# Lori Cooke Tammi Davis

**AGENDA**

**WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES**

**April 25, 2024 at 9:00 a.m.**

Join Zoom Meeting

https://washoecounty-gov.zoom.us/j/94970372098?pwd=SVlmQWlMQnlhWlRIUzVPb2NiZ2pkUT09

Meeting ID: 949 7037 2098

Passcode: 699406

The meeting may also be attended by calling 719-359-4580 and entering the Phone Conference ID 949 7037 2098.

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

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

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

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

**Responses to Public Comments.** The Board of Trustees can deliberate or take action only if a matter has been listed on an agenda properly posted prior to the meeting. During the public comment period, speakers may address matters listed or not listed on the published agenda. The Open Meeting Law does not expressly prohibit responses to public comments by the Board. However, responses from Trustees to unlisted public comment topics could become deliberation on a matter without notice to the public. On the advice of legal counsel and to ensure the public has notice of all matters the Board of Trustees will consider, Trustees may choose not to respond to public comments, except to correct factual inaccuracies, ask for staff action or to ask that a matter be listed on a future agenda. The

Board may do this either during the public comment item or during the following item: “Trustees’/Staff announcements, requests for information, topics for future agendas and statements relating to items not on the agenda”.

**Posting of Agenda.** Pursuant to NRS 241.020 (4)(b), the Agenda for the Washoe County OPEB Trust Board of Trustees Meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9th Street, Bldg. A; the Washoe County website ([www.washoecounty.gov/comptroller/board\_committees/OPEB);](http://www.washoecounty.gov/comptroller/board_committees/OPEB)%3B) and the Nevada Public Notice Website (https://notice.nv.gov).

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

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

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

1. Roll call.
2. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustees’ agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
3. Approval of minutes from the January 25, 2024 meeting. [FOR POSSIBLE ACTION]
4. Review and possible approval of year-to-date administrative expenditures and requested reimbursements to employers through March 31, 2024 in the amount of $4,474,183. [FOR POSSIBLE ACTION]
5. Acknowledge receipt of interim financial statements for the period ending March 31, 2024. [FOR POSSIBLE ACTION]
6. Review and discussion of Cash Flow Projections and Planned Transfers to/from the Nevada Retirement Benefits Investment Fund for the fiscal year ended June 30, 2024. [DISCUSSION ONLY]
7. Informational review and discussion of the Nevada Retirement Benefits Investment Fund – investment process, returns, assets, changes in investment strategy, outlook, and related topics. [DISCUSSION ONLY]
8. Informational review and discussion of the Fiscal Year Ended June 30, 2023 Audited Financial Statements. [DISCUSSION ONLY]
9. Review and discussion of external auditors’ required communication with the Board of Trustees in connection with their audit. [DISCUSSION ONLY]
10. Discussion of anticipated agreement with Eide Bailly, LLC for audit services for the fiscal year ended June 30, 2024. [FOR POSSIBLE ACTION]
11. Trustees’/Staff announcements, requests for information, and topics for future agendas. Meeting dates for the remainder of calendar year 2024 are July 25, and October 24 (fourth Thursday of first month of each calendar quarter). The meetings will begin at 10:00 am. [NO DISCUSSION]
12. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustees’ agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
13. Adjourn.

**Cathy Hill, Chair Trenton Ross, Legal Counsel**

**Christine Vuletich, Vice-chair Brandon Price, Legal Counsel Cindy Vance**

**Lori Cooke Tammi Davis**

**DRAFT of Minutes**

**WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES**

**January 25, 2024 at 10:00 am held via Microsoft Teams**

* 1. ROLL CALL [Non-action item]

Chair Hill called the meeting to order at 10:00am. A quorum was established.

PRESENT: Cathy Hill, Lori Cooke, Christine Vuletich, Cindy Vance, Tammi Davis.

ABSENT: none.

OTHERS PRESENT: Trenton Ross, Legal Counsel; Russell Morgan, Accounting Manager; Rebecca Mosher, Senior Accountant.

* 1. Welcome and introduction of new Trustee Tammi Davis. [FOR POSSIBLE ACTION]

Cathy Hill introduced new Trustee Tammi Davis to the board and invited her to introduce herself further.

Tammi said she is a retired Washoe County Treasurer and she is excited to join the board and learn more about a side of investments that she has not dealt with.

The Trustees greeted her and welcomed her.

* 1. PUBLIC COMMENT – [Non-action item] There was no public comment.
  2. Review and discussion of Fiduciary Duties of Trustees and associated Nevada Revised Statutes. [DISCUSSION ONLY]

Russell Morgan said, in connection with the new member, there is some information to review. He explained that the packet provided shows the basics of what is needed to function in the role of a Trustee.

He explained that the Fiduciary Duties documents were put together by Mary Solorzano who had been the liaison to the Washoe County OPEB Trust fund for a number of years. Russell pointed out a few key portions: Duty of Loyalty, Duty of Care and Prudence, and Duty to Diversify. He also pointed out the NRS sections which allow an OPEB Trust to be created. NRS 287.788 allows the Trust to contract with an account manager at PERS, which is Steve Edmundson.

Cathy Hill said even for members who have worked with this Trust for some time, it is worth reading this document to update understanding and responsibilities.

Christine Vuletich agreed and said it is always good to refresh.

* 1. Review and discussion of Trustee meeting attendance requirements. [FOR POSSIBLE ACTION]

Cathy Hill explained that with a new member, it was decided that it was a good idea to review the attendance requirements of the Trust.

Russell Morgan said he did not include the bylaws for this section.

Cathy shared the bylaw, saying that the Trust can remove a member if they do not attend two consecutive meetings or three meetings in a calendar year. Cathy confirmed with Cindy Vance the commitment of TMFPD in attending meetings.

Cindy Vance apologized for missing the October meeting.

Cathy asked if any other Trust board members had questions on this item. Christine and Tammi said they have no questions.

There was no public comment.

* 1. Approval of minutes from the October 26, 2023 meeting. [FOR POSSIBLE ACTION]

Tammi Davis asked if she should abstain from voting because she was not yet part of the Trust and therefore not in attendance.

Trenton Ross explained that she can vote based on the testimony of other Trust members in attendance.

*It was moved by Cathy Hill, seconded by Lori Cooke, to approve the October 26, 2023 meeting minutes as presented.*

*The motion passed unanimously.*

* 1. Review and possible approval of year-to-date administrative expenditures and requested reimbursements to employers through December 31, 2023, in the amount of $6,847,322. [FOR POSSIBLE ACTION]

Russell Morgan explained that page 20 of the packet lists the administrative expenses, the actual expenses, and variances at the bottom.

He explained that the majority of expenses will be incurred in this third quarter that we are in. The annual financial statement audit will be completed this quarter, and billed. He added that the actuarial valuations were completed late last calendar year, and we will pay those bills during this quarter also.

The accounting and administrative expenses is the time spent by Rebecca and Russell documenting Trust activity, preparing the quarterly and annual reports, and providing supporting documents to the auditors.

The other operating expenses includes the RDS Attestation which will be billed later in the year.

He explained that $10,000 is budgeted for the quarterly claims for reimbursement from Medicare. We have a contract with Part D Advisors to do all the billing for us.

Lori Cooke asked if these are for year to date, meaning through December 31st. Russell clarified that this is for the fiscal year which ends June 30th, 2024.

Lori Cooke asked if this includes the actuals.

Russell said the actuals are through June 30th, 2024 as well.

Russell explained that the Budget numbers are representing the fiscal year which will end June 30th, 2024, however the Actuals given are year-to-date, i.e. through December.

Russell moved on to discuss the requested reimbursements to Washoe County. There are two plans - one is the Washoe County Retiree Health Benefit Plan. He said every quarter we take the year-to-date numbers to show what we have reimbursed so far and what is due currently. The Washoe County Plan Benefit Expense is $14 million year-to- date. This fluctuates significantly due to claims activity.

The PEBP Plan is for former employees who get their coverage through the state’s Public Employees’ Benefit Program. This is more consistent because it is a flat premium subsidy that the County has to pay and the OPEB Trust reimburses that. The balance due to Washoe County for activity in the second quarter of the fiscal year is $6,744,912. For the PEBP Plan it is $56,662.

Christine Vuletich commented on the fluctuations due to claims. She said the number this quarter seems higher than usual.

Cathy said that may be because of the TPA provider processing claims more quickly.

Russell said large claims can really swing that number. He said we pay the claims and there is usually a lag before we see the reimbursements which appear in miscellaneous revenues. This number is light. The threshold is $325,000 on those large claims.

Cathy said this is an increase of about $75,000 from what it was previously.

Russell said the Health Benefits Group makes that determination. Over the last few years, the premium rate has increased. To keep the cash cost down, they increased the threshold, so our exposure increases.

Russell moved on to the Truckee Meadows plan. This fluctuates based on the timing of the underlying transactions. He explained that in the first quarter there were two remittances from PERS, and the second quarter had three. The Premium Expenses had four monthly premium payments go out in the first quarter, and the second quarter only three went out, as well as a payment to the City of Reno for one quarter. The $15,000 swing is just based on the timing of those components.

Rebecca Mosher added that she looked at the binder from last year. She explained that for FY 23 in quarter 2, the reimbursement amount for the Washoe County plan was $6.3 million. She said this number really goes up and down depending on the quarter we are in.

*It was moved by Cindy Vance, seconded by Christine Vuletich, to approve the year-to- date administrative expenditures and requested reimbursements to employers through December 31, 2023, in the amount of $6,847,322.*

There was no public comment.

*The motion passed unanimously.*

* 1. Acknowledge receipt of interim financial statements for the period ending December 31, 2023. [FOR POSSIBLE ACTION]

Russell Morgan started with the Plan Assets. He explained that net assets are up to $4.2 million. The investment income is at $6.1 million which was boosted with $9 million of realized gains in RBIF from investment rebalancing in July. Unrealized losses through October were $30.2 million. November alone had $23.6 million of unrealized gains. We are still down, but have recovered much of the losses from earlier in the fiscal year.

He added that annual realized yields through November are at 12.9%. Excluding the realized gains, we are down to a 6.18% overall investment yield.

Russell said the prefunding contributions halfway through the year were right on target. The investment income is up considerably which is the $9 million in realized gains mentioned previously. He said they budget conservatively for realized gains. The other portion of income is the dividends and interest that gets paid and reinvested.

Cindy Vance asked if that includes any unrealized gains.

Russell explained that this is both realized and unrealized gains.

The plan member and other income numbers were light. This includes reinsurance reimbursements. He explained that there is a lag in this process. Prescription drug rebate money also has about a quarter lag. The RDS Medicare Part-D reimbursements so far are $219,000 out of $265,000 budgeted for the year. The $219,000 was from just one payment.

Deductions paid are $14.5 million out of $32 million budgeted. He said this is variable from week to week.

Administrative expenses are light with more expenses expected in the third quarter.

Tammi Davis added that this is a very different investment picture from what she left, and she is glad to see things are looking up.

On the Interim Statements of Plan Net Assets, Russell explained that the County plan has the bulk of the assets in the Trust. The $950 accounts payable item relates to payroll accruals. The reimbursements to employers will be settled on February 1st with funds from RBIF.

The combined Trust budget was $1.01 million for the net increase and decrease in the fair value of investments. The Trust as a whole is at $2.9 million year-to-date, which is ahead of budget.

