected to join PEBP. The PEBP subsidy is paid on the pay-as-you-go basis. Contribution requirements for plan members and the participating employers are assessed by the PEBP Board annually. The contributions required for PEBP subsidies depend on the date of retirement of prior years of PERS service for employees earned while working for the City. These subsidies are then allocated and billed to all applicable former employers of the retiree. The City's portion of the monthly subsidies ranged from \$0.73 to \$983.01 during the 2019 fiscal year. At June 30, 2019, the City Contributed \$413,175 to PEBP.

Net OPEB Liability. The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuary valuation as of that date.

Actuarial Methods and Assumptions. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	City Plan	PEBP Plan
Actuarial valuation date	6/30/19	6/30/19
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level percentage of pay	Level percentage of pay
Asset valuation method	Market Value	N / A
Actuarial assumptions:		
Inflation rate	2.75%	2.75%
Projected salary increases	4.0%	N/A
Investment rate of return	7.5%	N/A
Healthcare inflation rate	Medical – 6.0% *	Medical – 6.0% *
* Medical – decreasing 0.25% each year until ultimate trend rate of 5% is reached.		

Mortality rates were based on the RP-2014 Combined Healthy Table (set-back 1 year for females). These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2018 on a generational basis from 2015 forward.

The actuarial assumptions used in the June 30, 2019, valuation were based on the most recently published report of the Nevada Public Employees Retirement System, dated June 30, 2015.

The long-term expected rate of return on the Carson City OPEB Trust Fund investment was determined using the expected yield of 7.5% published by Nevada's Retirement Benefits Investment Fund (RBIF) in November 2017. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity – S&P 500	49%	10.2%
International Equity – MSCI EAFE Index	21%	2.8%
US Bond Index	30%	3.0%
Cash	0%	.3%
	<u>100%</u>	

Discount Rate. The discount rate used to measure the total PEBP Liability, which is on a pay-as-you-go basis is 3.51% and 3.62% for Fiscal Year Ended, June 30, 2019 and June 30, 2018, respectively. The rate is based on the Fidelity 20-year AA Municipal Bond Index.

For the City Plan the discount rate was based on a crossover test is 3.53% and 3.65% for Fiscal Year ended June 30, 2019 and June 30, 2018, respectively. The projection of cash flows used to determine the discount rate assumed that City Contributions would only equal approximately 1% of total salaries annually, and does not meet the total actuarially determined contribution rate. Based on this assumption, the OPEB plan's fiduciary net position is not projected to meet all projected OPEB payments for current and inactive employees at this time. Therefore the crossover test was applied to all periods of projected benefit payments to determine the total OPEB Liability. The crossover test blended the expected Trust rate of return as well as the Fidelity 20-year AA Municipal Bond index.

Changes in the Net OPEB Liability.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
<u>PEBP</u>			
Balance at June 30, 2018	\$ 7,020,467	\$ -	\$ 7,020,467
Changes for the year:			
Interest cost	246,662	-	246,662
Changes of benefit terms	315,082	-	315,082
Difference between expected and actual experience	(229,671)	-	(229,671)
Contributions - Employer	(413,175)	-	(413,175)
Changes in assumptions	(62,501)	-	(62,501)
Net changes	<u>(143,603)</u>	<u>-</u>	<u>(143,603)</u>
Balance at June 30, 2019	<u>\$ 6,876,864</u>	<u>-</u>	<u>\$ 6,876,864</u>
<u>CARSON CITY PLAN</u>			
Balance at June 30, 2018	\$ 70,321,431	\$ 1,130,087	\$ 69,191,344
Changes for the year:			
Service cost	3,573,271	-	3,573,271
Interest cost	2,671,900	-	2,671,900
Differences between expected and actual experience	(7,662,903)	-	(7,662,903)
Contributions – employer	-	1,664,500	(1,664,500)
Net investment income	-	96,597	(96,597)
Changes of assumptions	(33,523)	-	(33,523)
Benefit payments	(1,383,965)	(1,383,965)	-
Administrative expenses	-	(300)	300
Audit fees	-	(15,000)	15,000
Net changes	<u>(2,835,220)</u>	<u>361,832</u>	<u>(3,197,052)</u>
Balances at June 30, 2019	<u>\$ 67,486,211</u>	<u>\$ 1,491,919</u>	<u>\$ 65,994,292</u>

**CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Sensitivity Tests. Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates are included in the table below. The table 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 or 1 percentage-point higher than the current discount rate:

PEBP City Plan	1% Decrease 2.51% 2.53%	Discount Rate 3.51% 3.53%	1% Increase 4.51% 4.53%
Net PEBP Liability	\$ 7,727,264	\$ 6,876,864	\$ 6,170,665
Net OPEB Liability	80,038,002	65,994,292	55,183,685

Sensitivity of 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%) that the current healthcare cost trend rates:

	1% Decrease (5.0% decreasing to 4%)	Health Care Trend Rates (6.0% decreasing to 5%)	1% Increase (7.0% decreasing to 6%)
Net PEBP Liability	\$ 6,201,621	\$ 6,876,864	\$ 7,671,348
Net OPEB Liability	53,294,315	65,994,292	86,136,548

PEBP Plan Fiduciary Net Position. Detailed information about the plan’s fiduciary net position is available in separately issued financial reports as follows:

PEBP: The Nevada PEBP Master Plan Document can be obtained by writing to the Nevada Public Employees’ Medical Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the City recognized OPEB expense of \$3,236,484. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PEBP		City Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ -	\$ -	\$ -	\$ 760,563
Plan experience	-	-	-	6,678,933
Investment experience	-	-	2,613	-
Total	\$ -	\$ -	\$ 2,613	\$ 7,439,496

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

Year ending June 30:	City Plan
2020	(\$1,120,909)
2021	(1,120,909)
2022	(1,120,909)
2023	(1,122,277)
2024	(1,121,903)
Thereafter	(1,831,528)

CARSON CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. DEFINED BENEFIT PENSION PLAN

Plan Description. Carson City contributes to the Public Employees' Retirement System of the State of Nevada (PERS) and Judicial Retirement System of the State of Nevada (JRS). PERS and JRS administer cost-sharing, multiple-employer, defined benefit public employees' retirement systems, PERS includes both Regular and Police/Fire members, and JRS includes only Justices of the peace and municipal judges. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability. JRS was established in 2001 by the Nevada Legislature (NRS 1A.160) and is governed by the Public Employees' Retirement Board.

