

MINUTES

WAYS AND MEANS COMMITTEE

NEVADA STATE LEGISLATURE - 60th SESSION

March 23, 1979

Chairman Mello called the meeting to order at 7:35 a.m.

MEMBERS PRESENT: Chairman Mello, Vice-Chairman Bremner, Mr. Barengo (late 8:35), Mrs. Cavnar, Mr. Glover, Mr. Hickey, Mr. Rhoads, Mr. Vergiels, Mrs. Wagner, Mr. Webb.

MEMBERS ABSENT: Mr. Mann

ALSO PRESENT: Bill Bible, Fiscal Analyst; Judy Matteucci, Deputy Fiscal Analyst; Mike Alastuey, Deputy Budget Director; Assemblyman Mike Malone; Mr. Samuel Mamet; Col. Barney Dehl, Chief Nevada Highway Patrol; Mr. Russell McDonald; Mr. William Swackhamer, Secretary of State; Ms. Peggy Glover, General Services; Ms. Patti Becker, State Industrial Attorney; Mr. Wilt Keating, Assistant Executive Officer, Nevada Public Employees Retirement System; Ms. Sue Bawden, Chief Accountant, Retirement System; Mr. Jack Porter, Director, Nevada State Museum.

AB 134

Assemblyman Mike Malone stated that AB 134 will amend NRS 50.225 to raise the witness fees from \$15.00 to \$25.00 for any witness required to attend courts, any criminal case or civil suit or proceeding or before a Grand Jury in obedience to subpoena. Secondly, it will raise the mileage allowance from 15¢ to 17¢ per mile both ways.

Mr. Malone remarked that the increase in witness fees is an incentive measure to get people into court.

Mr. Glover asked when the last raise in witness fees occurred. Mr. Malone said it was in 1977.

Chairman Mello asked how the increase in witness fees coincided with jurors fees. Mr. Malone said that he did not know.

Mrs. Wagner asked what the local government's reaction was to the fiscal impact of this bill.

Mr. Sam Mamet representing Clark County stated that the fiscal impact would result in increased costs of \$158,000 to Clark County for the fees and that there were not figures available on the impact of the mileage increase. He estimated that the fiscal impact in Washoe County would be approximately \$42,000.

Mr. Rhoads asked if the witness fees were applied ^{equally} to the general public or only to police officers. Mr. Malone responded that the fees are available to anyone who is subpoenaed.

Mr. Rhoads then asked if the police officers were also on payroll when serving as witnesses. Mr. Malone answered that, speaking for the Las Vegas Metropolitan Police Department, officers are paid the witness fees only when they are off-duty.

Col. Barney Dehl, Nevada Highway Patrol, stated that Patrol officers do not collect witness fees or mileage.

Mr. Rhoads noted that the fiscal note presented by Mr. Malone was in conflict with the figures presented by Mr. Mamet.

Mr. Mamet responded that the information on the fiscal note was generated by the Administrative Office of the Courts.

Mr. Russell McDonald representing Washoe County made two observations regarding AB 134. First he noted that any fee paid a witness does not impact government in a civil case; but that the impact is on police officers or any witness in a criminal matter. Mr. McDonald said a low estimate from Washoe County is reflected in the fact that a large Public Defenders office volunteers their services as witnesses for the defense.

Mr. Glover asked Mr. McDonald if he was in opposition to the bill. Mr. McDonald said realistically he opposes the bill because of the fiscal impact on the county, but noted that \$15.00 a day is a small compensation to a witness.

Mrs. Wagner pointed out that Mr. Malone had referred to the increase as an incentive to witnesses. Mr. McDonald noted that this is a witness bill, not a juror bill, reiterating the fact that witnesses are subpoenaed, and the power of the subpoena was sufficient incentive.

SB 109

Mr. Bill Swackhamer, Secretary of State, stated that SB 109 would essentially change the filing date of the annual report of private corporations from July 1 to the month in which the corporation was incorporated. He commented that there are 39,056 corporations in Nevada and that current practice created a tremendous work-load at one time. Mr. Swackhamer said that he was in favor of the bill and had contacted four states who follow this procedure for their input. He said that fiscal impact of \$2,500 would be necessary to modify the existing program to a monthly basis instead of yearly.

Mr. Webb commented that he authored the original bill that put the state license plates on a rotating basis thereby saving the state millions of dollars and commended Mr. Swackhamer for initiating SB 109.

Mr. Swackhamer also requested that \$6,000 in the first year of the biennium and \$6,300 the second year be added to his budget to cover the cost of postage necessary to mail receipts due to the failure of SB 124.

SB 223

Mr. Swackhamer stated his office has 110 years of hardcopy corporate documents recorded on microfilm and noted that two years ago his office had received an appropriation for a microfilming project. He noted two problems; one being the former Secretary of State had documents put on microfiche that is now obsolete on today's equipment, and secondly a period of 4 years from 1972 to 1976 when no microfilming was done. Mr. Swackhamer explained that \$2,000 was needed to operate and maintain the old equipment that can read the

oversized microfiche. He explained that Senate Finance had reduced his original request of \$30,000 to convert the old records to modern size microfilm. He said that he was requesting \$25,000 to convert the four years of records that were not filmed (1972-1976) to microfiche. He also added that he was requesting \$9,000 to contract with someone to research county files for corporation information that would complete the Secretary of State's files as nearly as possible. He added that this expenditure would be recovered in the time savings of his employees in researching old records.

Mrs. Wagner asked why the Senate Finance refused the appropriation to convert the obsolete microfiche. Mr. Swackhamer responded that the reason was that apparently Senate Finance had been presented with numerous requests generated by changing the state of the art in various business methods.

AB 303

Mr. Russ McDonald, Trustee of the Nevada Historical Society, stated that AB 303 is a one-shot appropriation in the amount of \$51,951 to the Historical Society for the preservation and copying of the existing photograph collection. The acquisition of photographs began with the Society in 1906. Mr. McDonald noted that the photographs are available to the public and that as a working collection the photographs are subject to theft, the wear of constant handling, and the deterioration and fading of the photographic process. The \$51,951 appropriation would restore about 10,000 photographs, and that small numbers of photographs would be reproduced at a time. He added that the society had tried to get private money but that they had been unsuccessful. He estimated the cost of each picture would be approximately \$5.00 and that the society would contract with private contractors to reproduce the pictures for use in the working collection. Mr. McDonald showed various old photographs to the committee.

Mr. Glover asked how long a negative made from the old photographs would last and Mr. McDonald said indefinitely.

Mrs. Wagner asked what would be the quality of the reproduced photograph. Mr. McDonald responded that the restoration process produces quite a good photograph, although there is a loss in preciseness.