*It was moved by Christine Vuletich, seconded by Tammi Davis, to acknowledge receipt of interim financial statements for the period ending December 31, 2023.*

There was no public comment.

*The motion passed unanimously.*

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

Russell Morgan said this budget is generated at the first meeting of the fiscal year and is updated each meeting after that. Net direct expenses, reimbursements to employers, and cash are projected and adjusted. These all feed into what is transferred to and from RBIF.

He said the first three quarters are tied to original projections, and the fourth quarter connected to actual numbers.

For February, we will draw a net $1.875 million out of RBIF to cover reimbursements to the employers.

The July 24 Trustee Meeting row and the Cash in the Washoe County Investment Pool shows we will be negative about $3 million. He explained that technically we won’t be negative because we will have pre-funding contributions in July and August that will help cover this number.

The Washoe County Plan will draw $2.15 million to cover the reimbursement on February 1st. Wherever we are light in earlier quarters of the budget, we assume we will catch up later. Russell said the PEBP plan is pretty straightforward. TMFPD for February has a transfer to RBIF for $275,000. He added that they make their contributions quarterly rather than monthly.

He explained that yesterday we requested a net $1.875 million to come from RBIF to the County’s bank account on the 1st.

Tammi Davis said these projections are familiar and she expects to get used to them relatively quickly.

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

Russell said this is a schedule from the PERS website. There are three main categories of investment, which include International stocks, U.S. stocks and bonds, and cash. He said the markets have gone up since September. The allocations for the U.S. and international stocks are within a half of a percentage point of their targets. Russell said that since the numbers are up since these projections, he was curious to see where we would land currently. He said he reached out to Steve Edmundson at PERS.

Russell explained that he had noticed a discrepancy between the target allocations in the annual report for RBIF from the numbers here. Steve explained that at the July meeting they did adjust the target allocations and added the cash allocation of 3%. With interest rates above 5%, and a long-term horizon assumption of 2.75%, the shift of stocks to cash reduced the risk profile of the PERS portfolio. With the new target allocations, they have adjusted their rebalance triggers.

Christine Vuletich thanked Russell for gathering this information. She said it gives a good illustration of their methodology. They are very disciplined, which is what is expected.

The other Trustees agreed.

* 1. Review and discussion of the Nevada Retirement Benefits Investment Fund’s Annual Financial Report for the period Ended June 30, 2023. [DISCUSSION ONLY]

Russell Morgan noted that RBIF is a component unit of the State of Nevada, so it falls under the auspices of the State. He read that the report from June 30th says RBIF presented fairly its financial statements for the year ended June 30, 2023 in accordance with accounting principles accepted in the USA.

He shared that the investments at fair value have gone up about $83 million which is to be expected.

The condensed statement of changes in net assets shows that net investment income, which includes realized and unrealized gains and losses, went up nearly $90 million in 2023. In 2022, there was a $72 million loss.

There were also $7 million of increased contributions from participating employers. Distributions to participating trusts increased by $9.5 million so there was a $3.5 million swing. Russell explained that we are in the drawdown phase now.

The fund generated a return of 12.9% in Fiscal ‘23.

Cathy Hill added that a return like that should not be expected for every year.

Russell pointed out the $108,754 in investment fees. He explained that this is .014% of assets at the end of the year.

Russell explained that we are still the number one holder in RBIF with close to $353 million at the end of June. Second highest is Clark County; third is Washoe County School District; fourth is the Las Vegas Metropolitan Police Department; and Las Vegas Valley Water District is fifth. Our share is 44.7%. The top five holders hold about $702 million of the $789 million or 89% of fair value.

Tammi asked if we are the number one holder because we are so well funded for these benefits. Looking at the size of Clark County, you would assume they would have a larger retirement obligation.

Russell said he thinks it does because we have had the foresight to put money aside for future obligations. He added that there are two sources of funds to cover benefits - employer contributions and earnings on the assets. If earnings go up, then employers can reduce contributions and the inverse is also true. The County had the foresight to put money away, so the Trust remains well funded.

Lori Cooke asked if this is also a product of having a hybrid of funding and not relying on just one input.

Cathy Hill added that she believes these other entities may have different funding sources as well. She suggested that they may not be as confident in the funding or cash flow. Washoe County has a system that saves money and it cannot be touched by the County or creditors. Other entities may not have that confidence level.

Cindy Vance added that Truckee Meadows is a hybrid and is earning back that trust. The funding ratio went down based on actuarial reports, so now we are trying to catch up.

Russell added that the OPEB Trust has all our investable assets in RBIF; other entities don’t necessarily do this, and we only see this portion of their investments.

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

Russell explained that the field work had been completed for the audit. We have provided them with a draft of the Trust’s financial report in mid-December. We are

waiting for Eide Bailly to get their comments to us on that report. Russell said he doesn’t expect adjustments to what has been provided.

We expect to get their feedback and be able to assemble a final version of the Trust annual financial report in February. It will be shared at the April meeting.

Russell thanked Rebecca for doing the majority of the work preparing the audit.

* 1. Review and discussion of external auditors’ required communication with the Board of Trustees in connection with their audit. [DISCUSSION ONLY]

Russell Morgan said this is a required communication from the auditors to the Trust board. He said it explains their engagement and their planned scope.

They list all situations or findings in which they will communicate their findings along the process.

They also got into areas of significant risk - including management overriding controls. He also listed improper reporting of income, and accounting estimates affecting the financial statements or liability. Russell explained that the liability is not included in OPEB’s statements because it belongs to the employers and not the Trust itself. OPEB is an investment vehicle for investment.

They also explained that they will begin the audit by December 23rd and issue a report by February 15th.

* 1. Review and discussion of July 1, 2023 OPEB plan valuations prepared by Milliman, Inc. [DISCUSSION ONLY]

Russell Morgan explained that the actuarial valuations are the basis for the financial statement disclosures for the Trust and the employers. The valuations use employee and demographic data, benefit plan information, additions from actuary data based on assumptions from medical trends etc. All of this is used to calculate the total OPEB liability. We provide to the Trust net assets and find the net OPEB liability.

Russell explained that the Washoe County plan is doing a full valuation, so it is starting with new demographic data as of July 1, 2023. They measure the total OPEB liability and the net OPEB assets as of June 30th.

For the PEBP plan and the Truckee Meadows plan, they are doing roll-forward valuations. These take demographic data as of July 1, 2022; they age these numbers every year, and then recalculate the net OPEB liability.

We are required by accounting standards to have a full valuation at least every other year.

Cindy Vance asked how they got off cycle with Washoe County doing a full valuation.

Russell explained that the HR department asked that we get a full valuation so we will be off kilter again for some time. He added that this has happened in the past when TMFPD opted to do a full valuation a second year in a row just to get the benefits of reporting.

He looked at Milliman’s report, comparing the total OPEB liability with the current value. The total OPEB liability dropped by about $3 million. The fiduciary net position went up about $26 million so the net OPEB liability went down by about $30 million. This is used to calculate the actuarially determined contributions. The County uses this to budget for the subsequent fiscal year. This fluctuates over time.

The Fiduciary net position is divided by the total OPEB liability. This is the funded ratio. The funded ratio for the County plan at the end of June was 68.2%. Today, that funded ratio would be even higher.

Cindy Vance asked if, because Washoe County is having a full valuation, when we pay for the valuation, will the amount be higher than expected because a roll-forward was budgeted for.

Russell said a roll-forward was budgeted for, but because HR requested a full valuation, he didn’t feel it was right that the Trust pay for that as it was not technically needed. The Trust therefore paid the cost of a roll-forward valuation, and the remaining cost will be paid for by the County’s HR department.

Cindy added that it still benefits the Trust.

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

There was no comment.

* 1. PUBLIC COMMENT – [Non-action item] There was no public comment.
  2. Meeting adjourned at 11:09am.

**WASHOE COUNTY, NEVADA OPEB TRUST**

**Administrative Expense Detail - YTD Actual vs. Annual Budget For the Year Ended June 30, 2024 - Unaudited**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Washoe Co** | |  | **State of Nevada** | **Truckee Meadows** | |  | |
| **Retiree Health** | |  | **Public Employee** | **FPD Retiree** | |
| **Benefit** | |  | **Benefit** | **Group Medical** | | **2024** | |
| **BUDGET** | **Program** | |  | **Plan** | **Plan** | | **Total** | |
| Administrative Expenses  Actuarial valuations | $ 9,000 | | $ | 9,000 | $ 10,000 | | $ 28,000 | |
| Accounting and  administrative services | 7,000 | |  | 7,000 | 7,000 | | 21,000 | |
| Audit fees | 8,000 | |  | 8,000 | 8,000 | | 24,000 | |
| Trustee fees | 267 | |  | 266 | 267 | | 800 | |
| Minutes fees | 200 | |  | 200 | 200 | | 600 | |
| Other Operating Expenses | 17,600 | |  | - | - | | 17,600 | |
|  | $ 42,067 | | $ | 24,466 | $ 25,467 | | $ 92,000 | |
| **ACTUAL**  Administrative Expenses Actuarial valuations | $ 9,000 | | $ | 9,000 | $ 10,000 | | $ 28,000 | |
| Accounting and  administrative services | 4,606 | |  | 4,606 | 4,608 | | 13,820 | |
| Audit fees | 3,333 | |  | 3,333 | 3,334 | | 10,000 | |
| Trustee fees | 107 | |  | 107 | 106 | | 320 | |
| Minutes fees | 131 | |  | 131 | 129 | | 391 | |
| Other Operating Expenses | 15,000 | |  | - | - | | 15,000 | |
|  | $ 32,177 | | $ | 17,177 | $ 18,177 | | $ 67,531 | |
| **VARIANCE**  Administrative Expenses |  | |  |  |  | |  | |
| Actuarial valuations Accounting and administrative services | $ | - $  2,394 | | - $  2,394 | | - $  2,392 | | -  7,180 |
| Audit fees |  | 4,667 | | 4,667 | | 4,666 | | 14,000 |
| Trustee fees |  | 160 | | 159 | | 161 | | 480 |
| Minutes fees |  | 69 | | 69 | | 71 | | 209 |
| Other Operating Expenses |  | 2,600 | | - | | - | | 2,600 |
| $ 9,890 | | | $ | 7,289 | $ | 7,290 | $ 24,469 | |

**Summary** **of** **Requested** **Reimbursement** **to** **Washoe** **County** **For** **the** **Nine** **Months** **Ended** **March** **31,** **2024**

|  |  |  |
| --- | --- | --- |
|  | **YTD** | **Avg** **/** **Mo** |
| **WCRHBP** |  |  |
| Plan member premium payments | 3,261,779 | 362,420 |
| Other miscellaneous revenues | 1,574,850 | 174,983 |
|  | 4,836,629 | 537,403 |
| Less: |  |  |
| Benefits expense | 20,718,221 | 2,302,025 |
|  |  |  |
| Net OPEB expense | 15,881,592 | 1,764,622 |
| Reimbursements to date: |  |  |
| For Q1 | (4,760,859) |  |
| For Q2 | (6,744,912) |  |
| For Q3 | - |  |
| For Q4 | - |  |
| Balance due to Washoe County | 4,375,821 |  |
| **PEBP**  PEBP premium subsidies | 171,244 | 19,027 |
| Reimbursements to date: |  |  |
| For Q1 | (57,631) |  |
| For Q2 | (56,662) |  |
| For Q3 | - |  |
| For Q4 | - |  |
| Balance due to Washoe County | 56,951 |  |
|  |  |  |
| Total due to Washoe County | $ 4,432,772 |  |

