

AGENDA

WASHOE COUNTY, NEVADA OPEB TRUST FUND BOARD OF TRUSTEES

October 27, 2011, 9:00 a.m.

Room C110 (Central Conference Room)
Washoe County Administrative Complex, Building C
1001 E. 9th Street - Reno, Nevada 89512

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

Facilities in which this meeting is being held are accessible to the disabled. Persons with disabilities who require special accommodation or assistance (e.g. sign language, interpreters or assisted listening devices) at the meeting should notify the Washoe County Manager's Office at 328-2000, 24 hours prior to the meeting.

Time Limits. Public comments are welcomed during the Public Comment periods for all matters, whether listed on the agenda or not, and are limited to two minutes per person. Additionally, public comment of two minutes per person will be heard during individual action items on the agenda. Persons are invited to submit comments in writing on the agenda items and/or attend and make comment on that item at the Trustee's meeting. Persons may not allocate unused time to other speakers.

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

Responses to Public Comments. The Board of Trustees can deliberate or take action only if a matter has been listed on an agenda properly posted prior to the meeting. During the public comment period, speakers may address matters listed or not listed on the published agenda. The Open Meeting Law does not expressly prohibit responses to public comments by the Board. However, responses from Trustees to unlisted public comment topics could become deliberation on a matter without notice to the public. On the advice of legal counsel and to ensure the public has notice of all matters the Board of Trustees will consider, Trustees may choose not to respond to public comments, except to correct factual inaccuracies, ask for staff action or to ask that a matter be listed on a future agenda. The Board may do this either during the public comment item or during the following item: "*Commissioners'/Manager's Announcements, Requests for Information, Topics for Future Agendas and Statements Relating to Items Not on the Agenda".

This Agenda for the meeting has been posted at the following locations: Washoe County Administration Building (1001 E. 9th Street, Bldg. A), Washoe County Courthouse-Clerk's Office (Court and Virginia Streets), Washoe County Downtown Reno Library (301 S. Center Street) and Sparks Justice Court (630 Greenbrae Drive).

Supporting documentation for items on the Agenda provided to the Washoe County, Nevada OPEB Trust Board members is available for viewing by members of the public at the Washoe County Comptroller's Office, 1001 E. 9th Street, Room D-120 Reno, Nevada.

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

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1. * Roll call.
 2. * Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustee's agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
 3. Approval of minutes from May 18, 2011 meeting
 4. Unfinished Business (from previous meetings):
 - a. Revisit calendar for 2012 quarterly meetings;
 - b. Update and possible action on tentative Budget for FYE 2012;
 5. Accept the audited financial statements for fiscal year ended 6/30/11 and required Auditor's Communication;
 6. Review and Approve Staff Report for BCC Agenda/Meeting of 12/13/11;
 7. *Review RBIF FYE 2011 Financial Report
 8. *Review Interim Financial Highlights for the Three Months Ended September 30, 2011;
 9. *Discuss cash flow options for FY12;
 10. *Trustee's/Staff Announcements, Requests for Information, Topics for Future Agendas, Statements Relating to Items Not on the Agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Washoe County, Nevada OPEB Trust Participants in accordance with the Benefit Plans. (No discussion among Trustees will take place on this item.)
 11. Public Comments. Comments heard under this item will be limited to two minutes per person and may pertain to matters both on and off the Board of Trustee's agenda. The Board will also hear public comment during individual action items, with comment limited to two minutes per person. Comments are to be made to the Board as a whole.
 12. Adjourn.

BOARD OF TRUSTEES, WASHOE COUNTY, NEVADA OPEB TRUST FUND

WEDNESDAY, MAY 18 2011, 9:00 A.M.

Present:

Patricia Gonzales, Trustee
Bill Berrum, Trustee

Staff:

Sheri Mendez, Comptroller
Mary Solorzano, Senior Accountant
Sandra McGarva, Secretary

The Board convenes in regular session at approximately 9:06 a.m. at the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, Building C, Room C110. Roll is called, a quorum is present.

Public comment.

There is no public comment.

Approve minutes from January 27, 2011 meeting.

Trustee Berrum moves to approve the minutes of January 27, 2011, as transcribed. Trustee Gonzales seconds the motion. No objections are raised and the motion carries.

Unfinished Business: revisit calendar for 2012 quarterly meetings.

Trustee Gonzales states she is in agreement with the July 28 and October 27, 2011 dates previously suggested. She suggests, however, that perhaps the July meeting would be premature to receiving the RBIF reports.

Discussion follows. It is anticipated that our June/year end information will not be available by the July meeting, and it is noted the completion and distribution of last year's reports were, in fact, pretty late – as well as are each of the RBIF quarterly reports.

Mrs. Solorzano submits that July is a good time to meet for the purpose of review and scheduling of the transfers from the General Fund to the Trust and from the Trust back to the retiree. More discussion. It is noted there should be no surprises subsequent to finalization of the numbers after the suggested July 28 meeting date.

All are in agreement with moving forward on scheduling July 28 and October 27, 2011, as meeting dates for the first half of FY 2012.

Review RBIF Performance Review for Quarter Ending December 31, 2011.

Trustees and Staff note that the RBIF performance review for the prior quarter indicates impressive returns and that the market is doing well.

Question is raised regarding necessary action on this item. Discussion follows with respect to changing the wording combined with appropriately placing the (*) next to the item. It is requested that all agendas for this Board hereinafter be modified to clearly indicate upon which items the Board must take action.

It is agreed that action should be made on the RBIF item; Trustee Berrum moves to accept the RBIF Performance Review for the Quarter ending December 31, 2010 and motion is seconded by Trustee Gonzales. The motion carries.

Accept Interim Financial Report for March 31, 2011.

As that part of the packet containing this item of the Agenda is opened, Mrs. Mendez reminds that the Comptroller's staff agreed at the last meeting to provide the Trustees with a write up so they could have a financial synopsis of what the Trust is doing.

In reviewing the Report, Trustee Gonzales asks for clarification on the bullet listed third from the bottom on page 10 of the packet, "Prefunding contributions from employers are below budget due to reduced funding targets for Washoe County."

Mrs. Solorzano explains that originally an \$18 million prefunding contribution was budgeted, but was later reduced by \$4 million; Mrs. Mendez clarifies that a tentative \$18 million in the preliminary budget was negotiated with the Associations down to \$14 million, and she adds that OPEB's budget will be a little more than what the County plans on sending over.

Trustee Berrum states he thought our prefunding plans were generous or optimistic in terms of our lead over other such entities in getting our liability prefunding going, but it was in his mind that GASB stipulated a time frame in which to accomplish it.

Mrs. Mendez states there is nothing that says they *have* to prefund it, but they must, over time, recognize the liability on their books if they *don't* prefund it. Further, the only recognized way to prefund the retiree health benefits is through a trust. However, if it isn't prefunded, money can be set aside, the entity would recognize the liability, and the cash that is set aside offsets the liability. A lot of places don't even have the cash set aside, the liabilities are recognized, which results in, basically, negative net assets. She adds that these things grow over time, and it needs to be understood that this develops over a 30-year amortization period.

Trustee Gonzales states that overall, Washoe County was ahead of its time, ahead of this trend originally. She indicates that more than 15 years ago, the Washoe County Employees Association had the County start prefunding as part of one of the negotiation agreements, that any time the employees were giving up percentages of the COLA, that savings would actually be used to start prefunding this.

Mrs. Mendez agrees, stating that the Trust was not initiated right away, and that we did not begin recognizing that liability of somewhere around \$37 million until after the second year. She notes that the County is doing very good, and that the projection of normal cost went down.

