

Committee in session at 7:30 a.m. Senator Floyd R. Lamb was in the Chair.

PRESENT: Senator Floyd R. Lamb, Chairman  
Senator James I. Gibson, Vice Chairman  
Senator Eugene V. Echols  
Senator Norman D. Glaser (absent during part of voting)  
Senator Thomas R.C. Wilson (absent during part of voting)  
Senator Lawrence E. Jacobsen  
Senator Clifford E. McCorkle

ABSENT: None

OTHERS: Ronald W. Sparks, Chief Fiscal Analyst  
PRESENT: Eugene Pieretti, Deputy Fiscal Analyst  
Howard Barrett, Budget Director  
Senator Richard Blakemore  
Roland Westergard, Director, Dept. of Conservation and Natural Resources  
Vernon Bennett, Executive Officer, Public Employees' Retirement System (PERS)  
Glen Griffith, Director, Dept. of Fish and Game  
Dennis Hugh, Professional Engineer, Ely  
Frank Daykin, Legislative Counsel, Legislative Counsel Bureau  
Sam Mamet, Lobbyist, Clark County  
Darrel Daines, Comptroller, Clark County  
Sue Bawden, Chief, Accounting Division, PERS  
Will Keating, Assistant Executive Officer, PERS  
John Rice, Associated Press  
Cy Ryan, United Press

S.B. 306 - Creates department of museums and history, and places Nevada state museum and Nevada historical society within department. (Attachment A)

Senator Lamb suggested that this bill be amended by adding the V and T to the museum facilities.

Senator Jacobsen reported that he checked with the Highway Department, and they could move the V and T equipment, charging the agency for services rendered.

Senator Lamb requested that an amendment be drawn up for this bill.

#### Bill Draft Request

Senator Lamb introduced a request for a bill to include depreciation of vehicles and cost allocation for State Motor Pool.

Senator Gibson moved that this bill be introduced by the Finance Committee.

Seconded by Senator Jacobsen.

Motion carried.

Senators Glaser and Wilson absent.

#### OFFICE OF DIRECTOR - DEPARTMENT OF HUMAN RESOURCES - Page 232

Mr. Sparks remarked that Dr. DiSibio has requested an intergovernmental personnel position. The cost of the employee from the State is about \$4,000 per year for each of the next two years.

Senator McCorkle moved that the new position not be granted.

General discussion followed regarding the advantages and disadvantages of adding this position. Senator Gibson said the study which would be conducted by the new person might result in recommendations

to reduce this budget.

Senator McCorkle withdrew his motion.

Senator Wilson moved to reopen this budget.

Motion not seconded.

Report on Estimated General Fund Balance  
resulting from Legislative Action

Mr. Sparks reported information regarding the impact of the major tax proposals now before the legislature (see Attachment B). The Committee discussed the impact of tax legislation.

SPECIAL FUND - Page 38

There was general discussion about whether to increase the Attorney General's budget, have the Attorney General go to Interim Finance, or to reopen the budget and make the appropriation at this time.

Senator Lamb suggested that the Attorney General request additional funds from Interim Finance.

S.B. 276 - Requests consideration of a project on Steptoe Creek  
in White Pine County for allocation of money.  
(Attachment C)

Senators Glaser and Blakemore testified in favor of Senate Bill 276. Senator Glaser introduced three bills related to water resources: S.B. 195, a comprehensive water resource development bill; A.B. 452, relating to development of Rock Creek; and S.B. 276, as above.

He submitted a list of sites in Nevada which might be funded in the future for water resource purposes (see Attachment D). He said his priorities are Steptoe Creek, Rock Creek and Hylton on the Humboldt Reserve, in that order. Senator Glaser suggested that preliminary design and study money be put into the comprehensive bill, S.B. 195, so they will be able to make a recommendation on sites in two years.

Dennis Hugh, Engineer from Ely, reported on the Steptoe Creek water resources (see Attachment E). He said the dam on Steptoe Creek would create about 80 surface acres; and the total cost, including preliminary stages, would be slightly over \$3,000,000. Part of this cost is caused by having to relocate the highway. Senator Glaser stated that the highway associated with Cummins, which is southeast of Ely, would have to be raised. Senator Glaser explained that the appropriation in this bill is to study which site is most feasible to build a dam.

Mr. Griffith, Director, Fish and Game, said they have done a very preliminary investigation; he reported that Cummins Lake could be increased significantly, and reported other uses which could be made of the lake if expanded. Mr. Griffith stated that the lake is now 382 acres and it can be built to 500 surface acres. He said from a cost and recreation standpoint, Cummins would probably be most feasible. He described potential problems with water rights at Cummins.

Senator Lamb asked Mr. Westergard if he thinks there is a surplus of water after water rights obligations are met. Mr. Westergard said he thought so.

Mr. Griffith commented that he thinks it best not to specify a particular site, but, within the Steptoe system, investigate the feasibility of a reservoir by enlargement of a present facility or by constructing a new facility.

Senator Glaser remarked that S.B. 195 sets up a revolving fund which receives contributions from local entities based on their ability to pay.

Senator Lamb asked how much the evaluation would cost. Senator Glaser said about \$300,000, which includes actual site selection

and environmental assessment. Senator Glaser referred to Attachment E, demonstrating a cost breakdown of the evaluation expenses.

Senator Blakemore suggested that the money for evaluation be put into a fund and drawn on in increments.

Senator Lamb said he feels that the proponents of these bills need to come to the Finance Committee with convincing facts as to the water capabilities of these areas. Senator Lamb added that they should know what the storage would be after satisfying water rights.

Mr. Hugh said a feasibility study conducted in 1977 reviewed water rights and water needs of this area.

Senator Blakemore said he is interested in seeing recreation areas developed and it appears to him that further study should be done on the Steptoe drainage. He said that Cummins appears to be a logical choice because it would not expand over private property.

Senator Glaser said he would also like Rock Creek to be studied. Mr. Hugh reported information related to Rock Creek. He said the proposed reservoir would have about 1,700 acres; average water depth is about 170 feet.

Senator Lamb asked if there is surplus water here. Mr. Westergard answered that in some years there is a surplus.

Mr. Hugh reported on water rights in the Rock Creek area. He reported that he thinks there is enough water to support recreation and temporary storage for irrigation without adversely affecting any downstream users.

Mr. Hugh continued, based on records dating back to 1946, that Rock Creek has an average annual flow of about 24,000 acre feet of water each year. He said the average cumulative storage per year would be about 44,000 acre feet; which would meet water right demands and developing the reservoir. Mr. Hugh added that much preliminary investigation has been done on Rock Creek.

Senator Lamb suggested that the three water bills be combined.

S.B. 282 - Provides that payments under Boulder Canyon Project Adjustment Act to be paid to Clark County. (Attachment F)

Sam Mamet, lobbyist for Clark County, introduced Darrel Daines, Controller of Clark County who read from prepared testimony (see Attachments G and H).

Senator Lamb said that in the tax bills they are giving back the ad valorem tax.

Senator Wilson said he does not understand how this bill would avoid a potential lawsuit. Mr. Daines said with this bill they would not have needed A.B. 482, first introduced in 1973.

Senator Wilson said the policy has always been, regarding natural resources, that they are State assets, owned by the public at large. He said he senses this question is involved here; and therefore this bill bothers him. Senator Wilson commented that he is not questioning Clark County's need for the money.

A.B. 356 - Allows retired employees to change retirement options and designate current spouse as beneficiary. (Attachment I)

Vernon Bennett, Executive Officer, PERS, described how this bill will affect the Public Employees Retirement System. He said the Retirement System originally opposed this bill because of its potential impact on the system. If a young spouse were named, he or she would draw more benefits than would normally be paid. He said they have provided protections against this in the bill. (See Attachment I)

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Senator Wilson asked why many of the stipulations such as medical examinations are necessary when there is a limit specified on the amount the new beneficiary can receive. Mr. Bennett said the first three restrictions can be amended out with the Retirement System's approval.

Senator Wilson said community property rights should remain intact but people should be able to choose their own beneficiary in the event of being widowed or divorced.

Senator Lamb asked what this bill will cost. Mr. Bennett replied that there is no cost; and the bill could be written to respect community property rights.

Senator Wilson commented that the bill should be amended.

A.B. 478 - Makes technical correction to public employees retirement act. (Attachment J)

Mr. Bennett reviewed corrections (see Attachment K).

Senator Wilson asked, regarding Section 6, what is "consistent with safety." Mr. Bennett said this phrase was provided by the Legislative Counsel Bureau.

PUBLIC EMPLOYEES RETIREMENT SYSTEM BUDGET

Sue Bawden, Chief, Accounting Division, and Will Keating, Assistant Executive Officer, PERS, submitted a budget for the next biennium (see Attachment L) and an addendum to this budget (Attachment M). Mr. Keating described their Board, assets and functions, of their organization.

Senator Lamb asked (regarding page 3 of Attachment L, Items Planned For But Not Budgeted) Mr. Keating to describe these items and he did. Senator Lamb asked how many members are on the Advisory Committee. Mr. Keating answered that there are 5 members.

Senator Lamb asked why there are increases in the Central Data Processing computer services. Mr. Keating said the \$25,000 is the actual amount spent in 1977-78 and programming was a carryover from that year into the 1978-79 work program. He said they are asking for an increase in the next biennium. He continued that they would like money for increased programming, and for a feasibility study, and possible implementation of a mini computer to perform accounting functions. He added that their present setup is manual and time-consuming; membership is increasing, and they are projecting these costs for extra control.

Senator Lamb asked if they would suffer if they did not get the mini computer. Mr. Keating said no, but they would be more efficient if they got it.

Senator McCorkle remarked that the operating expense has gone up 75 percent while membership is only up 9 percent in two years. Mr. Keating replied that they are "catching up"; they have been reviewed by a private company, and have been advised to tighten up on internal controls (see Attachment N).

Senator Lamb asked for an explanation of Legal Fees. Mr. Keating explained that they were sued by a bank for not being awarded a contract; and this is for fees for that case. He said \$30,000 per year of this allocation is to pay for half-time services for the Deputy Attorney General and half-time services of a legal secretary, and their related expenses. They have not previously been paying for this.

Senator Lamb asked about the Microfilm project. Mr. Keating replied that they will copy documents on all employees and store off-site for fire protection. He said they have no microfilm records of active members.

Senator Gibson asked about Administrative Legal Fees. Mr. Keating said these fees pertain to the bank lawsuit; the \$11,741 Legal Fees

is for a suit by certain police and firemen's groups. Mr. Keating said they are presently appealing this case.