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

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

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

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

**Summary** **of** **Requested** **Reimbursement** **to** **Truckee** **Meadows** **Fire** **Protection** **District** **For** **the** **Nine** **Months** **Ended** **March** **31,** **2024**

**YT**D **Avg** **/** **Mo**

**TMFPD** **RGMP**

Plan member premium payments 144,155 16,017 Less:

|  |  |
| --- | --- |
| Benefits expense | 291,782 32,420 |
| Net OPEB expense | 147,627 16,403 |
| Reimbursements to date: For Q1 | (60,468) |
| For Q2 | (45,748) |
| For Q3 | - |
| For Q4 | - |
| Balance due to employer | 41,411 |

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

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

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

**Washoe County, Nevada OPEB Trust Fund**

# Financial Highlights for the Nine Months Ended March 31, 2024 (Unaudited)

|  |  |  |  |
| --- | --- | --- | --- |
| Amounts in thousands: |  |  |  |
| WC-RHBP | WC-PEBP | TMFPD | TOTAL |
| WC-Pool $ 1,701 | $ 168 | $ 33 | $ 1,902 |
| State RBIF 368,383 | 2,723 | 13,692 | 384,798 |
| Other-Net (4,373) | (56) | (42) | (4,471) |
| Net Assets $ 365,711 | $ 2,835 | $ 13,683 | $ 382,229 |

* Net assets of $382.2 million are up $33.0 million year-to-date; contributions of $19.7 million and net investment income of $34.5 million were offset by $21.2 million in benefits expense.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Amounts in thousands | WC-RHBP | WC-PEBP | TMFPD | TOTAL |
| Additions: |  |  |  |  |
| Prefunding | $ 13,687 | $ 32 | $ 995 | $ 14,714 |
| Investment income, net of expense | 33,072 | 229 | 1,223 | 34,524 |
| Plan members, other | 4,837 | - | 144 | 4,981 |
|  | 51,596 | 261 | 2,362 | 54,219 |
| Deductions: |  |  |  |  |
| Benefits Paid | 20,718 | 171 | 292 | 21,181 |
| Administrative | 32 | 17 | 18 | 67 |
|  | 20,750 | 188 | 310 | 21,248 |
| Net change in Plan Net Assets | $ 30,846 | $ 73 | $ 2,052 | $ 32,971 |

* Investment income includes realized gains of $9.6 million and net unrealized gains of $19.8 million in the RBIF through February 29, 2024. Annualized investment returns through February in the RBIF were 21.63% with these gains included. Annualized realized (cash) yields were at 9.21%.

Amounts in thousands

Additions:

Budget

YTD

Act % Bud Variance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Prefunding | $ 19,592 | $ 14,714 | | 75% | $ (4,878) |
| Investment income, net of expense | 7,939 | 34,524 | | 435% | 26,585 |
| Plan members, other | 6,447 | 4,981 | | 77% | (1,466) |
|  | 33,978 | 54,219 | | 160% | 20,241 |
| Deductions:  Benefits Paid | 31,863 |  | 21,181 | 66% | 10,682 |
| Administrative | 92 |  | 67 | 73% | 25 |
|  | 31,955 |  | 21,248 | 66% | 10,707 |
| Net change in Plan Net Assets | $ 2,023 |  | $ 32,971 | 1630% | $ 30,948 |
|  |  |  |  |  |  |

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

**WASHOE COUNTY, NEVADA OPEB TRUST FUND INTERIM STATEMENTS OF PLAN NET ASSETS AS OF MARCH 31, 2024 - UNAUDITED**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assets** | **Washoe Co. State of Nevada**  **Retiree Health Public Employee**  **Benefit Plan Benefit Plan** | | **TMFPD**  **Retiree Group**  **Medical Plan** | **Total** |
| Cash and investments:  Washoe County Investment Pool | $ 1,700,910 $ | 168,299 $ | 32,583 $ | 1,901,792 |
| State of NV RBIF | 368,382,931 | 2,723,253 | 13,691,967 | 384,798,151 |
| Interest receivable | 2,869 | 333 | 65 | 3,267 |
| Total Assets | 370,086,710 | 2,891,885 | 13,724,615 | 386,703,210 |
| **Liabilities**  Accounts payable | 155 | - | - | 155 |
| Due to employers | 4,375,821 | 56,951 | 41,411 | 4,474,183 |
| Total Liabilities | 4,375,976 | 56,951 | 41,411 | 4,474,338 |

**Net assets held in trust for other**

**postemployment benefits** $ 365,710,734 $ 2,834,934 $ 13,683,204 $ 382,228,872

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Prefunding | $ 19,591,929 $ | | | 14,714,347 | 75.10% | $ (4,877,582) $ | | | 8,134,111 |
| Plan member | 4,700,000 | | | 3,405,934 | 72.47% | (1,294,066) | | | 4,211,978 |
| Other | 1,747,000 | | | 1,574,850 | 90.15% | (172,150) | | | 4,688,485 |
| Total Contributions | 26,038,929 | | | 19,695,131 | 75.64% | (6,343,798) | | | 17,034,574 |
| Investment Income |  | | |  |  |  | | |  |
| Interest and dividends  Net increase (decrease) in fair value of investments | | 7,035,100  1,010,923 |  | 5,204,900  29,396,953 | 73.98%  2907.93% | | (1,830,200)  28,386,030 |  | 7,877,748  33,132,459 |
|  | | 8,046,023 |  | 34,601,853 | 430.05% | | 26,555,830 |  | 41,010,207 |
| Less investment expense | | 107,251 |  | 77,451 | 72.21% | | 29,800 |  | 100,713 |
| Net Investment Income | | 7,938,772 |  | 34,524,402 | 434.88% | | 26,585,630 |  | 40,909,494 |
| Total Additions | | 33,977,701 |  | 54,219,533 | 159.57% | | 20,241,832 |  | 57,944,068 |
| **Deductions** | |  |  |  |  | |  |  |  |
| Benefits | | 31,862,600 |  | 21,181,247 | 66.48% | | 10,681,353 |  | 29,227,978 |
| Administrative expense | | 92,000 |  | 67,531 | 73.40% | | 24,469 |  | 187,842 |
| Total Deductions | | 31,954,600 |  | 21,248,778 | 66.50% | | 10,705,822 |  | 29,415,820 |
| Net Change in Plan Net Assets | | 2,023,101 |  | 32,970,755 | 1629.71% | | 30,947,654 |  | 28,528,248 |
| **Net Assets Held in Trust for Other** | |  |  |  |  | |  |  |  |
| **Postemployment Benefits** |  |  |  |  |  |  |  |  |  |
| Beginning of year | 349,258,117 | | 349,258,117 | | - | | | 320,729,869 | |
| End of Period | $ 351,281,218 | | $ 382,228,872 | | $ 30,947,654 | | | $ 349,258,117 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Prefunding | $ 18,249,364 $ | | | 13,687,023 | 75.00% | $ (4,562,341) $ | | | 6,810,652 |
| Plan member | 4,550,000 | | | 3,261,779 | 71.69% | (1,288,221) | | | 4,006,484 |
| Other | 1,747,000 | | | 1,574,850 | 90.15% | (172,150) | | | 4,688,485 |
| Total Contributions | 24,546,364 | | | 18,523,652 | 75.46% | (6,022,712) | | | 15,505,621 |
| Investment Income |  | | |  |  |  | | |  |
| Interest and dividends  Net increase (decrease) in fair value of investments | | 6,754,800  970,400 |  | 4,984,594  28,162,007 | 73.79%  2902.10% | | (1,770,206)  27,191,607 |  | 7,570,127  31,823,984 |
|  | | 7,725,200 |  | 33,146,601 | 429.07% | | 25,421,401 |  | 39,394,111 |
| Less investment expense | | 102,842 |  | 74,178 | 72.13% | | 28,664 |  | 96,779 |
| Net Investment Income | | 7,622,358 |  | 33,072,423 | 433.89% | | 25,450,065 |  | 39,297,332 |
| Total Additions | | 32,168,722 |  | 51,596,075 | 160.39% | | 19,427,353 |  | 54,802,953 |
| **Deductions** | |  |  |  |  | |  |  |  |
| Benefits | | 31,215,000 |  | 20,718,221 | 66.37% | | 10,496,779 |  | 28,623,774 |
| Administrative expense | | 42,067 |  | 32,177 | 76.49% | | 9,890 |  | 101,503 |
| Total Deductions | | 31,257,067 |  | 20,750,398 | 66.39% | | 10,506,669 |  | 28,725,277 |
| Net Change in Plan Net Assets | | 911,655 |  | 30,845,677 | 3383.48% | | 29,934,022 |  | 26,077,676 |
| **Net Assets Held in Trust for Other** | |  |  |  |  | |  |  |  |
| **Postemployment Benefits** |  |  |  |  |  |  |  |  |  |
| Beginning of year | 334,865,057 | | 334,865,057 | | - | | | 308,787,381 | |
| End of Period | $ 335,776,712 | | $ 365,710,734 | | $ 29,934,022 | | | $ 334,865,057 | |

Prefunding $ 42,565 $ 31,924 75.00% $ (10,641) $ 23,459

Total Contributions 42,565 31,924 75.00% (10,641) 23,459

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Investment Income |  | | | | | | | |
| Interest and dividends | | 54,900 |  | 40,749 | 74.22% | (14,151) |  | 63,458 |
| Net increase (decrease) in fair value | |  |  |  |  |  |  |  |
| of investments | | 7,923 |  | 189,188 | 2387.83% | 181,265 |  | 264,204 |
|  | | 62,823 |  | 229,937 | 366.01% | 167,114 |  | 327,662 |
| Less investment expense | | 909 |  | 600 | 66.01% | 309 |  | 817 |
| Net Investment Income | | 61,914 |  | 229,337 | 370.41% | 167,423 |  | 326,845 |
| Total Additions | | 104,479 |  | 261,261 | 250.06% | 156,782 |  | 350,304 |
| **Deductions**  Benefits | | 250,000 |  | 171,244 | 68.50% | 78,756 |  | 246,266 |
| Administrative expense | | 24,466 |  | 17,177 | 70.21% | 7,289 |  | 33,788 |
| Total Deductions | | 274,466 |  | 188,421 | 68.65% | 86,045 |  | 280,054 |
| Net Change in Plan Net Assets | | (169,987) |  | 72,840 |  | 242,827 |  | 70,250 |
| **Net Assets Held in Trust for Other Postemployment Benefits** | |  |  |  |  |  |  |  |
| Beginning of year | 2,762,094 | | | 2,762,094 | - | | 2,691,844 | |
| End of Period | $ 2,592,107 $ | | | 2,834,934 | $ 242,827 | | $ 2,762,094 | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Prefunding | $ 1,300,000 $ | | | 995,400 | 76.57% | $ (304,600) $ | | | 1,300,000 |
| Plan member | 150,000 | | | 144,155 | 96.10% | (5,845) | | | 205,494 |
| Total Contributions | 1,450,000 | | | 1,139,555 | 78.59% | (310,445) | | | 1,505,494 |
| Investment Income |  | | |  |  |  | | |  |
| Interest and dividends  Net increase (decrease) in fair value of investments | | 225,400  32,600 |  | 179,557  1,045,758 | 79.66%  3207.85% | | (45,843)  1,013,158 |  | 244,163  1,044,271 |
|  | | 258,000 |  | 1,225,315 | 474.93% | | 967,315 |  | 1,288,434 |
| Less investment expense | | 3,500 |  | 2,673 | 76.37% | | 827 |  | 3,117 |
| Net Investment Income | | 254,500 |  | 1,222,642 | 480.41% | | 968,142 |  | 1,285,317 |
| Total Additions | | 1,704,500 |  | 2,362,197 | 138.59% | | 657,697 |  | 2,790,811 |
| **Deductions** | |  |  |  |  | |  |  |  |
| Benefits | | 397,600 |  | 291,782 | 73.39% | | 105,818 |  | 357,938 |
| Administrative expense | | 25,467 |  | 18,177 | 71.37% | | 7,290 |  | 52,551 |
| Total Deductions | | 423,067 |  | 309,959 | 73.26% | | 113,108 |  | 410,489 |
| Net Change in Plan Net Assets | | 1,281,433 |  | 2,052,238 | 160.15% | | 770,805 |  | 2,380,322 |
| **Net Assets Held in Trust for Other** | |  |  |  |  | |  |  |  |
| **Postemployment Benefits** |  |  |  |  |  |  |  |  |  |
| Beginning of year | 11,630,966 | | 11,630,966 | | - | | |  | 9,250,644 |
| End of Period | $ 12,912,399 | | $ 13,683,204 | | $ 770,805 | | |  | 11,630,966 |

