



Financial Statements
June 30, 2016

Clark County, Nevada OPEB Trust Fund

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Independent Auditor's Report

To the Board of Trustees
Clark County, Nevada OPEB Trust Fund
Las Vegas, Nevada

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Trust and do not purport to present, and do not present the financial status of the participating employer's post-employment benefit plans, nor do these financial statements contain other disclosures necessary for a fair presentation of the individual post-employment benefit plans in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.



Reno, Nevada
April 7, 2017

Clark County, Nevada OPEB Trust Fund
Management's Discussion and Analysis
June 30, 2016

Management offers the following discussion and analysis as a narrative introduction to the basic financial statements and an analytical overview of the Trust's financial activities for the fiscal year ended June 30, 2016. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Trust's financial statements include the following components:

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

The *Statement of Net Position* presents the Trust's assets and liabilities and the net position, which are held in trust for other post-employment benefits of Clark County, Nevada. This statement reflects a year-end snapshot of the Trust's investments, at fair value, along with cash, receivables and other liabilities.

The *Statement of Changes in Net Position* presents information showing how the Trust's net position changed during the year. This statement includes additions for contributions by Clark County and investment earnings and deductions for payments and administrative expenses.

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

Financial Highlights

- Net position is restricted for future benefit payments. Net position at June 30, 2016 totaled \$85,004,405.
- Outstanding accounts payable at year-end were \$16,026. This amount represents amounts payable for audit, investment advisors and bank fees.
- Net position increased by \$1,972,765 as a result of increased net investment income.

Condensed Financial Information

Comparative summary financial statements of the Trust are presented as follows:

	Net Position June 30, 2016 and 2015	
	2016	2015
Assets		
Cash	\$ 92,689	\$ 99,565
Receivables	5,094	94,970
Investments	84,922,648	82,838,694
Total Assets	<u>85,020,431</u>	<u>83,033,229</u>
Liabilities		
Accounts payable	<u>16,026</u>	<u>1,589</u>
Net Position	<u>\$ 85,004,405</u>	<u>\$ 83,031,640</u>

	Changes in Net Position Years ended June 30, 2016 and 2015	
	2016	2015
Additions		
Net investment income	\$ 1,984,676	\$ 92,577
Employer contributions	-	82,939,578
Total additions	<u>1,984,676</u>	<u>83,032,155</u>
Deductions		
Administrative expenses	<u>11,911</u>	<u>515</u>
Change in Net Position	1,972,765	83,031,640
Net Position		
Beginning of year	<u>83,031,640</u>	<u>-</u>
End of year	<u>\$ 85,004,405</u>	<u>\$ 83,031,640</u>

Analysis of Financial Position and Results of Operations

The Trust's net position was \$85,004,405 at June 30, 2016. Clark County did not make contributions to the Trust during fiscal year 2016, resulting in a decrease of \$82,939,578 in employer contributions. Net investment income increased by \$1,892,099 as a result of fiscal 2016 being the first year with 12 months of investment activity.

Requests for Information

Questions concerning the information provided in this report or requests for additional financial information should be addressed to Jessica L. Colvin, CFO/Comptroller, at 500 South Grand Central Parkway, Las Vegas, NV 89155.

Clark County, Nevada OPEB Trust Fund
Statement of Net Position
June 30, 2016

Assets

Cash \$ 92,689

Receivables
Interest 5,094

Investments, at fair value 84,922,648

Total assets 85,020,431

Liabilities

Accounts payable 16,026

Total net position, restricted for post-employment benefits \$ 85,004,405

Clark County, Nevada OPEB Trust Fund
Statement of Changes in Net Position
Year Ended June 30, 2016

Additions	
Investment Income	
Investment income	\$ 2,007,432
Less investment expense	<u>22,756</u>
Net investment income	<u>1,984,676</u>
Total additions	<u>1,984,676</u>
Deductions	
Administrative expenses	<u>11,911</u>
Total deductions	<u>11,911</u>
Change in Net Position	1,972,765
Net Position	
Beginning of year	<u>83,031,640</u>
End of year	<u><u>\$ 85,004,405</u></u>

Note 1 - Organization and Nature of Activities

Clark County, Nevada OPEB Trust Fund (the Trust) was established March 4, 2014, for the purpose of accumulating and investing assets to fund post-employment benefits other than pensions for the Clark County Self-Funded Group Medical and Dental Plan (the plan) of Clark County, Nevada (the County/Employer). The Trust is not a component unit of another governmental entity.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust agreement. The Board of Trustees is currently composed of three members. The Trustees must include: a) at least one person who has a combination of education and experience of at least five years in finance or economics; b) a public office or employee of the Employer who manages the fiscal affairs of the Employer; and c) a current beneficiary of the benefit plan who has a combination of education and experience of at least five years in finance or economics. Each Trustee shall be appointed for a term of at least two years but not to exceed four years. The Employer's governing body may renew the term of any Trustee.

