

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

For the Fiscal Year Ended
June 30, 2014

Table of Contents

	<u>Page</u>
Independent Auditor's Report	3
Management's Discussion and Analysis	5
 Financial Statements:	
Statement of Net Position	8
Statement of Changes in Net Position	9
Notes to Financial Statements	10
 Supplementary Information:	
Participating Entities as of June 30, 2014	21

Casey, Neilon & Associates, LLC
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Retirement Benefits Investment Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Retirement Benefits Investment Fund, a component unit of the State of Nevada, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Retirement Benefits Investment Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retirement Benefits Investment Fund of the State of Nevada, as of June 30, 2014, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Retirement Benefits Investment Fund, State of Nevada's financial statements. The supplementary schedule of participating entities on page 21 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of participating entities is fairly stated in all material respects in relation to the financial statements as a whole.

Casey, Nalor + Associates, LLC

Carson City, Nevada
September 29, 2014

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis (MD&A) of the financial performance of the Retirement Benefits Investment Fund (RBIF or Fund) provides an overview of the Fund’s financial activities for the fiscal year ended June 30, 2014. The MD&A is designed to focus on the current year’s activities, resulting changes, and currently known facts. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow the MD&A.

RBIF was created during the 2007 Legislative Session, was effective July 1, 2007, and received its first investment contribution in January 2008. The purpose of the Fund is to invest contributions made by participating entities to support financing of other post employment benefits at some time in the future. Monies received by the Fund from participating entities are not held in a fiduciary capacity. At June 30, 2014, there were seven participating entities: Public Employees’ Benefits Program of Nevada, Washoe County School District, Truckee Meadows Water Authority, Washoe County, City of Las Vegas, Tahoe Douglas Fire Protection District, and City of Reno.

Overview of Financial Statements

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

The **Statement of Net Position** includes all of the Fund’s assets, liabilities, and the net position at the end of the fiscal year.

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

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

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

Financial Highlights

- Total contributions were \$18,305,000 during fiscal year 2014, an increase of 18.7% from fiscal year 2013. In 2014 the City of Reno, Nevada Other Post-Employment Benefits Trust Fund (OPEB) joined RBIF. They did not make a contribution.

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

- There were no distributions in fiscal year 2014.
- Net investment gain was \$34,877,031 during fiscal year 2014, as compared to a gain of \$19,437,370 during fiscal year 2013.
- Total investments at fair value as of June 30, 2014, were \$235,852,876, an increase of 29.5% from fiscal year 2013.

Financial Analysis

The following are summary comparative statements of the Fund:

CONDENSED STATEMENTS OF NET POSITION

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>	Percentage Increase/ (Decrease) from 2013 to 2014
Cash and cash equivalents	\$ 2,984,669	\$ 3,618,695	\$ 10,725,936	(17.5) %
Receivables	1,714,174	2,674,824	749,458	(35.9)
Investments, at fair value	<u>235,852,876</u>	<u>182,179,209</u>	<u>145,751,032</u>	29.5
Total assets	<u>240,551,719</u>	<u>188,472,728</u>	<u>157,226,426</u>	27.6
Accounts payable and accrued expenses	27,094	24,182	22,648	12.0
Pending trades payable	<u>3,299,703</u>	<u>4,369,902</u>	<u>7,944,288</u>	(24.5)
Total liabilities	<u>3,326,797</u>	<u>4,394,084</u>	<u>7,966,936</u>	(24.3)
Net investment in capital assets	<u>237,224,922</u>	<u>184,078,644</u>	<u>149,259,490</u>	28.9
Total net position	<u>\$ 237,224,922</u>	<u>\$ 184,078,644</u>	<u>\$ 149,259,490</u>	28.9 %

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN NET POSITION

	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012	Percentage Increase/ (Decrease) from 2013 to 2014
ADDITIONS				
Contributions	\$ 18,305,000	\$ 15,414,900	\$ 21,437,080	18.7 %
Net investment gain	34,877,031	19,437,370	3,669,944	79.4
Other income	255	174	312	46.6
Total additions	<u>53,182,286</u>	<u>34,852,444</u>	<u>25,107,336</u>	52.6
DEDUCTIONS				
Administrative expense	<u>36,008</u>	<u>33,290</u>	<u>33,518</u>	8.2
Total deductions	<u>36,008</u>	<u>33,290</u>	<u>33,518</u>	8.2
Change in net position	53,146,278	34,819,154	25,073,818	52.6
Net position, beginning of year	<u>184,078,644</u>	<u>149,259,490</u>	<u>124,185,672</u>	23.3
Net position, end of year	<u>\$ 237,224,922</u>	<u>\$ 184,078,644</u>	<u>\$ 149,259,490</u>	28.9 %

The net position increased by \$53.1 million during fiscal year 2014. This can be attributed primarily to two items: contributions of \$18.3 million and net investment gain of \$34.9 million during fiscal year 2014.