AB 500

Ms. Peggy Glover, Director of the Department of General Services, stated that AB 500 removes the Lost City Museum from the Building and Grounds Department into the Nevada Museum. She said that the Department of General Services has no objections to the bill.

Chairman Mello asked how many of the members of the Board of Trustees of the Lost City Museum are actually associated with the Lost City Museum.

Mr. Jack Porter, Director of the Nevada State Museum, responded that Mr. Bill Wright, Mrs. Florence Caleb and Dr. Sheila Brooks are members of the Advisory Board of the Lost City Museum. Mr. Porter commented that Lost City Advisory Board and the Board of the Nevada State Museum favor the merger.

AB 501

Ms. Patti Becker, State Industrial Attorney, detailed the functions of her office explaining that she represents claimants against the Nevada Industrial Commission once they are appealed to the Appeals Officer level. The Appeals Officer determines that a claimant is indigent and then appoints the office of the State Industrial Attorney.

Ms. Becker said AB 501 was initiated after a conversation with Chairman Mello in which AB 84 was discussed which deals with the recommendations of the Interim Subcommittee concerning the rules and regulations of the Nevada Industrial Commission. One of the problems that was pointed out to the Subcommittee was the fact that Ms. Becker is presently receiving an NIC paycheck. Ms. Becker said that the recommendation was that the office be paid out of State Insurance funds but that the administration of the funds should be through the State Budget Division. Ms. Becker said that she has requested an opinion of the Attorney General to determine if the statute which created the office two years ago contemplated that her position would be part of the Executive Budget and the State Budget Act. The passage of AB 84 would move the office of the State Industrial Attorney to the Executive Budget and into the unclassified area.

Mrs. Wagner asked Ms. Becker what was her salary and how much of a work-load did she have.

Ms. Becker said presently she makes \$26,250 a year and noted that the case load is fairly equal between Carson City and Las Vegas with two cases a week each.

SB 219

Mr. Alastuey stated that SB 219 makes an appropriation of \$100.00 to Mr. Art Hill, Auditor with the State Gaming Control Board, who on state assignment, had his vehicle damaged in a casino parking lot through no fault of his own. The Board of Examiners concurred that Mr. Hill should receive the \$100.00 but it was determined that under the current law no such allocation could be made from any funds now appropriated.

Chairman Mello pointed out that it cost \$200.00 to process the bill. Mrs. Cavnar asked if the 17 cents per mile that the state allocates covers all vehicle operating costs, including insurance.

Mr. Alastuey responded that SB 264 would provide that the \$100.00 deductible could only be reimbursed to those employees incurring less than 5,000 miles per year and that the 5,000 mile point had been determined to be the break even point on recovery of the insurance premiums, including deductible, for state drivers.

Chairman Mello asked if there was a state car available to Mr. Hill and Mr. Alastuey said there was no car available.

Mr. Bremner suggested that Mr. Hill come to testify before the Committee. Mr. Vergiels suggested that this bill was an example of bureaucrats wasting their time on ridiculous detail.

SB 264

Mr. Alastuey said that SB 264 adds to Chapter 281 of the State Personnel Chapter stipulating the conditions under which travel reimbursements can be made. He said that it provides that any person who is entitled to travel allowance provided by law whose private vehicle is damaged while transacting state business is entitled to a reimbursement of up to \$100 for his insurance deductible; however, the three stipulations are: that he must be on state business; provide satisfactory proof to the Board that the deductible was incurred and paid and that he had not received travel allowances for more than 5,000 miles traveled in the preceding twelve months.

Mrs. Wagner asked why the bill does not specifically state the "fault" criteria. Mr. Alastuey said he would anticipate that the Board of Examiners reviewing such a claim would find that in the case where the individual was at fault, that no reimbursement should be made.

Mr. Webb said another possible problem with the bill is that many insurance companies are going to \$250.00 deductible and that in two years there may be another bill presented to cover the additional \$150.00. Mr. Alastuey responded that the \$100.00 would provide a reimbursement and limitation and if an individual wants to elect a deductible higher than \$100, the state would not compensate for that.

SB 216

Col. Barney Dehl, Chief of Nevada Highway Patrol, stated that SB 216 appropriates \$116,177.00 to continue the functions of the Law Enforcement Communications Center. The Center is presently established at the Department of Law Enforcement Assistance and is being transferred to the Nevada Highway Patrol in an effort to consolidate two communications centers into one.

Col. Dehl detailed for the committee the costs involved in the appropriation by saying that the appropriation would provide salaries for six communication positions for two months, \$600.00 for the teletype switcher system, \$2,210.00 for contract services to Central Data Processing, \$5,000 for maintenance charges, \$15,000 to set up the teletype switching system to Electronic Data Processing Services and \$81,069 to telephone company for network line charges. He pointed out that the request had been reduced from \$128,427 shown in the Executive Budget.

SB 218

Col. Dehl stated that SB 218 is a request for an appropriation of \$7,650.00 to the Communications Board. This bill was initiated because DLEA was unable to pay a \$51,000 assessment and Civil Defense was unable to pay a \$15,000 assessment.

Col. Dehl projected that by June 30, 1979 there will be a deficit of \$4,481. He further stated that the requested amount of \$7,650.00 is to cover the \$4,481 deficit plus a contingency fund of \$3,169.00 which is one week of average expenditures.

Chairman Mello referred to SB 339 and asked Col. Dehl if it was his legislation. Col. Dehl stated that SB 339 was submitted by the Communications Board; however, there have been many changes.

Chairman Mello pointed out that SB 339 takes the review from the Interim Finance of the Communications Board and turns it over to the Legislative Commission.

Col. Dehl responded that he also had problems with SB 339 because it required the Board to revert any excess money rather than allowing the Board to keep the funds in a working capital mode. He said that the bill was originally requested by John Etchemendy, the previous Director of the Communications Board, and more recent legislation introduced would return the review to the Interim Finance Committee.

Chairman Mello said that he doubted the Committee would approve legislation that would remove the review of the Communications Board from Interim Finance.

Mr. Stan Warren, Nevada Bell, informed the Committee that he had informally discussed with Senator Gibson some of the errors in SB 339 and it appeared that there would be acceptance of an amendment to return the review to Interim Finance.

Mr. Bible referred the Committee to previous testimony regarding the budget for the Communications Board in which Col. Dehl requested in the on-going years some General Fund support and the Committee suggested that perhaps it could be funded through user assessments. Mr. Bible asked Col. Dehl if he would then need some General Fund appropriations for a working capital balance.

Col. Dehl reiterated that an initial amount is necessary to have the Communications Board function on a self-sustaining basis.

Mr. Bible then asked what amount of a working capital balance would be necessary and Col. Dehl said approximately \$40,000 or \$50,000 a year.

