Table of Contents

Notes

STATE OF NEVADA

Comprehensive Annual Financial Report

for the Fiscal Year
Ended June 30, 2017

Ron Knecht, MS, JD, PE(CA)
State Controller

Joseph Gosling Architect

PHOTO. 7/24/55

Ron Knecht, MS, JD & PE
Nevada State Controller

Ron Knecht, an economist, financial and policy analyst, Professional Mechanical Engineer (registered in California) and law-school graduate, became Controller January 5, 2015. As Controller, he also serves on Nevada's Board of Finance, Executive Branch Audit Committee and Department of Transportation Board of Directors.

In his first full fiscal year as Controller, Ron and his management team cut spending 13% from the levels authorized by the Legislature and Governor based on the budget request of his predecessor. While returning over $1 million to the state treasury, they added innovations to the work of the office, including publishing Nevada's first two Popular Annual Financial Reports, which won awards.

Before becoming Controller, he divided 44 working years between public service and entrepreneurial small business, all in managerial/executive and senior professional positions. He's been a founder, executive or director for 12 firms, charities, community-service and public-interest groups.

In previous jobs, he testified extensively as an expert witness on a number of subjects. In 2012-14, 1986-2001 and 1976-78, he was a consultant and business executive. In 2001-12, he was a senior economist at Nevada's Public Utilities Commission. He held principal economics, finance, policy and technology positions in 1978-86 at California's Energy and Public Utilities Commissions.

In 2009-13 he co-taught about ten two-day seminars for SNL Financial on utility finance, cost of capital, and economic and policy issues for regulators, professionals, managers and securities analysts. In 1973-77, he was a Research Associate and Research Engineer at the University of Illinois. In 1972-73 he was Assistant City Engineer in Urbana, Illinois. Nowadays he regularly speaks at institutional investor conferences.

Ron was elected to the Board of Regents of the Nevada System of Higher Education in 2006 and re-elected in 2012. For two years, he chaired the Budget & Finance Committee and was Vice-chair another year; he chaired the Audit Committee for two years; and for seven years he was very active on the Investment and Major Projects Committee, which oversees $1-billion of endowment and operating funds. He served on four other committees and on institutional presidential selection and performance-review committees, chairing two of them. Ron was elected to the Nevada Assembly for 2002-04, representing Carson City and Washoe City.

With some scholarship support, he worked his way through undergraduate and early graduate studies at Illinois (BA, Liberal Arts & Sciences; mathematics major; physics & chemistry minor; 1971). Spending most of his working career in San Francisco and Silicon Valley, he paid his way at Stanford (MS, Engineering Economic Systems; 1989) and the University of San Francisco (JD; 1995) working full time. He's been a columnist for print and on-line papers and has taught part-time at two colleges.

The most important things in Ron's life are his wife Kathy, their teenage daughter Karyn, and Ron and Kathy's mothers and families. Raised in a small town in the Midwest, he was always active in a wide range of athletics and outdoor activities -- a competitive distance runner in high school and college. He enjoys ballet, modern dance, symphony, opera, rock & roll, country & western, theater and film, and he collects baseball cards and pursues other hobbies.

Table of Contents

Introductory Section (Not Covered by the Independent Auditor's Report)

Financial Section

Financial Section (continued)

Statistical Section (Not Covered by the Independent Auditor's Report)

Compliance Section

SEAL OF THE STATE CONTROLLER OF

ALL FOR OUR COUNTRY

NEVADA

RON KNECHT,
MS, JD, PE (CA)
State Controller

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

OFFICE OF THE
STATE CONTROLLER

March 15, 2018

To the Citizens, Governor and Legislators of the State of Nevada:

In accordance with Nevada Revised Statutes (NRS) 227.110 and the State Accounting Procedures Law (NRS 353.291 through 353.3245), I am pleased to present the State of Nevada Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. The objective of this Report is to provide a clear picture of the government as a single, unified entity, in addition to traditional fund-based financial statements.

Introduction to the Report

Responsibility: The Controller's Office prepares the State of Nevada CAFR and is responsible for the accuracy, completeness, and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the information contained in the State of Nevada CAFR is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. Additionally, this report includes all disclosures necessary to enable the reader to gain a reasonable understanding of Nevada's financial activities.

Generally Accepted Accounting Principles: As required by State Accounting Procedures Law, this report has been prepared in accordance with generally accepted accounting principles (GAAP), applicable to State and Local Governments as established by the Governmental Accounting Standards Board (GASB). The State also voluntarily follows the recommendations of the Government Finance Officers Association (GFOA) for the contents of government financial reports and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

Internal Control Structure: The State of Nevada has established a comprehensive internal control framework designed to both safeguard the government's assets against loss from unauthorized use or theft, and to properly record and adequately document transactions. As a result, the transactions can be compiled into the presentation of the State's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Many of our essential control features are decentralized. Hence, the State relies upon the controls in place within its various departments and agencies. NRS 353A.025 requires the heads of agencies to review their internal controls on a periodic basis to determine if the agency is in compliance with the Uniform System of Internal Accounting and Administrative Controls adopted pursuant to NRS 353A.020. On or prior to fiscal year end of even-numbered years, agencies are required to report the status of their internal controls to the Department of Administration.

Independent Auditors: The independent accounting firm of Eide Bailly LLP has audited the accompanying financial statements in accordance with generally accepted governmental auditing standards. Their opinion appears in the Financial Section of this publication. The goal of the independent audit is to provide reasonable assurance that the financial statements of the State of Nevada are free of material misstatement. We received an unmodified opinion on the basic financial statements for this fiscal year. The independent audit of the financial statements of the State of Nevada is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the financial statements. This report can be found in the Compliance Section of the CAFR, and in the State of Nevada's separately issued Single Audit Report.

Management's Discussion and Analysis: GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. However, as is the normal course of business, the audit by Eide Bailly LLP does not extend to or cover this transmittal letter nor the Controller's Annual Report (CAR) included herein.

Profile of Government

Background: The Nevada Territory was carved out of the Utah Territory by Congress in 1861 and its boundaries were subsequently expanded eastward in 1862 and eastward and southward in 1866. In 1864, Nevada was granted statehood after transmitting its newly ratified constitution to Congress in the longest and costliest transmission by telegraph in history. This allowed statehood to be conferred on October 31, just days ahead of the November 8 presidential election at a time President Lincoln thought he might need Nevada's electoral votes to secure reelection.

The Great Basin Desert dominates the Nevada landscape, with the Sierra Nevada Mountains to the west and the Rocky Mountains to the east. Federal agencies own and control more than 80 percent of Nevada's 70,264,320 acres, meaning most of Nevada's land area is restricted from use and development by private citizens. Local governments are also unable to collect property taxes on these lands to sustain vital public services, although they do receive less valuable Payments in Lieu of Taxes from the federal government. Due greatly to the shortage of land available for citizens, more than 90% of our 2.9 million residents are squeezed into one of two distinct population centers: the Reno/Sparks/Carson City area near Lake Tahoe and Clark County at the southeast tip, separated by 450 miles.

Nevadans enjoy the absence of a personal income tax but labor under a variety of indirect taxes that are assessed on businesses and thus mostly passed onto consumers in the form of higher prices and to workers in the form of suppressed wage and employment growth. Nevada has offered a continuous legal market for gaming since 1935, allowing that industry to thrive in the state while also financing a significant share of public services. The State operates under a constitution that provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, public safety, business regulation, and resource development.

Reporting Entity: The State of Nevada, as the reporting entity, conforms to the requirements of GASB Statement No. 14 and No. 34 as amended by GASB Statement No. 61. The accounting and reporting principles reflected in these statements are based primarily upon the fundamental concept that publicly elected officials are accountable to their constituents, and to distinguish between the primary government and its component units. The State's legally separate component units include the Nevada System of Higher Education, Colorado River Commission, and Nevada Capital Investment Corporation. In addition, the Nevada Real Property Corporation is reported as a blended component unit. The State also includes the presentation of its trust and agency funds. The State Legislature sets statutorily the parameters within which all these entities operate.

Financial Information

Debt Management: The State Constitution limits the aggregate principal amount of the general obligation debt to two percent of the total reported assessed property value of the State. Additional disclosures regarding the State's long-term obligations are provided in the notes to the basic financial statements.