The Fund generated an 18.2% return (net of fees) this year, which is above the investment objective of 8.0%. During the fiscal year RBIF's U.S. stocks were up 24.5%, international stocks increased 23.6%, and U.S. bonds increased 4.3%. RBIF's portfolio had 99% of its assets allocated to these securities.

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

STATEMENT OF NET POSITION

June 30, 2014

(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 2,984,669	\$ 3,618,695
Receivables		
Interest receivable	425,310	400,894
Dividend receivable	317,567	263,335
Pending trades receivable	971,297	2,010,595
Total receivables	<u>1,714,174</u>	<u>2,674,824</u>
Investments, at fair value:		
Fixed income securities	61,472,556	41,964,486
Marketable equity securities	113,876,108	87,152,793
International securities	60,504,212	53,061,930
Total investments	<u>235,852,876</u>	<u>182,179,209</u>
Total assets	<u>240,551,719</u>	<u>188,472,728</u>
LIABILITIES		
Accounts payable and accrued expenses	16,364	24,182
Management fees payable	10,730	-
Pending trades payable	3,299,703	4,369,902
Total liabilities	<u>3,326,797</u>	<u>4,394,084</u>
NET POSITION		
Net investments in capital assets	\$ <u>237,224,922</u>	\$ <u>184,078,644</u>
Total net position	<u>\$ 237,224,922</u>	<u>\$ 184,078,644</u>

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

STATEMENT OF CHANGES IN NET POSITION

For the Year Ended June 30, 2014

(With Comparative Totals for the Year Ended June 30, 2013)

	2014	2013
ADDITIONS		
Contributions from public entities	\$ 18,305,000	\$ 15,414,900
Investment income:		
Net appreciation in fair value of investments	28,953,253	14,723,458
Interest and dividend income	5,965,091	4,748,976
	34,918,344	19,472,434
Less investment expense	41,313	35,064
Total net investment gain	34,877,031	19,437,370
Other income:		
Other income	255	174
Total other income	255	174
Total additions	53,182,286	34,852,444
DEDUCTIONS		
Distributions:		
Other expenses	36,008	33,290
Total deductions	36,008	33,290
CHANGE IN NET POSITION	53,146,278	34,819,154
NET POSITION HELD IN FUND:		
Beginning of year	184,078,644	149,259,490
End of year	\$ 237,224,922	\$ 184,078,644

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

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

Financial Reporting Entity

The Retirement Benefits Investment Fund (RBIF) is governed by a seven-member Board. The Board consists of the members of the Public Employees' Retirement Board ex officio and serve without any additional compensation.

The Board for the fiscal year ended June 30, 2014, consisted of the following members:

Mark R. Vincent	Chairman	2014
Chris Collins	Vice Chairman	2014
Al Martinez	Member	2017
Rusty McAllister	Member	2015
Audrey Noriega	Member	2017
David Olsen	Member	2017
Katherine Ong	Member	2015

Terms expire on June 30 of the year noted.

Board members remain on the Board until they have been replaced or reappointed. Therefore, Mark R. Vincent and Chris Collins remain on the RBIF Board.

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Basis of Accounting

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

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

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2013, audited financial statements and has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

Fund Oversight

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Cash, Cash Equivalents, and Derivatives

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

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

Investments

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

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

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

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

Earned Income and Expenses

RBIF is designed to value participants' shares in the Fund according to the contributions of each entity. Specifically, on a pro-rata basis for each entity's participation, RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

(both administrative and investment) to each entity according to their proportional share in the Fund. As of June 30, 2014, seven entities participated in the Fund. A schedule of participating entities is reported in the Supplementary Information section of this report. This schedule lists the contributions made since inception by each participating entity.