Mrs. Mendez adds that the reason TMFPD is down by the \$2 million shown is because initially she [Mary Walker] was going to fund whatever she had in her prefunded retiree health benefits fund. However, she changed her mind because she was concerned that she would have too much money in the Trust, as they

actually have enough money to fund their entire liability. Discussion follows. It is noted that [Walker] is moving everything over in small chunks.

Trustee Gonzales calls attention to page 20 of the packet, still part of the Interim Financial Report, and with regard to the Estimated to Complete (ETC), inquires if there will be an actuarial evaluation done on Administrative expense. She wonders if we are really as low as the \$63,300 (21.97%) indicated for this year.

Mrs. Mendez confirms that we are really that low. She explains that this is due partly to the fact that early on we were not very good about tracking our time, and what we were spending on this Fund. From the point of getting the Financial Statements done, we didn't effect accurate tracking, omitting some costs not included in this report. She adds she does not anticipate we will reach that target, but we do have some actuarial evaluations that will need to be done. She is uncertain as to which ones are due, but there will also be some roll-forwards on Truckee Meadows Fire and Sierra Fire, appending that [Walker] only does them every three years.

Mrs. Solorzano explains that because we don't have enough evidence to provide a better estimate, the ETC is still at the full budgeted amount, knowing we still have all those actuarial costs not yet captured.

Trustee Gonzales inquires if the State (RBIF) is really slow on charging us the fees.

Mrs. Mendez explains that those are actually our fees for administration of the Trust.

Mrs. Solorzano directs all to page 17 of the packet, where the Actual amounts are indicated.

Trustee Gonzales states she expected our charge for the investment expenses would be included in this category, and inquires as to where they are disclosed.

Mrs. Solorzano directs Gonzales to page 21 of the packet (still part of the Interim Financial Report), and notes that the entry she is looking for is shown under Less investment expense, which is where the fees for the RBIF would be.

Mrs. Mendez adds that it is actually shown as a deduction to the additions. It is noted that Trust accounting is somewhat contrary to the way accounting was done previously: expenses were *never* netted against revenues.

Mrs. Mendez suggests that everyone return to page 17 where the actuarial evaluation expense was anticipated at \$36,000.

Mrs. Solorzano confirms this is the biggest piece that we are missing in the Actual. She explains further that we may get those expenses in June.

Mrs. Mendez states it is possible that we won't get them until July, so perhaps there won't be any this year.

More discussion. It is noted that the audit fees are lagging behind a year, indicating the \$5,500 shown was actually expensed for last year's audit. Mrs. Mendez points out that the Accounting and

administrative services budgeted amount was \$20,000, but the actual expensed thus far is only \$7,930. As we get closer to year end, there will be more in administrative expense as we will need to coordinate those actuarial evaluations and start truing up all the costs from health benefits. She adds there will be a more accurate accounting of our administrative time next year, as we get better at recording it.

Some discussion with regard to operating expenses ensues; it is noted the expense is minimal, but it could gain momentum with our printing the Financial Report ourselves (Kafoury printed and assembled them last year).

Trustee Gonzales gains confirmation that the ETCs for the Prefunding are close.

Mrs. Mendez directs all to Contributions for incurred costs, adding that she believes it is Washoe County's intent to get reimbursed for those. Discussion follows.

Trustees Gonzales and Berrum have no further questions; Trustee Berrum moves to accept the Interim Financial Report for the Quarter Ending March 31, 2011. Trustee Gonzales seconds the motion, and it carries.

Approve quarterly expenses, retiree health claims.

Mrs. Solorzano directs the Board to page 18, Administrative Expense Detail.

Mrs. Mendez states this is a part of administrative procedures that were approved by the Board of Trustees at their first meeting – that they would approve all the quarterly expenses, and she recaps a list of costs for this quarter are accounting service time for Mary, Cynthia, Sheri, and some of Sandra's time in preparation of the meetings, subsequent minutes, Web page maintenance and then Trustee fees.

Mrs. Solorzano interjects that part of this “quarterly expenses and retiree health plans” item requires the Board's approval for the payment of the amount on the balance sheet located on page 11, \$2,410,351 Due to employers. She states we need the authority for the Trust to reimburse the employer plans for the retiree costs for the third quarter, totaling \$2.4 million.

Discussion. It is noted that both the Washoe County Retiree Health Benefit Plan and the State of Nevada PEB Plan are seeking reimbursement from the Trust, and both TMFPD and SFPD are at zero because they are not seeking that reimbursement. This is further explanation for the numbers Mrs. Mendez was attempting to depict in the Contributions of incurred costs for those parties.

Trustee Gonzales moves to approve the payment of the \$2,410,351 for employee liability from the Trust, and the administrative expense of \$13,910. Trustee Berrum seconds the motion. The motion carries.

Mrs. Solorzano states that the way we show the \$2.4 million makes it really tough to see it as an expenditure in these reports, because when you look at the Profit and Loss (P & L) statement, we just have the year to date numbers. So, on page 12, we've got the combined Trust P & L as a benefits expense of \$8.7 million.

Trustee Berrum states, for clarification, that that expenditure shows up in the Due to employers, which Mrs. Solorzano confirms.

Approve updated quarterly schedule for monthly cash transfers to the RBIF.

Mrs. Solorzano explains the numbers on the Summary of Actual and Planned Transfers table for FY 2011 show that the General Fund will be giving the Trust \$2.4 million, which essentially covers the cost of reimbursement to the employer that the Board just approved. She states further that she added what July would look like based upon the current ETC.

Mrs. Mendez states we should get that final prefunding from the General Fund in June. It was part of the Plan to do a lump sum at the end of the year. They have been moving over only enough to cover the current costs during the year, and then at the end of the year they pay the balance in a lump sum.

There is discussion as Trustee Berrum is assured that the \$4.9 million indicated on the Schedule is the amount of each transfer we've been making as we step into the RBIF, until we can get all of the money in there. It is noted we chose to do this in these increments pursuant to a reasonable asset transfer strategy, but on a going-forward basis, this schedule will look very different. Trustee Berrum seeks further clarification of what will be approved at this meeting, and Mrs. Mendez confirms that the Board's approval today would include the proposed transfers indicated on the Summary of Actual and Planned Transfers table listed for the next three months. She explains that their approval will authorize the transfer of \$4.9 million in June, and then we won't transfer anything in July - until after the next meeting.

Trustee Berrum moves to approve the Quarterly Schedule of Monthly Cash Transfers to RBIF as noted on the Summary of Actual and Planned Transfers table for FY 2011. Trustee Gonzales seconds the motion, and it carries without further discussion.

Update and possible action on tentative Budget for FYE 2012.

Mrs. Solorzano states page 20 of the packet lists budget information as it exists now, not taking into consideration anything that may change as a result of the Legislature. She adds that it is not anticipated the numbers would change very much, even if certain proposed changes by the Legislature are approved.

Mrs. Mendez states that, just like the County, this Board could finalize the proposed budget today and would still have 30 days after the close of the Legislature to revise it. She adds that the County will still probably fund what they currently have budgeted for the Trust.

The numbers included on the current document are based off of the tentative budget submitted in May, the finals of which went to the Board on the 16th. The exception, actually, is TMFPD, which may not yet be final, and none of the numbers changed with what was approved on Monday.

Mrs. Solorzano points out that the biggest difference for next year is that neither of the Fire entities have budgeted any prefunding contributions to the Trust. Otherwise, there should be no surprises.

Trustee Gonzales notes the apparent anticipation of some healthy interest and dividends as she reviews the proposed budget.

Mrs. Solorzano explains that is due to the difficulty in trying to budget everything in investment income (interest), rather than budgeting the realized and unrealized gains and losses, so it ends up in the one line, wherein that return is recognized.