Mr. Alastuey clarified that the question was what amount would be necessary as a one-time appropriation. Col. Dehl said that an estimated figure of \$100,000 would be necessary.

NEVADA PUBLIC EMPLOYEES RETIREMENT BOARD

Mr. Will Keating, Assistant Executive Officer for the Nevada Public Employees Retirement System, introduced Ms. Sue Bawden, Chief Accountant for the Retirement System and distributed to the Committee a copy of their budget and an addendum to that budget. (Exhibits A and B)

Mr. Keating commented that the budget reflects the increasing needs during the next biennium. Mr. Keating stated that the Public Employees Retirement System is governed by a seven member Public Employees Board. He said the Board appoints the Executive Officer, Vern Bennett, who in turn is in charge of the system.

Mr. Keating pointed out the five operating divisions: the Executive Division, the Membership Division, the Benefits Division and Accounting and Data Processing Divisions.

Mr. Barengo noted the volume of materials he had received from the Public Employees Retirement System and commented on their excessive cost of Xeroxing. Mr. Keating stated that they try to supply all the information to the people they deal with, resulting in a copying operational cost of \$9,000 a year.

Mr. Keating said that in the Benefits Division recipients are increasing at about 14 percent a year.

Mr. Barengo asked if that increase is reflective of how fast State Government is growing. Mr. Keating pointed out that the Retirement membership is increasing at about 5 percent a year and benefit recipients are increasing at about 14 percent a year.

Mr. Vergiels noted that late last session an analysis was made on the growth of government employees resulting in a figure of 5 to 6 percent increase.

Mr. Barengo asked if the budgets were cut 5 percent would that stop the growth.

Mr. Vergiels suggested eliminating all new positions and that would stop the growth of new members. Mr. Keating said that it would stop the growth.

Mr. Webb commented that eliminating new positions would not stop the growth because of the proposed Federal programs.

Mr. Glover asked for an explanation of the increase in legal fees, and asked if they were anticipating more lawsuits. Mr. Keating said the bulk of the increase is funds reimbursed to the Attorney General's office for one half of the salary for the Attorney General and one half of the salary for a legal stenographer. He added that at the present time there are four or five lawsuits pending.

Mr. Glover asked if previously legal services were contracted and Mr. Keating said the Attorney General had offered his services free of charge in previous years.

Mr. Bremner asked for an explanation of the "Medical Consultant" fee. Mr. Keating explained that the disability applicants are increasing by about 30 percent, and, in addition to the medical examination report from their personal physician, if the Retirement Board's consulting physician has any questions, the additional medical information is paid for by the Board.

Mr. Webb asked why the travel has more than doubled. Mr. Keating said that the Retirement Board has been involved in a campaign in opposition to the Federally mandated social security proposal resulting in an increase in the out-of-state travel. He noted that in the in-state travel for 1977-78 \$20,000 was spent and \$36,000 is projected for 1979-80. He said that the increase is due to a field auditor and the demand of additional counselors in the field.

Mrs. Wagner asked what the percentage increase was between the requested budget and the budget from the last biennium. Mr. Keating said it is a 26 percent increase; the actual figure for 1977-78 was \$841,000 and the request is \$1,300,000 for 1979-80. Mr. Webb pointed out that this is a 65 percent increase.

Mr. Keating referred to the budget addendum in which two new positions are requested: an Auditor and a Data Processing Manager.

Mr. Vergiels asked how many present positions there are in the Retirement System. Mr. Keating said there are 38 permanent positions, and if all the recommendations are adopted there will be 42.

Mr. Barengo asked if the Retirement Board was paying for the Springmeyer Report and Mr. Keating said that the subscription was purchased for the use of the Board.

Mr. Glover asked what are the salaries for Vern Bennett, Mr. Keating and the Administrative Assistant.

Mr. Keating answered that Mr. Bennett's salary is \$35,664, the Administrative Assistant's salary is \$13,056 and that his salary is \$26,292. Mr. Keating noted that there is a cost of living increase included but that it is listed as a separate item.

Mr. Glover observed that these are not the current salaries but the requested salaries and asked what the requested increases were. Mr. Keating said they are projecting a 15 percent increase for the unclassified employees the first year and 8.7 percent the second year; for the classified employees it is 10 percent for the first year and 10 percent the second year.

Mr. Glover noted that the increase does not coincide with the President's guidelines and that the rest of the state employees are getting less than that. Mr. Keating said the President did not have the guidelines when this budget request was prepared.

Mr. Bremner said that it was possible that the Retirement System may have to revise their pay increases.

Mrs. Wagner asked if the Retirement Board approved the proposed budget and Mr. Keating said that they had approved the budget and the addendum.

Mr. Vergiels asked if the budget for the Retirement System will be presented to the sub-committee chaired by Mr. Barengo. Mr. Barengo clarified that his Committee is only being presented with the amendments to the Retirement legislation.

The meeting was adjourned at 9:20 a.m.

PUBLIC EMPLOYEES RETIREMENT ADMIN FUND	1977-78	1978-79	1979-80	1980-81
	ACTUAL	WORK PROGRAM	AGENCY REQUEST	GOVERNOR RECOMMENDS LEG AP.
Bal Fwd from Old Year	\$62,830	\$240,491	\$ 67,177	\$122,108
Admin. Fees	959,336	857,881	1,325,544	1,391,844
Interest Earned	3,141	2,390	600	600
Actuarial Fees	1,050	600	600	600
Accounts	76			
	81			
TOTAL FUNDS AVAILABLE	\$1,026,514	\$1,101,362	\$1,393,921	\$1,515,152
EXISTING POSITIONS				
EXECUTIVE				
Executive Officer	UNCL		(1) 35,664	35,664
Assistant Executive Officer	UNCL		(1) 26,292	26,292
Administrative Assistant	UNCL		(1) 13,056	13,056
Auditor			(1) 15,288	15,996
Investment Analyst			(1) 17,524	18,354
Assistant Investment Analyst			(1) 11,676	12,200
Supervisory Administrative Aid			(1) 10,092	10,532
Administrative Aid II			(3) 27,110	28,307
ACCOUNTING				
Chief, Accounting Division			(1) 23,160	23,160
Senior Accountant			(1) 17,843	18,689
Accountant			(4) 61,648	64,238
Principal Account Clerk			(1) 10,662	11,152
BENEFITS				
Retirement Exam. V.			(1) 17,499	18,326
Retirement Exam. II			(2) 27,948	29,256
Retirement Exam. I			(1) 13,942	14,578
Retirement Technician II			(2) 21,324	22,304
Administrative Aid I			(1) 9,498	9,894
DATA PROCESSING				
Retirement Tech. II			(1) 12,537	13,526
Key Punch Oper.			(3) 28,072	29,235
Account Clerk			(1) 8,616	8,988
MEMBERSHIP				
Retirement Exam. V			(1) 20,110	21,068
Retirement Exam. I			(1) 13,344	13,968
Retirement Tech. II			(3) 37,306	38,809
Retirement Tech. I			(2) 18,758	19,988
Administrative Aid I			(2) 16,053	16,749
Retirement Tech. I			-0-	(1) 8,988
Students			(1½) 6,218	6,338
File Clerks			-0-	(2) 15,840
SUBTOTAL			\$521,240	\$565,495
Longevity/Overtime/Terminal Leave			8,551	10,082
Cost of Living Increase & Proposed Additional			77,920	135,094
Related Payroll Costs /Merit Increase			97,689	113,711
Bank Service Fee			850	850
TOTAL SALARY PAYROLL	\$472,281	\$583,185	\$706,250	\$825,232