NOTE 2 – Fund Description

History and Purpose

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

Contributions

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

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

NOTE 3 – Deposit and Investment Risk Disclosures

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

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

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

A summary of investments as of June 30, 2014, is as follows:

Investment Type	Par Value/ No. of Shares	Maturity Date Range	Interest Rate Range	Fair Value at June 30, 2014
Cash and cash equivalents				
Commercial bank				\$ 4,573
Custodial bank				179,927
Short-term treasuries	2,800,169	7/2014		<u>2,800,169</u>
Total cash and cash equivalents				\$ <u>2,984,669</u>
Investments				
Fixed income, domestic and international	63,279,490	2/2015 to 5/2112	0.25% to 11.25%	\$ 67,563,158
Equity, domestic and international	6,569,299			<u>168,289,718</u>
Total investments				\$ <u>235,852,876</u>

Custodial Credit Risk – Deposits

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

At June 30, 2014, the carrying amount of the Fund's commercial cash deposits and commercial bank balance was \$4,573. Amounts reported as cash and cash equivalents on the accompanying statement of net assets also include \$179,927 of amounts held in custodial accounts by BNYM, as well as \$2,800,169 of money market funds at June 30, 2014. The bank balance was fully insured by the Federal Deposit Insurance Corporation (FDIC). The commercial bank balance is, according to a depository pledge agreement between the Fund and the Fund's commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the Fund's agent in the Fund's name.

NOTES TO FINANCIAL STATEMENTS

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

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

Credit Risk - Investments

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

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

- Investment in commercial paper provided it, or the guarantor, is rated A1, F1, and P1, or the equivalent, by at least two of Moody's, Standard & Poor's or Fitch.
- Certificates of deposit, bankers' acceptances, and time deposits of banks with a minimum of \$10 billion in bank capital which have a quality rating of A or better by at least two of Moody's, Standard & Poor's or Fitch.
- Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) and such collateral is delivered to the Fund's bank or its correspondent, and
- Money market mutual funds that are SEC registered 2(a)-7 and AAA rated by at least two of Moody's, Standard & Poor's or Fitch whose investment guidelines are substantially equivalent to and consistent with the Fund's overall short-term investment criteria.
- Corporate short-term investments of any Counsel shall be limited to 5% of a single issuer. Counsel's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.
- Bonds and notes of United States corporations and asset-backed instruments which are rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

- Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index, provided that both interest and principal are payable in U.S. dollars in the United States and provided that such debt is rated investment grade (BBB- or better by Standard & Poors/Fitch, Baa3 or better by Moody's). If the security is rated by all three agencies, at least two of the three must be investment grade. If the security is rated by either one or two of the rating agencies, all ratings must be investment grade.
- To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Outstanding TBA positions with a single broker may not exceed 10% of the manager's portfolio.

The following table shows Standard and Poor's (S & P) credit quality ratings of the Fund's investments in fixed income securities as of June 30, 2014.

QUALITY RATING

Investment Type (in thousands)	AAA	AA	A	BBB	BB	Not Rated	Total
Cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	2,800.2	\$ 2,800.2
Collateralized mortgage obligations	921.0	-	-	201.1	-	-	1,122.1
Corporate bonds and other	1,143.2	2,455.0	7,402.3	6,291.8	53.3	-	17,345.6
Non-U.S. markets	1,050.2	351.2	397.3	955.5	-	-	2,754.2
Treasuries	-	24,116.8	-	-	-	-	24,116.8
U.S. Government	-	20,438.7	-	-	-	1,785.7	22,224.4
Total	<u>\$ 3,114.4</u>	<u>\$ 47,361.7</u>	<u>\$ 7,799.6</u>	<u>\$ 7,448.4</u>	<u>\$ 53.3</u>	<u>\$ 4,585.9</u>	<u>\$ 70,363.3</u>

The above table does not include commercial cash of \$4.6 thousand and cash in custodial of \$179.9 thousand.

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

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

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

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

The following table shows the fair value of fixed income securities and the applicable investment maturities, as of June 30, 2014.

INVESTMENT MATURITIES

(in years)

Investment Type (in thousands)	Less than 1	1 to 5	6 to 10	More than 10	Total
Cash equivalents	\$ 2,800.2	\$ -	\$ -	\$ -	\$ 2,800.2
Collateralized mortgage obligations	-	246.4	-	875.7	1,122.1
Corporate bonds and other	-	7,215.0	5,301.4	4,829.2	17,345.6
Non-U.S. markets	-	1,522.0	511.6	720.6	2,754.2
Treasuries	570.9	16,431.9	4,451.7	2,662.3	24,116.8
U.S. Government	651.8	1,990.5	656.1	18,926.0	22,224.4
Total	<u>\$ 4,022.9</u>	<u>\$ 27,405.8</u>	<u>\$ 10,920.8</u>	<u>\$ 28,013.8</u>	<u>\$ 70,363.3</u>

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency deposits (non USD securities) in countries in the Citigroup Non-Dollar Government Bond Index are authorized. Highly speculative positions in currency are not permitted.