Senator Jacobsen asked about Travel Expenses. Mr. Keating replied they are finding that retirement is a national issue; the Public Retirement System may be forced by the federal government into the Social Security System. He stressed the importance of the issue. Mr. Keating stated that Out-of-State Travel is for coordination with other states regarding these matters. Board members also have Out-of-State Travel to attend national meetings; there are 7 board members. In-State Travel is primarily for in-field auditor's travel. In 1977-78, there was not much field auditor travel. Mr. Keating said some increase is due to statewide counseling; they counsel 2 days per month in Las Vegas, and quarterly throughout the State. They have been doing this on a regular basis the past year.

Senator Gibson said fees and travel expenses for board members are very high. Mr. Keating said they have monthly meetings which last 2 full days. He said one member must travel the day before and the day after, and members from Las Vegas are paid for three days. He said they have budgeted 14 days for special meetings and 28 days for work sessions, and for the mandatory social security problem, they have budgeted 14 days.

Senator Gibson asked why can't the board members take the early morning plane, saving 1 day's travel expenses. Mr. Keating said they have to get up early and then work all day. Senator Gibson replied that lots of people have to do that.

Mr. Keating explained that when board members attend a function, and the only place available is the hotel where the function is held, then they can be reimbursed for actual hotel costs; there is no maximum on what they can receive. Senator Lamb said they should not be treated different from other State employees.

Senator McCorkle asked for the reason for fluctuation in membership. Mr. Keating said this is due to changes in requirements for membership.

Senator McCorkle asked if they fired employees when membership went down. Mr. Keating replied no; they did not feel they had sufficient people when membership was up; but the board makes these decisions.

Senator McCorkle requested a breakdown of the entire operating budget; every item seems excessive. He said he would like to know why more than 9 percent, which is the increase in membership, is needed. Mr. Keating said they spent about \$4,000 in Office Supplies in 1977-78. They are now experiencing an increase in both numbers and expense of office supplies; they are reflecting an 80 percent increase in volume of supplies. Mr. Keating reported that xeroxing expenses are up; more services, in the form of published materials, are being furnished to members than previously. He said they are performing field audits, not previously done. They are trying to audit every public employer every 1-1/2 to 2 years.

Senator McCorkle asked what is the increase in staff from 1977-78 to the agency request. Mr. Keating said that in 1977-78, they had 34 staff members; presently they have 38. There will be 39 staff members at the end of the first year of the next biennium; and 42 at the end of the second year.

Senator McCorkle said the increase in staff, inflation, and counseling, do not merit a 125 percent increase in office supplies. Mr. Keating said their figure was based on an item-by-item projection of what they would need. He said, regarding Postage and Freight, rates have increased, as well as their own volume; they publish a newsletter, and mail this and many other documents. He commented, regarding Communications, they are expect an increase in volume of about 5 percent. They have access to state toll-free numbers, but lines are seldom available. They are instituting a program so they can accept collect calls from retired employees.

A.B. 356 - Allows retired public employees to change certain retirement options and designate current spouse as beneficiary. (Attachment I)

Mr. Bennett reviewed amendments to this bill: page 2, line 37, delete ", with Board approval,"; line 47, delete "the Board may require the retired"; delete lines 48 and 49, "the employer of the beneficiary or both to take physical examinations at their own expense".

Mr. Bennett remarked they also suggest the bill be amended to allow a retired employee to revert from an option to the unmodified benefit if he so desires, after retirement. A new Section 6, which would be on lines 48 and 49, would read as follows: "A retired employee shall have a right to cancel a selected option and named beneficiary after the effective date of retirement and revert to the unmodified benefit. The retired employee shall make this selection by written designation, duly acknowledged and filed with the board. However, this action shall in no way abrogate a retired employee's obligation under community property laws."

Senator Gibson moved to "Amend and Do Pass"  
A.B. 356, as described above.

Seconded by Senator Wilson.

Motion carried.

Senator Glaser absent.

A.B. 478 - Makes technical corrections to Public Employees' Retirement Act. (Attachment J)

Mr. Daykin reported, regarding page 3, lines 13 and 14, that "consistent with safety" could be omitted without affecting the bill.

Senator Echols moved to amend A.B. 478  
by eliminating "consistent with safety"  
page 3, lines 13 and 14.

Seconded by Senator Gibson.

Motion carried.

Senator Glaser absent.

S.B. 282 - Provides that payments under Boulder Canyon Project Adjustment Act be paid to Clark County.

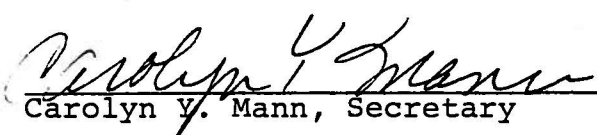
Senator Wilson said he would like to talk to Mr. Westergard regarding policy before voting on this bill.

Bill held.

Senator McCorkle raised the question of the Committee's budget priorities. He said the Committee needs to discuss policy regarding major issues pending before the Committee. A general discussion followed regarding setting budget priorities.

Meeting adjourned at 10:30 a.m.

Respectfully submitted,

  
Carolyn Y. Mann, Secretary

APPROVED:

  
Floyd R. Lamb, Chairman

ATTACHMENT A

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

S. B. 306

SENATE BILL NO. 306—COMMITTEE ON FINANCE

MARCH 7, 1979

Referred to Committee on Human Resources and Facilities

SUMMARY—Creates department of museums and history and places Nevada state museum and Nevada historical society within department. (BDR 33-426)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Executive Budget.

EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to state museums; creating the joint board of museums and history and the department of museums and history; establishing the Nevada state museum and the Nevada historical society as institutions within the department; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. Chapter 381 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 to 7, inclusive, of this act.  
3 SEC. 2. *As used in this chapter, unless the context otherwise requires:*  
4 1. "Board of trustees" means the board of trustees of the Nevada  
5 state museum.  
6 2. "Director" means the director of the Nevada state museum.  
7 SEC. 3. 1. *The joint board of museums and history, consisting of*  
8 *seven members appointed by the governor, is hereby created.*  
9 2. *The governor shall appoint as members of the joint board:*  
10 (a) *Three persons who are members of the board of trustees of the*  
11 *Nevada state museum;*  
12 (b) *Three persons who are members of the board of trustees of the*  
13 *Nevada historical society; and*  
14 (c) *One other person.*  
15 3. *The governor shall designate the chairman of the joint board*  
16 *from among its members.*  
17 4. *The joint board shall meet at least quarterly and shall meet at*  
18 *other times upon the call of its chairman. For attendance at meetings*  
19 *of the joint board, its members are entitled to receive the travel expenses*  
20 *and subsistence allowances as provided by law.*  
21 5. *The joint board shall establish policies to facilitate cooperation*  
22 *between the Nevada state museum and the Nevada historical society.*

1 If any disagreement arises between the two institutions on a matter of  
2 policy in which they have a common interest, the joint board shall make  
3 the final decision in the matter.

4 SEC. 4. 1. The department of museums and history is hereby created.

5 2. The department consists of:

6 (a) The office of the administrator;

7 (b) The Nevada state museum, including the Lost City museum; and

8 (c) The Nevada historical society.

9 SEC. 5. 1. The administrator of the department of museums and  
10 history is appointed by the governor and serves at his pleasure. The  
11 governor shall consult with the joint board of museums and history  
12 before making the appointment.

13 2. To be qualified for appointment, the administrator must have  
14 training and experience in public administration.

15 3. The administrator is in the unclassified service of the state. He  
16 is entitled to receive an annual salary in an amount determined pursuant  
17 to the provisions of chapter 284 of NRS and the travel expenses and  
18 subsistence allowances fixed by law for state officers and employees.

19 4. The administrator shall not engage in any other gainful employ-  
20 ment or occupation.

21 5. The administrator may employ, within the limits of legislative  
22 appropriations, such staff as is necessary to the performance of his duties.

23 SEC. 6. The administrator of the department of museums and history:

24 1. Is responsible to the governor for the general administration of  
25 the department and for the submission of its budgets, which must include  
26 the combined budgets of the Nevada state museum and the Nevada  
27 historical society.

28 2. Shall supervise the directors of the two institutions in matters  
29 pertaining to the general administration of the institutions.

30 3. Shall coordinate the submission of requests by the two institutions  
31 for assistance from governmental sources.

32 4. Shall oversee the public relations of the two institutions.

33 5. Shall superintend the planning and development of any new  
34 facilities for the department or its institutions.

35 6. Shall assist the efforts of the two institutions in improving their  
36 services to the rural counties.

37 7. Shall supervise the facilities for storage which are jointly owned  
38 or used by the two institutions.

39 SEC. 7. The creation of the department of museums and history does  
40 not affect:

41 1. The separate listing of the members of the Nevada state museum  
42 and the Nevada historical society and the independence of their respec-  
43 tive memberships.

44 2. Any bequest, devise, endowment, trust, allotment or other gift  
45 made to the Nevada state museum or the Nevada historical society, and  
46 such gifts inure to the benefit of the respective institutions and remain  
47 subject to any conditions or restraints placed on the gifts.

48 SEC. 8. NRS 381.010 is hereby amended to read as follows:

49 381.010 [1.] The Nevada state museum is hereby established as  
50 an institution [of the State of Nevada.

1 2. The museum shall be known as and called the Nevada state  
2 museum.] within the department of museums and history.

3 SEC. 9. NRS 381.030 is hereby amended to read as follows:

4 381.030 The [Nevada state museum] board of trustees [.] of the  
5 Nevada state museum, consisting of nine members appointed by the gov-  
6 ernor, is hereby created.

7 SEC. 10. NRS 381.195 is hereby amended to read as follows:

8 381.195 As used in NRS 381.195 to 381.227, inclusive:

9 1. ["Board" means the board of trustees of the Nevada state  
10 museum.

11 2. "Director" means the director of the Nevada state museum.

12 3.] "Historic" means after the [advent of the white man to Nevada.]  
13 middle of the 18th century.

14 [4.] 2. "Historic site" means a site, landmark or monument of  
15 historical significance pertaining to the white man's history of Nevada,  
16 or Indian campgrounds, shelters, petroglyphs, pictographs and burials.

17 [5.] 3. "Person" means any [individual,] natural person, partner-  
18 ship, society, institute, corporation or agents thereof.

19 [6.] 4. "Prehistoric" means before the [advent of the white man to  
20 Nevada.] middle of the 18th century.

