

Churchill County
Agenda Report

Date Submitted: October 9, 2007

Agenda Date Requested: October 17, 2007

Time Requested: 2 minutes

To: Board of Churchill County Commissioners

From: Alan Kalt, County Comptroller

Subject Title: Consideration and Possible Action re: Actuarial Study of OPEB Liabilities under GASB 45 by Bickmore Risk Services

Type of Action Requested: (check one)

() Resolution

() Ordinance

(X) Formal Action/Motion

() Other (Specify)

Does this action require a Business Impact Statement? () Yes (X) No

Recommended Board Action:

A motion to approve the engagement letter from Bickmore Risk Services to perform an actuarial study of Other Post Employment Benefits (OPEB) liabilities under the Governmental Accounting Standards Board pronouncement 45 for Churchill County including CC Communications in an amount of \$7,250.

Discussion:

Churchill County is required to follow the Governmental Accounting Standard Board's (GASB) pronouncements. GASB 45 addresses the financial statement disclosure of post employment benefits liabilities. The amounts must be calculated by an actuary. POOL/PACT has reviewed and approved a master contract with their actuaries, Bickmore Risk Services, to perform these services at a discount rate for POOL/PACT members. The contract is based on the number of OPEB's provided by the County and the number of employees. Churchill County's OPEB liabilities are related to two factors: 1. Retirees health insurance subsidy under 2003 Legislative Session AB 287 modified by 2007 session AB 544 and 2. the implicit subsidy caused by blending the retirees' claims with the active claims to determine the monthly premiums. This actuary study will be conducted in accordance with the standards are provide data that may be used for multiple years. As a professional service, this contact does not need to be bid in accordance with the Local Government Purchasing Act of the Nevada Revised Statutes.

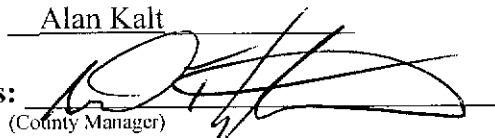
Financial Impacts:

The estimated cost of the study is \$7,250. This cost assumes under 500 employees and a separate calculation for CC Communications as a separate division. Cost will be split on a pro-rata share with CC Communications. Contract amount will be funded under professional services.

Prepared By: Alan Kalt

Date: October 9, 2007

Concurrences:

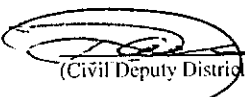

(County Manager)

Date: October 9, 2007



(Comptroller)

Date: 10/9/07



(Civil Deputy District Attorney)

Date: 10/9/07

Board Action Taken:

Motion: _____

1)	_____	Aye/Nay
2)	_____	_____

(Vote Recorded By)

Bickmore Risk Services
1831 K Street
Sacramento, CA 95811
October 2, 2007

Mr. Alan Kalt
Comptroller
Churchill County
155 N. Taylor Street
Fallon, NV 89406

Re: Actuarial Study of OPEB Liabilities under GASB 45

Dear Alan:

This letter will set forth our proposal concerning completion of an actuarial study of OPEB ("other post-employment liabilities") liabilities under GASB 45 for the County. This letter describes our process and timelines for completing the study, and a firm fee quote for the project.

The Actuarial Valuation Process

We suggest the following valuation process for our GASB 45 clients. First, after an initial discussion to establish your objectives for the study, your timeline, and any special circumstances which apply to the County, we send you a valuation data request. This involves receiving a detailed employee and retiree census and a detailed description of your plan (that is, the medical and any other benefits which the County extends to retirees). Once we have complete and accurate data, we will return preliminary valuation results and written analysis within 30 days. This allows a discussion with you of the preliminary findings, so that we may make any adjustments you desire prior to issuance of the final report. Even if further computer analysis is needed at that point, we will deliver our final report to you within 30 days of the completion of discussions on the preliminary analysis.

You mentioned that the County has about 170 employees, and operates a telephone company (about 100 employees). The telephone company's OPEB benefits are identical to those provided to County employees. As such, we are willing to prepare one report covering both employers, but showing results segregated by the two operating entities, and we have priced our services accordingly. Should it become necessary or desirable to provide two separate reports, we can revise the process along the way.

Project Cost

Based on the information you've supplied, and in keeping with our arrangement with POOL/PACT, we propose to complete this study for a flat fee of \$7,250 (\$7,000 for a group of 270 employees plus \$250 for the division between County and Telephone).

We believe the procedure described above will meet the objectives the County has for this work; however, if additional consulting is required outside the scope of our proposal (for example, 6 months from now you ask us to assist you in labor negotiations concerning this benefit), we offer to provide additional services on a time and expense basis, with hourly rates as follows:

<u>Consultant</u>	<u>Hourly Rate</u>
Jeff Furnish	\$ 275
Actuarial Staff	160
Administrative Staff	80

We appreciate the opportunity to be of service to the County, and look forward to working with you on this project.

Sincerely,

Jeff Furnish, FCA, ASA, MAAA