The Fund's exposure to foreign currency risk in U.S. dollars as of June 30, 2014, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE

Currency Type	Equity	Cash	Total
Australian Dollar	\$ 3,835,113	\$ 1,447	\$ 3,836,560
British Pound Sterling	10,637,871	32,341	10,670,212
Danish Krone	743,128	331	743,459
Euro	15,448,255	36,560	15,484,815
Hong Kong Dollar	1,393,967	15,175	1,409,142
Israeli Shekel	258,162	3,173	261,335
Japanese Yen	10,044,163	74,964	10,119,127
New Zealand Dollar	66,108	390	66,498
Norwegian Krone	441,707	1,406	443,113
Singapore Dollar	701,988	9,283	711,271
Swedish Krona	1,528,602	2,866	1,531,468
Swiss Franc	4,503,281	1,991	4,505,272
Total	<u>\$ 49,602,345</u>	<u>\$ 179,927</u>	<u>\$ 49,782,272</u>

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

Derivatives

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

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

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

The Fund's derivative transactions for fiscal year 2014 are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
For Year Ended June 30, 2014

Currency	Purchases	Realized Gain / Loss	Sells	Realized Gain / Loss	Total Realized Gain / Loss
Australian Dollar	\$ 382,107	\$ 693	\$ (284,934)	\$ 2,383	\$ 3,076
British Pound Sterling	1,211,363	2,229	(1,203,729)	3,507	5,736
Canadian Dollar	17,129	(87)	(269,096)	2,105	2,018
Danish Krone	122,858	(169)	(98,327)	707	538
Euro	1,820,194	(387)	(4,949,726)	28,535	28,148
Hong Kong Dollar	125,481	8	(41,016)	(1)	7
Israeli Shekel	14,625	4	(9,686)	(47)	(43)
Japanese Yen	2,701,805	(26,087)	(5,415,075)	65,024	38,937
Mexican New Peso	10,310	(14)	(595)	-	(14)
New Zealand Dollar	7,520	(31)	(113,412)	688	657
Norwegian Krone	42,702	23	(34,334)	(622)	(599)
Polish Zloty	8,140	(1)	(88,077)	630	629
S African Comm Rand	50,434	(361)	(104,276)	149	(212)
Singapore Dollar	68,250	(83)	(56,392)	157	74
Swedish Krona	170,917	(258)	(136,702)	(224)	(482)
Swiss Franc	506,552	(810)	(253,718)	677	(133)
Total	\$ 7,260,387	\$ (25,331)	\$ (13,059,095)	\$ 103,668	\$ 78,337

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Subsequent Events

Management has evaluated subsequent events through September 29, 2014, the date on which the financial statements were available to be issued.

In accordance with NRS 287.017(1), Clark County established a trust fund to provide retirement benefits, other than pensions, to its retired employees and the spouses and beneficiaries of those employees. The Clark County, Nevada Other Post-Employment Benefits Trust Fund has elected to participate in the Retirement Benefits Investment Fund pursuant to NRS 287.017(2)(g)(1). At the meeting of the Retirement Benefits Investment Board held on August 20, 2014, the Board approved the Interlocal Agreement with the Clark County, Nevada Other Post-Employment Benefits Trust Fund for ongoing investment services in accordance with NRS 355.220.

RETIREMENT BENEFITS INVESTMENT FUND
2014 ANNUAL FINANCIAL REPORT

SUPPLEMENTARY INFORMATION

PARTICIPATING ENTITIES

Participating Entities	Net Contributions from Inception through June 30, 2014	Market Value as of June 30, 2014
Public Employees' Benefits Program (PEBP)	\$ 1,348,775	\$ 1,253,459
Washoe County School District (WCSD)	39,846,602	58,359,807
Truckee Meadows Water Authority (TMWA)	4,506,824	8,240,759
Washoe County (WCOT)	107,572,902	150,880,597
City of Las Vegas (LVOT)	10,000,000	12,965,314
Tahoe Douglas Fire Protection District (TDFP)	<u>4,500,000</u>	<u>5,536,777</u>
Totals	<u>\$ 167,775,103</u>	<u>\$ 237,236,713</u>

Net Contributions equals contributions less distributions for each participating agency from the inception of the Fund through the end of the current fiscal year.

The market value for each participating agency includes the market value of all assets held at the custodial bank, Bank of New York Mellon (BNYM), based on their net contributions.

Reconciliation of Market Value to Net Position

Market value as of June 30, 2014	\$ 237,236,713
Cash in commercial bank	4,573
Accounts payable and accrued expenses	<u>(16,364)</u>
Total net position as of June 30, 2014	<u>\$ 237,224,922</u>