21 [7.] 5. "Prehistoric site" means [an] any archeological or paleon-  
22 tological site, ruin, deposit, fossilized footprints and other impressions,  
23 petroglyphs and pictographs, habitation caves, rock shelters, natural  
24 caves [and burials.] or burial ground.

25 SEC. 11. NRS 381.270 is hereby amended to read as follows:

26 381.270 1. Subject to the provisions of subsection 2, the [chief  
27 of the buildings and grounds division of the department of general serv-  
28 ices] director for and on behalf of the Lost City museum may accept  
29 gifts, devise or bequests of real or personal property from any source  
30 and may use the [same] property in any manner consistent with the  
31 purposes of the museum.

32 2. No gift, devise or bequest [shall] may be accepted by the [chief  
33 of the buildings and grounds division] director for the Lost City  
34 museum, whether or not such gift, devise or bequest [may confer]  
35 confers a benefit upon the people of the State of Nevada, unless prior  
36 legislative approval in the form of a concurrent resolution is obtained.

37 SEC. 12. Chapter 382 of NRS is hereby amended by adding thereto  
38 a new section which shall read as follows:

39 As used in this chapter, unless the context otherwise requires:

40 1. "Board of trustees" means the board of trustees of the Nevada  
41 historical society.

42 2. "Director" means the director of the Nevada historical society.

43 SEC. 13. NRS 382.010 is hereby amended to read as follows:

44 382.010 The Nevada historical society, which holds a large, varied  
45 and invaluable collection of files, documents and records as trustee of  
46 the state, is hereby [declared to be an agency of the state.] established  
47 as an institution within the department of museums and history.

48 SEC. 14. NRS 382.012 is hereby amended to read as follows:

49 382.012 1. The board of trustees of the Nevada historical society,

E X H I B I T A



ESTIMATED GENERAL FUND BALANCE  
LEGISLATIVE ACTION THROUGH MARCH 30, 1979  
TAX RELIEF PROPOSALS

E X H I B I T B

ATTACHMENT B	1978-1979	1979-1980	1980-1981
Gen. Fund Bal. 7/1/78 \$74,805,265			
Estimated Income			
Budget Office	\$302,818,109*	\$336,291,363**	\$382,406,703**
Fiscal Division	299,178,167	339,317,516	387,884,522
Estimated Reversions			
Budget Office	37,184,370***	1,500,000	1,500,000
Fiscal Division	36,500,000	3,000,000	3,000,000
Total Estimated Income			
Budget Office	340,002,479	337,791,363	383,906,703
Fiscal Division	335,678,167	342,317,516	390,884,522
Legislative Approps. 1978-79	241,376,950		
Estimated 1979 Legislature Cost	2,500,000		
Governor's Recommended Approps.	134,991,820	246,095,703**	263,096,657**
Leg. Changes to <u>Executive Budget</u>		( 445,487)	( 194,846)
Changes Through Legislation	2,381,954	2,976,500	
Total Expend. Before Tax Relief	\$381,250,724	\$248,626,716	\$262,901,811
State Impact of <u>S.B. 204</u>	117,760	88,400,000	120,700,000
Fund Balance			
Budget Office	33,439,260	34,203,907	34,508,799
Fiscal Division	29,114,948	34,405,748	41,688,459
State Impact of <u>A.B. 616</u>	117,760	98,830,000	115,321,000
Fund Balance			
Budget Office	33,439,260	23,773,907	29,457,799
Fiscal Division	29,114,948	23,975,748	36,637,459
<u>Other Fiscal Issues</u>			
Return the County Gaming Tax		2,700,000	2,900,000
Return Real Estate Transfer		2,500,000	2,750,000
Error in Adult Diploma		1,026,640	1,104,730
Errors in U of N Budget		415,139	473,531
Est. Cost of 1981 Legislature			3,000,000
Motor Pool Replacement Cars	411,600		
Adolescent Unit	1,169,000		
Totals	\$ 1,580,600	\$ 6,641,779	\$ 10,228,261

- \* Adjusted for error in Interest Income.
- \*\* Adjusted for Tax Relief.
- \*\*\* Adjusted for Adult Diploma.

DETAIL FOR CHANGES DUE TO LEGISLATION AS OF 3/30/79

EXHIBIT B  
FY81

TITLE	BILL	FY79	FY80	FY81
POST-RETIREMENT	SB 34		2,900,000	
Sec. of STATE REVOLVING Fd	SB 35		1,500	
PUNCHCARD VOTING DEVICES	SB 41	230,000		
NEVADA REPORTS	SB 144	75,000		
Computer Facility Revolving Fd	SB 149		75,000	
Octagon BLDG - CIP	SB 183	300,000		
FIRE MARSHALL OFFICE	SB 198	32,071		
STATUTORY CONTINGENCY Fd	SB 210	150,000		
Hwy Patrol Law Enforcement Comm.	SB 216	(12,250)		
Communication Board	SB 218	(43,443)		
Sec. of State Microfiche	SB 223	(28,000)		
Parole Board Supplemental	SB 320	3,170		
ATTORNEY GENERAL SPECIAL Fd	SB 370	40,000		
UNIV. of NEVADA JUDGEMENT	SB 372	1,500,000		
HANDBOOK IMPROVEMENTS	AB 219	58,406		
Sec. of State lobbyist Reimbursement	AB 276	2,000		
Book Mobile	AB 404	75,000		
TOTAL		2,381,954	2,976,500	

ATTACHMENT C

**S. B. 276**

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SENATE BILL NO. 276—SENATORS BLAKEMORE,  
GLASER AND KEITH ASHWORTH

FEBRUARY 28, 1979

Referred to Committee on Natural Resources

**SUMMARY**—Requires consideration of project on Steptoe Creek in White Pine County for allocation of money. (BDR S-916)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

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AN ACT requiring the review board for water recreation and resources to consider the Steptoe Creek project in White Pine County for allocation of money; contingently providing for the priority of the project; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. 1. The review board for water recreation and resources  
2 shall consider the proposed project on Steptoe Creek in White Pine  
3 County as one of the first two projects which it considers for an alloca-  
4 tion of money from the fund for development of water resources.  
5 2. If the review board determines that the application for the project  
6 meets all statutory requirements and that the project is eligible for an  
7 allocation of money from the fund, the review board shall approve the  
8 application and designate the project as having first or second priority  
9 among projects for an allocation of money from the fund.  
10 3. If the application is approved by the review board, the interim  
11 finance committee shall make an allocation from the fund sufficient for  
12 the project, but not more than \$5 million.  
13 SEC. 2. This act shall become effective on July 1, 1979, only if Sen-  
14 ate Bill 195 of the 60th session becomes law.

PROJECT NAME	MAJOR USES	COUNTY	HYDROGRAPHIC AREA
MUD SPRINGS	FC	CLARK	212
PAIUTE DAM & RES.	REC	CHURCHILL	101
PELICAN POINT RES.	FISHERY	MINERAL	110
PICKLE MEADOWS	IRR, FC	MONO CALIF.	-
RED ROCK WASH	FC	CLARK	212
ROCK CREEK	FC, IRR, REC	LANDER	61
RYE PATCH DAM & RES.	IRR, FC, REC	PERSHING	72
SERVICE BERRY WASH	FC, REC	LINCOLN	199
SLOAN WASH	FC	CLARK	212
SOUTHWEST RENO PROJECT	FC, REC	WASHOE	87, 88
STEPTOE CREEK	FC, REC, IRR	WHITE PINE	179
STILLWATER RES. ENLARGE.	FISHERY	CHURCHILL	101
STROSNIDER PROJECT	IRR, FC	LYON	108
SUN VALLEY RES. & CHANNEL	FC, REC	WASHOE	86
THIRSTY CANYON	FC, REC	NYE	228
URSINE WASH	FC	LINCOLN	200
VISTA DAM & RES.	IRR, FC, REC	ELKO	42
WATASHEAMU PROJECT	IRR, FC, REC, M & I	DOUGLAS	105
WATER CANYON	FC, REC	HUMBOLDT	71
WHEELER WASH	FC, REC	CLARK	162
WILLOW CREEK PROJECT	IRR, FC, REC	ELKO	40
YOMBA PROJECT	IRR, FC, REC	NYE	56

NOTE:

IRR - IRRIGATION  
FC - FLOOD CONTROL  
REC - RECREATION  
M&I - MUNICIPAL AND INDUSTRIAL

ATTACHMENT D

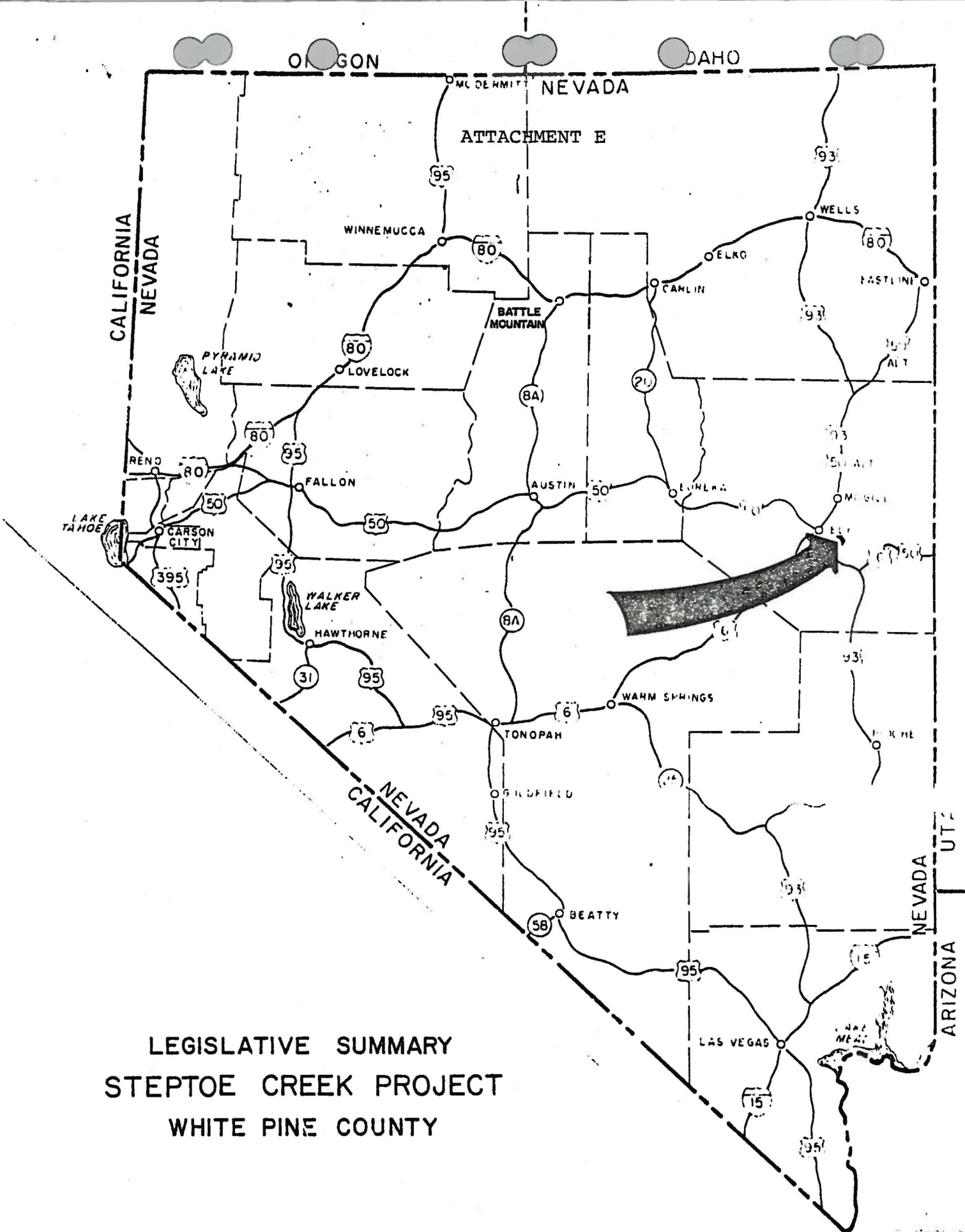
E X H I B I T D

WATER PLAN PROJECTS

PROJECT NAME	MAJOR USES	COUNTY	HYDROGRAPHIC AREA
ARDEN WASH	FC	CLARK	212
AREA DEVELOPMENT PLAN	ECONOMIC ENHANCEMENT	CENTRAL NEVADA	-
BEATTY WASH	FC	NYE	228
BLOCK "N" PROJECT	FC, REC.	WASHOE	87
BLUE DIAMOND SPRING	FC	CLARK	212
BUENA VISTA CREEK	IRR, FC	PERSHING	129
CARSON CITY WATERSHED	FC	CARSON CITY	104
CLEAR CREEK	IRR, FC	PERSHING	71
CURRENT CREEK	IRR, FC, REC	NYE	173B
DEVILS GATE DAM & RES.	FC, REC, IRR	ELKO	44
EGAN CREEK	IRR, FC	WHITE PINE	179
FALLON AREA IRR. IMP.	IRR	CHURCHILL	101
FLAMINGO WASH	FC	CLARK	212
GALENA CREEK WSHD.	FC	WASHOE	88
GLEASON CREEK PROJECT	FC	WHITE PINE	179
GOOSE CREEK PROJECT	IRR, FC	ELKO	41
HENDERSON WASH	FC	CLARK	212
HUDSON RESERVOIR	IRR, FC	LYON	107
HUNTINGTON SITE	IRR, FC, REC	ELKO	47
HYLTON DAM & RES.	FC, REC	ELKO	48
INCLINE VILLAGE WSHD.	FC, REC	WASHOE	90
INDIAN CREEK PROJECT	IRR, FC, REC	ELKO	35
KITTRIDGE CREEK	FC, REC, M&I	ELKO	49
LAS VEGAS RANGE WASH	FC	CLARK	212
LOVELL CANYON	FC, REC	CLARK	162
MARY'S RIVER	IRR, FC, REC	ELKO	42
METROPOLIS RES.	REBUILD DAM	ELKO	42
MOSS CREEK	IRR, FC	LANDER	58

EXHIBIT D

1971  
58



LEGISLATIVE SUMMARY  
 STEPTOE CREEK PROJECT  
 WHITE PINE COUNTY

E.XHIBIT E

1070

## Introduction

Steptoe Creek originates on the western slope of the Schell Creek Range in White Pine County and flows westerly and northerly into Steptoe Valley. Cave Lake and Comins Lake are small reservoirs lying above and below the proposed new damsite.

The proposed project on Steptoe Creek is quite valuable from several standpoints. It would add substantially to the water-based recreational resources of Nevada, particularly White Pine County. The reservoir would be situated only about 12 miles from Ely. This reservoir would somewhat relieve the pressure on Cave Lake which now supports the highest annual angler usage per surface acreage of any comparable sized water in the State. Also, at the present time this is one of the few drainages in Nevada entirely free of trash fish species.

The potential value of such an impoundment to the recreationists of White Pine County and Nevada would be significant. Initially much of the use would probably transfer from Cave Lake which would be of benefit to this heavily fished reservoir. Eventually as a fishery becomes established, the reservoir could support some 45,000 angler use days annually assuming a rate comparable to that now found per surface acre at Cave Lake. The present average angler use each year is nearly 23,000 angler use days with a split of 17,500 at Cave Lake and 5,000 at Comins Lake.

A new dam and reservoir would create a significant recreational complex in the Ely area with the 3 reservoirs and companion streams capable of eventually supporting over 65,000 annual angler use days.

## Land Ownership

In 1969, the Department of Fish and Game purchased some 2,640 acres which included Cave Lake and portions of Steptoe and Cave Creeks. The property purchased along lower Steptoe Creek includes a potential reservoir site near the "Narrows". The purchase agreement allowed non-consumptive winter storage rights to fill Cave Lake and the potential reservoir and maintain them for fisheries purposes. The access road to the dam site is under the jurisdiction of the United States Forest Service. The Nevada State Highway Department is planning an improvement project to this road in the near future. Presently, the planned improvement will terminate below the planned dam site to allow time to size the reservoir and thereby properly locate the highway. The proposed highway location will be on the north side of the reservoir.

1473

EXHIBIT E -

### Water Rights

It has been determined by the U.S. Geological Survey that the 8 year average for Steptoe Creek is 5,110 acre feet per year with an average flow of 7.2 cubic feet per second.

A water right has been filed with the State Engineer in 1977 for storage in the Steptoe Creek Reservoir; no action has been taken on the application to date. A water right agreement now exists between the El Tejon Ranch and the Department of Fish and Game which covers permission to construct and fill the reservoir with waters of Steptoe Creek and Cave Creek.

It is anticipated the reservoir could be filled in 2 to 4 years after completion without adverse effect on other water users.

### Dam and Reservoir

The proposed Reservoir Structure is located in Section 12, T.15N., R.64E. The approximate elevation above sea level is 7,090 feet. The proposed site is situated in a narrow section of the Steptoe Creek Canyon. Several reservoir structures were investigated. The relationship between the height of dam and storage volume, embankment quantities, and reservoir surface acres was studied, and the analysis resulted in the selection of a dam and reservoir with the following characteristics:

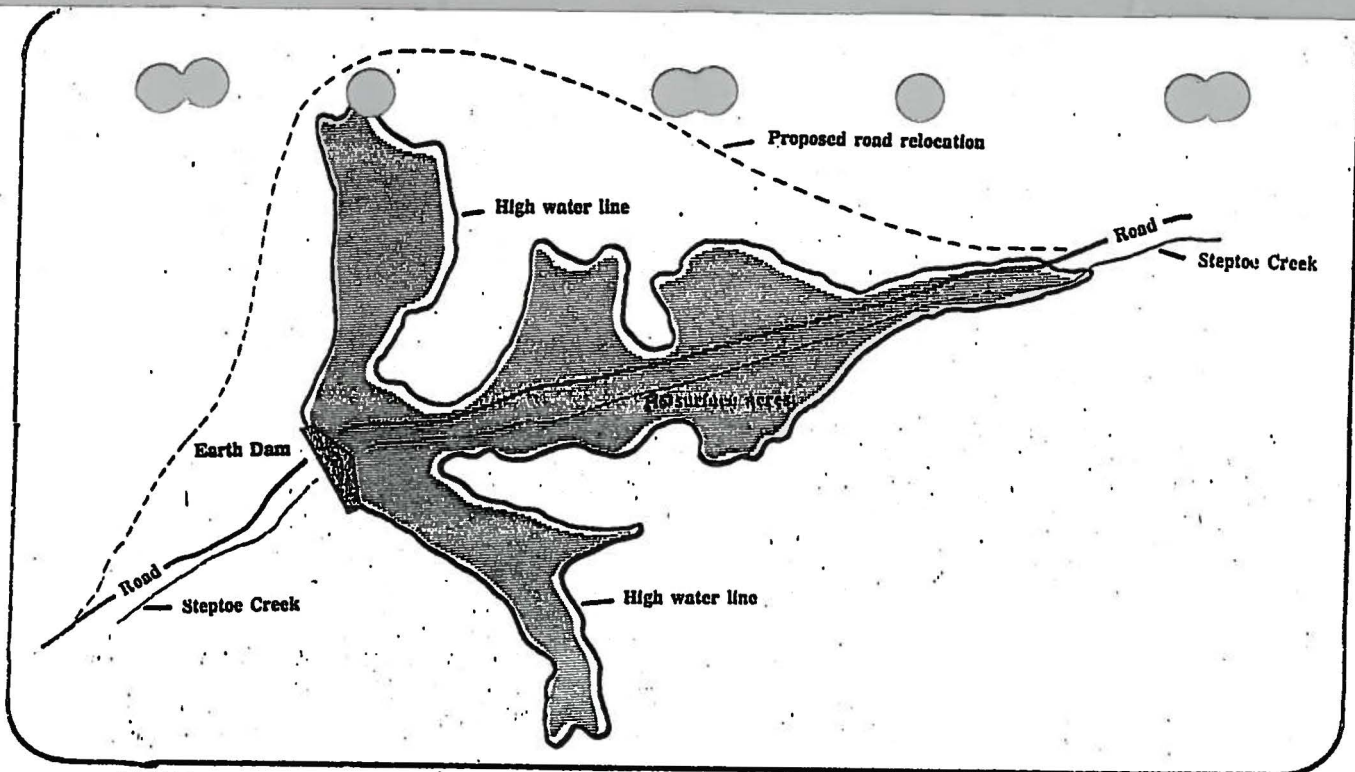
Crest Elevation	7,090 feet
Crest Length	520 feet
Crest Height Above Streambed	90 feet
Fetch - Miles	0.7 miles
Freeboard - Normal	10 feet
Freeboard - Minimum	7 feet
Surface Area - Acres	80 acres
Storage Volume - Acre Feet	1,550 acre feet
Embankment Volume of Dam	275,000 cubic yards

The total project cost is \$3,040,000 including highway relocation, dam construction and recreational facilities, along with all engineering and environmental assessment costs. A detailed breakdown is included in this information packet.