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PUBLIC EMPLOYEES RETIREMENT ADMIN. FUND	1977-78	1978-79	1979-80	1980-81				
	ACTUAL	WORK PROGRAM	AGENCY REQUEST	GOVERNOR RECOMMENDS	LEG AP.	AGENCY REQUEST	GOVERNOR RECOMMENDS	LEG AP.
Building Maintenance	\$ 297							
Licenses & Fees	80							
Legislative Interim Committee								
Member Fees	\$ 720	\$ 1,000	-0-			-0-		
Board Member Fees	8,600	10,560	13,600			16,000		
Out-of-State Travel - Staff	5,140	5,700	17,125			18,906		
Out-of-State Travel - Board	2,056	2,500	5,625			6,406		
TOTAL OUT-OF-STATE TRAVEL	7,196	8,200	22,750			25,312		
In-State Travel - Staff	7,166	8,169	14,134			15,033		
In-State Travel - Board	10,040	17,121	18,833			20,716		
In-State Travel - P/F Adv. Comm.	2,662	3,412*	3,754			4,129		
TOTAL IN-STATE TRAVEL	19,868	28,702	36,721			39,878		
Office Supplies	4,232	8,410	9,251			10,176		
Postage & Freight	18,826	21,683	31,990			39,281		
Communications	10,880	11,465	16,065			18,043		
Printing	17,837	19,262	25,563			29,948		
Micro-Film	-0-	40,000*	5,000			5,000		
Bonds & Insurance	98	100	250			250		
Contract Services	35,088	35,217	43,715			45,336		
Police Vehicle Costs	3,547	2,000	7,400			7,840		
Equipment Rental	7,042	10,116	11,128			12,241		
Equipment Repair	308	565	622			684		
Building Rent	51,605	47,838	93,600			93,600		
CDP Computer Services	104,984	170,380*	169,720			190,692		
Dues & Registration	1,684	1,852	2,688			2,957		
Medical Expenses	2,928	3,500	7,500			9,000		
Purchase of Service, NRS 286.300	-0-	-0-	5,000			5,000		
Police/Fire Legal Fees	759	11,741*	5,000			5,000		
Admin. Legal Fees	8,291	6,709	35,000			38,000		
Contingency Fund	24	500	500			500		
Special Reports	-0-	1,200	-0-			1,500		
Moving Expense	-0-	-0-	7,500			-0-		
Office Furniture & Equipment	8,856	10,000	15,000			15,000		
BALANCE FORWARD	55,494	67,177	122,108			78,682		
TOTAL AGENCY EXPENDITURES	\$841,525	\$1,101,362	\$1,393,921			\$1,515,152		
AGENCY BALANCE	\$240,491							

Based on reduced Admin. Fee rate of \$1.40 Regular and \$1.90 Police/Fire for F.Y. 1979 and \$2.00 Regular and \$2.20 Police/Fire for F.Y. 1980 and 1981.

*Not budgeted. See attached note.

NOTE:

Items planned for, but not budgeted in F.Y. 1979, are as follows:

Interim Committee Member Fees	\$ 1,000.00
P/F Advisory Committee Travel	3,412.00
CDP Computer Program Changes	25,180.00
P/F Legal Fees	11,741.00
Micro-Film Project	30,000.00
Admin. Legal Fees	<u>6,709.00</u>
	\$78,042 .00

PROJECTED 1979 BUDGET	\$1,058,891.00
ACTUAL 1979 BUDGET	<u>\$ 980,849.00</u>
DIFFERENCE	<u><u>\$ 78,042.00</u></u>

PUBLIC EMPLOYEES RETIREMENT SYSTEM - Continued

This budget is not subject to the usual executive review and is presented as requested.

Program Statement

The Public Employees Retirement Board is responsible for the administration of the Public Employees Retirement System. This System includes the employees of Nevada counties, cities, school districts, and State government. The System provides retirement, disability and death benefits for eligible employees of the public employers listed above.

The governing authority of the system is a seven-member board appointed by the Governor. The day-to-day operation of the System is managed by the Executive Officer. The Administrative Fees portion of the Funds Available, as shown in this budget, represent a total monthly charge of for each member and each benefit recipient transferred from the Retirement Fund monthly.

Administrative Fee shall not exceed \$2.00 for regular members and \$2.20 for Police and Firemen members.

Workload Measurements or Comparative Data

The following chart shows the membership and year-end Retirement Fund balance in the Public Employees Retirement System.

Membership in the Public Employees Retirement System

<u>Year</u>	<u>Membership</u>	<u>Year End Balance Retirement Fund</u>
1967-68	23,264	\$116,543.936
1968-69	24,450	127,423,553
1969-70	25,939	147,675,421
1970-71	27,258	172,212,471
1971-72	30,713	201,580,414
1972-73	32,472	234,219,498
1973-74	33,778	244,826,946
1974-75	43,010	295,439,214
1975-76	52,809	368,604,382
1976-77	43,453	445,602,490
1977-78	46,121	526,084,850
1978-79 Estimate	48,427	552,389,092
1979-80 Estimate	50,848	580,008,546
1980-81 Estimate	53,390	609,008,973

A breakdown of active and inactive membership on June 30, 1978, follows:

	<u>Active Members</u>	<u>Inactive Members</u>	<u>Total</u>
State Agencies	6,699	930	7,629
Highway Department	1,375	109	1,484
University of Nevada	1,916	250	2,166
TOTAL STATE AGENCIES	9,990	1,289	11,279
School Districts	12,636	2,746	15,382
Counties (Incl. Elko Hospitals)	7,024	1,382	8,406
County Hospitals	3,561	596	4,157
Cities	4,374	743	5,117
Utilities	120	21	141
Irrigation Districts	123	8	131
Miscellaneous	261	1,247	1,508
	<u>38,089</u>	<u>8,032</u>	<u>46,121</u>

In addition to current active membership of over 38,000, approximately 4700 retired or disabled employees are now receiving benefits from the System.