**Prefunding**

**Net Direct**

**Reimburse**

**Pooled Cash**

**Trsfrs to/**

**Cash in WC**

**Cash in RBIF Total Cash &**

**Contributions Expenses Employers Change**

**(from) RBIF**

**Pool Investmts**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Beginning balance |  |  |  |  |  |  |  | $ 812,685 | $ 352,828,361 | $ 353,641,046 |
| Jul-23 Trustee Meeting | 1,849,327 | (210) | - | 1,849,117 |  | - | - | 2,661,802 | 352,828,361 | 355,490,163 |
| Aug | 1,524,327 | - | (5,027,223) | (3,502,896) |  | (925,000) | - | 83,906 | 351,903,361 | 351,987,267 |
| Sep | 1,524,327 | (2,532) | - | 1,521,795 |  | - | - | 1,573,774 | 354,014,081 | 355,587,855 |
| Oct Trustee Meeting | 1,849,327 | (130) | - | 1,849,197 |  | 275,000 | - | 3,147,971 | 354,289,081 | 357,437,052 |
| Nov | 1,524,327 | (2,500) | (4,230,865) | (2,709,038) |  | - | - | 438,933 | 354,289,081 | 354,728,014 |
| Dec | 1,524,327 | (5,583) | - | 1,518,744 |  | - | - | 1,990,532 | 358,297,748 | 360,288,280 |
| Jan Trustee Meeting | 1,869,727 | (38,130) | - | 1,831,597 |  | - | - | 3,822,129 | 358,297,748 | 362,119,877 |
| Feb | 1,524,327 | (10,240) | (6,847,322) | (5,333,235) |  | (1,875,000) | - | 363,894 | 356,422,748 | 356,786,642 |
| Mar | 1,524,327 | (8,206) | - | 1,516,121 |  | - | - | 1,901,792 | 384,798,151 | 386,699,943 |
| Apr Trustee Meeting | 1,849,327 | (16,719) | - | 1,832,608 |  | - | - | 3,734,400 | 384,798,151 | 388,532,551 |
| May | 1,524,327 | (2,500) | (4,474,183) | (2,952,356) |  | 500,000 | - | 282,044 | 385,298,151 | 385,580,195 |
| Jun | 1,524,332 | (5,250) | - | 1,519,082 |  | - | - | 1,801,126 | 385,298,151 | 387,099,277 |
| Jul-24 Trustee Meeting | - | - | (9,215,137) | (9,215,137) |  | (4,500,000) | - | (2,914,011) | 380,798,151 | 377,884,140 |
| Cash flow total | 19,612,329 | (92,000) | (29,794,730) | (10,274,401) |  | (6,525,000) |  |  |  |  |

Less: Pmts related to FY23 - 4,379,130 FY24 Budget (92,000) (25,415,600)

Key Assumptions:

Only key changes in cash flow are shown. TMFPD - Quarterly payments to City of Reno.

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

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **WCRHBP** |  | **Prefunding** | **Net Direct** | **Reimburse** | **Pooled Cash** |  | **Trsfrs to/** |  | **Cash Realloc** | **Cash in WC Cash in RBIF Total Cash &** | | |
|  |  | **Contributions** | **Expenses** | **Employers** | **Change** |  | **(from) RBIF** |  | **\*** | **Pool Invest.** | | |
| Beginning balance | |  |  |  |  |  |  |  |  | $ 684,803 | $ 338,484,813 | 339,169,616 |
| Jul-23 Trustee Meeting | | 1,520,780 | (70) |  | 1,520,710 |  | - |  | - | 2,205,513 | 338,484,813 | 340,690,326 |
| Aug | | 1,520,780 | - | (4,948,526) | (3,427,746) |  | (1,250,000) |  | - | 27,767 | 337,234,813 | 337,262,580 |
| Sep | | 1,520,780 | (844) | - | 1,519,936 |  | - |  | - | 1,519,465 | 339,258,993 | 340,778,458 |
| Oct Trustee Meeting | | 1,520,780 | (43) |  | 1,520,737 |  | 250,000 |  | - | 2,790,202 | 339,508,993 | 342,299,195 |
| Nov | | 1,520,780 | (2,500) | (4,112,766) | (2,594,486) |  | - |  | - | 195,716 | 339,508,993 | 339,704,709 |
| Dec | | 1,520,780 | (1,861) | - | 1,518,919 |  | - |  | - | 1,741,477 | 343,349,295 | 345,090,772 |
| Jan Trustee Meeting | | 1,520,780 | (19,043) |  | 1,501,737 |  | - |  | - | 3,243,214 | 343,349,295 | 346,592,509 |
| Feb | | 1,520,780 | (3,413) | (6,744,912) | (5,227,545) |  | (2,150,000) |  | - | 165,668 | 341,199,295 | 341,364,963 |
| Mar | | 1,520,780 | (4,402) | - | 1,516,378 |  | - |  | - | 1,700,910 | 368,382,931 | 370,083,841 |
| Apr Trustee Meeting | | 1,520,780 | (5,640) |  | 1,515,140 |  | - |  | - | 3,216,050 | 368,382,931 | 371,598,981 |
| May | | 1,520,780 | (2,500) | (4,375,822) | (2,857,542) |  | 250,000 |  | - | 108,508 | 368,632,931 | 368,741,439 |
| Jun | | 1,520,784 | (1,750) | - | 1,519,034 |  | - |  | - | 1,627,542 | 368,632,931 | 370,260,473 |
| Jul-24 Trustee Meeting | | - | - | (9,036,407) | (9,036,407) |  | (4,500,000) |  | - | (2,908,865) | 364,132,931 | 361,224,066 |
| Cash flow total | | 18,249,364 | (42,067) | (29,218,433) | (11,011,136) |  | (7,400,000) |  | - |  |  |  |
| Less: Pmts related to FY23 | |  | - | 4,300,433 |  |  | | | | | | |
| FY24 Budget | |  | (42,067) | (24,918,000) |  |  | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PEBP** |  | **Prefunding** | **Net Direct** | **Reimburse** | **Pooled Cash** |  | **Trsfrs to/** |  | **Cash Realloc** | **Cash in WC Cash in RBIF Total Cash &** | | |
|  |  | **Contributions** | **Expenses** | **Employers** | **Change** |  | **(from) RBIF** |  | **\*** | **Pool Invest.** | | |
| Beginning balance | |  |  |  |  |  |  |  |  | 70,149 | 2,749,764 | 2,819,913 |
| Jul-23 Trustee Meeting | | 3,547 | (70) | - | 3,477 |  | - |  | - | 73,626 | 2,749,764 | 2,823,390 |
| Aug | | 3,547 | - | (57,986) | (54,439) |  | - |  | - | 19,187 | 2,749,764 | 2,768,951 |
| Sep | | 3,547 | (844) | - | 2,703 |  | - |  | - | 21,376 | 2,766,650 | 2,788,026 |
| Oct Trustee Meeting | | 3,547 | (43) |  | 3,504 |  | (250,000) |  | - | 274,880 | 2,516,650 | 2,791,530 |
| Nov | | 3,547 | - | (57,631) | (54,084) |  | - |  | - | 220,796 | 2,516,650 | 2,737,446 |
| Dec | | 3,547 | (1,861) | - | 1,686 |  | - |  | - | 227,335 | 2,524,625 | 2,751,960 |
| Jan Trustee Meeting | | 3,547 | (9,043) |  | (5,496) |  | - |  | - | 221,839 | 2,524,625 | 2,746,464 |
| Feb | | 3,547 | (3,413) | (56,662) | (56,528) |  | - |  | - | 165,310 | 2,524,625 | 2,689,935 |
| Mar | | 3,547 | (1,902) | - | 1,645 |  | - |  | - | 168,299 | 2,723,253 | 2,891,552 |
| Apr Trustee Meeting | | 3,547 | (5,539) |  | (1,992) |  | - |  | - | 166,307 | 2,723,253 | 2,889,560 |
| May | | 3,547 | - | (56,950) | (53,403) |  | - |  | - | 112,904 | 2,723,253 | 2,836,157 |
| Jun | | 3,548 | (1,750) | - | 1,798 |  | - |  | - | 114,702 | 2,723,253 | 2,837,955 |
| Jul-24 Trustee Meeting | | - | - | (78,757) | (78,757) |  | - |  | - | 35,945 | 2,723,253 | 2,759,198 |
| Cash flow total | | 42,565 | (24,466) | (307,986) | (289,887) |  | (250,000) |  | - |  |  |  |
| Less: Pmts related to FY23 | |  | - | 57,986 |  |  | | | | | | |
| FY24 Budget | |  | (24,466) | (250,000) |  |  | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **TMFPD** |  | **Prefunding** | **Net Direct** | **Reimburse** | **Pooled Cash** |  | **Trsfrs to/** |  | **Cash Realloc** | **Cash in WC Cash in RBIF Total Cash &** | | |
|  |  | **Contributions** | **Expenses** | **Employers** | **Change** |  | **(from) RBIF** |  | **\*** | **Pool Invest.** | | |
| Beginning balance |  | |  |  |  |  | | |  | 57,733 | 11,593,784 | 11,651,517 |
| Jul-23 Trustee Meeting | 325,000 | | (70) | - | 324,930 | - | | | - | 382,663 | 11,593,784 | 11,976,447 |
| Aug | - | | - | (20,711) | (20,711) | 325,000 | | | - | 36,952 | 11,918,784 | 11,955,736 |
| Sep | - | | (844) | - | (844) | - | | | - | 32,933 | 11,988,438 | 12,021,371 |
| Oct Trustee Meeting | 325,000 | | (43) |  | 324,957 | 275,000 | | | - | 82,890 | 12,263,438 | 12,346,328 |
| Nov | - | | - | (60,468) | (60,468) | - | | | - | 22,422 | 12,263,438 | 12,285,860 |
| Dec | - | | (1,861) | - | (1,861) | - | | | - | 21,720 | 12,423,828 | 12,445,548 |
| Jan Trustee Meeting | 345,400 | | (10,043) |  | 335,357 | - | | | - | 357,077 | 12,423,828 | 12,780,905 |
| Feb | - | | (3,413) | (45,748) | (49,161) | 275,000 | | | - | 32,915 | 12,698,828 | 12,731,743 |
| Mar | - | | (1,902) | - | (1,902) | - | | | - | 32,583 | 13,691,967 | 13,724,550 |
| Apr Trustee Meeting | 325,000 | | (5,541) |  | 319,459 | - | | | - | 352,042 | 13,691,967 | 14,044,009 |
| May | - | | - | (41,411) | (41,411) | 250,000 | | | - | 60,631 | 13,941,967 | 14,002,598 |
| Jun | - | | (1,750) | - | (1,750) | - | | | - | 58,881 | 13,941,967 | 14,000,848 |
| Jul-24 Trustee Meeting | - | | - | (99,973) | (99,973) | - | | | - | (41,092) | 13,941,967 | 13,900,875 |