There is discussion with regard to estimates and investments, actuarial costs, and observing that that audit piece will most likely be higher, as last year's audit only included the two Plans, all of the investments were in the Pool, and they were the County Plans, which all have to be audited anyway.

Mrs. Mendez suggests that we see what Kafoury will do with OPEB this year, now that the RBIF piece will be included, and next year we may want to look at other firms to perform our audit. Discussion follows on the probability of finding other qualified audit firms to bid for these smaller pieces, and it is suggested that staff review the audit requirements for this year (do not change vendors at this time) and then bring proposals to the Board for their perusal for next year. She adds that \$5,500 is not an unreasonable fee for the Trust, but she anticipates an increase from last year with the additional entities.

Trustee Gonzales states she would like to look at whoever's doing the RBIF audit, explaining that if we could somehow combine these costs with the State, we may be able realize some savings.

Mrs. Mendez states that she will find out, and we'll address the consideration of a different auditing firm prior the end of next year's first quarter.

Trustee Berrum, in considering that the Budget is established as our guidelines and that we will accomplish what is real along the way, moves to adopt the budget as presented. Trustee Gonzales seconds the motion, with question as to the process for making it final from the "tentative" format in which it is represented. It is noted the budget will be prepared from "proposed" to "final." Motion carries.

Items for member comments, topics for future agendas, statements relating to items not on the agenda.

1. Find out and report back (at October's quarterly meeting) who the auditors are for the State's RBIF for consideration as to possible lower audit costs for the upcoming year;

There is discussion. It is noted it would not be prudent to switch to a different auditor this year.

2. Trustee Berrum inquires if the Comptroller has been contacted by STMGID with regard to their possible desire to join the Trust. There is discussion and it is noted that STMGID was advised they might be better served if they did their own thing.
3. Slight discussion with regard to the (*) as part of the Agenda. Trustee Berrum states we should run the issue past our legal counsel, and it is noted this will be taken care of prior to the next meeting.

As there is no further business, the meeting is adjourned at 9:50 a.m.

**WASHOE COUNTY, NEVADA OPEB TRUST FUND
BUDGET
FOR THE YEAR ENDED JUNE 30, 2012**

DRAFT

	<u>Washoe Co Retiree Health Benefit Program</u>	<u>State of Nevada Public Employee Benefit Plan</u>	<u>Truckee Meadows FPD Retiree Group Medical Plan</u>	<u>Sierra Fire Retiree Group Medical Plan</u>	<u>2012 Total</u>
Additions					
Contributions					
Employer:					
Prefunding	\$ 19,176,000	\$ 1,224,000	\$ -	\$ -	\$ 20,400,000
Contributions for incurred cost	-	-	1,000,000	-	1,000,000
Plan member	2,797,000	-	-	11,000	2,808,000
Other	384,000	-	-	-	384,000
Total Contributions	22,357,000	1,224,000	1,000,000	11,000	24,592,000
Investment Income:					
Interest and dividends	5,975,680	107,760	254,920	38,310	6,376,670
Less investment expense	49,690	900	2,120	320	53,030
Net Investment Income	5,925,990	106,860	252,800	37,990	6,323,640
Total Additions	28,282,990	1,330,860	1,252,800	48,990	30,915,640
Deductions					
Benefits	12,302,850	390,000	1,000,000	100,000	13,792,850
Administrative expense	21,825	9,825	15,825	15,825	63,300
Total Deductions	12,324,675	399,825	1,015,825	115,825	13,856,150
Net Change in Plan Net Assets	15,958,315	931,035	236,975	(66,835)	17,059,490
Net Assets Held in Trust for Other Postemployment Benefits					
Beginning of year	82,819,389	1,493,447	3,533,063	530,895	88,376,794
End of year	\$ 98,777,704	\$ 2,424,482	\$ 3,770,038	\$ 464,060	\$ 105,436,284

Revised 10/21/2011

**WASHOE COUNTY, NEVADA OPEB TRUST
BUDGET
FISCAL YEAR ENDING JUNE 30, 2012**

	Washoe Co Retiree Health Benefit Program	State of Nevada Public Employee Benefit Plan	Sierra FPD Retiree Group Medical Plan	Truckee Meadows FPD Retiree Group Medical Plan	2012 Total
Administrative Expenses					
Actuarial valuations	\$ 15,000	\$ 3,000	\$ 9,000	\$ 9,000	\$ 36,000
Accounting and administrative services	5,000	5,000	5,000	5,000	20,000
Audit fees	1,375	1,375	1,375	1,375	5,500
Trustee fees	250	250	250	250	1,000
Operating Expenses	200	200	200	200	800
	<u>\$ 21,825</u>	<u>\$ 9,825</u>	<u>\$ 15,825</u>	<u>\$ 15,825</u>	<u>\$ 63,300</u>



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CM/ACM _____
Finance _____
DA n/a
Risk Mgt. n/a
HR n/a
Other n/a

STAFF REPORT

BOARD MEETING DATE: December 13, 2011

DATE: November 23, 2011
TO: Board of County Commissioners
FROM: Board of Trustees, Washoe County, Nevada OPEB Trust

THROUGH: John Sherman, Chairman, Board of Trustees
328-2070, jsherman@washoecounty.us

SUBJECT: Acknowledge Receipt of the Washoe County, Nevada OPEB Trust Audited Financial Statements for the Fiscal Year Ending June 30, 2011 (All Commission Districts).

SUMMARY

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

Strategic Objective supported by this item: Sustainable Economic, Natural, Organizational, and Social Resources

Strategic Outcome supported by this item: Sustainable relationship between resources and obligations.

PREVIOUS ACTION

On June 24, 1997, the Board of County Commissioners approved a resolution to create the Pre-Funded Retiree Health Benefits Fund to accumulate sufficient funds to help pay future retiree health benefits. The fund balance in the Fund can be utilized only for payment of retiree health benefits and related administrative costs.

Annually, from 1997 to present, the Board of County Commissioners approved budgeted transfers from the General Fund to the Pre-Funded Retiree Health Benefits Fund.

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

On May 11, 2010, the Board of County Commissioners approved and authorized the Chairman to execute a Trust Agreement for Washoe County, Nevada Other Post Employment Benefits Trust Fund and the appointment of three trustees as the Board of Trustees for that Trust, and adopted a resolution authorizing the creation of a new fund titled Washoe County, Nevada OPEB Trust Fund; the Finance Director was also authorized to transfer the cash

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balance in the Pre-Funded Retiree Health Benefits Fund to the Washoe County, Nevada OPEB Trust Fund, approximately \$73 million, for investment in the Retirement Benefits Investment Fund.

This report and audit results are presented for the Board's acknowledgement, as required by law, and was accepted in the first year of Trust inception, 2010.

BACKGROUND

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

The Washoe County, Nevada OPEB Trust Fund has been audited by Kafoury, Armstrong & Co., who has issued an unqualified opinion thereon.

FISCAL IMPACT

No fiscal impact.

RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Washoe County, Nevada OPEB Trust audited financial statements for the fiscal year ending June 30, 2011.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Washoe County, Nevada OPEB Trust audited financial statements for the fiscal year ending June 30, 2011."

ANNUAL FINANCIAL REPORT
of the
RETIREMENT BENEFITS INVESTMENT FUND
(a Component Unit of the State of Nevada)

For the Fiscal Year Ended
June 30, 2011

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RETIREMENT BENEFITS INVESTMENT FUND 2011 ANNUAL FINANCIAL REPORT

EGGHART & ASSOCIATES, LLC CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund ("RBIF"), a component unit of the State of Nevada, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of RBIF's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from RBIF's 2010 financial statements and, in our report dated September 17, 2010, we expressed an unqualified opinion on such information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Benefits Investment Fund as of June 30, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RBIF's financial statements as a whole. The supplementary schedule of participating entities on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of participating entities is fairly stated in all material respects in relation to the financial statements as a whole.