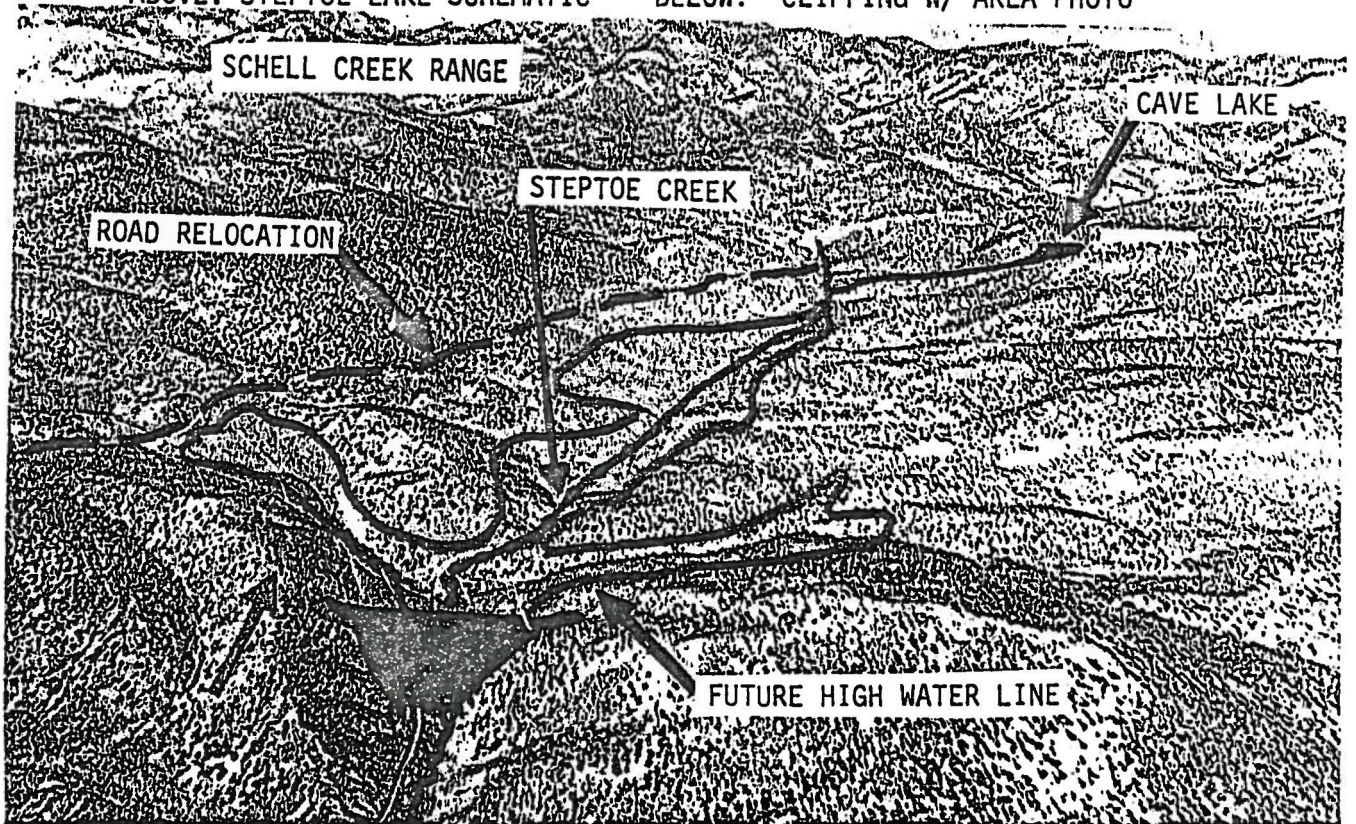
E X H I B I T E

1171





ABOVE: STEPTOE LAKE SCHEMATIC      BELOW: CLIPPING W/ AREA PHOTO



## Steptoe Creek dam

The White Pine County Commissioners have received a letter from the State Department of Fish and Game with information about the feasibility study of a reservoir site at the "Narrows" on Steptoe Creek (indicated by the small arrow in the center). The feasibility study was undertaken through the department by Chilton Engineering of Elko for a cost of \$3,000. The money came from a total of \$10,000 approved by the commissioners for that purpose. The letter reports on comparisons compiled on four possible alternates on a

Steptoe Creek dam, varying in size and cost. It also considers the current status of the Success Summit Loop paving proposal now being considered by the State Highway Department and its effect on the construction of a dam and reservoir. In addition, the letter also discusses the results of a study to determine the effect of such a project on the fishing in the area. A detailed story on the completed feasibility study will be printed in Monday's Daily TIMES.

10-13-78

(TIMES Photo)

STEPTOE CREEK COST ESTIMATE

I. PRELIMINARY PHASE

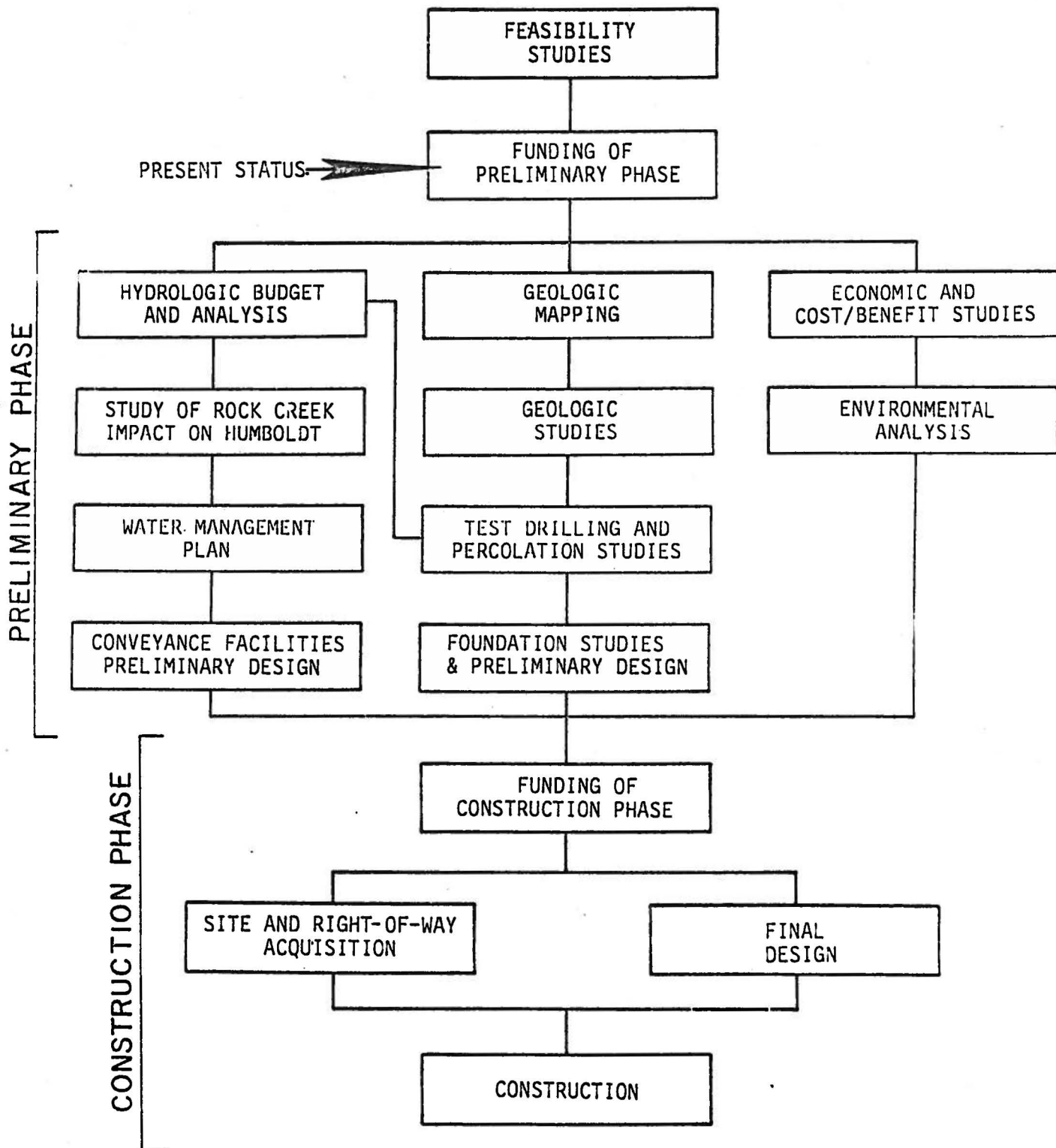
WORK TASK DESCRIPTION	ESTIMATED COST
A. Hydrologic Budget & Analysis	\$ 10,000
B. Study of Impact on Steptoe System	15,000
C. Water Management Plan	30,000
D. Conveyance Facilities Preliminary Design	20,000
E. Geologic Mapping	15,000
F. Geologic Studies	35,000
G. Test Drilling and Percolation Studies	25,000
H. Foundation Studies & Preliminary Design	30,000
I. Economic and Cost/Benefit Studies	25,000
J. Environmental Analysis	95,000
TOTAL:	<u>\$ 300,000</u>

II. CONSTRUCTION PHASE

ITEM	DESCRIPTION	COST
1.	Mobilization & Demobilization	\$ 50,000
2.	Dewatering & Diversion	40,000
3.	Clearing & Stripping	10,000
4.	Embankment (1) - Shell	720,000
5.	Embankment (1) - Core	200,000
6.	Drain Rock-Chimney & Horizontal Drains	130,000
7.	Foundation Grouting	28,000
8.	Outlet Works - Excavation, Conduit, etc.	35,000
9.	Spillway Structure - Excavation & Concrete	132,000
10.	Riprock Facing on Dam	12,000
11.	Gunite Paving on Benches and Groins	16,000
12.	Rock Riprap and Filter Rock	67,000
13.	Conveyance Channel/Spillway	43,000
14.	Highway Relocation	500,000
15.	Recreational Facilities	150,000
	SUBTOTAL:	<u>\$2,133,000</u>
	Engineering, Inspection, Testing, Preparation of Contract Documents, etc.	<u>180,000</u>
	SUBTOTAL:	\$2,313,000
	CONTINGENCIES (20%)	<u>427,000</u>
	TOTAL CONSTRUCTION PHASE	\$2,740,000
	TOTAL COST OF PROJECT	\$3,040,000

1476

# SEQUENCE OF EVENTS TO IMPLEMENT



ATTACHMENT F

**S. B. 287**

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SENATE BILL NO. 287—SENATOR WILSON

MARCH 2, 1979

Referred to Committee on Finance

**SUMMARY**—Repeals provisions for contributions and repayment by students under program of Western Interstate Commission for Higher Education. (BDR 34-1086)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

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AN ACT relating to education; repealing provisions of law relating to student contributions for additional contract places and to repayment of state contributions for stipends under the program of the Western Interstate Commission for Higher Education; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. NRS 397.061 and 397.065 are hereby repealed.