Cash flow total 1,320,400 (25,467) (268,311) 1,026,622 1,125,000 -

Less: Pmts related to FY23 - 20,711 FY24 Budget (25,467) (247,600)

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

**Retirement Benefits Investment Fund**

December 31, 2023

Performance Gross of Fees

**Asset Class Market Value**

**Target Allocation**

**Actual Allocation**

**FYTD One Year 3 Years 5 Years 10 Years Return**

**Since Inception (2008)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| U.S. Stocks- S&P 500 Index | $ 418,414,893 | 49.5% | 49.9% | 8.0% | 26.2% | 10.0% | 15.7% | 12.0% | 10.3% |
| **Market Return** |  |  |  | **8.0%** | **26.3%** | **10.0%** | **15.7%** | **12.0%** | **10.3%** |
| Int'l Stocks- MSCI World x US Index | $ 160,517,016 | 19.5% | 19.2% | 6.0% | 18.2% | 4.7% | 8.7% | 4.7% | 3.7% |
| **Market Return** |  |  |  | **6.0%** | **17.9%** | **4.4%** | **8.5%** | **4.4%** | **3.5%** |
| U.S. Bonds- U.S. Bond Index | $ 229,591,524 | 28.0% | 27.4% | 2.4% | 4.0% | -0.9% | 2.5% | 2.3% | 2.9% |
| **Market Return** |  |  |  | **2.4%** | **4.1%** | **-1.1%** | **2.3%** | **2.2%** | **2.7%** |
|  | $ 29,228,591 | 3.0% | 3.5% |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Total RBIF Fund** | **$ 837,752,024** | **100.0%** | **100.0%** | **6.0%** | **18.3%** | **6.1%** | **11.0%** | **8.0%** | **7.2%** |
| **Market Return** |  |  |  | **6.0%** | **18.0%** | **5.8%** | **10.7%** | **7.8%** | **7.2%** |

**Washoe County, Nevada OPEB Trust Fund Financial Statements**

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

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**WASHOE COUNTY, NEVADA OPEB TRUST FUND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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PAs & Business Advisor

# Independent Auditor’s Report

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

# Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of the Washoe County OPEB Trust Fund (the Fund), a fiduciary component unit of Washoe County, Nevada, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Washoe County OPEB Trust Fund, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

* Exercise professional judgment and maintain professional skepticism throughout the audit.
* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, no such opinion is expressed.
* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedules of changes in the Plans’ net OPEB liability and related ratios, schedules of employer contributions, and schedule of investment returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 GAAS, 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.

Eide Bailly signature

Reno, Nevada March 8, 2024

This section presents management’s discussion and analysis of the Washoe County, Nevada Other Postemployment Benefits (OPEB) Trust Fund’s (the Trust) financial position and performance as of and for the fiscal year ended June 30, 2023. 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:

* Fiduciary net position of the Trust increased by $28,528,248 to a total of $349,258,117.
* The Trust had net additions during the year of $53,732,090 and deductions for benefits and administrative expenses of $25,203,842. Additions consisted of $12,822,595 from employer and other contributions, and

$40,909,495 of net investment gain. Of the net investment gain, $33,132,460 came from changes in the fair value of the investments.

* The actuarial valuations for the participating employers’ plans showed that the employers’ actuarially determined contributions (ADC) were $20,279,831 (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 fiscal year 2023 were $8,134,111.

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 postemployment benefits provided by the benefit plans of the participating employers, who are Washoe County and the Truckee Meadows Fire Protection District (TMFPD). The Sierra Fire Protection District was consolidated into the Truckee Meadows Fire Protection District as of July 1, 2016.

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 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 Fiduciary Net Position*. These statements present 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 Fiduciary Net Position*. These statements present information on the additions to and deductions from the Trust during the year being reported. Additions include employer contributions to the Trust, net investment income or loss, 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 three supplementary schedules. The Schedules of Changes in Plans’ Net OPEB Liability and Related Ratios show information about the Total OPEB Liability and Plan Net Position for each plan separately and permits a determination of the trend of the various factors affecting the Total OPEB Liability, Plan Net Position, and Net OPEB Liability. The Schedules of Employer Contributions show information on the extent to which the participating employers are providing funding relative to their actuarially determined contributions and the key methods and assumptions used to determine the contribution amounts. The Schedule of Investment Returns shows the annual money-weighted rate of return on the plans’ cash and investments. GASB Statement No. 74 requires that each of these schedules is to include data from the 10 most recent fiscal years. Because the data is not available for all 10 previous fiscal years, the schedules show information only for those years for which information is available.

|  |  |  |
| --- | --- | --- |
| **Financial Analysis and Discussion** |  | |
| *Statements of Fiduciary Net Position:* |
| The following summary amounts are as of June 30: |
|  | 2023 | 2022 |
| Total assets | $ 353,642,632 | $ 326,093,256 |
| Total liabilities | 4,384,515 | 5,363,387 |

Net position restricted for other postemployment benefits

$ 349,258,117 $ 320,729,869

Assets at June 30, 2023 include cash and investments of $353,641,046; most of this was held in the State of Nevada Retirement Benefits Investment Fund (RBIF). In addition to interest and dividend income, the investments experienced a net increase in fair value (market value) during the year. 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. All liabilities were subsequently settled. Plan liabilities do *not* include 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 administrative expenses for approximately 13.9 years.

*Statements of Changes in Fiduciary Net Position:*

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

|  |  |  |
| --- | --- | --- |
|  | 2023 | 2022 |
| Additions |  |  |
| Employer prefunding contributions | $ 8,134,111 | $ 11,872,666 |
| Other contributions | 4,688,484 | 2,673,820 |
| Investment income: |  |  |
| Interest and dividends | 7,877,748 | 6,038,503 |
| Net increase (decrease) in fair value of investments | 33,132,460 | (39,590,558) |
| Less investment expenses | (100,713) | (111,651) |
| Total additions | 53,732,090 | (19,117,220) |
| Deductions |  |  |
| Benefit payments (net) | 25,016,000 | 22,124,899 |
| Administrative expenses | 187,842 | 66,835 |
| Total deductions | 25,203,842 | 22,191,734 |
| Change in plan net position | $ 28,528,248 | $ (41,308,954) |

Washoe County budgets for, and contributes to the Trust, amounts based on the ADCs of the Washoe County Retiree Health Benefit Plan (WCRHBP) and the PEBP Plan. Due to the timing of the ADC calculations and the County’s budget process, the contributions are typically made in the year subsequent to the year for which the ADC amounts are calculated. TMFPD contributed $1,300,000 in fiscal year 2023. Amounts funded are at the discretion of the individual participating employers.

Employer contributions decreased from fiscal year 2022 to fiscal year 2023 due to a $4.1 million decrease in the amount funded to the WCRHBP, offset by a $450,000 increase in the amount funded by TMFPD.

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.

Net benefit payments increased $2.9 million, or 13.1%, from fiscal year 2022 to fiscal year 2023. The total paid for benefits is driven largely by participants of the WCRHBP. Plan participation increased by 3.2% to an average of 1,896 monthly participants. The increase in net benefit payments is attributable primarily to medical claims expenses.

**Investments**

The Trust has invested nearly all its assets in the RBIF, as authorized by Nevada Revised Statutes. The State of Nevada Public Employees Retirement System is the investment manager of the RBIF. Investment returns during fiscal year 2023 were 12.9%, which includes interest and dividend income, realized gains and losses, and unrealized gains and losses.

**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, Bldg. D Room 200, Reno, NV 89512.

**STATEMENTS OF FIDUCIARY NET POSITION AS OF JUNE 30, 2023**

**Washoe County Retiree Health Benefits Program**

**State of Nevada Public Employees' Benefits Plan**

**TMFPD**

**Retiree Group**

**Medical Plan Total**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Assets**  Cash and investments | $ 339,169,615 $ | 2,819,913 | $ 11,651,518 $ | | 353,641,046 |
| Interest receivable | 1,260 | 167 | 159 | | 1,586 |
| Total Assets | 339,170,875 | 2,820,080 | 11,651,677 | | 353,642,632 |
| **Liabilities**  Accounts payable - benefit |  |  |  | |  |
| reimbursements to employers | 4,300,433 | 57,986 | | 20,711 | 4,379,130 |
| Accounts payable - others | 5,385 | - | | - | 5,385 |
| Total Liabilities | 4,305,818 | 57,986 | | 20,711 | 4,384,515 |
| **Net Position Restricted for**  **Other Postemployment Benefits** | $ 334,865,057 $ | 2,762,094 $ | | 11,630,966 $ | 349,258,117 |

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Washoe County Retiree Health**  **Benefit Plan** | | **State of Nevada Public Employees'**  **Benefits Plan** | | **TMFPD**  **Retiree Group Medical Plan** | | **Total** | |
| **Additions**  Contributions: Employer prefunding | $ 6,810,652 | | $ 23,459 | | $ 1,300,000 | | $ 8,134,111 | |
| Other | 4,688,484 | | - | | - | | 4,688,484 | |
| Total Contributions | 11,499,136 | | 23,459 | | 1,300,000 | | 12,822,595 | |
| Investment Income: Interest and dividends Net (increase in fair value  of investments | | 7,570,127  31,823,985 |  | 63,458  264,204 |  | 244,163  1,044,271 |  | 7,877,748  33,132,460 |
| Total Investment Income | | 39,394,112 |  | 327,662 |  | 1,288,434 |  | 41,010,208 |
| Less investment expenses | | 96,779 |  | 817 |  | 3,117 |  | 100,713 |
| Net Investment Income | | 39,297,333 |  | 326,845 |  | 1,285,317 |  | 40,909,495 |
| Total Additions | | 50,796,469 |  | 350,304 |  | 2,585,317 |  | 53,732,090 |
| **Deductions**  Benefit payments, net | | 24,617,290 |  | 246,266 |  | 152,444 |  | 25,016,000 |
| Administrative expenses | | 101,503 |  | 33,788 |  | 52,551 |  | 187,842 |
| Total Deductions | | 24,718,793 |  | 280,054 |  | 204,995 |  | 25,203,842 |
| Change in Plan Net Position | | 26,077,676 |  | 70,250 |  | 2,380,322 |  | 28,528,248 |

**Net Position Restricted for**

**Other Postemployment Benefits**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Beginning of year | 308,787,381 | 2,691,844 | 9,250,644 | 320,729,869 |
| End of year | $ 334,865,057 | $ 2,762,094 | $ 11,630,966 | $ 349,258,117 |

**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 County 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 five-member Board of Trustees appointed by the BCC. As of June 30, 2023, there are two participating employers in the Trust: Washoe County, Nevada (County) and the Truckee Meadows Fire Protection District (TMFPD). The Sierra Fire Protection District was consolidated into TMFPD as of July 1, 2016.