Egghart & Associates, LLC, CPAs

Reno, Nevada
September 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial performance of the Retirement Benefits Investment Fund (RBIF or Fund) provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2011. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow the MD&A.

RBIF was created during the 2007 Legislative Session, was effective July 1, 2007, and received its first investment contribution in January 2008. The purpose of the Fund is to invest contributions made by participating entities to support financing of other post employment benefits at some time in the future. Monies received by the Fund from participating entities are not held in a fiduciary capacity. At June 30, 2011, there were five participating entities: the Public Employees' Benefits Program of Nevada, Washoe County School District, Truckee Meadows Water Authority, Washoe County, and the City of Las Vegas.

Overview of Financial Statements

The basic financial statements consist of: the Statement of Net Assets, the Statement of Changes in Net Assets, the Notes to the Financial Statements, and Supplementary Information.

The **Statement of Net Assets** includes all of the Fund's assets, liabilities, and the net assets available at the end of the fiscal year.

The **Statement of Changes in Net Assets** reports additions to and deductions from the Fund during the fiscal year presented. Over time the increase or decrease in net assets serves as a useful indicator of the health of the Fund's financial position.

The **Notes to the Financial Statements** provide additional information that is required by generally accepted accounting principles.

The **Supplementary Information** following the notes to the financial statements consists of a schedule of participating entities.

Financial Highlights

- Total contributions were \$86,923,111 during fiscal year 2011, an increase of \$81,056,884 from fiscal year 2010.
- There were no distributions in fiscal year 2011. Total distributions were \$24,700,000 in fiscal year 2010.
- Net investment gain was \$11,373,154 during fiscal year 2011, as compared to a gain of \$6,527,185 during fiscal year 2010.

RETIREMENT BENEFITS INVESTMENT FUND
2011 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total investments at fair value as of June 30, 2011, were \$122,037,264, an increase of 380.3% from fiscal year 2010.

Financial Analysis

The following are summary comparative statements of the Fund:

CONDENSED STATEMENTS OF NET ASSETS

	<u>As of</u> <u>June 30, 2011</u>	<u>As of</u> <u>June 30, 2010</u>	<u>As of</u> <u>June 30, 2009</u>	<u>Percentage</u> <u>Increase/</u> <u>(Decrease)</u> <u>from 2010</u> <u>to 2011</u>
Cash and cash equivalents	\$ 13,305,789	\$ 5,969,877	\$ 6,880,055	122.9 %
Receivables	892,192	37,763	415,164	2262.6
Investments, at fair value	<u>122,037,264</u>	<u>25,406,181</u>	<u>37,966,522</u>	380.3
Total assets	<u>136,235,245</u>	<u>31,413,821</u>	<u>45,261,741</u>	333.7
Accounts payable and accrued expenses	15,082	14,321	15,451	5.3
Pending trades payable	<u>12,034,491</u>	<u>5,475,724</u>	<u>6,970,268</u>	119.8
Total liabilities	<u>12,049,573</u>	<u>5,490,045</u>	<u>6,985,719</u>	119.5
Net assets	<u>\$ 124,185,672</u>	<u>\$ 25,923,776</u>	<u>\$ 38,276,022</u>	379.0 %

RETIREMENT BENEFITS INVESTMENT FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended June 30,

	<u>2011</u>	<u>2010</u>	<u>2009</u>	Percentage Increase/ (Decrease) from 2010 to 2011
Contributions	\$ 86,923,111	\$ 5,866,227	\$ 24,906,410	1381.8 %
Net investment gain (loss)	11,373,154	6,527,185	(5,740,411)	74.2
Other income	1,235	53	934	2230.2
Total additions	<u>98,297,500</u>	<u>12,393,465</u>	<u>19,166,933</u>	693.1
Distributions	-	24,700,000	-	(100.0)
Administrative expense	35,604	45,711	70,954	(22.1)
Total deductions	<u>35,604</u>	<u>24,745,711</u>	<u>70,954</u>	(99.9)
Increase (decrease) in net assets	98,261,896	(12,352,246)	19,095,979	-
Net assets, beginning of year	<u>25,923,776</u>	<u>38,276,022</u>	<u>19,180,043</u>	(32.3)
Net assets, end of year	<u>\$ 124,185,672</u>	<u>\$ 25,923,776</u>	<u>\$ 38,276,022</u>	379.0

The net assets increased by \$98.3 million during fiscal year 2011. This can be attributed primarily to two items: contributions of \$86.9 million (versus \$5.9 million in fiscal year 2010) and a net investment gain of \$11.4 million during fiscal year 2011.

The Fund generated a 21.1% return this year, which is above the investment objective of 8.0%. During the fiscal year RBIF's U.S. stocks were up 30.6%, international stocks increased 33.9%, and international bonds increased 13.7%. RBIF's portfolio had 67.0% of its assets allocated to these securities.

RETIREMENT BENEFITS INVESTMENT FUND
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STATEMENT OF NET ASSETS
June 30, 2011
(With Comparative Totals for June 30, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 13,305,789	\$ 5,969,877
Receivables	892,192	37,763
Investments, at fair value:		
Fixed income securities	35,646,746	8,051,151
Marketable equity securities	51,933,856	16,075,886
International securities	<u>34,456,662</u>	<u>1,279,144</u>
Total investments	122,037,264	25,406,181
 Total assets	 136,235,245	 31,413,821
LIABILITIES		
Accounts payable and accrued expenses	15,082	14,321
Pending trades payable	<u>12,034,491</u>	<u>5,475,724</u>
 Total liabilities	 <u>12,049,573</u>	 <u>5,490,045</u>
 NET ASSETS HELD IN FUND	 \$ <u><u>124,185,672</u></u>	 \$ <u><u>25,923,776</u></u>

The accompanying notes are an integral part of these financial statements.

RETIREMENT BENEFITS INVESTMENT FUND
2011 ANNUAL FINANCIAL REPORT

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended June 30, 2011
(With Comparative Totals for the Year Ended June 30, 2010)

	2011	2010
ADDITIONS		
Contributions from public entities	\$ 86,923,111	\$ 5,866,227
Investment income:		
Net appreciation in fair value of investments	9,161,184	5,524,208
Interest and dividend income	2,225,494	1,012,899
	11,386,678	6,537,107
Less investment expense	13,524	9,922
Total net investment income	11,373,154	6,527,185
Other income	1,235	53
Total additions	98,297,500	12,393,465
DEDUCTIONS		
Distributions to public entities	-	24,700,000
Other expenses	35,604	45,711
Total deductions	35,604	24,745,711
INCREASE (DECREASE) IN NET ASSETS	98,261,896	(12,352,246)
NET ASSETS HELD IN FUND		
Beginning of year	25,923,776	38,276,022
End of year	\$ 124,185,672	\$ 25,923,776

The accompanying notes are an integral part of these financial statements.

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies and Fund Asset Matters

Financial Reporting Entity

The Retirement Benefits Investment Fund (RBIF) is governed by a seven-member Board. The Board consists of the same governor-appointed individuals who serve on the Public Employees' Retirement Board. Furthermore, they serve on the Retirement Benefits Investment Board (RBIB or Board) in the capacity ex officio and without any additional compensation.