Darrel R. Daines, Comptroller, Clark County

ATTACHMENT G

In 1929 the State of Nevada enacted what is now Chapter 538.010 through .030 known as the Colorado River Compact. Among many other provisions, the sum of \$300,000 was committed to be paid to the State of Nevada in-lieu-of taxes. The County of Clark received this \$300,000 in 1939 and 1940, but NRS 538.030 was amended in 1941, and again in 1943, to earmark these funds to the General Fund of the State of Nevada. In 1969 Clark County employed a national appraising firm to appraise the possessory interests of the City of Los Angeles Department of Water and Power, the City of Los Angeles Metropolitan Water District, the City of Burbank, the City of Pasadena, and the City of Glendale in the power generating personal property dedicated to these political entities. Upon completion of this appraisal, the County mailed tax bills to the above entities. Some of the smaller cities did not make payment, but the larger entities paid under protest.

Under the provisions of the Colorado River Compact, if the State of Nevada or its political subdivision tax the proprietary interests of the above California political entities, the \$300,000 would first be used to reimburse these cities for their personal property assessments. Any remainder would go to the State of Nevada. Any amount in excess of \$300,000 would have to be borne by the California political entities themselves. Therefore, upon payment by the City of Los Angeles Department of Water and Power, et.al., the Bureau of Reclamation reimbursed them from the \$300,000, remitting the balance to the State of Nevada. A lawsuit was filed by the City and County of Los Angeles, et.al., and the State of Nevada joined as a part plaintiff. The Nevada Courts ruled against Clark County, and four years later the County paid a judgment to the City and County of Los Angeles, et.al.

In 1977 the Nevada Legislature enacted AB 482, the intent of which was to allow Clark County to tax the proprietary interests of political subdivisions of any other state used to generate electric power. The Clark County Assessor's Office has billed the Department of Water and Power, et.al., for 1977/78 personal property taxes.

It appears to be the consensus because of various political considerations that it may be very difficult to get more reliable legislation in AB 482 because of problems that would be generated in both Nye and Washoe Counties.

One sure way to eliminate the question of a lawsuit would be to recognize that the \$300,000 in-lieu-of taxes from the Boulder Dam Project is to recognize this as an ad valorem tax. The distribution formula of this bill (SB 287) needs to be changed to have the State receive 25 cents, or \$15,000, the County would receive \$1.13, or \$67,830, school district would get \$2.20, or \$132,138, Boulder City would receive \$76,032, and Boulder City library district would receive \$9,000.

Office of the Comptroller

CLARK COUNTY COURT HOUSE  
LAS VEGAS, NEVADA  
89101

BRUCE W. SPAULDING  
County Manager

DARREL R. DAINES  
Comptroller  
Phone: 386-4011

March 8, 1979

ATTACHMENT G

To: Bruce W. Spaulding, County Manager

Subject: S.B. 282 - Payments of In Lieu Tax Monies for  
the Boulder Dam be Paid to the  
Entities in Clark County

The language of this bill should be changed such that it is  
clear as to whom the monies are to be distributed to.

Suggested: for distributing to the local governmental entities  
that contain the taxing district in which the Boulder  
Canyon Project is located. Such distribution shall  
be made to the local governments as defined in NRS  
354.474, in the same ratio as all property taxes  
were levied in the taxing district in the previous  
Fiscal Year  
~~to share in any such distribution.~~

Sincerely,  
FOR THE COMPTROLLER  
DARREL R. DAINES

*Kenneth A. West*  
KENNETH A. WEST  
Sr. Management Analyst

KAW:kmd

ATTACHMENT H  
 ALLOCATION OF BOULDER DAM  
 IN LEIU OF TAX MONIES

A. WITH STATE SHARING IN DISTRIBUTION

<u>ENTITY</u>	<u>TAX RATE</u>	<u>DISTRIBUTION</u>
State	.2500	\$ 15,000
County	1.1305	67,830
School	2.2023	132,138
Boulder City	1.2672	76,032
B.C. Library	<u>.1500</u>	<u>9,000</u>
	5.0000	\$300,000

B. WITHOUT STATE SHARING DISTRIBUTION

<u>ENTITY</u>	<u>TAX RATE</u>	<u>DISTRIBUTION</u>
County	1.1305	\$ 71,400
School	2.2023	139,092
Boulder City	1.2672	80,034
B.C. Library	<u>.1500</u>	<u>9,474</u>
	4.7500	\$300,000

ATTACHMENT I

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A. B. 356

ASSEMBLY BILL NO. 356—ASSEMBLYMAN DINI

FEBRUARY 7, 1979

Referred to Committee on Government Affairs

**SUMMARY**—Allows retired public employee to change certain retirement options and designate current spouse as beneficiary. (BDR 23-1080)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

**EXPLANATION**—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to public employees' retirement; allowing retired employee to change certain retirement options and designate his current spouse as his beneficiary; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly, do enact as follows:*

- 1 SECTION 1. NRS 286.590 is hereby amended to read as follows:  
2 286.590 1. The alternatives to an unmodified service retirement  
3 allowance are as follows:  
4 (a) Option 2 consists of a reduced service retirement allowance pay-  
5 able during the retired employee's life, with the provision that, *except as*  
6 *provided in subsection 5*, it [shall] continue after his death for the life  
7 of the beneficiary whom he nominates by written designation duly  
8 acknowledged and filed with the board at the time of retirement should  
9 the beneficiary survive him.  
10 (b) Option 3 consists of a reduced service retirement allowance pay-  
11 able during the retired employee's life, with the provision that it con-  
12 tinue after his death at one-half the rate paid to him and, *except as*  
13 *provided in subsection 5*, be paid for the life of the beneficiary whom he  
14 nominates by written designation duly acknowledged and filed with the  
15 board at the time of retirement should the beneficiary survive him.  
16 (c) Option 4 consists of a reduced service retirement allowance pay-  
17 able during the retired employee's life, with the provision that, *except as*  
18 *provided in subsection 5*, it [shall] continue after his death for the life  
19 of his beneficiary, whom he nominates by written designation duly  
20 acknowledged and filed with the board at the time of the election, should  
21 his beneficiary survive him, but no payment [shall] *may* be made to the  
22 surviving beneficiary [prior to] *before* the attainment by the surviving  
23 beneficiary of age 60. If a beneficiary designated under this option dies  
24 after the date of the retired employee's death but before attaining age 60,  
25 the contributions of the retired employee which have not been returned to



ATTACHMENT J

**A. B. 478**

**ASSEMBLY BILL NO. 478—COMMITTEE ON GOVERNMENT  
AFFAIRS**

FEBRUARY 28, 1979

Referred to Committee on Government Affairs

**SUMMARY—**Makes technical corrections to Public Employees' Retirement Act.  
(BDR 23-241)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: No.

**EXPLANATION—**Matter in *italics* is new; matter in brackets [ ] is material to be omitted.

AN ACT relating to the public employees' retirement system; making technical corrections; providing a salary for the interim retirement committee; and providing other matters properly relating thereto.

*The People of the State of Nevada, represented in Senate and Assembly,  
do enact as follows:*

- 1 SECTION 1. NRS 286.031 is hereby amended to read as follows:  
2 286.031 "Disability retirement allowance" means monthly payments  
3 from the public employees' retirement fund *or the police and firemen's*  
4 *retirement fund* paid to disabled [members.] *retired employees.*  
5 SEC. 2. NRS 286.065 is hereby amended to read as follows:  
6 286.065 "Post-retirement increase" means the monthly cost-of-living  
7 increase added to the monthly payments of:  
8 1. Persons receiving disability retirement allowances or service  
9 retirement allowances;  
10 2. Beneficiaries of deceased members receiving allowances; and  
11 3. Persons receiving monthly [survivor benefit allowances,] *benefits*  
12 *for survivors,*  
13 pursuant to the terms of this chapter.  
14 SEC. 3. NRS 286.070 is hereby amended to read as follows:  
15 286.070 1. "Public employer" means the state, one of its agencies  
16 or one of its political subdivisions, the system, irrigation districts created  
17 under the laws of the State of Nevada, [the Las Vegas Valley Water  
18 District, created pursuant to chapter 167, Statutes of Nevada 1947, as  
19 amended,] a nonprofit corporation to which a public hospital has been  
20 conveyed or leased pursuant to NRS 450.500, the Nevada interscholastic  
21 activities association and a council of governments created pursuant to  
22 the laws of the State of Nevada.  
23 2. State agencies are those agencies subject to state control and

1 supervision, including those whose employees are governed by chapter  
2 284 of NRS, unless specifically exempted therefrom, and those which  
3 deposit funds with the state treasurer.

4 SEC. 4. NRS 286.080 is hereby amended to read as follows:  
5 286.080 "Service retirement allowance" means monthly payments  
6 from the public employees' retirement fund or the police and firemen's  
7 retirement fund paid to a [retiree] retired employee for the remainder  
8 of his life.

9 SEC. 5. NRS 286.113 is hereby amended to read as follows:  
10 286.113 1. There is hereby created an interim retirement committee  
11 of the legislature composed of:

12 (a) Three members of the senate, one of whom is the chairman of  
13 the committee on finance during the preceding session and two of whom  
14 shall be appointed by the majority leader of the senate.

15 (b) Three members of the assembly, one of whom is the chairman of  
16 the committee on ways and means and two of whom shall be appointed  
17 by the speaker.

18 2. The immediate past chairman of the committee on ways and  
19 means shall be the chairman of the interim retirement committee for  
20 the period ending with the convening of the 60th session of the legisla-  
21 ture. The immediate past chairman of the committee on finance shall be  
22 the chairman of the interim retirement committee during the next legis-  
23 lative interim, and the chairmanship shall continue to alternate between  
24 the houses of the legislature according to this pattern.

25 3. The interim retirement committee exists only when the legislature  
26 is not in regular or special session. During those times, it shall meet at  
27 the call of the chairman to review the operation of the system and to  
28 make recommendations to the board, the legislative commission and  
29 the legislature.