Long-Term Financial Planning and Financial Policies: State law (NRS 353.205) requires a balanced budget. The Governor must submit a proposed budget for the Executive Branch to the State Legislature before each regular session, which convenes every odd-numbered year. Spending levels under this Executive Budget proposal may not exceed the amounts that existed during the biennial budget period that began July 1, 1975, adjusted for population growth and inflation. However, the Legislature enacts the budget through passage of the General Appropriations Act and the Authorized Expenditures Act and the legislatively approved budget is not constrained by this growth limitation. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

In accordance with State statute, The Economic Forum, comprised of private economic and financial experts appointed by the Legislature and the Governor, sets the General Fund revenue forecasts which are binding on the budget. If revenues fall below those originally anticipated during the course of the fiscal year, the Governor must revise the budget to ensure that State appropriations do not exceed revenues. If the revisions exceed thresholds specified in NRS 353.220, they must be submitted to the Legislative Interim Finance Committee for approval.

Major State Initiatives

Nevada is beginning work on major transportation projects expected to be completed in coming years, including the massive Project Neon in Las Vegas. These will be followed by the I-11 corridor developments between these two areas, and the state is developing a comprehensive freight plan. NDOT project schedules are contingent on the availability of funding, which is likely to be aided significantly by recent passage of the federal FAST Act. In addition, Nevada has awarded substantial packages of cash grants, tax abatements, and other incentives to a few select private firms, including Amazon, Tesla Motors, and the Oakland Raiders.

Awards and Acknowledgments

GFOA Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its CAFR for the fiscal year ended June 30, 2016. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory Section of the CAFR. A Certificate of Achievement is valid for only a one-year period. We believe that this current CAFR continues to meet the requirements of Certificate of Achievement Program, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments and Conclusion: This report would not have been possible without the hard work, dedication and professionalism of my staff and the cooperation and assistance from all State agencies, Executive, Legislature and Judiciary. I sincerely appreciate the efforts of all the individuals involved, especially the Controller's Office staff. We are committed to advancing accountability, continuity and efficiency in the State's financial operations.

At the end of this introductory section, we present the 2017 Controller's Annual Report (CAR) as an addendum to this Transmittal Letter to provide additional and essential context for users of these statements. It provides a detailed overview of Nevada's performance in specific functional areas, a summary of financial results for the past year and an Economic Outlook for the foreseeable future.

Sincerely,

Ronald L. Knecht

Ronald L. Knecht, MS, JD & PE(CA)
Nevada State Controller

State of Nevada Constitutional Officers

Brian Sandoval
Governor

Mark Hutchison
Lieutenant Governor

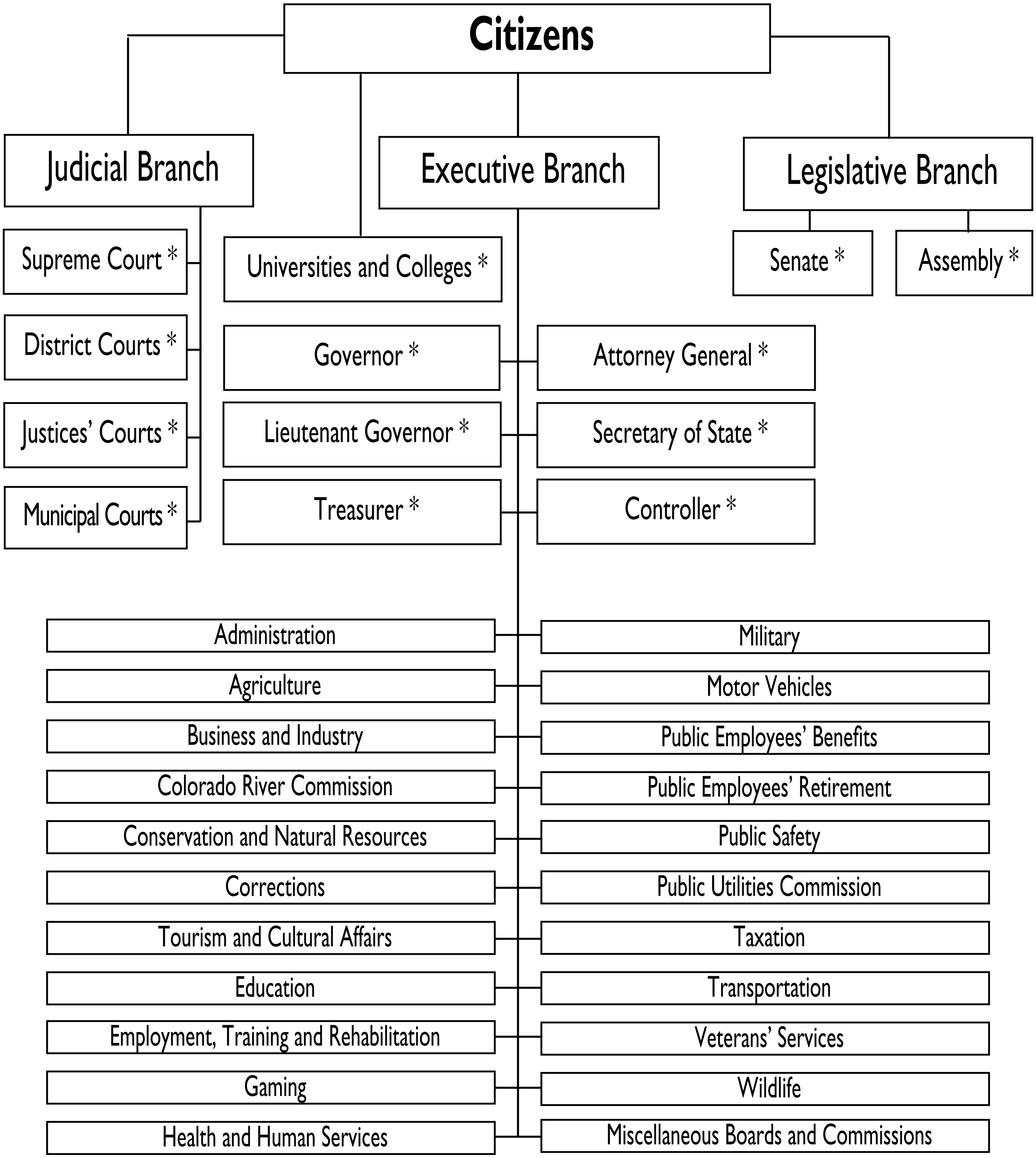
Barbara Cegavske
Secretary of State

Ron Knecht
Controller

Dan Schwartz
Treasurer

Adam Paul Laxalt
Attorney General

Organizational Chart



* Elected Officials

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Nevada

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

State of Nevada
Controller's Annual Report

Ron Knecht, State Controller Geoffrey Lawrence, Assistant Controller

For Fiscal Year Ended June 30, 2017

Highlights and Table of Contents

I. State Spending (pages 2-3) – In FY17 and over the long term, state spending has grown faster than Nevada's economy, thus imposing an ever larger real burden on Nevada families and businesses, whose real incomes have fallen significantly over the last decade. Rapid increases in spending on Health and Social Services (HSS) and K-12 education are driving state spending growth. HSS and education (K-12 and higher) accounted for 77% of total state spending of $12.3 billion in FY17, while all other state spending in total declined significantly in real terms since FY06.

II. State Revenues (pages 4-6) – Non-tax revenues – grants and contributions to the state, charges for services and contract revenues – have grown very rapidly (65% faster than Nevada's economy) to comprise 56% of total state FY17 revenues of $13.4 billion. Total tax revenues grew only slightly faster than the state economy, and they provide the other 44%. Gaming and property tax revenues fell sharply in real terms while tax revenues from non-gaming businesses (including unemployment assessments) rose greatly. The burden carried directly by consumers and residents (not including the pass-through effects of business taxes) grew only half as fast as their incomes.

III. Health and Social Services (pages 6-7) – Large amounts of revenues from federal HSS grants cannot be redirected to other areas. HSS spending is the largest category of state spending, and it has grown fastest, driven mainly by federal mandates. Medicaid is 64.6% of the HSS total, and that percentage has increased recently due to Nevada's decision to embrace provisions of the federal Affordable Care Act of 2010. Nevada Medicaid spending will increase in coming years, and federal funding that has supported it is uncertain, even as it delivers poor health care results. The doubling in the last 25 years of the fraction of national income spent on health care reflects inefficiency from increasing socialization of health care and insurance.

IV. Primary, Secondary and Higher Education (pages 8-9) – State funding of K-12 education has increased at more than twice the rate of incomes of Nevada families and businesses over the long term. Research has continuously demonstrated little correlation between student achievement and spending; so, in the absence of K-12 policy reform, it is unsurprising that the quality of Nevada education has remained low despite major funding increases. Substantial parts of the cost of higher education have been shifted from taxpayers to students and their families in Nevada, as elsewhere. Higher education compensation in Nevada and all states is very high. All levels of education suffer administrative bloat and operating inefficiency.