The Board currently consists of the following members:

Mark R. Vincent	Chairman	2014
James Green	Vice Chairman	2013
Chris Collins	Member	2014
Bart T. Mangino	Member	2013
Rusty McAllister	Member	2015
David Olsen	Member	2013
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

The Fund has developed criteria in accordance with standards issued by the Governmental Accounting Standards Board (GASB) to determine whether participating state or public agencies, boards, and commissions should be included within its financial reporting entity as component units. A component unit is defined as a legally separate organization for which officials of the Fund are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Fund are such that exclusion would cause the Fund's financial statements to be misleading or incomplete.

In accordance with GASB, the following criteria are used when evaluating financial accountability: The ability of the Fund to appoint a voting majority of the organization's governing body and (1) the ability to impose its will on the other organization, or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Fund. In addition, RBIF may be financially accountable if an organization is fiscally dependent on the Fund regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

RBIF has no relationship with another entity that meets the above criteria and has not included any other entity as a component unit of its financial reporting entity.

RBIF is classified as a component unit of the State of Nevada for financial reporting purposes in accordance with the provisions of GASB.

RETIREMENT BENEFITS INVESTMENT FUND
2011 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Basis of Accounting

The accompanying financial statements of RBIF have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. RBIF has adopted the pronouncements of GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned and become measurable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2010 financial statements and has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

Fund Oversight

The Fund was established per NRS 355.220 and is administered by RBIB. An annual financial report, which includes the independent auditor's opinion, is presented to and accepted by RBIB. RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, nor is it so required, as it is a public fund.

Cash, Cash Equivalents, and Derivatives

Cash and cash equivalents (other short-term investments) include cash on deposit and highly liquid financial instruments with original maturities of one year or less.

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels or currency exchange rates, and are reported at fair value. The types of derivatives used and limits on their use are defined in the Fund's Investment Objectives and Policies. Only foreign currency forward contracts are permitted to reduce foreign currency risk. All other derivatives are prohibited within the Fund.

Investments

The Board serves as the administrator of the Fund. RBIF's assets are managed in accordance with RBIF's investment objectives and policies. In general, the authorized investments include: fixed income, both U.S. and non-U.S.; domestic and international equity; money market funds; and cash equivalents (other short-term investments).

NOTES TO FINANCIAL STATEMENTS

Investments are reported at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. The fair values of investments in securities are based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, however, fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The investments are marked-to-market daily.

RBIF's policy regarding amortizing cost applies to mortgage-backed assets or collateralized mortgage obligations (CMO) only.

Realized gains and losses on securities are calculated by subtracting the security cost from the price of the asset at the point of sale. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of the investments (unrealized gains/losses). Unrealized gains and losses are calculated by subtracting the cost of the security from the fair value of the asset at the end of the month. Realized gains and losses on investments that are held in more than one fiscal year and sold in another are included as a net change in the fair value of the investments in the year they are sold.

Earned Income and Expenses

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity. Specifically, on a pro-rata basis for each entity's participation, RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each entity according to their proportional share in the Fund. As of June 30, 2011, five entities participated in the Fund. A schedule of participating entities is reported in the Supplementary Information section of this report. This schedule lists the contributions made since inception by each participating entity.

NOTE 2 – Fund Description

History and Purpose

The Nevada Legislature established the Fund with an effective date of July 1, 2007. The purpose of the Fund is to invest contributions made by participating public entities, as defined in Section 355.220 of the Nevada Revised Statutes (NRS), to enable such entities to support financing of other post employment benefits at some time in the future. Per NRS 355.220(2) monies received by RBIF from participating entities are held for investment purposes only and not in any fiduciary capacity. Each participating entity acts as fiduciary for its particular share of the Fund.

RETIREMENT BENEFITS INVESTMENT FUND
2011 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Contributions

Contributions received by the Fund are for investment purposes only and are not held in any fiduciary capacity by RBIF. Any money in the Fund must be invested in the same manner as money in the Public Employees' Retirement System of Nevada (PERS) Investment Fund is invested.

To enable maximum investment return and consistent reporting on such, participating entities are required to provide advance notification to RBIF of the amount of contributions or distributions the entity wishes to make during any given month. RBIF has no direction or control over amounts the participating entities choose to contribute or distribute.

NOTE 3 – Deposit and Investment Risk Disclosures

NRS 355.220(2) requires that any money in the Fund must be invested in the same manner as money in the PERS Investment Fund is invested. The PERS Investment Fund is governed primarily by the "prudent person" standard. The prudent person standard, as set forth by NRS 286.682, authorizes the Retirement Board to invest PERS' funds in "every kind of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account." PERS has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm.

Given the Fund's significantly smaller size than the PERS Investment Fund, there are differences in structure between the two portfolios. However, both portfolios maintain a similar statistical return and risk profile.

The majority of the Fund's investments are held by the Depository Trust Company (DTC) in DTC's nominee name, and trading is conducted through DTC's book-entry system. The holder of record for the Fund is The Bank of New York Mellon (BNYM).

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

A summary of investments as of June 30, 2011, is as follows:

Investment Type	Par Value/ No. of Shares	Maturity Date Range	Interest Rate Range	Fair Value at June 30, 2011
Fixed Income, domestic and international	275,024,371	3/2012 to 4/2055	.2 to 9.7%	\$ 45,511,818
Equity, domestic and international	3,637,381			76,525,446
Total				\$ <u>122,037,264</u>

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of its depository financial institution, the Fund will not be able to recover its deposits.

At June 30, 2011, the carrying amount of the Fund's commercial cash deposits and commercial bank balance was \$3,832. Amounts reported as cash and cash equivalents on the accompanying statement of net assets also include \$322,271 of amounts held in custodial accounts by BNYM as well as \$12,979,685 of money market funds at June 30, 2011. The bank balance was fully insured by the Federal Deposit Insurance Corporation (FDIC). The commercial bank balance is, according to a depository pledge agreement between the Fund and the Fund's commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the Fund's agent in the Fund's name.

Custodial cash is swept nightly from the custodial bank to an overnight short-term investment fund held outside the bank. Monies arriving at the bank after the overnight sweep deadline are part of the custodial bank cash reserve and are covered up to the FDIC limit of \$250,000. Any amount in the cash reserve in excess of \$250,000 is subject to custodial credit risk.

The custodial bank also carries insurance covering destruction of cash or securities on or off premises (including securities or others held in custody) with a limit of \$850,000,000 per occurrence.

Credit Risk - Investments

Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the Fund and *custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty to a transaction, RBIF will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

NOTES TO FINANCIAL STATEMENTS

RBIF policies provide protection from undue investment credit risk as follows:

- Investment in commercial paper provided it, or the guarantor, is rated A1, F1, and P1, or the equivalent, by at least two of Moody's, Standard & Poor's or Fitch.
- Certificates of deposit, bankers' acceptances, and time deposits are only allowed of banks with a minimum of \$10 billion in bank capital which have a quality rating of A or better by at least two of Moody's, Standard & Poor's or Fitch.
- Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) and such collateral is delivered to the Fund's bank or its correspondent.
- Money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard & Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the Fund's overall short-term investment criteria.
- Bonds, notes of United States corporations, and asset-backed instruments are required to have an investment grade rating by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).
- Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index, provided that both interest and principal are payable in U.S. dollars in the United States and provided that such debt is rated investment grade by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).
- To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Outstanding TBA positions with a single broker may not exceed 10% of the manager's portfolio.

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

The following table shows Standard and Poor's (S & P) credit quality ratings of the Fund's investments in fixed income securities as of June 30, 2011.