30 4. The director of the legislative counsel bureau shall provide a  
31 secretary for the interim retirement committee. *Each member of the*  
32 *committee is entitled to a salary of \$40 for each day or part of a day*  
33 *during which he attends a committee meeting or is otherwise engaged*  
34 *in the work of the committee.* Per diem allowances, salary and travel  
35 expenses of members of the committee shall be paid from the legisla-  
36 tive fund.

37 SEC. 6. NRS 286.220 is hereby amended to read as follows:  
38 286.220 1. The board shall establish a fund known as the public  
39 employees' retirement fund.

40 2. It is hereby declared to be the policy of the legislature that the  
41 public employees' retirement fund is a trust fund established to afford a  
42 degree of security to long-time public employees of the state and its  
43 political subdivisions. The moneys in the fund shall not be used or  
44 appropriated for any purpose incompatible with the public employees'  
45 retirement system policy, as expressed in NRS 286.015. The fund shall  
46 be invested and administered to assure the highest return consistent with  
47 safety in accordance with accepted investment practices.

48 3. Moneys in the public employees' retirement fund shall be  
49 expended by the board for the purpose of paying:

50 (a) Service retirement allowances;

1 (b) Disability retirement allowances;  
2 (c) Post-retirement allowances;  
3 (d) [Survivor benefits;] *Benefits for survivors;*  
4 (e) Authorized refunds to members and their beneficiaries; [and]  
5 (f) Amounts equivalent to disability retirement allowances to be  
6 used by employers for rehabilitation [purposes,] ; and  
7 (g) Allowances to beneficiaries,  
8 and for the payment of expenses authorized by law to be paid from such  
9 retirement fund.

10 4. Contributions from members and from participating public  
11 employers to the public employees' retirement fund shall be deposited in  
12 a bank of reputable standing in the State of Nevada. Such deposits shall  
13 be secured [by a depository bond.] *in a manner satisfactory to the*  
14 *board and consistent with safety.*

15 5. All checks drawn upon the public employees' retirement fund  
16 shall be signed by two persons designated by the board. [Such persons  
17 shall furnish a bond in an amount determined by the board.]

18 SEC. 7. NRS 286.225 is hereby amended to read as follows:  
19 286.225 1. The board shall establish a separate retirement fund  
20 known as the police and firemen's retirement fund.

21 2. All refunds, disability retirement [, survivor benefits,] allow-  
22 ances, *benefits for survivors,* and service retirement [benefits] allowances  
23 paid to police officers and firemen and their beneficiaries shall be paid  
24 from the police and firemen's retirement fund.

25 3. All contributions paid by and for police officers and firemen shall  
26 be credited to the police and firemen's retirement fund.

27 4. The police and firemen's retirement fund shall be administered  
28 by the board and is subject to all restrictions and regulations applicable  
29 to the board.

30 5. Any post-retirement increase appropriated by the legislature in  
31 accordance with this chapter, shall be paid to eligible retired police  
32 officers and firemen and their beneficiaries from any such appropriation.

33 6. Investment return on moneys in the police and firemen's retire-  
34 ment fund shall be deposited in that fund at the end of each fiscal year  
35 based on annual average yield of the system.

36 7. The board shall transfer appropriate employee and employer  
37 contributions made by and for members who transfer to and from the  
38 public employee's retirement fund and the police and firemen's retire-  
39 ment fund.

40 SEC. 8. NRS 286.300 is hereby amended to read as follows:

41 286.300 1. Any member of the system may purchase all previous  
42 creditable service performed with his present employing agency if such  
43 service was performed prior to the enrollment of his agency in the  
44 system, even if the service is still creditable in some other system where  
45 it cannot be canceled. The public employer must certify the inclusive  
46 dates of employment and number of hours regularly worked by the  
47 member to validate the service. The member must pay the system's  
48 actuary for a computation of costs and pay the full cost as determined  
49 by the actuary.

50 2. Any member who has 5 years of contributing creditable service

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E X H I B I T

1 may purchase up to 5 years of out-of-state service performed with any  
2 federal, state, county or municipal public system if that service is no  
3 longer creditable in the other system. To validate such service, the mem-  
4 ber must obtain a certification of the inclusive dates of previous service  
5 performed with the other public system, together with certification from  
6 that system that this credit is no longer creditable in the other system  
7 and that the other system agrees to notify the Nevada system if this  
8 service ever becomes reestablished by the member. The member must  
9 pay the system's actuary for the computation and pay the full actuarial  
10 costs as determined by the actuary.

11 3. Any member who has at least 5 years of contributing creditable  
12 service may purchase up to 5 years of military service regardless of when  
13 served if such service is no longer credited in the military retirement  
14 system. To validate military service, the member must provide certifica-  
15 tion of the inclusive dates of active military service performed, pay the  
16 system's actuary for the computation and pay the full actuarial cost as  
17 determined by the actuary.

18 4. Any contributing member may purchase previous service per-  
19 formed for any public employer, including service as an elected officer or  
20 a person appointed to an elective office for an unexpired term. The  
21 public employer must certify the inclusive dates of employment and  
22 number of hours regularly worked by the member to validate such  
23 service. The member must pay the system's actuary for a computation  
24 of cost and pay the full cost as determined by the actuary.

25 5. A member who provides proper documentation and establishes  
26 the right to purchase any of the service listed in this section may defer  
27 payment until actual retirement. Under this subsection, the purchase  
28 of service shall be based on the normal employee and employer contribu-  
29 tion rates which are in effect at the time of the member's retirement times  
30 his final average salary and without interest. Service purchased under  
31 this subsection shall not be credited until retirement, nor shall it be  
32 considered as validated service to provide eligibility for vesting, [sur-  
33 vivor benefits] *benefits for survivors* or disability retirement. This serv-  
34 ice can be used for regular retirement eligibility.

35 6. The employing agency may pay the employer share of the cost  
36 to validate service under this section, but is not required to do so. No  
37 credit, however, shall be validated unless both the employer and  
38 employee contributions have been paid.

39 7. The member or public employer, or both, purchasing credit under  
40 this section shall pay the full current administrative fees for each month  
41 of service purchased.

42 SEC. 9. NRS 286.430 is hereby amended to read as follows:

43 286.430 1. A member may withdraw the employee contributions  
44 credited to his individual account if:

- 45 (a) He has terminated service for which contribution is required; or
- 46 (b) He is employed in a position for which contribution is prohibited.

47 2. The system shall not refund these contributions until it has  
48 received:

- 49 (a) A properly completed application for refund;
- 50 (b) A notice of termination from the member's public employer or a

1 certification by the public employer that the member is employed in a  
2 position for which contribution is prohibited;

3 (c) Except as otherwise provided in subsection 3, all contributions  
4 withheld from such member's compensation.

5 3. A refund of a member's contributions may be made [prior to]  
6 before receipt by the system of all contributions withheld from a mem-  
7 ber's compensation if the member's public employer certifies to the  
8 amount of contributions withheld but not yet remitted to the system and  
9 to such public employer's responsibility for such remittance.

10 4. Refunds, pursuant to this section, shall be made by check mailed  
11 to the address specified by a member in his application for refund.

12 5. All membership rights and active service credit in the system,  
13 including service for which the public employer paid the employee  
14 contributions, are canceled upon [receipt of an application for refund  
15 at the retirement system office.] *the withdrawal of contributions from a*  
16 *member's account.*

17 SEC. 10. NRS 286.541 is hereby amended to read as follows:

18 286.541 1. Applications for service retirement allowances or *disa-*  
19 *bility retirement allowances* must be submitted to the offices of the system  
20 on forms approved by the executive officer. The form shall not be  
21 deemed filed unless it contains the member's selection of the retirement  
22 plan contained in NRS 286.551 or one of the optional plans provided in  
23 NRS 286.590.

24 2. [For purposes of this chapter, retirement becomes effective on:

25 (a) The day immediately following the applicant's last day of employ-  
26 ment; or

27 (b) The day the application is filed with the system,  
28 whichever is later.] *Retirement becomes effective on whichever of the*  
29 *following days is the later:*

30 (a) *The day immediately following the applicant's last day of employ-*  
31 *ment;*

32 (b) *The day the completed application form is filed with the system;*

33 (c) *The day immediately following the applicant's last day of creditable*  
34 *service; or*

35 (d) *The effective date of retirement specified on the application form.*

36 SEC. 11. NRS 286.575 is hereby amended to read as follows:

37 286.575 1. A post-retirement allowance shall be paid from the  
38 public employees' retirement fund or the police and firemen's retirement  
39 fund to each member receiving a disability allowance or service retire-  
40 ment allowance from that fund under the provisions of this chapter in  
41 the amount and manner provided and from time to time adjusted by  
42 law. Each member whose allowance was increased after his retirement  
43 by payments for years of service in excess of 20 years is entitled to  
44 receive an increase based upon his adjusted allowance.

45 2. Post-retirement allowances shall be considered a part of a retired  
46 employee's monthly benefit and included in the [benefit paid to a sur-  
47 vivor] *allowance paid to a beneficiary* under one of the optional plans  
48 provided in NRS 286.590.

49 SEC. 12. NRS 286.665 is hereby amended to read as follows:

50 286.665 1. Any contributions remaining in a member's, retired

E X H I B I T J

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1 employee's or beneficiary's individual account shall be transferred to  
2 the public employee's retirement fund or the police and firemen's retire-  
3 ment fund upon the death of the member, retired [person] employee or  
4 beneficiary if there is no heir, devisee or legatee capable of receiving the  
5 money.

6 2. If, within 6 years after any transfer under subsection 1, any per-  
7 son appears and claims any money which was transferred to a retirement  
8 fund, the claimant may file a petition in the district court for Carson City  
9 stating the nature of his claim, with an appropriate prayer for the relief  
10 demanded. A copy of the petition shall be served upon the attorney  
11 general before or at the time of filing it. Within 20 days after service,  
12 the attorney general shall appear in the proceeding and respond to the  
13 petition. If, after examining all the facts, the attorney general is con-  
14 vinced that the [state] system has no legal defense against the petition,  
15 he may, with the consent of the court, confess judgment on behalf of the  
16 [state.] system.

17 3. If judgment is not confessed, the petition shall be considered at  
18 issue on the 20th day after its filing, and may be heard by the court on  
19 that day, or at such future day as the court may order. Upon the hear-  
20 ing, the court shall examine into the claim and hear the allegations and  
21 proofs. If the court finds that the claimant is entitled to any money  
22 transferred under subsection 1 to a retirement fund, it shall order the  
23 public employees' retirement board to pay such money forthwith to the  
24 claimant, but without interest or cost to the board.