V. Public Employee Compensation and Benefits (pages 9-11) – Current compensation of state employees, except those in higher education, is overall at market levels, but higher for lower-level positions and lower for top-end jobs. Nevada local government compensation is among the highest in the nation and continues to require increases in taxes that are already very high. Public Employee Retirement System contributions required of state employees (higher education does not participate in PERS) and from taxpayers continue to rise in real terms. PERS coverage of local government employees is almost completely paid by taxpayers and is rising to unsustainable levels. PERS relies on high estimates of future investment returns and member growth to hide a growing under-funding problem that threatens financial disaster for Nevada. We propose reasonable levels: 5% expected returns; and 2.5% annual membership growth based on experience. On the other hand, in investment management PERS has rightly embraced indexing in all areas that can be indexed.

VI. Economic Outlook (pages 11-22) – We identify four secular trends that have suppressed U.S. economic growth in the last decade, thus explaining the "new normal" of long-term slow economic growth. The first trend is the continuing growth of government relative to the economy, reflected in public spending, taxes, deficits, debt, regulation of all kinds, and other government interventions. Until 2000, this growing deadweight loss was offset by three growth-inducing factors: 1) demographic and other trends that increased labor-force participation; 2) the growth of financial leveraging (debt); and 3) rapid growth in emerging

Demographic Information

	FY 2017	FY 2006	% Change
Population (end of fiscal year)	2,998,039	2,522,658	19%
Per Capita Income	43,689	38,717	13%
Debt per Capita	1,024	1,504	-32%
Personal Income *	130,980	97,670	34%
Gross State Product *	149,842	124,055	21%
Inflation Index (mid-year)	251	203	24%
K-12 Public School Enrollment	492,416	390,966	26%
Higher Education Enrollment (FTE)**	72,897	62,511	17%

*Figures in Millions **FTE stands for full-time equivalent

To see additional information, visit: controller.nv.gov

economies, plus globalization of firms, increasing trade and foreign direct investment. Turnarounds in recent years in all three trends mean they too now create an ever greater drag on our economy and produce slow real economic growth of 2% or less annually (1% per-person). Recent federal reforms may help reverse losses due to government over-reach if maintained and greatly supplemented for decades, but tariff increases will vitiate these reforms. We also address innovation, technological progress and productivity; cost disease; income and wealth distribution; and state-specific data that show Nevada is not an exception to national trends.

VII. Policy Prescriptions (pages 22-23) – Public policy should serve the wellbeing of the people of Nevada and the broad public interest. This means maximizing economic growth, because growth determines aggregate human wellbeing and the policies that maximize it are also those fair to all. Thus, for a long time to come, Nevada needs to rein in the size, scope and reach of government to get it back within optimal levels. We also need to adopt policies that help reverse the other three long-term adverse secular trends and that move Nevada away from cronyism toward true entrepreneurship and economic dynamism.

This Controller's Annual Report (CAR) provides Nevada citizens, officials and others a summary of key facts, data, analysis and issues on the state's fiscal condition and challenges. For additional detail, please see our Comprehensive Annual Financial Report and other materials available at controller.nv.gov. The Controller has a statutory charge to recommend plans for: support of public credit; promoting frugality and economy; better management of the state's fiscal affairs; and better understanding of them. This CAR first summarizes and analyzes state spending and revenue sources over the last decade, and provides detail and policy recommendations for major spending areas. Then it presents the long-term economic outlook for Nevada. It ends with some policy prescriptions for better serving the public interest and the Controller's statutory charges.

I. STATE SPENDING: How Does Nevada Spend Your Tax and Fee Dollars?

Table 1 below analyzes Nevada state spending by category. Key conclusions follow.

Table 1: Nevada State Spending Analysis

State Spending by Category	FY2017 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY17 Spending	Growth Rate % 2006-17	2006-17 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Health and Social Services	$ 5,502	$ 2,199	45	150	68	87
K-12 Education (3)	2,215	1,240	18	79	14	33
Law, Justice and Public Safety	751	578	6	30	-13	-3
Higher Education (3)	571	706	5	-19	-44	-40
Unemployment Insurance	313	239	3	31	-12	-2
Recreation, Interest & Miscellaneous	348	404	3	-14	-42	-36
Regulation of Business	140	102	1	38	-7	3
General Government	351	371	3	-5	-36	-29
Transportation	841	508	7	66	12	24
Subtotal	**11,033**	**6,347**	**90**	**74**	**17**	**30**
Discretely Reported Component Units						
Higher Education, Net of Payments from State of NV (3)	1,211	594	10	104	41	52
Other Discretely Reported Component Units	46	125	1	-63	-74	-72
Discretely Reported Component Units Total	**1,257**	**719**	**10**	**75**	**21**	**30**
State Total Spending (Gov., Bus., Disc.)	**$ 12,290**	**$ 7,066**	**100**	**74**	**17**	**30**
Subcomponents and Statistics of Interest						
All Other Gov't. (Except HSS, K12 & NSHE)	$ 2,790	$ 2,328	23	20	-19	-11
Nevada Economy: Personal Income (FY) ($M)	$ 130,980	$ 97,670	NA	34	-10	NA
Nevada Economy: Gross State Prod. (FY) ($M)	$ 149,842	$ 124,055	NA	21	-19	NA
Inflation (BLS West-Urban CPI-U Index, FY)	251	203	NA	24	NA	NA
Nevada Population (FY average)	2,969,049	2,477,401	NA	20	NA	NA

(1) Data are taken from CAFR and CAFR workpapers. For consistency, Cultural Affairs spending is reported both years under General Government, where it is now classified; before 2014, the CAFR included it under Education. Also, for consistency, Nutritional Education Programs are classified both years under K-12, as they were before 2014, although they are now classified as Regulation of Business for CAFR reporting.

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006-17 decade than personal income (21% versus 34%).

(3) Real Per-person Growth Rates computed based on state population figures for all categories except K-12 and Higher Education, which are based on student head counts.

1. Health and social services and all education accounted for 77% of FY17 state total spending of $12.3 billion. Their growth totals 91% of the growth in state total spending from FY06 to FY17. In FY17, HSS consumed 45% ($5.5 billion), with primary and secondary (K-12) education taking 18% ($2.2 billion) and higher education another 14% ($1.8 billion). All other activities – law, justice and public safety, transportation, unemployment insurance, general government, regulation, etc. – total 23% ($2.8 billion).

2. HSS and K-12 spending grew rapidly while all other government spending, the Nevada economy and the wellbeing of Nevadans declined significantly. The chart below displays the annual state spending growth by major category in real per-capita terms over the last eleven years. Table 1 shows the eleven-year totals: increases in HSS (68%) and K-12 (14%) drove up state total spending (17%), despite significant decreases in higher education (-8%) and all other government spending (-19%). Meanwhile, personal income of Nevadans (-10%) and gross state product (-19%) also contracted substantially.

3. Most importantly, the burden of state spending on Nevada families and businesses, driven by HSS and education, was 30% higher relative to their incomes in FY17 than in FY06. The right-hand column of Table 1 shows the growth in spending on each category as compared to incomes of Nevadans. The growth in burden from HSS spending was 87%. For K-12, it was 33%. Higher education saw a 2% increase. The total of all other state spending grew 11% slower than incomes. These burden figures mean that, besides covering spending increases due to inflation and growth in HSS client and student headcounts, rising HSS and K-12 spending required families and business to pay taxes and fees 30% higher in FY17 than in FY06.