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. Some former County employees obtain their retiree health insurance through an arrangement with the State of Nevada’s Public Employees’ Benefits Plan (PEBP), a multiple-employer defined benefit OPEB plan.

TMFPD provides other postemployment benefits for eligible employees through the Truckee Meadows Fire Protection District Retiree Group Medical Plan (TMFPD RGMP), a single-employer defined benefit OPEB plan. The TMFPD plan includes former employees of the Sierra Fire Protection District.

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 the accounting principles generally accepted in the United States of America. These statements have also been prepared in accordance with the reporting standards as promulgated by the Governmental Accounting Standards Board (GASB), which designates accounting principles and financial reporting standards applicable to the plans. As there are no legally required contributions, Employer contributions are recognized when received. 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.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements may require management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**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. FHN Financial Main Street Advisors 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 and realized and unrealized gains and losses.

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 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.

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.

**Contributions**

Employer prefunding contributions are determined by the participating employers and recognized when received. Other contributions include items such as reinsurance reimbursements, prescription drug rebates, and Retiree Drug Subsidy money received from the Centers for Medicare Services, all of which are received by the employers and passed through to the Trust as an offset against the benefits amounts that the Trust pays.

**Payment of Benefits**

Benefits, net of plan member contributions, are recognized when due and payable in accordance with the terms of the Plans.

**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, and are recorded when incurred and payable by the Trust.

**Net Position Classification**

Net Position Restricted for Other Postemployment Benefits consists of net position with constraints placed on its use principally by NRS section 287 and Internal Revenue Code section 115.

**Termination**

Although the employers have not expressed any intent to do so, each employer has the right under the Trust Agreement to terminate their participation in the Trust in whole or in part at any time.

**NOTE 2 – PLAN DESCRIPTIONS, CONTRIBUTIONS, AND BENEFITS**

Membership of each plan consisted of the following as of June 30, 2022 for the PEBP Plan and the TMFPD RGMP and as of June 30, 2023 for the RHBP, the dates of the most recent full actuarial valuations of the plans:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **RHBP** |  | **PEBP** |  | **TMFPD RGMP** |  | **Total** |  |
| Retirees and beneficiaries receiving benefits | 1,900 |  | 278 |  | 59 |  | 2,237 |  |
| Active plan members | 2,656 |  | - |  | 192 |  | 2,848 |  |
| Total | 4,556 |  | 278 |  | 251 |  | 5,085 |  |
|  |  |  |  |  |  |  |  |  |

**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 two self-funded group health plans (PPO and HDHP), an HMO Plan, and a Medicare Advantage 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. Retiree premiums reflect an implicit subsidy as a result of NRS 287.023, which requires comingling of the claims experience of both active and retired employees and covered dependents in determining the premiums.

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

**Tier 1 Retiree**

**Years of Service 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 County’s monthly subsidy for retirees age 64 and under depends on years of full-time service and in fiscal year 2023 ranged from a minimum of $128 for five years to a maximum of $698 for 20 or more years. The County’s subsidy for retirees age 65 and over ranged from $71 to $284 per month in fiscal year 2023, depending upon years of service. Subsidy amounts are established through a negotiation process between the County and its employee associations. Tier 2 retirees must enroll in Medicare upon reaching age 65 or retiring, whichever is later.

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

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 employee associations. The BCC approves the retiree health benefit contribution amount annually. During the current fiscal year, the County contributed $6,810,652 based on the actuarially determined contribution. It also made other contributions of $4,688,484.

Benefits

Benefit payments for the year ended June 30, 2023 were as follows:

Benefit payments $ 28,623,774 Less: plan member premium contributions 4,006,484

Net RHBP benefit payments $ 24,617,290

**State of Nevada’s Public Employees’ Benefits Plan (PEBP)**

Plan Description and Eligibility

NRS 287.023 allowed County retirees to join the State’s PEBP through September 1, 2008, at the County’s expense. It is closed to existing County employees. Eligibility and subsidy requirements are governed by statutes of the State 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. PEBP is a multiple employer defined benefit plan.

Contribution requirements in the form of a premium subsidy are assessed by the PEBP Board annually. The County is required to provide a subsidy for its eligible retirees who have elected to join PEBP. The County’s required subsidy is based on each retiree’s years of service with the County as a proportionate share of the retiree’s total years of PERS service, and in fiscal year 2023 the County’s monthly subsidy for individual retirees ranged from a minimum of $1 to a maximum of $993.

Additionally, the BCC approves an annual contribution amount based on the actuarially determined contribution for the year. In fiscal year 2023, the County budgeted and contributed $23,459.

Benefit payments for the year ended June 30, 2023 were $246,266.

**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 2014, 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 each entity, 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 Sierra Fire Protection District (SFPD) was consolidated into the TMFPD as of July 1, 2016, at which time TMFPD became responsible for the OPEB obligations of SFPD.

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. International Association of Fire Fighters 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. Operating Engineers 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 retiree’s health insurance premium, and 100% of the cost of coverage for their spouses.

Additionally, the Board of Fire Commissioners approves an annual contribution based on the District’s funding policy, which is intended to fund its total OPEB liability at an 80% ratio. In fiscal year 2023, the District budgeted and contributed $1,300,000.

Benefits

Benefit payments for the year ended June 30, 2023 were as follows:

Benefit payments $ 357,938 Less: plan member premium contributions 205,494

Net TMFPD RGMP benefit payments $ 152,444

The retiree portion of the cost of coverage for former TMFPD employees who participate in the City of Reno’s plan are paid directly to the City of Reno by TMFPD and are not included in these financial statements.

**NOTE 3 – 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.

At year end, the Trust’s cash and investments invested with the WCIP and the RBIF were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **RHBP** | **PEBP** | **TMFPD RGMP** | **Total** |
| Washoe County Investment Pool | $ 684,803 | $ 70,149 | $ 57,733 | $ 812,685 |
| Retirement Benefits Investment Fund | 338,484,812 | 2,749,764 | 11,593,784 | 352,828,361 |
| Total cash and investments | $ 339,169,616 | $ 2,819,913 | $ 11,651,518 | $ 353,641,046 |

The WCIP is an unrated external investment pool. The Trust’s investment in the WCIP is reported at its net proportional share of the WCIP’s underlying portfolio at June 30, 2023. FHN Financial Main Street Advisors determines the fair value of the investment pool monthly. Pooled investments principally include U.S. Agency securities, U. S. Treasury securities, corporate notes and commercial paper, certificates of deposit, and asset-backed securities; all are physically collateralized and held by Wells Fargo Bank. The pooled investments also include money deposited with the State of Nevada’s Local Government Investment Pool. Investments in the WCIP are classified as cash and investments in the Statements of Fiduciary Net Position because they can be withdrawn on demand without notice in an amount equal to the original investment plus or minus the monthly allocation of interest income and realized and unrealized gains and losses. All money deposited into the WCIP is at the Trust’s discretion. Complete financial information on the WCIP as of June 30, 2023 can be obtained by contacting the Washoe County Comptroller’s Office, 1001 East 9th Street, Bldg. D, Room 200, Reno, Nevada, 89512.

The RBIF is also an unrated external investment pool. The Trust’s investment in the RBIF is reported at its net proportional share of RBIF’s underlying portfolio (U.S. stocks, international stocks, and U.S. bonds) at June 30, 2023. Bank of New York Mellon determines the fair value of the investment pool monthly. Investments in the RBIF are classified as cash and investments in the Statements of Fiduciary Net Position; they can be withdrawn once per month, with five business days written notice, in an amount equal to the original investment plus or minus the monthly allocation of interest and dividend income and realized and unrealized gains and losses. The RBIF allocates earnings (which include realized and unrealized gain or loss, interest, dividends, and other income) and expenses (both administrative and investment) to each participant according to their proportional share in the RBIF. All money deposited into the RBIF is at the Trust’s discretion. Complete financial information on the RBIF as of June 30, 2023 can be obtained by contacting the Retirement Benefits Investment Board, 693 W. Nye Lane, Carson City, Nevada, 89703.

For the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was as follows:

|  |  |
| --- | --- |
| Washoe County RHBP | 12.84% |
| Washoe County PEBP | 12.47% |
| TMFPD RGMP | 12.85% |

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**NOTE 4 – NET OPEB LIABILITIES**

The components of the net OPEB liability of each of the plans at June 30, 2023 were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **RHBP** | **PEBP** | **TMFPD RGMP** |
| Total OPEB Liability | $ 491,239,799 $ | 3,105,607 $ | 17,628,956 |
| Plan fiduciary net position | (334,865,057) | (2,762,094) | (11,630,966) |
| Net OPEB Liability | $ 156,374,742 $ | 343,513 $ | 5,997,990 |
| Plan fiduciary net position as a percentage of the total OPEB Liability | 68.17% | 88.94% | 65.98% |

*Actuarial assumptions.* The total OPEB liability for each plan was determined by actuarial valuations dated July 1, 2022 for the PEBP Plan and the TMFPD RGMP, and dated July 1, 2023 for the RHBP, using the following actuarial assumptions to all periods included in the measurement, unless otherwise specified:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **RHBP** |  | **PEBP** |  | **TMFPD RGMP** |
| Inflation | 2.50% |  | 2.35% |  | 2.35% |
| Salary increases | 7.50% first 4 years, 2.50% thereafter |  | N/A |  | 12% first 4 years, 4.5% thereafter \* |
|  |  |  |  |  | 9.3% first 4 years, 2.35% thereafter \*\* |
| Investment rate of return | 5.75% |  | 5.75% |  | 5.75% |
| Healthcare cost trend rates | 4.7% initial |  | 5.5% initial |  | 5.5% initial |
|  | 3.9% ultimate |  | 3.8% ultimate |  | 3.70% ultimate |

\* first two years after valuation

\*\* years 3 + after valuation

Mortality rates for the RHBP, the PEBP Plan and the TMFPD RGMP were based on the Pub-2010 mortality tables published by the Society of Actuaries adjusted to match Nevada PERS experience. Rates were increased by 20% to 30% for male retirees and by 5% to 15% for female retirees, depending on health status and if the employee retired from a public safety position.

The actuarial valuations for the TMFPD RGMP used the Nevada Public Employees Retirement System (PERS) demographic assumptions from PERS’ 2021 experience study. The RHBP used an experience study of the plan to determine demographic assumptions for retirement and withdrawal rate assumptions.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The long-term expected rate of return on OPEB plan investments, net of investment expenses and utilizing the long-term geometric real rate of return, was based on RBIF’s adopted investment policy target asset allocation as of June 30, 2023, as follows:

Target

|  |  |
| --- | --- |
| Asset Class | Allocation |
| U. S. Stocks | 50.5% |
| International stocks | 21.5% |
| U. S. Bonds | 28.0% |

Healthcare cost trends change from year to year due to changes in general and healthcare-specific inflation, among other factors. The trends noted in the above table for the July 1, 2023 actuarial valuations changed from the following trends used in the July 1, 2022 roll-forward valuations:

RHBP: 3.90% to 4.70%

PEBP: 3.80% to 5.50%

RGMP: 3.70% to 5.50%

*Discount rate.* The discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that plan assets are projected to cover the benefit payments. The discount rate used to measure the total OPEB liability as of June 30, 2023 was 5.75% for all plans, the same as was used in the previous valuations as of July 1, 2022.