Benefits Provided. Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS and JRS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting. Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 62 with 10 years of service, or any age with thirty years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation for PERS and JRS. However, a PERS member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions. The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS' and JRS' basic funding policies provide for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS and JRS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS and JRS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by

**CARSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

**Schedule of Changes in the City's net OPEB Liability and Related Ratios - PEBP
Last 10 Fiscal Years****

<u>Nevada Public Employees' Benefit Plan (PEBP)</u>	2019	2018
Change in OPEB liability		
Interest	\$ 246,662	\$ 250,467
Changes of benefit terms	315,082	-
Differences between expected and actual experience	(229,671)	-
Changes of assumption	(62,501)	(49,463)
Benefit payments	(413,175)	(432,281)
Net Change	(143,603)	(231,277)
Total PEBP OPEB Liability - beginning of year	7,020,467	7,251,744
Total PEBP OPEB Liability - end of year (a)	\$ 6,876,864	\$ 7,020,467
Plan fiduciary net position		
Contributions - employer	\$ 432,281	\$ 432,281
Benefit Payments	(432,281)	(432,281)
Total (b)*	-	-
Net OPEB Liability - ending (a)-(b)	\$ 6,876,864	\$ 7,020,467

Notes to Schedule

* PEBP is a Pay-as-you-go plan and not included in the Trust, therefore, it will never have a beginning Net Position.

** GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

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**CARSON CITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

**Schedule of Changes in the City's net OPEB Liability and Related Ratios - City Plan
Last 10 Fiscal Years****

<u>Cash City OPEB Plan & Trust</u>	2019	2018
Total OPEB Liability		
Service Cost	\$ 3,573,271	\$ 3,515,230
Interest	2,671,900	2,479,794
Differences between expected and actual experience	(7,662,903)	2,114
Changes of assumption	(33,523)	(1,001,704)
Benefit payments	(1,383,965)	(1,241,578)
Net Change	(2,835,220)	3,753,856
Total City OPEB Liability - Beginning of year	70,321,431	66,567,575
Total City OPEB Liability - End of year (a)*	\$ 67,486,211	\$ 70,321,431
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,664,500	\$ 1,561,560
Net investment income	96,597	66,158
Benefit payments	(1,383,965)	(1,241,242)
Administrative expenses	(300)	(104)
Audit fees	(15,000)	(13,000)
Net Change	361,832	373,372
Plan Fiduciary Net Position - Beginning of year	1,130,087	756,715
Plan Fiduciary Net Position - End of year (b)*	\$ 1,491,919	\$ 1,130,087
Net OPEB Liability - ending (a)-(b)	\$ 65,994,292	\$ 69,191,344
Plan fiduciary net position as a percentage of the total OPEB liability	2.21%	1.61%
Covered-employee payroll	\$ 40,421,318	\$ 39,084,686
City's net OPEB Liability as a percentage of covered-employee payroll	59.90%	55.58%

Notes to Schedule

** GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

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CARSON CITY REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

Schedule of the City's OPEB Contributions Last Ten Fiscal Years*

<u>Nevada Public Employees' Benefit Plan (PEBP)**</u>	2019	2018
Actuarially determined contributions	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	413,175	432,281
Contribution (deficiency) excess	\$ 413,175	\$ 432,281
<u>Carson City OPEB Plan and Trust</u>		
Actuarially determined contributions	\$ 3,257,271	\$ 3,442,671
Contributions in relation to the actuarially determined contribution	1,664,500	1,561,560
Contribution (deficiency) excess	\$ (1,592,771)	\$ (1,881,111)
Covered-employee payroll	\$ 40,421,318	\$ 39,084,686
Contributions as a percentage of covered-employee payroll	4.12%	4.00%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the City will present information only for those years for which information is available.

** PEBP is funded through pay-as-you-go basis, therefore the actuary did not determine any prefunding for this plan. The plan is closed, and is paying out it's final retirees, therefore, there is no covered payroll.

Valuation Date: 6/30/19

Actuarially determined contribution rates are calculated as of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Amortization period	30 years (N/A for PEBP)
Asset valuation method	Market value of assets (N/A for PEBP)
Inflation	2.75 percent
Healthcare cost trend rates	6.0 percent initial, decreasing .25 percent per year to an ultimate rate of 5.0 percent
Salary increases	4.0 percent, average, including 3.0 percent wage inflation (N/A for PEBP)
Investment rate of return	7.5% 6/30/18 and 6/30/19 (N/A for PEBP)
Retirement age	In 2019 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.
Mortality	Mortality rates were based on Nevada PERS 2017 valuation, based on the RP-2014 Healthy Annuitant Table (set-forward 1 year). These rates were then adjusted to anticipate future mortality improvement by applying MacLeod Watts Scale 2017 on a generational basis from 2015 forward.