The following points also are noteworthy:

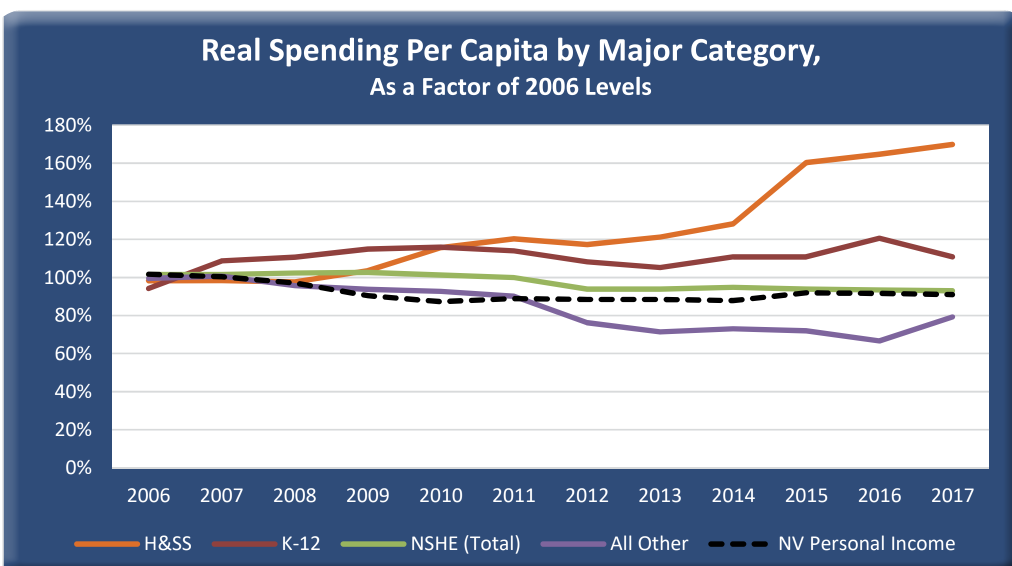
• More than $3.55 billion (64.5%) of HSS monies was spent on Nevada Medicaid. This spending will likely continue to rise in coming years due to the state's decision to expand eligibility pursuant to the federal Affordable Care Act (Obamacare). However, federal contributions toward this spending decreased in 2017 and will continue to do so, requiring additional state dollars.

• Nearly $1.5 billion (67%) of K-12 funds was paid from the Distributive School Account to county school districts to supplement their local revenues. By various measures, Nevada K-12 education continues to deliver poor results, despite rapid increases over the last decade in state K-12 spending. Despite the well-known lack of statistically significant correlation between spending and student achievement, in 2015 the Legislature and Governor further increased K-12 budgets by hundreds of millions of dollars through FY17.

• Total higher education spending rose 32% over the decade, but the state-funded portion fell 19%. Large increases in tuition and fees, grants and contracts, and self-supporting operations (meal plans, housing, ticket sales, etc.) shifted significant portions of the cost burden from taxpayers to students and their families, who get most of the benefit of the services.

• Transportation spending rose from $508 million in FY06 to $802 million in FY12 before falling to $180 million in FY16 and then rising back to $845 million in FY17. Much transportation spending is capital investment in large projects, so there is no trend in annual spending.

• Unemployment insurance costs rose nearly ten-fold from $239 million in FY06 to $2.233 billion in FY12, before falling to $313 million in FY17. The 31% growth rate in spending in FY06 to FY17 for UI is only a small part of the state spending growth total, and it was driven mainly by the Great Recession, poor recovery and federal UI policy. There is no meaningful time trend in UI spending.



II. STATE REVENUES: Where Did the State Get the Money?

Table 2 below presents a comprehensive state revenue analysis. Revenues are classified either as program revenues, which include charges for services and grants and contributions received by the state, or as general revenues, which include mainly taxes and also smaller miscellaneous items.

Both program and general revenues come from governmental activities, business-type activities of the state, and three entities that file separate accounting reports in addition to the state accounting reports covering primary government spending. These entities are called discretely presented component units, and the Nevada System of Higher Education (NSHE) accounts for nearly their entire total.

The points below emerge from Table 2.

Table 2: Nevada State Revenue Analysis

State Revenues by Category	FY2017 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY2017 Revenues	Growth Rate % 2006-17	2006-17 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Program Revenues						
Governmental Charges for Services	$ 902	$ 769	7	17	-21	-13
Governmental Grants & Contributions (Op'g & Cap.)	5,108	1,875	38	172	83	103
Business-type Charges for services	123	99	1	25	-16	-7
Business-type Grants & Contributions (Op'g only)	83	103	1	-19	-45	-39
Discretely-presented Units Charges for Services	716	531	5	35	-9	1
Discrete-unit Grants & Contributions (Op'g & Cap.)	535	378	4	42	-5	6
Total Program Revenues (Gov., Bus., Disc.)	**7,469**	**3,755**	56	99	34	48
General Revenues & Other Net Position Changes						
Discretely Presented Units (NSHE, CRC, NCIC)	720	814	5	-12	-40	-34
Less: Payments from State of Nevada (Primary Gov)	(568)	(706)	-5	-19	-46	-40
Net, Discretely Presented Units	152	108	1	41	-5	5
Governmental Activities	4,972	3,615	37	38	-7	3
Business-type activities	771	334	6	131	55	72
Total General Revenues (Gov., Bus., Disc.)	**5,895**	**4,057**	44	45	-2	8
Total Program & General Revenues	**$ 13,363**	**$ 7,812**	100	71	15	28

(1) Data are taken from CAFR and CAFR workpapers. Data for Discretely Presented Units covers NSHE, (by far the largest component) CRC and NCIC.

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006- 17 decade than personal income (21% versus 34%).

1. Government grants and contributions accounted for 39% of total state revenues of $13.4 billion in FY17, and they grew much faster than other revenues from FY06 to FY17. Program revenues from government grants and contributions (operating and capital) totaled $5.1 billion in FY17. This revenue increased more than $3.2 billion from FY06, and it accounted for 58% of growth in total state revenues. These revenues are mainly comprised of federal government funding for Medicaid, Supplemental Nutritional Assistance (SNAP, or food stamps) and Temporary Assistance for Needy Families (TANF), and they are the revenue side of much of the increase in state HSS spending discussed above. That is, much of this spending is driven by federal mandate and also funded by federal government taxpayers, including Nevadans. A notable risk is that federal funding is sometimes reduced, but federal mandates rarely are. Now and in coming years, Nevada faces just such a problem with Medicaid revenues and spending.

2. Charges for services, grants and contracts for higher education comprise 9% of total state revenues, and they also grew rapidly. Program revenues totaled $1.25 billion for NSHE in FY17, an increase of 38% ($0.34 billion) over the last decade.

3. Other program revenues amount to 8.4% of total state revenues, and they grew very slowly. Other program revenues of $1.1 billion grew only 14% ($0.14 billion) since FY06, much less than the 34% nominal growth in incomes.

4. In sum, increases in program revenues, driven mainly by HSS and to a lesser extent by higher education receipts grew rapidly while tax revenues grew moderately. In FY06, most state revenues came from taxes. But over the last eleven years, program revenues grew 99%, becoming 56% ($7.5 billion) of total state revenues. General revenues, consisting mostly of taxes, grew only 44% ($1.8 billion) and

now account for only 44% ($5.9 billion) of the state total spending ($13.4 billion). Although past spending growth was supported mainly by increasing grants and contributions, the 2015 tax increases, plus uncertain federal support will place more burden of future spending growth on taxpaying families and businesses.

Table 3 presents analysis of state taxes by source. There is no definitive source for the right level of taxes relative to incomes and the economy. However, as discussed in the section below on the economic outlook, the overall level of state and local taxes in the U.S. is already well above public-interest levels, yet still rising. In Nevada, local-government taxes are the really big problem (due to high spending and pay), and state taxes have been a lesser problem. Turning to trends, Table 3 shows the points stated below:

Table 3: Nevada State Tax Analysis

Taxes Analysis	FY2017 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY2017 Gen. Revenues	Growth Rate % 2006-17	2006-17 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Sales and use taxes	$ 1,285	$ 1,098	23	17	-21	-13
Gaming taxes	897	1,003	16	-11	-40	-33
Modified business taxes (3)	573	255	10	125	51	68
Insurance premium taxes	358	238	6	51	1	12
Property and transfer taxes	248	319	4	-22	-48	-42
Motor and special fuel taxes (3)	377	298	7	26	-15	-6
Liquor and tobacco taxes	240	161	4	49	1	11
Net proceeds of minerals tax	64	20	1	218	114	137
Auto lease and lodging taxes (3)	256	44	5	481	291	333
Commerce tax	198	-	4	NA	NA	NA
Unemployment assessments	825	367	15	125	51	68
Other taxes	203	172	4	18	-20	-12
Total Taxes	$ 5,523	$ 3,975	100	39	-6	4

(1) Data are taken from CAFR and CAFR workpapers.

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006-17 decade than personal income (21% versus 34%).

(3) Modified business taxes were increased significantly in 2010 and new motor vehicle and short-term-vehicle rental and transient-lodging taxes were alsc added in that year. These changes affect growth and burden rates.

1. The burdens on consumption and on persons of state taxes declined in the last decade. Revenues from the following key taxes fell significantly relative to the growth in incomes: sales and use, gaming, property, motor and special fuels, and other minor items. The incidence of these declining tax revenues lies greatly with consumption, not with savings, investment and employment; and on persons, not businesses.