For the RHBP and PEBP, the projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the RHBP’s and PEBP’s net positions are projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

For the TMFPD RGMP, the projection of cash flows used to determine the discount rate reflects the District’s decision to implement in fiscal year 2019 a funding policy which will maintain a funded percentage for the RGMP of at least 80%. When implemented, the Net Position of the RGMP and future expected contributions and earnings are always projected to be sufficient to cover benefit payments.

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liabilities of the plans, as well as what each plan’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current discount rate:

**1% Decrease Current 1% Increase in Discount Rate Discount Rate in Discount Rate**

**4.75% 5.75% 6.75%**

RHBP Net OPEB Liability $ 220,247,119 $ 156,374,742 $ 103,639,092

PEBP Net OPEB Liability $ 645,636 $ 343,513 $ 84,947 TMFPD RGMP Net OPEB Liability $ 8,248,725 $ 5,997,990 $ 4,098,203

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates*. The following presents the net OPEB liabilities of the plans, as well as what each plan’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

**RHBP**

**1% Decrease Current 1% Increase**

**in Healthcare Costs Healthcare Costs in Healthcare Costs Trend Rate Trend Rate Trend Rate**

(3.7% decreasing (4.7% decreasing (5.7% decreasing

to 2.9%) to 3.9%) to 4.9%)

Net OPEB Liability $ 103,354,718 $ 156,374,742 $ 220,131,257

**PEBP**

**1% Decrease Current 1% Increase**

**in Healthcare Costs Healthcare Costs in Healthcare Costs Trend Rate Trend Rate Trend Rate**

(4.5% decreasing (5.5% decreasing (6.5% decreasing

to 2.8%) to 3.8%) to 4.8%)

Net OPEB Liability $ 94,313 $ 343,513 $ 629,133

**TMFPD RGMP**

**1% Decrease Current 1% Increase**

**in Healthcare Costs Healthcare Costs in Healthcare Costs Trend Rate Trend Rate Trend Rate**

(4.50% decreasing (5.50% decreasing (6.50% decreasing

to 2.70%) to 3.70%) to 4.70%)

Net OPEB Liability $ 3,837,289 $ 5,997,990 $ 8,633,731

**SCHEDULES OF CHANGES IN THE PLANS’ NET OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS\***

Washoe County Retirees Health Benefits Plan:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2023** |  | **2022** |  | **2021** | **2020** | **2019** | **2018** | **2017** |
| **Total OPEB liability**  Service cost | $ 4,854,356 |  | 3,877,260 |  | 3,764,330 $ | 5,646,136 $ | 5,455,204 $ | 6,700,000 $ | 6,473,000 |
| Interest | 28,127,424 |  | 22,076,351 |  | 21,660,363 | 29,103,076 | 28,019,923 | 31,567,000 | 30,059,000 |
| Changes of benefit terms  Differences between expected and actual experience | -  (28,998,830) | 7,528,783  86,894,125 | | -  - | | -  (896,459) | -  - | -  1,484,000 | -  - |
| Changes of assumptions | 13,307,829 | 3,852,748 | | - | | (123,584,517) | - | (6,570,000) | - |
| Benefit payments | (20,452,605) | (19,501,311) | | (17,137,807) | | (16,335,205) | (14,912,577) | (16,825,000) | (13,601,066) |
| Other changes | - | - | | - | | - | - | (172,517) | - |
| **Net Change in total OPEB liability** | (3,161,826) |  | 104,727,956 |  | 8,286,886 | (106,066,969) | 18,562,550 | 16,183,483 | 22,930,934 |
| **Total OPEB liability - beginning** | 494,401,625 |  | 389,673,669 |  | 381,386,783 | 487,453,752 | 468,891,202 | 452,707,719 | 429,776,785 |
| **Total OPEB liability - ending (a)** | $ 491,239,799 |  | 494,401,625 |  | 389,673,669 $ | 381,386,783 $ | 487,453,752 $ | 468,891,202 $ | 452,707,719 |
| **Fiduciary net position**  Employer contributions | $ 6,810,652 |  | 10,952,060 |  | 16,898,159 $ | 20,188,000 $ | 22,956,281 $ | 22,988,364 $ | 25,306,206 |
| Other contributions | 523,799 |  | 473,658 |  | 917,267 | 458,977 | 1,704,664 | 3,144,797 | 1,877,007 |
| Net investment income | 39,297,333 |  | (32,415,407) |  | 75,006,695 | 17,131,267 | 18,504,570 | 16,871,288 | 21,244,206 |
| Benefit payments | (20,452,605) |  | (19,501,311) |  | (17,137,807) | (16,335,205) | (16,303,362) | (16,825,000) | (13,601,066) |
| Administrative expenses | (101,503) |  | (23,043) |  | (40,141) | (54,574) | (79,845) | (15,690) | (27,416) |
| **Net change in plan net position** | 26,077,676 |  | (40,514,043) |  | 75,644,173 | 21,388,465 | 26,782,308 | 26,163,759 | 34,798,937 |
| **Fiduciary net position - beginning** | 308,787,381 |  | 349,301,424 |  | 273,657,251 | 252,268,786 | 225,486,478 | 199,322,719 | 164,523,782 |
| **Fiduciary net position - ending (b)** | $ 334,865,057 |  | 308,787,381 |  | 349,301,424 $ | 273,657,251 $ | 252,268,786 $ | 225,486,478 $ | 199,322,719 |
| **RHBP net OPEB liability - ending (a) - (b)** 156,374,742 | | 185,614,244 | | 40,372,245 | | 107,729,532 | 235,184,966 | 243,404,724 | 253,385,000 |
| **Plan fiduciary net position as a**  **percentage of the total OPEB liability** 68.17% | | 62.46% | | 89.64% | | 71.75% | 51.75% | 48.09% | 44.03% |

Notes to Schedule:

Certain amounts are presented in accordance with Actuarial Standards of Practice, which differs from the presentation on the Statements of Changes in Fiduciary Net Position. There is no effect on the Change in Plan Net Position.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY17 to FY18:

* The healthcare costs trend rate changed from a range of 4.75% to 7.50% in FY17 to a range of 4.80% to 5.40% in FY18.
* The projected investment rate of return decreased from 7% in FY17 to 6% in FY18.
* The RP-2014 Mortality table was used in both years; for FY17 it was projected forward using the MP-2016 scale, and for FY18 it was projected forward using the MP-2018 scale.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY19 to FY20:

* The healthcare costs trend rate changed from a range of 4.80% to 5.40% in FY19 to a range of 4.00% to 6.20% in FY20.
* The projected investment rate of return decreased from 6% in FY19 to 5.75% in FY20.
* The RP-2014 Mortality table was used in both years; for FY19 it was projected forward using the MP-2018 scale, and for FY20 it was projected forward using the MP-2019 scale.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY21 to FY22:

* The healthcare costs trend rate changed from a range of 4.00% to 6.20% in FY21 to a range of 3.80% to 5.50% in FY22.
* In FY22 mortality assumptions were changed to the Pub-2010 mortality tables published by the Society of Actuaries, projected generationally using the MP-2020 projection scale, and adjusted to match the Nevada PERS experience.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY22 to FY23:

* The healthcare costs trend rate changed from a range of 3.80% to 5.50% in FY22 to a range of 3.90% to 4.70% in FY23.
* The retirement and withdrawal rate assumptions were changed as a result of an experience study of the plan’s participants.

\*GASB Statement No. 74 requires ten years of information to be presented in these tables. However, until ten years of data is compiled, the Trust Fund will present information only for those years for which information is available.

**SCHEDULES OF CHANGES IN THE PLANS’ NET OPEB LIABILITY AND RELATED RATIOS**

**LAST TEN FISCAL YEARS\***

Washoe County Retirees – State’s Public Employees Benefits Plan:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2023** |  | **2022** |  | **2021** | **2020** | | **2019** | | **2018** | | **2017** | |
| **Total OPEB liability**  Service cost | $ - |  | - |  | - | $ - | | $ - | | $ - | | $ - | |
| Interest  Changes of benefit terms  Differences between expected and actual experience | 175,652  -  - |  | 191,553  -  (65,856) |  | 195,487  - | 228,043  123,541 | | 231,538  - | | 255,702  -  (9,159) | | 256,838  -  - | |
| Changes of assumptions | - |  | (149,120) |  | - | (468,540) | | - | | 240,944 | | - | |
| Benefit payments | (246,266) |  | (259,778) |  | (267,940) | (299,400) | | (280,454) | | (281,687) | | (264,731) | |
| **Net Change in total OPEB liability** | (70,614) |  | (283,201) |  | (72,453) | (416,356) | | (48,916) | | 205,800 | | (7,893) | |
| **Total OPEB liability - beginning** | 3,176,221 |  | 3,459,422 |  | 3,531,875 | | 3,948,231 | | 3,997,147 | | 3,791,347 | | 3,799,240 |
| **Total OPEB liability - ending (a)** | **$** 3,105,607 |  | 3,176,221 |  | 3,459,422 **$** | | 3,531,875 **$** | | 3,948,231 **$** | | 3,997,147 **$** | | 3,791,347 |
| **Fiduciary net position**  Employer contributions | $ 23,459 |  | 70,606 |  | 101,841 $ | | 102,159 $ | | 94,719 $ | | 99,636 $ | | 43,000 |
| Net investment income | 326,845 |  | (282,396) |  | 691,084 | | 180,349 | | 189,515 | | 224,958 | | 309,861 |
| Benefit payments | (246,266) |  | (259,778) |  | (267,940) | | (299,400) | | (280,454) | | (281,687) | | (264,731) |
| Administrative expenses | (33,788) |  | (21,396) |  | (23,678) | | (21,510) | | (22,122) | | (14,221) | | (14,702) |
| **Net change in plan net position** | 70,250 |  | (492,964) |  | 501,307 | | (38,402) | | (18,342) | | 28,686 | | 73,428 |
| **Fiduciary net position - beginning** | 2,691,844 |  | 3,184,808 |  | 2,683,501 | | 2,721,903 | | 2,740,245 | | 2,711,559 | | 2,638,131 |
| **Fiduciary net position - ending (b)** | **$** 2,762,094 |  | 2,691,844 |  | 3,184,808 **$** | | 2,683,501 **$** | | 2,721,903 **$** | | 2,740,245 **$** | | 2,711,559 |
| **PEBP net OPEB liability - ending (a) - (b)** | 343,513 |  | 484,377 |  | 274,614 | | 848,374 | | 1,226,328 | | 1,256,902 | | 1,079,788 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 88.94% |  | 84.75% |  | 92.06% | | 75.98% | | 68.94% | | 68.56% | | 71.52% |

Notes to Schedule:

The following actuarial assumptions for computing the Total OPEB liability were changed from FY17 to FY18:

* The healthcare costs trend rate changed from a range of 4.75% to 8.25% in FY17 to a range of 4.70% to 6.10% in FY18.
* The projected investment rate of return decreased from 7% in FY17 to 6% in FY18.
* The RP-2014 Mortality table was used in both years; for FY17 it was projected forward using the MP-2016 scale, and for FY18 it was projected forward using the MP-2018 scale.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY19 to FY20:

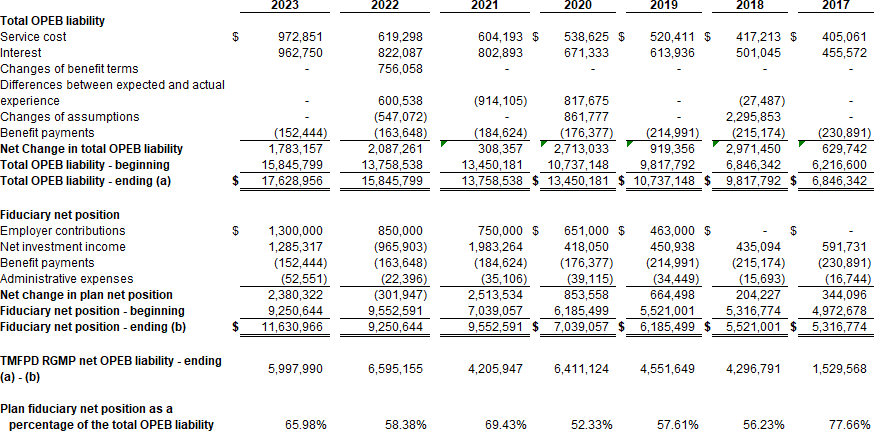
* The healthcare costs trend rate changed from a range of 4.70% to 6.10% in FY19 to a range of 4.00% to 6.30% in FY20.
* The projected investment rate of return decreased from 6% in FY19 to 5.75% in FY20.
* The RP-2014 Mortality table was used in both years; for FY19 it was projected forward using the MP-2018 scale, and for FY20 it was projected forward using the MP-2019 scale.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY21 to FY22:

* The healthcare costs trend rate changed from a range of 4.00% to 6.30% in FY21 to a range of 3.80% to 5.50% in FY22.
* In FY22 mortality assumptions were changed to the Pub-2010 mortality tables published by the Society of Actuaries, projected generationally using the MP-2020 projection scale, and adjusted to match the Nevada PERS experience.

**SCHEDULES OF CHANGES IN THE PLANS’ NET OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS\***

Truckee Meadows Fire Protection District Retiree Group Medical Plan:



Notes to Schedule:

The following actuarial assumptions for computing the Total OPEB liability were changed from FY17 to FY18:

* The healthcare costs trend rate changed from a range of 4.75% to 9.84% in FY17 to a range of 4.60% to 6.20% in FY18.
* The projected investment rate of return decreased from 7% in FY17 to 6% in FY18.
* The RP-2000 Combined Mortality table, projected to 2025 with Scale AA, was used in FY17. The RP-2014 Mortality table, adjusted to reflect mortality improvement scale MP-2015 from the 2006 base year, and projected forward using projection scale MP-2018 on a generational basis was used for FY18.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY19 to FY20:

* The healthcare costs trend rate changed from a range of 4.60% to 6.20% in FY19 to a range of 4.00% to 8.20% in FY20.
* The projected investment rate of return decreased from 6% in FY19 to 5.75% in FY20.
* The RP-2014 Mortality table, adjusted to reflect mortality improvement scale MP-2015 from the 2006 base year, and projected forward using projection scale MP-2018 on a generational basis was used for FY19. For FY20, the RP-2014 Mortality table was used, and was adjusted to reflect mortality improvement Scale MP-2019 from the 2006 base year and was projected forward using projection scale MP-2019 on a generational basis.

The following actuarial assumptions for computing the Total OPEB liability were changed from FY20 to FY21:

* Some of the retirees on the City of Reno’s healthcare plan have changed to a lower-cost plan.

**SCHEDULES OF CHANGES IN THE PLANS’ NET OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS\***

Notes to Schedule, Continued:

The following actuarial assumptions for computing the Total OPEB liability were changed from FY21 to FY22:

* The healthcare costs trend rate changed from a range of 4.00% to 8.20% in FY21 to a range of 3.70% to 5.50% in FY22.
* In FY22 mortality assumptions were changed to the Pub-2010 mortality tables published by the Society of Actuaries, projected generationally using the MP-2020 projection scale, and adjusted to match the Nevada PERS experience.

**SCHEDULES OF EMPLOYER CONTRIBUTIONS LAST TEN FISCAL YEARS\***

Washoe County Retirees Health Benefits Plan:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2023 |  | 2022 |  | 2021 | 2020 | | 2019 | | 2018 | | 2017 | |
| 18,249,364 |  | 6,810,652 |  | 10,952,060 | $ 20,378,275 | | $ 20,188,000 | | $ 23,147,000 | | $ 23,088,000 | |
| 6,810,652 |  | 10,952,060 |  | 16,898,159 | 20,188,000 | | 22,956,281 | | 22,988,364 | | 25,306,206 | |
| (11,438,712) 4,141,408 | | | 5,946,099 | | $ | (190,275) $ | | 2,768,281 | $ | (158,636) $ | | 2,218,206 |

Actuarially determined contribution $

Contributions in relation to the actuarially determined contribution

Contribution excess (deficiency) $

**Notes to Schedule**

Valuation date July 1, 2023

Methods and assumptions used to determine contribution amount:

Actuarial cost method Entry Age Normal

Amortization method Level percentage of payroll, closed

Remaining amortization period 18 years

Asset valuation method Market value

Inflation 2.50%

Healthcare costs trend rate 4.7% initial, 3.9% ultimate

Salary increases 7.50% each of first 4 years, and 2.50% thereafter

Investment rate of return 5.75%, net of OPEB plan investment expense

Mortality

PUB-2010, Amount Weighted, Above Median, General and Safety Mortality tables split by Male/Female, Employee/Retiree, and Health/Disabled. Projected generationally from the 2010 base year using the MP-2020 projection scale. Male healthy retiree rates increased by 30% (30% for Deputies), and female healthy retiree rates increased by 15% (5% for Deputies). Male disabled retiree rates increased by 20% (30% for Deputies), and female disabled retiree rates increased by 15% (10% for Deputies).

Other Information:

The 2017 Contributions include $4,403,205 of non-legally required employer prefunding contributions for fiscal year 2016 received in fiscal year 2017. GASB Statement No. 74 requires such contributions to be reported in the year received.

**SCHEDULES OF EMPLOYER CONTRIBUTIONS LAST TEN FISCAL YEARS\***

Washoe County Retirees - State’s Public Employees Benefits Plan:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2023 |  | 2022 |  | 2021 | 2020 | 2019 | 2018 | 2017 |
| Actuarially determined contribution | $ 42,565 |  | 23,459 |  | 70,606 | $ 101,841 | $ 102,159 $ | 93,834 | $ 99,636 |
| Contributions in relation to the actuarially determined contribution | 23,459 |  | 70,606 |  | 101,841 | 102,159 | 94,719 | 99,636 | 43,000 |
| Contribution excess (deficiency) | $ (19,106) |  | 47,147 |  | 31,235 | $ 318 | $ (7,440) $ | 5,802 | $ (56,636) |

**Notes to Schedule**

Valuation date July 1, 2022

Methods and assumptions used to determine contribution amount:

Actuarial cost method Entry Age Normal

Amortization method Level dollar, closed

Remaining amortization period 18 years

Asset valuation method Market value

Inflation 2.35%

Healthcare costs trend rate 5.5% initial, 3.8% ultimate

Salary increases N/A

Investment rate of return 5.75%, net of OPEB plan investment expense

Mortality Pub-2010, Amount Weighted,

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

**SCHEDULES OF EMPLOYER CONTRIBUTIONS LAST TEN FISCAL YEARS\***

Truckee Meadows Fire Protection District Retiree Group Medical Plan:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2023 |  | 2022 |  | 2021 | 2020 | | 2019 | | 2018 | | 2017 | |
| Actuarially determined contribution | $ 1,987,902 |  | 1,219,612 |  | 1,441,454 | $ 1,113,849 | | $ 1,037,004 | | $ 650,895 | | $ 405,061 | |
| Contributions in relation to the actuarially |  |  |  |  |  |  | |  | |  | |  | |
| determined contribution | 1,300,000 |  | 850,000 |  | 750,000 | | 651,000 | | 463,000 | | - | | - |
| Contribution excess (deficiency) | $ (687,902) |  | (369,612) |  | (691,454) $ | | (462,849) $ | | (574,004) $ | | (650,895) $ | | (405,061) |
| **Notes to Schedule** |  |  |  |  |  | |  | |  | |  | |  |
| Valuation date |  |  | July 1, 2022 |  |  | |  | |  | |  | |  |

Methods and assumptions used to determine contribution amount:

Actuarial cost method Entry Age Normal

Amortization method Level dollar, closed

Remaining amortization period 8 years

Asset valuation method Market value

Inflation 2.35%

Healthcare costs trend rate 5.5% initial, 3.7% ultimate

Salary increases First two years after valuation:

12.0% each of first 4 years, and 4.50% thereafter Years 3+ after valuation:

9.3% each of first 4 years, and 2.35% thereafter

Investment rate of return 5.75%, net of OPEB plan investment expense

Mortality PUB-2010, Amount

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

**SCHEDULE OF INVESTMENT RETURNS LAST TEN FISCAL YEARS\***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2023** |  | **2022** |  | **2021** |  | **2020** |  | **2019** |  | **2018** |  | **2017** |
| Annual money-weighted rate of return,  net of investment expense: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Washoe County RHBP | 12.84% |  | -9.27% |  | 27.09% |  | 6.66% |  | 7.95% |  | 8.13% |  | 12.05% |
| Washoe County PEBP | 12.47% |  | -9.00% |  | 26.31% |  | 6.79% |  | 7.08% |  | 8.41% |  | 12.08% |
| TMFPD RGMP | 12.85% |  | -9.32% |  | 26.34% |  | 6.30% |  | 7.72% |  | 8.27% |  | 11.95% |



PAs & Business Advisor

March 8, 2024

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

We have audited the financial statements of Washoe County, Nevada OPEB Trust Fund (the Fund), a fiduciary component unit of Washoe County, Nevada, as of and for the year ended June 30, 2023*,* and have issued our report thereon dated March 8, 2024. Professional standards require that we advise you of the following matters relating to our audit.

# Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards

As communicated in our engagement letter dated December 9, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

# Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**What inspires you, inspires us. Let’s talk. | eidebailly.com**

5441 Kietzke Ln., Ste. 150 | Reno, NV 89511-2094 | T 775.689.9100 | F 775.689.9299 | EOE

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# Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

# Qualitative Aspects of the Entity’s Significant Accounting Practices

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Fund is included in Note 1 to the financial statements.

There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimate affecting the financial statements are management’s estimate of the OPEB liability in Note 4 to the basic financial statements which is based on valuation performed by a third-party actuary utilizing various assumptions for the calculation. We evaluated the key factors and assumptions used to develop the valuation and resulting OPEB liability of the Fund and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Fund’s financial statement disclosures relate to the net OPEB liability.

# Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

# Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant

classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected missstatements identified as a result of our audit procedures.

# Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Fund’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

# Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify any circumstances that affect the form and content of the auditor’s report.

# Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated March 8, 2024.

# Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

# Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Fund’s auditors.

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

Eide Bailly signature

Reno, Nevada