The Trust does not purport to present the financial status of the participating employer's post-employment benefit plans, nor do these statements contain information or other disclosures necessary for a fair presentation of the individual plan in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies**Measurement Focus and Basis of Accounting**

The economic resources measurement focus and the accrual basis of accounting are used in the preparation of the financial statements. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Investments and Investment Income

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income consists of the Trust's net earnings from its participation in the State of Nevada's Retirement Benefits Investment Fund (RBIF) and the Clark County Investment Pool (County investment pool), both of which are external investment pools. The Trust's net earnings from each of the external investment pools is based on the Trust's original investment plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares.

Taxes

The Trust is exempt from taxation under Section 115 of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal income taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Termination

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

Implementation of GASB Statement No. 72

As of July 1, 2015 the Trust adopted GASB Statement No. 72, *Fair Value Measurements and Application*. The implementation of this standard requires governments to measure investments at fair value. The additional disclosures required by this standard are included in Note 3.

Note 3 - Investments and Risk

The Board of Trustees have established an investment policy for the Trust. Under the policy, the Trust's assets are limited to investments in the RBIF; and any investment authorized pursuant to NRS 355.170. Such investments under NRS 355.170 include certain "A" rated notes and bonds, guaranteed investment contracts, obligations of the U.S. Treasury, obligations of other U.S. Government agencies, negotiable and non-negotiable certificates of deposit issued by commercial banks or insured savings and loan associations, bankers acceptances, repurchase agreements, "AAA" rated mutual funds that invest in securities of the Federal Government or agencies of the Federal Government, and the State of Nevada Local Government Investment Pool (LGIP).

The Trust categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Trust does not have any investments that are measured using Level 1 or Level 3 inputs.

RBIF – Level 2:

The Trust invests its assets in RBIF as allowed by the Nevada Revised Statute (NRS) 287.017 and the Nevada Administrative Code (NAC). The RBIF was established pursuant to NRS 355.220 and is administered by the Retirement Benefits Investment Board (RBIB) as an unrated external investment pool. The RBIF is not registered with the Securities and Exchange Commission (SEC) as an investment company. Each participant acts as fiduciary for its particular share of the RBIF and is allocated earnings and expenses according to their proportional share in RBIF. Bank of New York Mellon determines the fair value of the RBIF monthly. The Trust's investment in RBIF is \$82,640,851 at June 30, 2016 and is reported at fair value, which is based on the observable market prices of the underlying assets held by the pool, less liabilities. The RBIF primarily invests in a mix of domestic and foreign equity securities and fixed income investments. The RBIF engages only in foreign currency forward contracts to reduce foreign currency translation risk. No other derivatives are allowed. Fixed income securities are 30.0% of the RBIF portfolio at June 30, 2016. These securities have maturity dates ranging from August 2017 to May 2046. Complete financial information on RBIF as of June 30, 2016 can be obtained by contacting Public Employees Retirement System (PERS) at 693 W. Nye Lane, Carson City, NV, 89703.

Clark County Investment Pool – Level 2:

The Trust invests its assets in the County investment pool as allowed by NRS 287.017. The County investment pool was established by the Clark County Board of Commissioners pursuant to NRS 355.168 and is administered as an unrated external investment pool. Investments in the County investment pool include only those investments allowed under NRS 355.170. The Clark County Treasurer, under authority of the Clark County Board of Commissioners, is the primary investment official for the County. The County investment pool is not registered with the SEC as an investment company. All investments within the County investment pool are stated at original investment, plus a monthly allocation of investment income, including realized and unrealized gains and losses, which is the same as the value of the pool shares. The Trust's investment in the County investment pool is \$2,281,797 at June 30, 2016 and is reported at fair value, which is based on the observable market prices of the underlying assets held by the pool, less liabilities. The average investment duration of the County investment pool is 2.15 years.