2. To compensate for this decline, the state added new levies and increased taxes mainly on savings, investment and employment and on business. It did so via the modified business tax (MBT, which mainly taxes employment) and unemployment assessments; and also partly via the commerce tax, levies on auto leasing, lodging and insurance premium taxes. The largest hike, which was for unemployment assessments, was driven mostly by federal mandate. The upshot is that the growth of total tax burden is trending down, but that trend masks a shift of burden from consumption to savings, investment and employment; and from persons to business.

3. Special note on the commerce tax. Claims have been made that repealing the commerce tax, as some folks have proposed, would cause significant harm to K-12 education and that people seeking repeal should state what spending they will cut if the tax is repealed. These claims are wholly false and misleading. There is no direct connection between commerce tax revenues and state K-12 spending; commerce tax revenues flow into the general fund, not an education account. Also, the Legislative Counsel Bureau has determined repealing the commerce tax, considering that it reduces MBT revenues, would cut revenues by $161 million in the first year and $97 million in the second year. These figures are one-fourth and one-seventh, respectively, of the annual growth in state revenues, which are growing faster than the Nevada economy. Hence, eliminating the commerce tax would only require that state total spending grow at about the rate of the incomes of Nevada families and businesses, and it would not require any cuts at all in current spending.

4. The shift in tax burden from consumption to investment and employment and from persons to business diminishes tax neutrality. Neutrality is important because maximizing economic growth and fairness requires that taxes influence as little as possible the spending-versus-savings, investment and employment choices people and firms would make without them. The choices they would make in markets without taxes would maximize economic growth and also maximize aggregate human wellbeing and fairness, the fundamental public policy goals. Since individuals overwhelmingly use their dollars for consumption versus savings and investment, and businesses spend much of their revenue on goods and services, taxes should fall mainly on consumption of goods and services, and less on savings, investment and employment.

5. The shift in tax burden from consumption to investment and employment and from persons to business also diminishes transparency. Transparency is fostered by taxing people, not business; as economists note, businesses don't so much pay taxes in the sense of actually absorbing their economic burden as they collect them for the government from consumers via increased prices and from employees by lower employment and compensation. So, taxing people directly increases transparency, accountability and economic growth by minimizing distortions, economic inefficiency and reductions in investment and employment caused by using businesses as the tax middlemen.

6. With ten taxes accounting for 4% to 23% of general revenues in Table 3, and considering their incidence mainly on persons and consumption, Nevada's tax base can be called reasonably well diversified. Such diversity is important for the optimal balance between stability of public revenues and the revenue constraints that government needs to make it operate efficiently and not grow unduly large. Diversity also keeps rates generally low and the base broad, but in Nevada that benefit is offset by limiting the range of goods and services to which the largest tax revenue source, sales and use taxes, applies. So, no strong conclusion can be pronounced on this criterion.

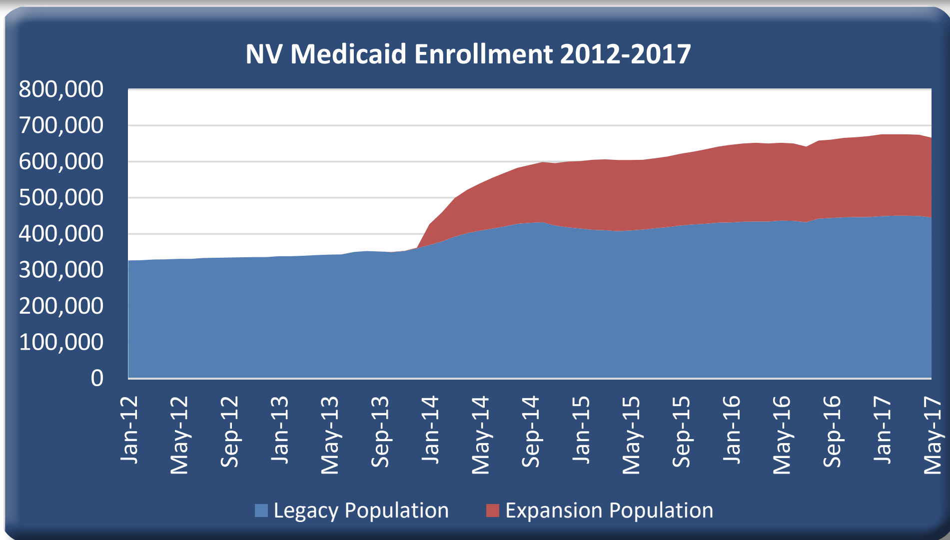
III. HEALTH AND SOCIAL SERVICES

HSS has been the fastest-growing category of expenditures since FY10 in Nevada, and this growth continued in FY17. In total, Nevada spent $5.5 billion on these services in FY17, up from $2.2 billion in FY06. Much of this spending is financed through federal grants to support programs like Medicaid, food stamps and other welfare programs. At present, as Nevada spends money on these programs, the state gets some reimbursement from their federal sponsors. However, the reimbursements do not compensate Nevada fully for all expenditures, and certain programs such as Medicaid require a matching state commitment.

1. Medicaid is Nevada's largest single expenditure, and accounts for 64.6% of the health and social services total. Federal operating grants to support this program fluctuate each year according to a formula based on the per capita income in each state. States with lower incomes are entitled to have a larger proportion of Medicaid costs reimbursed, but in no case does the federal reimbursement rate fall below 50% of eligible costs. For 2017, the reimbursement rate to Nevada was 65%, up from 54% percent in 2006. A prolonged decline in Nevada per capita incomes relative to the nation drove this increase in federal Medicaid financing. However, this also means that any prospective robust recovery in Nevada incomes will cause state Nevada taxpayer spending for Medicaid to rise even more rapidly.

2. The long-term rise in Medicaid spending has been accentuated by a rapid escalation within the past few years due to the expansion of eligibility parameters. Historically, states that elected to participate in Medicaid were required to cover only certain highly vulnerable populations, including the elderly, disabled and children living below the poverty level. The federal Affordable Care Act of 2010, however, encouraged states to expand eligibility rules to cover all individuals with incomes up to 138% of the federal poverty level, including single, childless, working-age adults with no disabilities. The ACA offered full reimbursement of eligible state expenditures for this expansion population through 2016. Federal reimbursements then fall to 95% in 2017, 94% in 2018, 93% in 2019 and 90% by 2020 and beyond. There remains some question as to whether these enhanced reimbursement rates will continue under a Republican congress and president, especially given the projections of increasing federal deficits.

In 2013, Gov. Brian Sandoval and Nevada lawmakers chose to expand Medicaid eligibility along the guidelines outlined in the ACA. Since that time, Nevada's Medicaid enrollment has nearly doubled, growing from 350,234 at the beginning of 2014 to 666,131 in May 2017. A portion of this increase is attributable to growth of the legacy population, which grew by 95,315 persons over the period. Although many of these individuals had been previously eligible for coverage, new federal tax penalties for failing to acquire health insurance prompted enrollment, which they had previously spurned. This legacy population is subject to the standard federal reimbursement rate, whereas the 220,582 persons who enrolled as part of the expansion population get Nevada the enhanced rate.



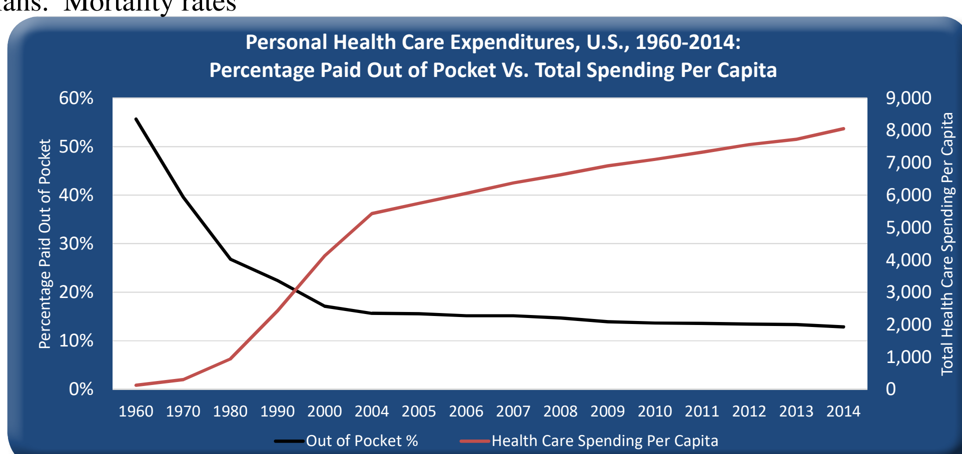
3. Expanded availability of publicly funded health care benefits has occurred alongside a decline in rates of private insurance coverage and other private spending. In 2008, 68.6% of Nevadans held private insurance coverage. That rate remained steady through the end of the Great Recession in 2009 but fell to just 61.5% by 2012 before rebounding partially to 64.5% in 2015. One explanation is that the mandates included in the ACA led to the closure of many private insurance plans and temporarily left policyholders without coverage until some purchased new, ACA-compliant plans. But the concurrent enrollment growth in Medicaid and other public health plans suggests that greater availability of these plans has displaced many consumers who previously could afford private insurance. In 2015, 33.5% of Nevadans were enrolled in some form of public health plan, up from just 20.6% in 2008.