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SUB-ACCOUNT EXPLANATIONS

Salary - In addition to present figures, the salary expense has been augmented for the following: Longevity pay allowance for current employees who will be eligible for longevity pay; salary adjustments 15% for unclassified and 10% for classified employees in F.Y. 79-80 and 8.7% for unclassified and 10% for classified in F.Y. 80-81. Included in both years is a possible 2½% merit increase proposed by Personnel to be given at Department discretion. \$4,273 in 1980 and \$5,091 in 1981 is included to cover terminal leave pay. This is based on 15% turnover rate (annual leave) plus 1% death/retirement rate (sick leave). Additional positions are an Assistant Investment Analyst and two summer student positions in 1980. A Retirement Technician has been added in 1981.

Out-of-State Travel - Board & Staff - 25% per year increase plus \$2,000 per year (Board) and \$10,000 per year (Staff) to accommodate necessary travel in regard to mandatory Social Security and the 2-year Social Security Study in Congress.

In-State Travel - Staff - Increased by 10% plus \$5,148 per year for Field Auditor. Staff performs audits and provides training and counselling programs to agencies.

In-State Travel - Board - Increased 10% to allow for increase in costs. The Retirement Board meets monthly.

Operating - All costs increased by 10% to allow for the increasing costs and volume, except as otherwise noted.

Postage and Freight - Allows for increase in volume and costs, plus additional mailings due to Open Meeting Law, mailing of Annual Report and Mandatory Social Security.

Communications - 15% per year over 1979 (10% increase over 1979, plus 5% for collect call system for members and benefit recipients), additional equipment and new intercom system necessary in new building are included.

Printing - 15% per year to cover increased volume and costs.

Micro-Film - Ongoing micro-filming costs at \$5,000 per year.

Bonds & Insurance - \$145.00 per year to cover present equipment and furnishings @ \$17.98 per \$10,000 value. An additional \$155.00 has been included to cover new equipment and bonds as needed.

Contract Services - Allows for actuarial contract, annual audit and equipment maintenance contracts.

Office Vehicle - 10% per year increase for operating costs, plus lease of vehicle for Field Auditor.

Building Rent - New Building - Allows for increase in rent for move to new building. New Building, 12,000 square feet at \$.65 per square foot.

CDP Computer - 10% per year plus \$10,000, 1980 and \$15,000, 1981 for additional programming and program changes.

Medical Expense - Allows 25% increase for medical consultant.

Purchase of Service - Allows \$5,000 per year for employer share of Staff purchase of service.

Legal Fees - Allows \$5,000 per year for Police/Fire and \$5,000 per year Administrative Legal Fees. Also allows \$30,000 in 1980 and \$33,000 in 1981 for 50% of salary for Deputy Attorney General and Steno to be housed within the Retirement System.

Contingency Fund - No increase.

Special Reports - Springmeyer Legislative Report, 1981.

Moving Expense - Allows \$7,500 in 1980 for move to new building.

Office Furniture & Equipment - Will be purchased as needed.

INCOME - ADMINISTRATION FEES

Average growth rate for the period 6/30/74 through 6/30/78 was 7%. The period encompassing 6/30/74 through 6/30/76 averaged 32%. This increase was the result of legislation requiring all persons who worked 40 hours per month or more to become members. The System experienced a reduction in membership of -5% in the period 6/30/76 through 6/30/78, mainly due to legislation which eliminated those individuals working less than half-time. Growth rate for the period 6/30/78 through 6/30/81 is anticipated to be 5% per year. Growth rate for benefit recipients is also projected at 5% per year.

Based on the above, income from this source will be approximately \$1,325,544 in fiscal year 1980 and \$1,391,844 in fiscal year 1981, at maximum rate of \$2.00 regular and \$2.20 Police/Fire.

Membership for fiscal year 1980 should be 45,666 regular, 3,971 Police/Fire and 5,156 (412 of these Police/Fire) benefit recipients. Police/Fire members make up 8% of our membership.

1981 membership should be 47,950 regular, 4,169 Police/Fire and 5,414 benefit recipients (433 of these Police/Fire).

Present membership is attached.

INTEREST INCOME

Earnings for fiscal year 1978 totaled \$3,141.25. Earnings from this source should be at least \$600.00 in fiscal years 1980 and 1981, with our carry forward reduced. Interest is received on Administrative Funds only.

ACTUARIAL FEES

\$600.00 is anticipated each year. 1978 earnings totaled \$1,050.00. Program is leveling so we do not anticipate an increase. A \$10.00 Actuarial Fee is charged to initiate a Purchase of Service by a member - if service is CARRY FORWARD /not validated, the fee is returned.

Based on a reduced Admin. Fee rate of \$1.40 regular and \$1.90 P/F for F.Y. 1979 and \$2.00 regular, \$2.20 P/F for F.Y.'s 1980 and 1981, our carry forwards would be:

To F.Y. 1980 -	\$67,177
" 1981 -	\$122,108
" 1982 -	\$78,682

MEMBERSHIP COUNT

June 30, 1978

<u>Agency Number</u>	<u>Agency</u>	<u>Membership</u>		<u>Total</u>
		<u>Active</u>	<u>Inactive</u>	
100	State Agencies	6,118	861	6,979
170	Cosmotology Board	6	1	7
171	Liquified Petroleum Gas Board	1	0	1
172	Nevada National Guard	2	0	2
173	Nevada National Guard	5	0	5
174	Board of Nurses	2	0	2
175	State Board Accountancy	3	0	3
176	L. C. B.	87	15	102
177	Public Employees Retirement Board	34	5	39
180	Highway Department	1,375	109	1,484
185	Nevada Industrial Commission	441	48	489
190	University of Nevada - Reno	1,245	148	1,393
191	University of Nevada - Las Vegas	624	70	694
192	University of Nevada - Community College	47	32	79
201	Churchill County School District	279	15	294
202	Clark County School District	7,247	2,026	9,273
203	Douglas County School District	266	17	283
204	Elko County School District	344	81	425
205	Elko County School District - Lunch	0	1	1
206	Esmeralda County School District	33	4	37
207	Eureka County School District	36	7	43
208	Humboldt County School District	153	18	171
209	Lander County School District	103	19	122
210	Lincoln County School District	128	21	149
211	Lyon County School District	203	12	215
212	Mineral County School District	141	29	170
213	Nye County School District	146	65	211
214	Carson City School District	487	65	552
215	Pershing County School District	69	4	73
216	Pershing County School District - Lunch	3	0	3
217	Storey County School District	21	0	21
218-T	Washoe County School District	1,841	193	2,034
219-NP	Washoe County School District	965	144	1,109
220	White Pine County School District	161	25	186
221	Mineral County School District - Lunch	9	0	9
224	Fernley County School District - Lunch	1	0	1