25 4. All persons, except minors and persons of unsound mind, who  
26 fail to appear and file their petitions within the time limited in subsection  
27 2 are forever barred. Minors and persons of unsound mind may appear  
28 and file their petitions at any time within 5 years after their respective  
29 disabilities are removed.

30 SEC. 13. NRS 286.676 is hereby amended to read as follows:  
31 286.676 1. Except as limited by subsection 2, the spouse of a  
32 deceased member [who was fully eligible to retire but had not retired]  
33 whose allowance was fully vested, is entitled to receive a monthly allow-  
34 ance equivalent to that provided by Option 3 in NRS 286.590. For pur-  
35 poses of applying the provisions of Option 3, the deceased member shall  
36 be deemed to have retired on the date of his death immediately after  
37 having named the spouse as beneficiary under Option 3. *This benefit must*  
38 *be computed without any reduction for age for the deceased member.*  
39 The benefits provided by this subsection shall be paid to the spouse for  
40 the remainder of such spouse's life. The spouse is entitled to receive the  
41 benefits provided by this section or by NRS 286.674, whichever provides  
42 the greater benefit.

43 2. The benefit payable to the spouse of a member who died before  
44 May 19, 1975, is limited to a spouse who received at least 50 percent  
45 of his support from the member during the 6 months immediately  
46 preceding the member's death and to the amounts provided in this sub-  
47 section. If, at the time of his death, such a member had 15 or more  
48 years of service, his spouse, upon attaining the age of 60 years, may  
49 receive the sum of \$100 per month or 50 percent of the average salary  
50 received by the deceased member for the 3 consecutive highest salaried

1 years of his last 10 years of service, whichever is less. If, at the time of  
2 his death, a member had 20 or more years of service and did not elect  
3 an optional retirement plan as offered in this chapter, his spouse, upon  
4 attaining the age of 60 years, may receive \$125 per month or 50 percent  
5 of the average salary received by such member for the 3 consecutive  
6 highest salaried years of his last 10 years of service, whichever is less.  
7 Payments, or the right to receive payments, shall cease upon the death or  
8 remarriage of the spouse. Benefits under this section shall not be renew-  
9 able following termination.

10 SEC. 14. NRS 286.6793 is hereby amended to read as follows:  
11 286.6793 All retirement [or survivor benefits] allowances or bene-  
12 fits for survivors offered pursuant to this chapter become vested on the  
13 date that the employee completes 10 years of creditable service or  
14 becomes entitled to begin receiving such benefits or on the date of his  
15 death, whichever event occurs first. Unless otherwise specifically pro-  
16 vided by the amendatory act, any change in the provisions of this chapter  
17 is retroactive for all service of any member prior to the date of vesting,  
18 but no such change may impair any vested allowance or benefit.

19 SEC. 15. NRS 218.2392 is hereby amended to read as follows:  
20 218.2392 1. The provisions of NRS 286.671 to [286.6792,] 286.-  
21 6791, inclusive, except NRS 286.6775, relating to [survivor] benefits  
22 for survivors under the public employees' retirement system, are appli-  
23 cable to a legislator's dependents, and such [survivor] benefits for sur-  
24 vivors shall be paid by the board following the death of a legislator to  
25 the persons entitled thereto from the legislators' retirement fund.

26 2. It is declared that of the contributions required by subsections 1  
27 and 2 of NRS 218.2387 one-half of 1 percent shall be regarded as costs  
28 incurred in [survivor] benefits [.] for survivors.

29 SEC. 16. NRS 286.570 and 286.6792 are hereby repealed.

10

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E X H I B I T J

ELBERT B. EDWARDS  
CHAIRMAN EMD 128

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. ROSS CULBERTSON  
CHAIRMAN  
SAM A. PALAZZOLO  
VICE CHAIRMAN  
MEMBERS  
DARREL R. DAINES  
WILLIS A. DEISS  
ELBERT B. EDWARDS  
BOYD D. MANNING  
DONALD L. REAM

March 30, 1979

Senator Floyd Lamb  
Chairman, Finance Committee  
Legislative Building  
Carson City, Nevada 89701

ATTACHMENT K

Dear Senator Lamb:

Ref: AB 478

AB 478 is the System's technical corrections bill. It does not change any of the benefits or provisions in the law. It merely corrects previous errors and clarifies legal terminology. Both our Deputy Attorney General and the Legislative Counsel have verified to us that there are no changes in the bill that are not technical corrections. The specific corrections by section are as follows:

- Section 1: Spells out that disability retirement allowances shall be paid from either the general fund for regular members or the police and firemen fund for retired police and firemen. Also changes the word ~~members~~ to retired employees.
- Section 2: Changes the terminology "survivor benefit allowances" to benefits for survivors. Mr. Daykin feels this is a more appropriate term and will make this change throughout retirement law where applicable.
- Section 3: Deletes the Las Vegas Valley Water District from the listed groups of public employers. They have never joined the System but would meet our general definition if they ever wish to enroll.
- Section 4: Changes the word retiree to retired employee.
- Section 5: Spells out that members of the Legislative Interim Retirement Committee shall receive per diem allowances, salary and travel expenses like other legislative committees.
- Section 6: Removes requirement that Retirement System deposits in a bank must be secured by a depository bond, because there is no such thing. Provides that deposits shall be secured in a manner satisfactory to the Board. Removes specific provision that staff who sign retirement checks shall furnish a bond in an amount determined by the Board. The Retirement Staff is covered by the State General Bond.

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March 30, 1979

Section 7: Technical survivor benefit correction.

Section 8: Technical survivor benefit correction.

Section 9: Clarifies that member's rights and credits are cancelled upon the withdrawal of contributions from their account. This section was in conflict with another refund section.

Section 10: Clarifies the effective date for disability retirement.

Section 11: Clarifies a beneficiary retirement allowance as opposed to a survivor benefit allowance.

Section 12: Clarifies that the 1977 changes to the escheat law deals with the Retirement System rather than the State.

Section 13: Clarifies survivor benefit eligibility for the spouse of a deceased member who was fully vested.

Section 14: Survivor benefit clarification.

Section 15: Survivor benefit clarification to the Legislator's Retirement Fund.

Section 16: Repeals two sections that are unnecessary and out of date.

Please advise if you or any member of your Committee have any questions regarding AB 478.

Sincerely,

*Vernon Bennett*

Vernon Bennett  
Executive Officer

cc: Senate Finance Committee

WKK:vm

E X H I B I T K →

	1977-78	1978-79	1979-80	1980-81
	ACTUAL	WORK PROGRAM	AGENCY REQUEST	AGENCY REQUEST
			GOVERNOR RECOMMENDS	GOVERNOR RECOMMENDS
			LEG AP.	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			
Misc.	81			
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$1,026,514</b>	<b>\$1,101,362</b>	<b>\$1,393,921</b>	<b>\$1,515,152</b>

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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
<b>SUBTOTAL</b>			<b>\$521,240</b>	<b>\$565,495</b>
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
<b>TOTAL SALARY PAYROLL</b>	<b>\$472,281</b>	<b>\$583,185</b>	<b>\$706,250</b>	<b>\$825,232</b>

Attachment L

PUBLIC EMPLOYEES RETIREMENT ADMIN. FUND	1977-78	1978-79	1979-80	1980-81		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		
Office 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.

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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>\$ 78,042.00</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.

EXHIBIT J

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 of 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 - 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.

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INCOME - ADMINISTRATION FEES

E X H I B I T

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

E X H I B I T

June 30, 1978

Agency Number	Agency	Membership		Total
		Active	Inactive	
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

E X H I B I T L

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

E X H I B I T L

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

E X H I B I T L

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)

\$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		\$13,600.00

1981:

		\$13,600.00 (as above)
\$ 40.00 x 60 days	=	<u>2,400.00</u>
		\$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.

E X H I B I T L

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

E X H I B I T L

\$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
<u>Conference Room Furnishings</u>	
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	= <u>15,000.00</u>
TOTAL FURNITURE & EQUIPMENT	\$30,000.00



ELBERT B. EDWARDS  
CHAIRMAN EMERITUS

VERNON BENNETT  
EXECUTIVE OFFICER

WILL KEATING  
ASSISTANT EXECUTIVE OFFICER

STATE OF NEVADA



EXHIBIT M

RETIREMENT BOARD  
CULBERTSON  
CHAIRMAN  
SAM A. PALAZZOLO  
VICE CHAIRMAN

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

ATTACHMENT M

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

1307

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

E X H I B I T M

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. EXHIBIT M

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,

		1977-78	1978-79	1979-80	1980-81				
		ACTUAL	WORK PROGRAM	AGENCY REQUEST	GOVERNOR RECOMMENDS	LEG AP.	AGENCY REQUEST	GOVERNOR RECOMMENDS	LEG AP.
Bal Fwd from Old Year	M	\$62,830	\$240,491	\$ 67,177			\$122,108		
Admin. Fees	T	959,336	857,881	1,325,544			1,391,844		
Interest Earned	I	3,141	2,390	600			600		
Actuarial Fees	B	1,050	600	600			600		
Accounts	H	76							
M.	I	81							
<b>TOTAL FUNDS AVAILABLE</b>	<b>E</b>	<b>\$1,026,514</b>	<b>\$1,101,362</b>	<b>\$1,393,921</b>			<b>\$1,515,152</b>		

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**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

<b>SUBTOTAL</b>				\$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
<b>TOTAL SALARY PAYROLL</b>		<b>\$472,281</b>	<b>\$583,185</b>	<b>\$706,250</b>		<b>\$825,232</b>

PUBLIC EMPLOYEES RETIREMENT ADMIN. FUND	1977-78 ACTUAL	1978-79 WORK PROGRAM	1979-80 AGENCY REQUEST	1980-81		1980-81 AGENCY REQUEST	1980-81	
				GOVERNOR RECOMMENDS	LEG AP.		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		
Office 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.

1511

E X H I B I T M

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.

## 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 of 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 - 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.

EXHIBIT M

1014



INCOME - ADMINISTRATION FEES

E X H I B I T M

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

E X H I B I T M

Agency Number	Agency	Membership		Total
		Active	Inactive	
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

## E X H I B I T M

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

E X H I B I T M

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

E X H I B I T M

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)



\$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>

E X H I B I T M

1981:

		\$13,600.00 (as above)
\$ 40.00 x 60 days	=	<u>2,400.00</u>
		\$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.

E X H I B I T M

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.

E X H I B I T M

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. E X H I B I T M

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

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

ATTACHMENT N

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.

EXHIBIT N

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,

*Deloitte Haskins & Sells*