4. There is evidence suggesting that expanding Medicaid to additional populations does not improve health outcomes and only further endangers the most vulnerable populations. Medical reviews reveal that outcomes are better for holders of private insurance policies than for beneficiaries of public health plans. Mortality rates for surgical procedures are nearly three times higher for Medicaid beneficiaries than for private insurance holders and even higher than for uninsured individuals.

Policymakers have historically squeezed provider reimbursement rates as a cost-control method for Medicaid, while expanding Medicaid eligibility rules. One outcome of this approach is that many health care providers, including the most talented, refuse to accept Medicaid patients. The result is growing demand for Medicaid services as eligibility rules have widened while the supply of providers within the network has contracted. The resulting supply shortage has fueled widespread reports of Nevadans who nominally have coverage through Medicaid but who cannot get care. Thus, the increased competition for care wrought by eligibility expansion harms the most vulnerable populations who were previously eligible and who now face reduced access to care.

5. Whether public or private, most health care plans today are more accurately described as third-party-payer plans than insurance. Insurance is a voluntary pooling of risks by participants to hedge against unforeseen events, but public and private health care plans offer payment for routine and foreseeable treatment, as distinguished from risk outcomes. These arrangements encourage individual participants to seek superfluous care because the cost of additional care is socialized among the group. This perverse incentive, called "moral hazard" by economists, leads to rapidly escalating premiums for private plans and very swiftly increasing demands on tax revenues to finance public plans.

Decades ago, most personal health expenditures were financed out-of-pocket by individuals without third-party payer arrangement. Wage controls imposed nationally during World War II inspired employers to offer non-wage benefits, including all-inclusive health care packages, to attract and retain workers. As this system of employer-sponsored third-party payers has grown alongside public health programs, the costs of health care have skyrocketed. The chart below reveals the near-perfect inverse relationship between the percentage of care financed by individuals' out-of-pocket spending and the nationwide cost of health care per capita.



IV. PRIMARY, SECONDARY AND HIGHER EDUCATION

Primary and secondary education has been the second fastest-growing category of state expenditures over the past decade, growing from $1.24 billion in FY06 to $2.22 billion in FY17. On a per-student basis, and without considering local funding, state spending for K-12 education increased from $3,172 to $4,498 over this period. Meanwhile, Nevada's ranking against other states in terms of student achievement has failed to improve significantly. In 2007, Nevada eighth-graders ranked 44th nationally in their performance on the federally administered National Assessment of Educational Progress (NAEP) reading and mathematics evaluations. By 2015, those rankings rose only to 43rd in reading and 41st in mathematics.

These facts show that Nevada has failed to translate higher spending for education into improved results. That's also true for the rest of the nation. Also, as shown in Table 4, among member countries to the Organization for Economic Cooperation and Development (OECD), the United States spends the fourth-highest levels per student but has below-average academic performance. Japan, the highest achieving nation, spends only 81.6% as much as the US per child.

Table 4: Per-Pupil Spending and Student Achievement -- Data Available for 33 OECD Countries
Results of the OECD's Programme for International Student Assessment (PISA, 2015)

Rank by Total Score	Country	Expenditures per Pupil, 2014, in US Dollars	Mean PISA Maths Score	Mean PISA Reading Score	Mean PISA Science Score	Mean PISA Total Score	$/Point, Mean PISA Total Score	Ratio, Mean PISA Total to OECD Mean	Rank by Per-pupil Spending
1	Japan	$9,934	532	516	538	1587	$6.26	1.08	15
2	Estonia	$6,991	520	519	534	1573	$4.44	1.07	24
3	Canada	$10,440	516	527	528	1570	$6.65	1.06	12
4	Finland	$9,779	511	526	531	1568	$6.24	1.06	16
5	Korea	$10,030	524	517	516	1557	$6.44	1.06	13
23	***United States***	***$12,176***	***470***	***497***	***496***	***1463***	***$8.32***	***0.99***	***4***
	OECD Average	**$9,302**	**490**	**493**	**493**	**1476**	**$6.30**	**1.00**	**NA**

1. To improve the effectiveness of its education spending, Nevada must allocate that spending toward programs that have been shown to boost student achievement. Factors beyond the direct influence of education policies, including the household income levels of students, can greatly influence student achievement. But these factors are largely beyond the ability of schools to change and must be addressed through economic policies to encourage growth, entrepreneurship, labor-force participation and dynamism. Education policy must focus on the school-controlled variables that lead to improvements in student achievement in a cost-effective manner.

The academic literature shows no school-controlled variable has a greater influence on student achievement than the quality of the teacher. Peer-reviewed statistical studies show that students lucky enough to have a top teacher make 1.5 times as much testable progress in a school year as those with average teachers. Harvard scholars have found that the best teachers are able to deliver effective instruction regardless of class size. So, Nevada's educational priority should remain the recruitment and retention of highly talented educators. Nevada should relax its current restrictions on who can receive a teaching license so schools can recruit from a wider array of professionals. Schools should also be freed to offer attractive compensation packages to attract the most talented professionals. Strict, formulaic salary schedules, especially those that reward job longevity instead of excellence, give insufficient flexibility to administrators looking to recruit top talent. Current pay arrangements for teachers also award a disproportionate share of compensation as benefits, as opposed to salary, even though many teachers would prefer greater salary to benefits. So, these strictures should also be relaxed.

2. Families are the consumers of public education, and each individual family is most familiar with its specific needs. Therefore, the allocation of education dollars among many alternatives, all subject to economic scarcity, is most efficient when consuming families are free to exercise choices over various educational offerings in the marketplace, just as with other consumer goods and services. Schools of choice, including both private and public charter schools, frequently operate at lower cost than traditional public schools and produce higher student achievement. Of the twelve random-assignment studies to date on school choice, six have determined that all student groups benefit from participation in choice programs, five have found some groups benefit and one found no visible impact. No study has found that choice negatively impacts student performance.

Nevada took a major step toward introducing consumer choice into the education marketplace when the 2015 Legislature created a system of universal Education Savings Accounts. These publicly funded, but privately held accounts promised to separate the public responsibility of financing education from the physical administration of schools. There is wide agreement that the public should provide basic education to citizens. However, this can be accomplished through means other than government administration of regional school monopolies, and experience has shown this arrangement leads to curricular politicization and fiscal bloat. Unfortunately, the Nevada Supreme Court upheld an injunction on the program until the Legislature can approve an alternative financing mechanism that does not divert funds first appropriated to the state Distributive School Account, which legislators failed to do in their 2017 session.

3. Strong evidence exists that technology-assisted learning leads to better student outcomes while also easing the workload on classroom teachers so they can more easily manage larger classes. A major 2010 study by the U.S. Department of Education found that "on average, students in online learning conditions performed better than those receiving face-to-face instruction." Students enrolled in online classes tend to spend more time on task and are able to move at their own pace, improving the effectiveness of class time. Further, online learning can lower the facilities and transportation costs faced by schools and parents and bring more students from remote locations into contact with the best educators from across the globe.

A major initiative by the 2015 Legislature sought to modernize Nevada public schools by appropriating $48 million to provide electronic devices for students. However, the initiative failed to recognize the cost reductions and productivity enhancements that should result from technology-assisted learning. Instead, the initiative was a single component of a larger package that continued to increase spending on the same cost items for which digital devices should reduce needs.

4. The 2015 Legislature was billed as "The Education Session," but only a subset of the new programs enacted are associated in academic literature with improved student performance. The others appear designed instead to appease special-interest political constituencies by spending hundreds of millions of dollars to create new positions at existing public schools. Those programs most clearly supported by academic research include Education Savings Accounts, the creation of an Achievement School District to transform failing public schools into successful charter schools and a Charter School Harbor Master Fund to attract highly successful charter school operators into the state. Others, including the provision of digital devices to students and a policy that students be literate before exiting third grade, were implemented in ways that ignored their cost-saving potential, while still more new initiatives needlessly inflated the costs of the public education bureaucracy.