Agency Number	Agency	Membership		Total
		Active	Inactive	
301	Churchill County	105	20	125
302	Churchill Firemen	34	3	37
303	Clark County	2,672	460	3,132
304	Clark County Sanitation	103	13	116
305	Clark County Health	235	32	267
306	Las Vegas Convention Authority	142	15	157
307	Douglas County	186	30	216
308	Elko County (Includes Hospital)	171	50	221
309	Elko County Fair & Livestock	1	0	1
310	Esmeralda County	34	9	43
311	Eureka County	42	7	49
312	Humboldt County	96	9	105
313	Lander County	93	13	106
314	Lincoln County	76	15	91
315	Lyon County	124	9	133
317	Mineral County	155	11	166
318	Nye County	140	36	176
319	Pershing County	53	1	54
320	Storey County	40	3	43
321	Washoe County	1,261	441	1,702
322	Washoe County Fair & Rec.	73	31	104
323	White Pine County	132	8	140
324	Las Vegas Metro Police Department	1,055	166	1,221
325	Bristlecone Convention Center	1	0	1
401	Churchill County Hospital	57	4	61
402	Southern Nevada Memorial Hospital	948	220	1,168
403	Humboldt County Hospital	62	26	88
404	Lander County Hospital	27	8	35
405	Lincoln County Hospital	37	10	47
406	Lyon County Health	70	28	98
407	Mt. Grant Hospital	56	3	59
408	Nye County Hospital	60	16	76
409	Carson-Tahoe Hospital	284	42	326
410	Pershing County Hospital	41	5	46
411	Washoe Medical Center	1,703	190	1,893
412	White Pine County Hospital	89	40	129
413	Elko General Hospital	127	4	131
501	Caliente Utilities	15	1	16
502	City of Ely Water Department	5	0	5
503	Churchill Co. Telephone & Telegraph	69	6	75
505	Lincoln County Power District	7	1	8
507	Overton Power District	8	1	9
508	Tonopah Public Utilities	10	10	20
509	Sun Valley Water	6	2	8

Agency Number	Agency	Membership		Total
		Active	Inactive	
601	City of Boulder	100	21	121
602	City of Caliente	6	1	7
603	City of Carlin	29	6	35
604	Carson City	349	22	371
605	City of Elko	114	9	123
606	City of Ely	48	6	54
607	City of Fallon	64	4	68
608	City of Gabbs	8	0	8
609	City of Henderson	214	15	229
610	City of Las Vegas	1,410	327	1,737
611	City of North Las Vegas	545	138	683
612	City of Reno	1,033	171	1,204
613	City of Sparks	329	11	340
614	City of Wells	27	2	29
615	City of Winnemucca	51	4	55
616	City of Yerington	27	4	31
617	City of Lovelock	20	2	22
701	Carson Water Subconservancy District	1	0	1
702	Carson-Truckee Water	2	0	2
703	Truckee-Carson Irrigation District	47	4	51
704	Walker River Irrigation District	7	0	7
705	Washoe County Water Conservation District	3	0	3
706	Lake Tahoe Fire Protection District	40	1	41
707	Kingsbury Fire Protection District	23	3	26
901	Las Vegas Housing Authority	132	21	153
902	Reno Housing Authority	21	3	24
904	Regional Planning Commission	12	5	17
905	Douglas County Sewer District	12	2	14
907	Housing Authority - Carson City	40	4	44
908	Tahoe Regional Planning Agency	12	1	13
909	Carson River Basin	4	2	6
911	Tahoe-Douglas District	1	0	1
912	Elko City/County Civic Auditorium Authority	1	0	1
913	Winnemucca Volunteer Fire	21	1	22
914	Round Hill General Improvement District	4	0	4
999	Inactives	1	1,208	1,209
	TOTAL	38,089	8,032	46,121

PAYROLL AND PERSONNEL

The 1979-80 budget includes a 10% cost-of-living raise for classified employees and 15% increase for unclassified. This projection covers the current staff as of July 1, 1978, longevity pay where applicable and overtime. Additional positions included are Assistant Investment Analyst at a Grade 28, two Student positions for three months at Grade 20. The Investment Analyst position was budgeted at Grade 35; the position is now a Grade 31.

The 1980-81 budget includes a 10% cost-of-living increase for classified and 8.7% for unclassified employees, longevity, overtime, positions added in F.Y. 1980 plus a Retirement Technician in Membership at a Grade 23.

Included in both years is a possible 2½% merit increase proposed by Personnel to be given at Department discretion.

\$4,273 in 1980 and \$5,091.00 in 1981 is included to cover terminal leave pay. This is based on 15% turnover rate (annual leave) plus 1% death/retirement rate (sick leave).

JUSTIFICATION OF PRESENT POSITIONS

EXECUTIVE

Executive Officer - Responsible for Administration of the Public Employees Retirement System.

Assistant Executive Officer - Assists Executive Officer, acts for Executive Officer during his absence.

Auditor - Field Audit of Agency records and payrolls.

Investment Analyst - Analyzes investments of the Retirement System.

Administrative Assistant - Secretary to Executive Officer, supervises stenographic section.

Administrative Aid (4 positions) - Provide stenographic services to Staff and Board.

ACCOUNTING

Chief, Accounting Division - Responsible for supervising Accounting Section and Data Processing Section.

Senior Accountant - Assists Chief, Accounting Division, acts for Chief during her absence.

Accountants (4 positions) - Responsible for maintenance of the Retirement Fund, Police and Firemen's Fund, Administrative Fund, Legislative Retirement Fund, and Investments.

Principal Account Clerk - Responsible for processing payroll reports received from Public Employers.

DATA PROCESSING

Retirement Examiner II - Daily balancing of contributions, directs workflow in Data Processing, researches problem areas.

Key Punch Operators (3 positions) - Input payrolls, check activity, refunds, file maintenance, and benefits. Balance and post payrolls, check exception reports.

Account Clerk - Checks file maintenance to be sure maintenance balances with source documents. Logs payrolls in and out, distributes daily reports, balance payrolls.

MEMBERSHIP

Retirement Examiner V - Supervises Membership Section.

Retirement Examiner I - Calculation of purchase of service, post-retirement audits.

Retirement Technician II (3 positions) -

1. Preparation and payment of refunds, calculates service time and contribution information.
2. Enrollment of new members, determination of eligibility.
3. Process repayment of withdrawn contributions.

Retirement Technician I (2 positions) -

1. Adjustment of member records.
2. Process corrections on exception reports.
3. Calculates contribution rates; prepares worksheets documenting either reimbursement to members or amount due PERS on wrong contributions rates.

Administrative Aid I (2 positions)

1. Files records.
2. Mail and messenger service and other clerical functions.

BENEFITS

Retirement Examiner V - Supervises Benefits Division.