QUALITY RATING

Investment Type (in thousands)	AAA	AA	A	BBB	BB	Not Rated	Total
Cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,979.7	\$ 12,979.7
Collateralized mortgage obligations	213.2	233.1	-	215.1	-	-	661.4
Corporate bonds and other	340.5	1,319.0	3,787.1	2,152.3	54.8	-	7,653.7
Non-U.S. markets	872.5	559.7	662.6	668.5	-	6,225.0	8,988.3
U.S. Government*	-	-	-	-	-	15,602.9	15,602.9
Total	<u>\$ 1,426.2</u>	<u>\$ 2,111.8</u>	<u>\$ 4,449.7</u>	<u>\$ 3,035.9</u>	<u>\$ 54.8</u>	<u>\$ 34,807.6</u>	<u>\$ 45,886.0</u>

The above table does not include commercial cash of \$3.8 thousand and cash in custodial of \$322.3 thousand.

*Quality Ratings of agency securities have been provided by the Fund's custodial bank, BNYM. In addition, the Fund holds \$12.6 million in Treasury securities which are explicitly guaranteed by the U.S. Government.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. RBIF policy limits corporate issuers to 5% per issuer (including all subsidiaries for parent/subsidiary relationships). Asset-backed, commercial mortgage-backed, and private label mortgage-backed securities are limited to 5% per issuer (each pool or trust shall be considered a separate issuer for this purpose). RBIF policies also require the manager's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a disproportionate share of the total portfolio.

The Fund combined with the Judicial Retirement System, Legislators' Retirement System, and PERS shall not permanently constitute more than 25% of any firm's assets within the asset class (equity, bonds, real estate, or alternative investments) managed. Staff shall provide an annual report of combined assets to the Board consistent with this policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates interest rate risk through portfolio diversification. The Fund's investment policy and investment portfolio manager mandates permit investment in all securities within the Barclays Aggregate Index benchmark. If securities purchased are outside the Barclays Aggregate Index, they must be of investment grade rating by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

The following table shows the fair value of fixed income securities and the applicable investment maturities, as of June 30, 2011.

INVESTMENT MATURITIES

(in years)

Investment Type (in thousands)	Less than 1	1 to 5	6 to 10	More than 10	Total
Cash equivalents	\$ 12,979.7	\$ -	\$ -	\$ -	\$ 12,979.7
Collateralized mortgage obligations	-	-	-	661.4	661.4
Corporate bonds and other	-	3,238.1	2,423.0	1,992.6	7,653.7
Non-U.S. markets	109.2	4,133.3	2,627.9	2,117.9	8,988.3
U.S. Government	-	2,014.5	346.0	13,242.4	15,602.9
Total	<u>\$ 13,088.9</u>	<u>\$ 9,385.9</u>	<u>\$ 5,396.9</u>	<u>\$ 18,014.3</u>	<u>\$ 45,886.0</u>

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency deposits and options on foreign currency positions are allowed by the Fund's policy for purposes of hedging, including cross currency hedges. Highly speculative positions in currency are not permitted.

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2011, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE

Currency Type	Fixed					
	Income	Equity	Derivatives	Cash	Total	
Australian Dollar	\$ 58,766	\$ 2,070,452	\$ 8,343	\$ 23,859	\$ 2,161,420	
British Pound Sterling	487,329	5,086,766	15,869	26,288	5,616,252	
Canadian Dollar	182,081	-	303	17,039	199,423	
Danish Krone	46,135	253,972	5,565	11,384	317,056	
Euro	2,919,747	7,536,370	207,832	55,856	10,719,805	
Hong Kong Dollar	-	656,549	-	3,458	660,007	
Israeli Shekel	-	166,979	-	2,359	169,338	
Japanese Yen	3,019,603	4,823,750	155,494	63,327	8,062,174	
Malaysian Ringgit	14,515	-	-	1,001	15,516	
Mexican New Peso	29,860	-	(2,140)	34,621	62,341	
New Zealand Dollar	-	29,581	-	2,265	31,846	
Norwegian Krone	4,651	221,453	1,287	16,494	243,885	
Polish Zloty	38,202	-	5,235	21,340	64,777	
Singapore Dollar	15,173	394,906	2,556	14,343	426,978	
Swedish Krona	32,081	760,130	3,098	16,616	811,925	
Swiss Franc	28,307	1,995,259	(3,451)	12,021	2,032,136	
Total	\$ 6,876,450	\$ 23,996,167	\$ 399,991	\$ 322,271	\$ 31,594,879	

Derivatives

Foreign exchange forward contracts are periodically employed by the Fund to hedge currency risk of investments in foreign currencies. No other derivatives are permitted within the Fund's portfolio.

Generally, derivatives are subject both to market risk and to counterparty risk. The derivatives utilized by the Fund typically have no greater market risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. *Counterparty risk*, the risk that the "other party" to a contract will default, is managed by careful screening of counterparties.

Derivative securities are priced and accounted for at fair value. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

RETIREMENT BENEFITS INVESTMENT FUND
2011 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

The Fund's derivative transactions for fiscal year 2011 are summarized in the following table.

**FOREIGN EXCHANGE CONTRACTS
For Year Ended June 30, 2011**

Currency	Purchases	Realized Gain / Loss	Sells	Realized Gain / Loss	Total Realized Gain / Loss
Australian Dollar	\$ 1,862,400	\$ 4,016	\$ (12,080)	\$ 202	\$ 4,218
British Pound Sterling	4,919,899	(5,753)	(56,491)	(151)	(5,904)
Canadian Dollar	148,995	951	-	-	951
Danish Krone	268,517	(607)	(1,677)	15	(592)
Euro	8,428,107	5,193	(77,182)	(940)	4,253
Hong Kong Dollar	594,237	(13)	(1,672)	-	(13)
Israeli Shekel	160,118	(192)	-	-	(192)
Japanese Yen	6,764,808	22,065	(21,201)	(37)	22,028
Malaysian Ringgit	6,974	2	-	-	2
Mexican New Peso	61,570	159	-	-	159
New Zealand Dollar	27,356	56	(3,998)	72	128
Norwegian Krone	198,131	(401)	(2,991)	4	(397)
Polish Zloty	47,688	618	(3,573)	324	942
Singapore Dollar	371,223	(26)	(4,320)	19	(7)
Swedish Krona	690,594	(2,311)	(14,227)	(19)	(2,330)
Swiss Franc	1,713,595	8,928	(18,192)	(129)	8,799
Total	\$ 26,264,212	\$ 32,685	\$ (217,604)	\$ (640)	\$ 32,045

RETIREMENT BENEFITS INVESTMENT FUND
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NOTES TO FINANCIAL STATEMENTS

The Fund's pending derivative transactions as of June 30, 2011, are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
Pending as of June 30, 2011

Currency	Purchases	Unrealized Gain / Loss	Sells	Unrealized Gain / Loss	Total Unrealized Gain / Loss
Australian Dollar	\$ 8,343	\$ (1)	\$ -	\$ -	\$ (1)
British Pound Sterling	15,869	-	-	-	-
Canadian Dollar	303	-	-	-	-
Danish Krone	5,565	-	-	-	-
Euro	207,832	(9)	-	-	(9)
Japanese Yen	155,494	1	-	-	1
Mexican New Peso	-	-	(2,140)	-	-
Norwegian Krone	1,287	-	-	-	-
Polish Zloty	5,235	(1)	-	-	(1)
Singapore Dollar	2,556	-	-	-	-
Swedish Krona	3,098	-	-	-	-
Swiss Franc	-	-	(3,451)	-	-
Total	\$ 405,582	\$ (10)	\$ (5,591)	\$ -	\$ (10)

Management believes that it is unlikely that any of the derivatives in the Fund's portfolio could have a material adverse effect on the financial condition of the Fund. In addition, the credit, market, or legal risks are not above and beyond those risks apparent by the nature of the type of investment for any of the securities contained within the portfolio.