5. Nevada has significantly increased revenues extracted from higher education students and their families to reduce general revenue spending for higher education in real terms. Nevada higher education has also greatly favored universities over community colleges. As does all of U.S. higher education, it suffers from administrative bloat and excessive salaries, plus preoccupation with trivia such as micro-aggressions, trigger warnings and safe spaces. Also consistent with higher education elsewhere, compensation levels in higher education are above those in other public service and in private business. Future Controller's reports will address these issues more extensively.

V. PUBLIC EMPLOYEE COMPENSATION AND BENEFITS

Previous sections of this CAR addressed Nevada spending by its purposes. Here we address the overall level of public-employee compensation, and especially the portion of that compensation managed by the Public Employee Retirement System (PERS). Both total compensation and retirement funding have long presented serious challenges to governments around the world, particularly for state and local governments. The good news is that, while Nevada also faces these challenges, it is doing one key thing right and is in a better position than most states to meet its challenges.

Current Compensation Levels: Annual compensation, excluding benefits, for Nevada state employees (except those in higher education) is comparable to private-sector levels in our state and well below average for public-employee compensation of other states as a group. Public employee compensation, excluding benefits, paid by Nevada local governments and higher education is greatly higher than that for Nevada state employees and employees in the private sector. In fact, Nevada local government compensation is among the highest in the nation, especially when benefits are recognized, because the benefits are also extremely generous. This CAR does not address local-government fiscal matters, but we note that the extreme practices of local governments redound to the disbenefit of the state and to state employees and taxpayers. So, reforms would not only be fairer to state employees and taxpayers, but also help the state manage its fiscal problems. State pay scales are also flatter than those in private enterprise, with entry-level jobs paying more and executive and upper-level professional jobs paying less; however, while reform may be in order, it is not clear that it would have net fiscal impacts.

Nevada Public Employee Retirement System: Nevada PERS runs various defined-benefit (DB) retirement funding programs, which we address as a group here to focus the key fiscal issues for the state. There are a number of other problems raised by the various aggregating practices of PERS that we can't address in this limited review.

In a retirement program, people put some of their current income into a fund that is invested for maximum risk-adjusted growth of the principal so that after their working/contributing years, they may draw retirement income from it. Under defined-contribution (DC) plans, the retirement draw of plan participants is determined by the amounts put aside and growth of the fund, which is determined mainly by how well the investments have fared. So, DC plans are inherently fair because all the fruits of saving and investment are returned ultimately to participants, and outside parties do not have any opportunity to divert the funds, nor are they required in any way to subsidize the participants. Under

DB plans, participants and the agents who govern the plan are allowed to socialize the risks of their saving and investment decisions to taxpayers and to future generations of participants who have no role in savings decisions and managing the investment risks and thus no opportunity to be fairly protected.

So, DB retirement programs inherently raise the following serious public-policy questions:

- What savings and investment management policies and practices are followed?
- What expected rate of return on future investments – or discount rate (DR) for future liabilities – is used in setting contribution and draw levels? The DR is one of the most important issues for retirement programs.
- What growth in plan membership is assumed? This is also very important.
- What lengths of working and thus contributory participation time are assumed, in addition to the other estimates used? The DR, membership growth and these other parameters are key in determining the Annual Contribution Rates (ARCs) for currently working plan participants. Unduly high DRs and membership growth estimates used in the past have contributed significantly to lowering past and current taxpayer and employees' required contribution rates, and they will almost raise future taxpayer and employee contributions significantly.

1. Investment Management Policies and Practices: Nevada PERS is doing the important things right in this area. Modern investment theory counsels that in efficient markets, such as investments, one cannot expect to beat the market by consistently reaping higher-than-market-average returns – and one can lose a lot of money by trying. Hence, one should seek essentially to buy a slice of the whole market (or a representative portfolio) and thereby come as close as possible to reaping market-average returns by keeping investment-management costs as low as possible. This is known as index-oriented (or passive) management, and the alternative is active management. There isn't space here to review the details, but Nevada PERS has done the best job in the U.S. of implementing index-oriented management on reasonable asset allocations and has realized greater returns than notable actively managed funds elsewhere. (See more detail on the Controller's web site.)

2. The Discount Rate (DR): Determining the DR is highly controversial, especially in deciding the purpose of discounting and thus what standards shall be used to set the rate. One view is that the purpose is to absolutely assure that plan resources from past contributions and investment returns will always be sufficient to cover all benefits and other claims the system may face, without having to raise additional funds in the future. This approach dictates use of a very low, so-called "riskless" rate – e.g., 2% per annum. One problem with this view is that retirement plans already have a long history of making adjustments to raise funds to cover liabilities incurred in the past because the past contributions and earnings were insufficient to cover the benefit levels granted to retirees. (In the few occasions high returns allowed cutting contributions, retirement system governors usually raised benefits instead.) Another problem is that it is impossible to assure the desired sufficiency because it is possible at any time for the plan to lose money unless it uses investment strategies that do not seek to maximize risk-adjusted returns; thus, this approach almost requires suboptimal investment management practices. A final problem is that if sound investment management practices are followed, the expected value of plan resources will normally exceed the liabilities using a riskless DR, and thus contribution rates and benefit levels for future employees will be subsidized by today's plan participants and taxpayers. Because economic growth means that future generations will be wealthier than today's generation, this implies a regressive intergenerational wealth transfer.

So, the proper fiduciary method for setting the DR is to soberly assess the expected net returns on the investments; then, probabilistic analyses such as Monte Carlo simulations should be conducted using return distributions that have as their expected value return the DR chosen. These simulations will tell the probabilities that the fund will be able to cover various future payout levels, and contribution requirements and benefit levels can be determined to satisfy the level of certainty chosen by the bodies overseeing the plan. Thus, the real DR question is simply: What are the reasonably expected returns? For decades, public-sector plans have assumed returns around 8%, although some plans, including PERS, have adjusted downward slightly in recent years. Our analysis in the Economic Outlook section below shows economic growth and thus investment returns are highly likely to be much lower than historic levels for the foreseeable future. Our conclusion is that a DR of 5% net of fees and costs is the most reasonable expectation. On the Controller's web site, we provide further support for this position.

3. Forecasted Membership Annual Growth Rates: PERS has been forecasting 6.5% annual membership growth rates, although it recently lowered them slightly. It has experienced roughly 2.5% actual growth. We believe that experience is consistent with the expected growth rates for the state population and with the ability of the state to afford spending growth. Thus PERS should use this rate.

4. Reference Working Lives and Retirement Periods: Expected life length has been climbing in the U.S. for decades, and health status has been improving at every age, but these factors have not been reasonably reflected in the reference working lives and retirement terms assumed by pension funds, Social Security, etc. In short, today most working lives assumed in pension plans, including PERS, mean that retirement benefits maximum levels are reached after 30 years of employment or only slightly longer and often available at a mid-fifties age. Thus, many public employees, including Nevada state employees, get market-level pay for 30 years of service, followed by retirement draws that may run 30 years or more and are noticeably better than the retirement draws generally available in the efficient private employment markets. Even expanding on these issues at the Controller's web site, we cannot do full justice to this issue. Our purpose in raising it here is to initiate a broad and sustained conversation among all parties to properly plan for and finance the retirement of public employees.

5. Duty to the public interest, voters, taxpayers and future plan participants: The basic duty owed by all public officials – from governors, controllers and legislators to all public employees in policy-related positions – is a duty to voters, taxpayers and broad public interest. People involved in governing retirement funds tend to see a duty to plan participants, and statute and regulation often supports such additional duties. As public choice theory illustrates, the real problem is that officials generally begin to regard their primary duty as residing with current plan retirees and participants and they forget to view all their decisions from the viewpoint of the voters, taxpayers and broad public interest. In particular, taxpayers – and in retirement matters, future plan participants – begin to be viewed as mainly deep pockets to allow the politicians and bureaucrats to better serve the interests of current plan retirees and participants. We therefore urge that all discussions of these issues begin with explicit recognition of the duties to voters, taxpayers and the broad public interest, and all proposals should be evaluated almost exclusively on that basis.

VI. ECONOMIC OUTLOOK

Introduction and Overview: In Nevada's 2015 Popular Annual Financial Report, we proffered an unusual economic outlook, one focused on the intermediate and long terms. We identified four long-term secular trends that we believe have suppressed the U.S. economic growth rate the last decade – thus explaining the "new normal" – and by their nature will continue to do so for the foreseeable future, absent significant changes in public policy. These developments obviate short-term forecasts because they swamp out business-cycle effects and may even change business-cycle length. They also make sectoral forecasts uncertain. And they do the same to regional forecasts; nonetheless, we examined certain long-term Nevada trends to see if there was any basis for modifying the national forecast for our state. There was not.