Retirement Examiner II (2 positions) - Processes disability, survivor benefit and regular retirement applications. Counsels members and retired employees. Prepares correspondence.

Retirement Examiner I - Processes regular retirement applications. Controls computer input, counsels members and retired employees.

Retirement Technician II (2 positions) - Makes initial calculations of retirement allowances, conducts research projects, prepares computer input.

Administrative Aid - Same as Retirement Technician II.

BOARD MEMBER FEES

F.Y. 1979 - \$10,560.00

Budget for Board members' fees based as follows: 7 members @ \$40.00 per day. Board meets 2 days per month.

Boyd Manning \$160.00 per month

This member travels from Northern Nevada. Plane service is not adequate so he must drive, leaving the day before the Board meeting and returning the day after. This results in payment of fees for 2 extra days.

W. Deiss	3 days	\$120.00 per month
Darrell Daines	3 days	\$120.00 per month
Ross Culbertson	3 days	\$120.00 per month
Don Ream	3 days	\$120.00 per month
Elbert Edwards	3 days	\$120.00 per month
Sam Palazzolo	2 days	\$ 80.00 per month

Total includes day before fees and 12 days, day after for Las Vegas members. Also included are fees for one Board member to attend conferences, for a total of 20 days per year, 14 days for special meetings, 28 days for work sessions, and mandatory Social Security, 14 days. Fees for 60 days in 1981 are budgeted for Legislature attendance and meetings.

(continued on next page)

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\$160.00 x 12 x 1 member	=	\$1,920.00
\$120.00 x 12 x 5 members	=	7,200.00
\$ 80.00 x 12 x 1 member	=	960.00
\$ 40.00 x 20 days	=	800.00
\$ 40.00 x 14 days	=	560.00
\$ 40.00 x 28 days	=	1,120.00
\$ 40.00 x 14 days	=	560.00
\$ 40.00 x 12 days	=	480.00
Total 1980		<u>\$13,600.00</u>

1981:

\$13,600.00 (as above)

\$ 40.00 x 60 days = 2,400.00

\$16,000.00

OUT-OF-STATE TRAVEL - BOARD & STAFF

F.Y. 1979 Projected - Staff \$5,700.00, Board \$2,500.00

A 25% per year increase has been added to projected 1979 expense to cover cost increases. An additional amount of \$10,000.00 per year (Staff) and \$2,000.00 per year (Board) has been added for travel necessary in regard to mandatory Social Security and the 2-year Social Security Study in Congress.

IN-STATE TRAVEL - STAFF

F. Y. Projected - \$8,169.00

Based on 10% per year of anticipated 1978-79 expense and \$5,148.00 per year for Field Auditor. (3 days per week at present per diem rate + 10%.)

Retirement programs are presented throughout the State as needed by the Executive Director and Assistant Executive Director, consisting normally of one-hour programs on the Retirement System and its benefits with a 30-minute question and answer period following.

System has arranged to be in Las Vegas one day per month to provide counselling to members with problems or members entering retirement.

The above programs are necessary due to the large percentage of membership in Las Vegas and a considerable number of members throughout the State.

The Field Auditor will travel throughout the State to audit agency records pertaining to the Retirement System. Will also assist in Retirement Counselling and Programs:

IN-STATE TRAVEL - BOARD

F.Y. 1979 - \$17,121.00

10% increase per year over 1979 budget.

P/F ADVISORY COMMITTEE TRAVEL

F.Y. 1979 - \$3,412.00

10% increase per year over anticipated 1979 expense.

OFFICE SUPPLIES

F.Y. 1979 - \$8,410.00

10% increase over projected '78-'79 costs.

POSTAGE & FREIGHT

F.Y. 1979 - \$21,825.00

Based on .17¢ for First Class Mail in 1980 and .20¢ in 1981.

Postage Meter - \$12,000.00, F.Y. 1980 and \$14,000.00 in 1981.
Cost for F.Y. 1978 was approximately \$8,000.00

Mailing of benefit recipients' checks at First Class rate plus 33% handling charge - 1980, \$13,990.00 - 1981, \$17,281.00.

Additional mailings due to open meeting law, mailing of annual report and mandatory Social Security, 1980, \$6,000.00 - 1981, \$8,000.00.

COMMUNICATIONS

F.Y. 1979 - \$11,465.00

15% per year over 1979 (10% increase over 1979, plus 5% for collect call system for members and benefit recipients) additional equipment at approximately \$90.00 per month and new intercom system and busy lights are included at \$150.00 per month.

PRINTING

F.Y. 1979 - \$19,620.00.

15% increase per year over 1979 estimate. Cost to cover increased volume and costs. Also included is \$3,000.00 in F.Y. 1980 and \$4,000.00 in F.Y. 1981 for form revisions and printing of new forms.

MICRO-FILM

Ongoing micro-film costs at \$5,000.00 per year.

BONDS & INSURANCE

Insurance on equipment and furnishings projected at \$250.00 per year. Our present insurance rate is \$17.98 per \$10,000.00. Replacement costs for equipment and furnishings would be approximately \$80,000.00. Insurance on this amount would be approximately \$145.00 per year. An additional \$155.00 has been added to cover new equipment and bonds as needed.

CONTRACT SERVICES

F.Y. 1979 - \$35,217.00

Martin Segal - \$27,000.00 per year, 25% increase for actuarial services.

I. B. M. - 6 typewriters @ \$65.50 each \$393.00

Postal Machine - Pitney Bowes \$115.00

Auditor

F.Y. 1979 Audit \$16,207 - 10% over F.Y. '78 Audit + \$2,000 for P/F Audit.
\$17,828 - 10% over '79 Audit (includes P/F)

OFFICE VEHICLE COST

F.Y. 1979 - \$2,000.00

Includes lease for vehicle for Field Auditor @ \$250.00 per month. Operating costs for our present vehicle and the newly leased vehicle are based on a 10% per year increase over projected '79 cost.

EQUIPMENT RENTAL

F.Y. 1979 - \$10,116.00

10% per year increase over anticipated '79 cost to allow for increased volume and costs.

EQUIPMENT REPAIR

F.Y. 1979 - \$565.00

10% per year increase based on anticipated 1979 estimate to allow for cost increases.

BUILDING RENT

12,000 sq. ft. @ .65¢ per sq. ft. - new building. Building rent will be paid to the Public Employees Retirement System Investment Fund.

CDP COMPUTER

F.Y. 1979 budgeted \$145,200.00.

10% increase per year over budgeted amount for 1979. Also included is \$10,000.00 for additional programming in 1980 and \$15,000.00 for 1981.

DUES & REGISTRATION

Projected 1979 - \$1,852.00.