RETIREMENT BENEFITS INVESTMENT FUND
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SUPPLEMENTARY INFORMATION

PARTICIPATING ENTITIES

Participating Entities	Net Contributions from Inception through June 30, 2011	Market Value as of June 30, 2011
Public Employees' Benefits Program (PEBP)	\$ 1,348,775	\$ 918,432
Washoe County School District (WCSD)	25,662,524	30,181,320
Truckee Meadows Water Authority (TMWA)	4,506,824	6,038,163
Washoe County (WCOT)	76,100,000	81,809,759
City of Las Vegas (LVOT)	<u>5,000,000</u>	<u>5,249,247</u>
Totals	<u>\$ 112,618,123</u>	<u>\$ 124,196,921</u>

Net Contributions include both contributions and distributions for each participating entity from the inception of the Fund through the end of the current fiscal year.

The market value for each participating agency includes the market value of all assets held at the custodial bank, BNYM, based on their net contributions. This amount does not include any assets or transactions outside of BNYM.

Washoe County, Nevada OPEB Trust Fund
Interim Financial Highlights for the Three Months Ended September 30, 2011 - Unaudited
All \$ in Thousands unless otherwise noted.

Net Assets by Plan

<u>Net Assets by Plan</u>				
	<u>State RBIF</u>	<u>WC-Pool</u>	<u>Other-Net</u>	<u>Net Assets</u>
WC-RHBP	\$ 74,607	\$ 5,334	\$ 23	\$ 79,964
WC-PEBP	1,305	137	-	1,442
TMFPD	2,475	971	5	3,451
SFPD	397	117	-	514
	<u>\$ 78,784</u>	<u>\$ 6,559</u>	<u>\$ 28</u>	<u>\$ 85,371</u>

- Net assets decreased by \$3 million during the quarter to \$85.4 million due to decreases in the fair value of investments in the State RBIF pool. The trust holds \$78.8 million or 92% of total investments in the State RBIF pool.
- Other net assets include interest receivable net of amounts owed to the County for administrative expenses.

Change in Plan Net Assets

	<u>WC-RHBP</u>	<u>WC-PEBP</u>	<u>TMFPD</u>	<u>SFPD</u>	<u>TOTAL</u>
Additions:					
Investment income, net of expense	\$ (2,854)	\$ (51)	\$ (81)	\$ (14)	\$ (3,000)
Plan members, other	776	-	-	1	777
Contrib. for incurred cost	1,381	87	32	-	1,500
	<u>(697)</u>	<u>36</u>	<u>(49)</u>	<u>(13)</u>	<u>(723)</u>
Deductions:					
Benefits Paid	2,157	87	32	4	2,280
Administrative	1	1	1	-	3
	<u>2,158</u>	<u>88</u>	<u>33</u>	<u>4</u>	<u>2,283</u>
Net change in Plan Net Assets	<u><u>\$ (2,855)</u></u>	<u><u>\$ (52)</u></u>	<u><u>\$ (82)</u></u>	<u><u>\$ (17)</u></u>	<u><u>\$ (3,006)</u></u>

- No prefunding contributions have been made in the current fiscal year.
- Investment earnings have been negatively impacted by unrealized losses due to fluctuations in the fair value of investments in the State RBIF pool.
- Contributions for incurred cost represent employer-paid retiree costs for which no reimbursement has been requested.

Budget Comparison

	<u>Budget</u>	<u>YTD</u>	<u>Act % Bud</u>	<u>Variance</u>
Additions:				
Prefunding	\$ 20,400	\$ -	0%	\$ (20,400)
Investment income, net of expense	6,323	(3,000)	-47%	(9,323)
Plan members, other	3,192	777	24%	(2,415)
Contrib. for incurred cost	1,000	1,500	150%	500
	<u>30,915</u>	<u>(723)</u>	-2%	<u>(31,638)</u>
Deductions:				
Benefits Paid	13,793	2,280	17%	11,513
Administrative	63	3	5%	60
	<u>13,856</u>	<u>2,283</u>	16%	<u>11,573</u>
Net change in Plan Net Assets	<u><u>\$ 17,059</u></u>	<u><u>\$ (3,006)</u></u>	-18%	<u><u>\$ (20,065)</u></u>

- Contributions for incurred cost are above budget pending reimbursements requests from the Plan employers.
- Investment income is below budget due to unrealized losses in the State RBIF pool.

**WASHOE COUNTY, NEVADA
OPEB TRUST FUND
STATEMENTS OF PLAN NET ASSETS
As of September 30, 2011 - unaudited**

DRAFT

	Washoe Co. Retiree Health Benefit Plan	State of Nevada Public Employee Benefit Plan	TMFPD Retiree Group Medical Plan	SFPD Retiree Group Medical Plan	Total
Assets					
Cash and investments:					
Washoe County Investment Pool	\$ 5,334,101	\$ 137,086	\$ 971,473	\$ 116,634	\$ 6,559,294
State of NV RBIF	74,606,576	1,305,065	2,475,417	397,141	78,784,199
Interest receivable	24,360	404	4,756	604	30,124
Total Assets	79,965,037	1,442,555	3,451,646	514,379	85,373,617
Liabilities					
Accounts payable	776	776	776	776	3,104
Net assets held in trust for other postemployment benefits	\$ 79,964,261	\$ 1,441,779	\$ 3,450,870	\$ 513,603	\$ 85,370,513

WASHOE COUNTY, NEVADA OPEB TRUST FUND
Fiscal Year 2011 / 2012
Statement of Changes in Plan Net Assets
For the Three Months Ended September 30, 2011 - Unaudited

	Combined Trust			
	Budget	Actual	Act %	Variance
Additions				
Contributions				
Employer:				
Prefunding	\$ 20,400,000	\$ -	0.00%	\$ (20,400,000)
Contributions for incurred cost	1,000,000	1,500,381	150.04%	500,381
Plan member	2,808,000	680,838	24.25%	(2,127,162)
Other	384,000	96,216	25.06%	(287,784)
Total Contributions	<u>24,592,000</u>	<u>2,277,435</u>	9.26%	<u>(22,314,565)</u>
Investment Income				
Interest and dividends	6,323,640	382,063	6.04%	(5,941,577)
Net increase (decrease) in fair value of investments	-	(3,375,498)		(3,375,498)
	<u>6,323,640</u>	<u>(2,993,435)</u>	(47.34%)	<u>(9,317,075)</u>
Less investment expense	-	6,836		(6,836)
Net Investment Income	<u>6,323,640</u>	<u>(3,000,271)</u>	(47.45%)	<u>(9,323,911)</u>
Total Additions	<u>30,915,640</u>	<u>(722,836)</u>	(2.34%)	<u>(31,638,476)</u>
Deductions				
Benefits	13,792,850	2,280,341	16.53%	11,512,509
Administrative expense	63,300	3,104	4.90%	60,196
Total Deductions	<u>13,856,150</u>	<u>2,283,445</u>	16.48%	<u>11,572,705</u>
Net Change in Plan Net Assets	17,059,490	(3,006,281)	(17.62%)	(20,065,771)
Net Assets Held in Trust for Other Postemployment Benefits				
Beginning of year	88,376,794	88,376,794		-
End of Period	<u>\$ 105,436,284</u>	<u>\$ 85,370,513</u>		<u>\$ (20,065,771)</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
Fiscal Year 2011 / 2012
Statement of Changes in Plan Net Assets
For the Three Months Ended September 30, 2011 - Unaudited