1. National Teachers Retirement Dues and Conference Registration - 1977-78 cost \$275.00.
2. National Conference on Public Employees Retirement Systems - 1977-78 cost \$200.00.
3. National Association of State Retirement Administrators - 1977-78 cost \$55.00.
4. Municipal Finance Officers Assoc., \$550.00.
5. Miscellaneous Training Sessions as needed for Staff, \$1,500.00 for F.Y. '79-80. 1980-81, 10% increase over '79-80.

10% per year over '78 cost.

MEDICAL EXPENSES

Includes \$300.00 per month for Dr. Grundy's services, a 25% increase over the previous biennium. 1979-80 additional medical expense for disability retirees is \$3,900.00 and 1980-81, \$5,400.00. As disability recipients are increasing, a close check is desired as to disability status.

PURCHASE OF SERVICE - NRS 286.300

\$5,000.00 per year for employers' portion for staff purchase of service.

P/F LEGAL FEES

\$5,000.00 per year.

ADMINISTRATIVE LEGAL FEES

\$5,000.00 per year.

1980 - 50% salary plus 50% of Steno salary for Deputy Attorney General to be housed in the PERS building.

1981 - 10% cost-of-living increase added.

CONTINGENCY FUND

\$500.00 per year - no increase over previous biennium.

SPECIAL REPORTS

1981 Springmeyer Legislative Report.

MOVING EXPENSE

\$7,500.00 is estimated for moving to the new building. This includes \$1,200.00 for moving the telephones and CDP equipment hook-up.

FURNITURE & EQUIPMENT

42 side chairs - new building - @ \$40.00 each	= \$1,680.00
8 banks, two-sided open shelving	= 1,500.00
2 high tables for mail room - @ \$300.00 each (est)	= 600.00
2 metal file cabinets with doors @ \$150.00	= 300.00
2 metal file cabinets without doors @ \$125.00 ea.	= 250.00
5 rolling carts @ \$70.00 each	= 350.00
2 couches for reception area @ \$500.00 each	= 1,000.00
3 executive desks for new positions @ \$430.00 ea.	= 1,290.00
Paper shredder	= 200.00
Conference Table	= 250.00
4 chairs for above @ \$150.00 each	= 600.00

Conference Room Furnishings

3 conference tables, 48 x 120, @ \$550.00 ea.	= 1,650.00
24 chairs for conference tables @ \$120.00 ea.	= 2,880.00
1 small conference table, 42" diameter	= 160.00
4 chairs for small conference table @ \$120.00 ea.	= 480.00
Podium	= 160.00
75 stacking chairs @ \$22.00 ea.	= 1,650.00

Mini Computer for Investments = 15,000.00

TOTAL FURNITURE & EQUIPMENT \$30,000.00

ELBERT B. EDWARDS
CHAIRMAN EMERITUS

VERNON BENNETT
EXECUTIVE OFFICER

WILL KEATING
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 1569
CARSON CITY, NEVADA 89701
TELEPHONE (702) 885-4200

RETIREMENT BOARD
L. CULBERTSON
CHAIRMAN
SAM A. PALAZZOLO
VICE CHAIRMAN

MEMBERS

DARREL R. DAINES
WILLIS A. DEISS
ELBERT B. EDWARDS
BOYD D. MANNING
DONALD L. REAM

March 22, 1979

ADDENDUM TO THE PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET REQUEST
FOR FISCAL YEARS 1979-80 and 1980-81

The Retirement Board at their March 22nd meeting authorized an addition to the budget request for the Retirement System for the years 1979-80 and 1980-81. This request would provide for two additional positions on the Retirement System staff, effective July 1, 1979.

The first position is for an additional Internal Auditor on the staff. The Retirement Board has hired the CPA firm of Deloitte, Haskins and Sells to perform an audit of the internal controls of the System. In a preliminary report, Deloitte, Haskins and Sells has suggested the addition of the Internal Auditor to conduct a continuing audit of existing PERS' systems and procedures, assist in the design and implementation of these systems, provide testing of retirement contribution reporting by public employers and to perform an independent review of benefit calculations. Enclosed is a copy of their preliminary report.

The second position requested is for a Data Processing Manager. The Retirement System presently has approximately 83,000 data inputs to our computer records monthly. Our membership is increasing by 5% per year, our retired employees by 14% per year and our investment portfolio by 15% per year. These growth factors, coupled with the increased complexity in our data processing operation, require full time supervision. Presently, our Chief Accountant is required to supervise this area in addition to the Accounting Division. The Data Processing Manager can devote full time to resolving the recurring data processing problems and will also investigate the feasibility of a mini computer to assist in our accounting and investment monitoring functions.

	<u>1979-80</u>	<u>1980-81</u>
Salary Payroll		
Auditor	\$18,525	\$19,539
Data Processing Manager	19,419	20,483
	<u>\$37,944</u>	<u>\$40,022</u>
Carry Forward changed to	\$84,164	\$716

WKK:vm

1400 Valley Bank Plaza
300 South Fourth Street
Las Vegas, Nevada 89101
(702) 386-0555
Cable DEHANDS

To the State of Nevada Public
Employees Retirement Board:

March 22, 1979

We have been engaged by the State of Nevada Public Employees Retirement Board to review the internal controls of the State of Nevada Public Employees Retirement System (PERS). We have not completed our field work for this review. We presently plan to render our draft final report to the Board by April 13, 1979 and our final report shortly following the Board meeting of April 24 and 25, 1979.

In connection with this review, we have noted certain matters that we plan to bring to your attention in the reports mentioned above. One such matter is the extent of field and internal auditing which would be appropriate for PERS.

The functions of PERS' field and internal auditors should include, but not be limited to, the following:

- . Reviewing existing PERS systems and procedures to assure that transactions are properly processed and that control features are not being bypassed
- . Assisting in the design and implementation of new PERS systems and procedures by performing an independent review of the adequacy of internal accounting and administrative controls
- . Testing the retirement contribution, payroll, and related records of PERS member agencies to determine their accuracy and their compliance with applicable laws and regulations
- . Performing an independent review of benefit calculations for newly retired or disabled members

As a result of our field work to date, it does not appear that all of these functions are being performed. We recommend that PERS add at least one additional qualified employee to assist the existing field auditor in accomplishing these functions.

To the State of Nevada Public
Employees Retirement Board

March 22, 1979

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We recommend that the audit function be placed in the Executive Section of PERS and that the audit supervisor report directly to the PERS Executive Officer. We believe that the audit supervisor must have direct access to the Board and committees thereof and meet with the Board or an appropriate committee at least annually.

We plan on commenting on this topic in more detail in the reports mentioned above. We will of course comment on other matters in these reports. Until such time as these reports are rendered, we would be pleased to provide any additional information that the Board may require.

Yours truly,