Washoe County - Retiree Health Benefit Plan				
	Budget	Actual	Act %	Variance
Additions				
Contributions				
Employer:				
Prefunding	\$ 19,176,000	\$ -	0.00%	\$ (19,176,000)
Contributions for incurred cost	-	1,381,594		1,381,594
Plan member	2,797,000	679,500	24.29%	(2,117,500)
Other	384,000	96,216	25.06%	(287,784)
Total Contributions	<u>22,357,000</u>	<u>2,157,310</u>	9.65%	<u>(20,199,690)</u>
Investment Income				
Interest and dividends	5,925,990	356,153	6.01%	(5,569,837)
Net increase (decrease) in fair value of investments	-	(3,204,282)		(3,204,282)
	5,925,990	(2,848,129)	(48.06%)	(8,774,119)
Less investment expense	-	6,223		(6,223)
Net Investment Income	<u>5,925,990</u>	<u>(2,854,352)</u>	(48.17%)	<u>(8,780,342)</u>
Total Additions	<u>28,282,990</u>	<u>(697,042)</u>	(2.46%)	<u>(28,980,032)</u>
Deductions				
Benefits	12,302,850	2,157,310	17.54%	10,145,540
Administrative expense	21,825	776	3.56%	21,049
Total Deductions	<u>12,324,675</u>	<u>2,158,086</u>	17.51%	<u>10,166,589</u>
Net Change in Plan Net Assets	15,958,315	(2,855,128)	(17.89%)	(18,813,443)
Net Assets Held in Trust for Other Postemployment Benefits				
Beginning of year	82,819,389	82,819,389		-
End of Period	<u>\$ 98,777,704</u>	<u>\$ 79,964,261</u>		<u>\$ (18,813,443)</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
Fiscal Year 2011 / 2012
Statement of Changes in Plan Net Assets
For the Three Months Ended September 30, 2011 - Unaudited

	Washoe County - NV PEBS Plan			
	Budget	Actual	Act %	Variance
Additions				
Contributions				
Employer:				
Prefunding	\$ 1,224,000	\$ -	0.00%	\$ (1,224,000)
Contributions for incurred cost	-	86,996		86,996
Total Contributions	<u>1,224,000</u>	<u>86,996</u>	7.11%	<u>(1,137,004)</u>
Investment Income				
Interest and dividends	106,860	6,580	6.16%	(100,280)
Net increase (decrease) in fair value of investments	-	(57,352)		(57,352)
	106,860	(50,772)	(47.51%)	(157,632)
Less investment expense	-	120		(120)
Net Investment Income	<u>106,860</u>	<u>(50,892)</u>	(47.62%)	<u>(157,752)</u>
Total Additions	<u>1,330,860</u>	<u>36,104</u>	2.71%	<u>(1,294,756)</u>
Deductions				
Benefits	390,000	86,996	22.31%	303,004
Administrative expense	9,825	776	7.90%	9,049
Total Deductions	<u>399,825</u>	<u>87,772</u>	21.95%	<u>312,053</u>
Net Change in Plan Net Assets	931,035	(51,668)	(5.55%)	(982,703)
Net Assets Held in Trust for Other Postemployment Benefits				
Beginning of year	1,493,447	1,493,447		-
End of Period	<u>\$ 2,424,482</u>	<u>\$ 1,441,779</u>		<u>\$ (982,703)</u>

WASHOE COUNTY, NEVADA OPEB TRUST FUND
Fiscal Year 2011 / 2012
Statement of Changes in Plan Net Assets
For the Three Months Ended September 30, 2011 - Unaudited

	Truckee Meadows FPD - Retiree Group Med Plan			
	Budget	Actual	Act %	Variance
Additions				
Contributions				
Employer:				
Contributions for incurred cost	\$ 1,000,000	\$ 31,791	3.18%	\$ (968,209)
Investment Income				
Interest and dividends	252,800	16,835	6.66%	(235,965)
Net increase (decrease) in fair value of investments	-	(97,819)		(97,819)
	252,800	(80,984)	(32.03%)	(333,784)
Less investment expense	-	433		(433)
Net Investment Income	252,800	(81,417)	(32.21%)	(334,217)
Total Additions	1,252,800	(49,626)	(3.96%)	(1,302,426)
Deductions				
Benefits	1,000,000	31,791	3.18%	968,209
Administrative expense	15,825	776	4.90%	15,049
Total Deductions	1,015,825	32,567	3.21%	983,258
Net Change in Plan Net Assets	236,975	(82,193)	(34.68%)	(319,168)
Net Assets Held in Trust for Other Postemployment Benefits				
Beginning of year	3,533,063	3,533,063		-
End of Period	\$ 3,770,038	\$ 3,450,870		\$ (319,168)

WASHOE COUNTY, NEVADA OPEB TRUST FUND
Fiscal Year 2011 / 2012
Statement of Changes in Plan Net Assets
For the Three Months Ended September 30, 2011 - Unaudited

	Sierra FPD - Retiree Group Med Plan			
	Budget	Actual	Act %	Variance
Additions				
Contributions				
Employer:				
Plan member	\$ 11,000	\$ 1,338	12.16%	\$ (9,662)
Investment Income				
Interest and dividends	37,990	2,495	6.57%	(35,495)
Net increase (decrease) in fair value of investments	-	(16,045)		(16,045)
	37,990	(13,550)	(35.67%)	(51,540)
Less investment expense	-	60		(60)
Net Investment Income	37,990	(13,610)	(35.83%)	(51,600)
Total Additions	48,990	(12,272)	(25.05%)	(61,262)
Deductions				
Benefits	100,000	4,244	4.24%	95,756
Administrative expense	15,825	776	4.90%	15,049
Total Deductions	115,825	5,020	4.33%	110,805
Net Change in Plan Net Assets	(66,835)	(17,292)	25.87%	49,543
Net Assets Held in Trust for Other Postemployment Benefits				
Beginning of year	530,895	530,895		-
End of Period	\$ 464,060	\$ 513,603		\$ 49,543

WASHOE COUNTY, NEVADA OPEB TRUST
Administrative Expense Detail - YTD Actual vs. Annual Budget
For the Nine Months Ended September 30, 2011

	Washoe Co Retiree Health Benefit Program	State of Nevada Public Employee Benefit Plan	Truckee Meadows FPD Retiree Group Medical Plan	Sierra FPD Retiree Group Medical Plan	2012 Total
<u>BUDGET</u>					
Administrative Expenses					
Actuarial valuations	\$ 15,000	\$ 3,000	\$ 9,000	\$ 9,000	\$ 36,000
Accounting and administrative services	5,000	5,000	5,000	5,000	20,000
Audit fees	1,375	1,375	1,375	1,375	5,500
Trustee fees	250	250	250	250	1,000
Operating Expenses	200	200	200	200	800
	\$ 21,825	\$ 9,825	\$ 15,825	\$ 15,825	\$ 63,300
<u>ACTUAL</u>					
Administrative Expenses					
Actuarial valuations	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting and administrative services	776	776	776	776	3,104
Audit fees	-	-	-	-	-
Trustee fees	-	-	-	-	-
Operating Expenses	-	-	-	-	-
	\$ 776	\$ 776	\$ 776	\$ 776	\$ 3,104
<u>VARIANCE</u>					
Administrative Expenses					
Actuarial valuations	\$ 15,000	\$ 3,000	\$ 9,000	\$ 9,000	\$ 36,000
Accounting and administrative services	4,224	4,224	4,224	4,224	16,896
Audit fees	1,375	1,375	1,375	1,375	5,500
Trustee fees	250	250	250	250	1,000
Operating Expenses	200	200	200	200	800
	\$ 21,049	\$ 9,049	\$ 15,049	\$ 15,049	\$ 60,196