Long-term Growth of Government Over-reach: The first trend is the continuing growth of government relative to the economy – reflected in public spending, taxes, deficits, debt, regulation of all kinds, and other government interventions (retirement programs, health care and insurance, etc.). The empirical economic literature indicates that government size, scope and reach has for nearly 60 years been excessive relative to levels that maximize growth and thus human wellbeing. Yet government has continued to grow, especially in the last decade, thus ever more retarding economic growth. Until the turn of the century, this growing deadweight loss was offset by three growth-inducing factors: 1) demographic and other increasing labor-force participation trends; 2) increasing debt levels of all kinds relative to GDP (government, financial debt, non-financial business debt, home mortgages and all other consumer debt); and 3) rapid growth in emerging economies, plus globalization of firms, increasing trade and foreign direct investment.

Changes in Three Other Long-term Secular Trends: Not only has government overreach soared to new levels in the last ten years, but labor-force trends that were a major offset to that excess have turned around, driven by both policy and demographics since the turn of the century. Since the Great Recession, rapid growth in debt has waned for policy reasons and simply because the previous growth rates were unsustainable. Third, world economic growth is slowing and will continue to slow because other countries have done an even worse job than the United States on growth policy; further, our increasing integration with the rest of world has slowed since the recession, mainly due to poor policy. So, for both reasons, the rest-of-the-world sector also has changed from an engine to a drag on economic growth.

The upshot of these trend changes is that ten-year U.S. economic growth, which peaked in the 1960s and then was roughly constant through 2007, except for a downward excursion in the early 1980s, collapsed after 2007 to half its historical rate, where it has stayed. Last year, we forecasted 2% or lower long-term annual growth, with half of it coming from population growth and half from real per-person economic growth, both of which may well decline going forward. We emphasize per-person growth because it determines the extent to which human wellbeing and human flourishing increase, and thus it is the real measure of public policy success. The difference between the 1% figure of the last decade and previous growth in the 2%-2.5% range is hugely significant in economic, social and human terms.

New Normal Persists: Slow Long-term Growth: While 2% growth had been the rule since the recession, until 2016 few people had projected continuation of it. So, our projection (which Knecht has made since 2011 based on such analyses), was an unorthodox if not radical view. Over the last two years, many people have begun to accept the idea that such slow growth really is the new normal and will persist – and many have given reasons similar to ours to support such forecasts. In fact, the Congressional Budget

Office – which has a long record of optimistic forecasts that were not realized – adopted the 2% long-term growth estimate. Below, we revisit the four secular trends, plus our Nevada-specific factors, and their effects. We find that our previous analyses of these trends is essentially unchanged – although recent reforms in federal policy, if sustained and enlarged, may reverse the trend of increasing deadweight losses. Our conclusion remains that economic growth will be slow and that uncertainty has increased. Although our basic analyses are still sound, recent literature has highlighted some competing theories, concerns and new data. Following the discussion below of our approach, we examine those views too.

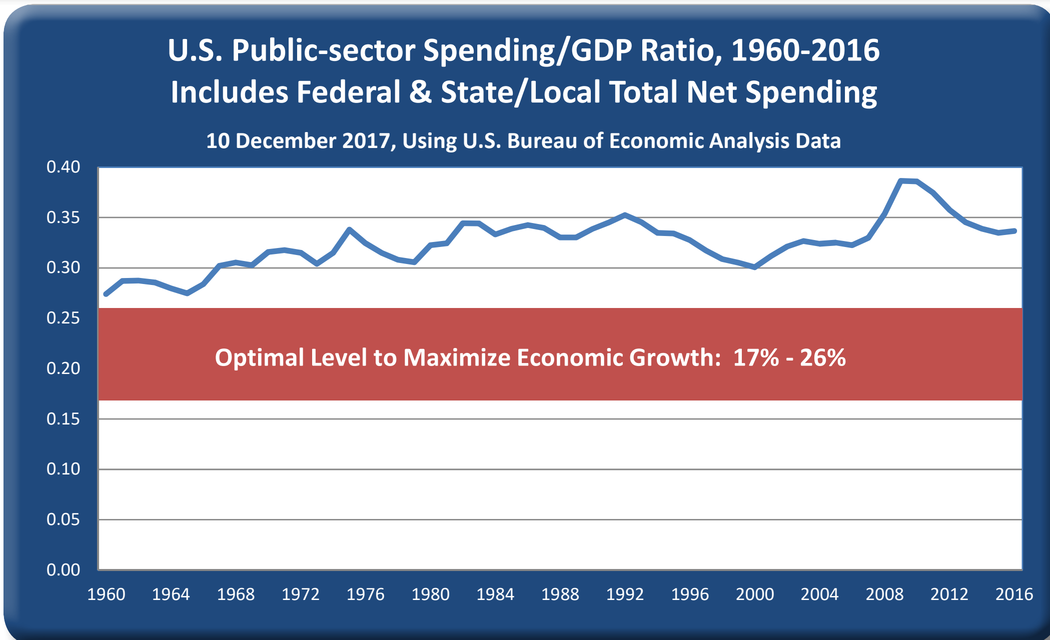
Innovation, Technological Change and Productivity: The first competing view comes from major works published in the last three years addressing productivity changes over time. The first two use endogenous (organic) factors to explain the growth over the last 150 years (or longer) in terms of specific inventions, innovations, technological progress and developments that led to unusual productivity gains and thus to rapid growth for periods from a decade to a century. These analyses seem mostly to ignore effects of the four trends we presented. More importantly they claim that past rapid growth was a one-off phenomenon, meaning we have now returned to a basal economic metabolism of slow growth. We believe our factor analysis explains much of the growth in innovation, technological progress and productivity they have correctly observed. However, the latest of the three books notes that the nature of investment has changed in recent decades toward intangibles and away from tangible property. It further shows that investment in intangibles has declined since the Great Recession, apparently causing a decline in productivity growth. This is consistent with our analysis and adds another factor supporting policy reform as the key to growth.

Cost Disease: An important aspect of this debate concerns structural changes in our economy as its total output has shifted more to services from goods. William Baumol's "cost disease" is the economist's explanation of the problem, but we believe it errs by failing to consider alternates and substitutes continually proliferating in the baskets of consumer and business purchases. We give an example below to show that the traditional description of cost disease fails to capture the full range of efficiency gains realized by new developments. While cost disease may characterize general government and sectors greatly entangled with it (especially education, health care and aging services), innovation by producers combines with consumer sovereignty to overwhelm cost disease in market economies. Again, growth requires public policy reform that changes budget processes of government and those sectors toward market structures.

Market Capitalism and Income Inequality: Finally, recent years have also seen increased concern about the distribution of economic growth, especially as our now slowly rising tide fails to lift all boats as the historic tidal surges did. Some academics have rolled out new versions of classic Marxian doctrines that search for major structural flaws in real capitalism, with one book even titled as a knock-off of *Das Kapital*. It claims that, over time, market systems systematically make the rich richer and leave the poor and middle classes behind. These claims have been thoroughly refuted on their own terms by strong academic and professional analyses – and the thesis has been greatly qualified as a result by its author. We show that increases in economic inequality have been directly correlated with the public-sector overreach with which our analysis began. We explain that cronyism, which is the inevitable result of government excess, benefits the political classes at the expense of the masses. Market competition enables social mobility and favors the many, while the political allocation of resources (high public spending, taxes, regulation, etc. – in short, politics and cronyism) favors the privileged political few.

The Solution: Broad Public Policy Reform: As we detail below, our analysis of the four factors we previously identified as resulting mainly from unsound public policy explains the source and solution of our problems. To serve the broad public interest and the people of Nevada, our state and local governments need to do their part, and our federal representatives need to push the national government to do its part. Further discussion of matters addressed here will be posted on the web site, controller.nv.gov.

1. Government Overreach: The size, scope and reach of American government – including spending, taxing, borrowing, statutory mandates, regulation, monetary and credit-allocation policy, and other intervention – long ago exceeded levels that promote the public interest in maximum economic growth and fairness. These excesses at federal, state and local levels have increasingly slowed growth and diminished fairness and will continue to do so unless they are reined in. Economists now understand that economic growth, and thus aggregate human wellbeing levels, are determined more by the economic, political and social institutions, practices and policies of a society than by geographic, infrastructure, resources and other earlier development-theory factors. The following are important for growth and fairness: the rule of law; constitutionally limited government; separation of powers between national, regional and local units; separation of functional powers at each level of government; individual sovereignty and personal liberty; individual rights, not group rights; strong property rights; and high levels of economic freedom.

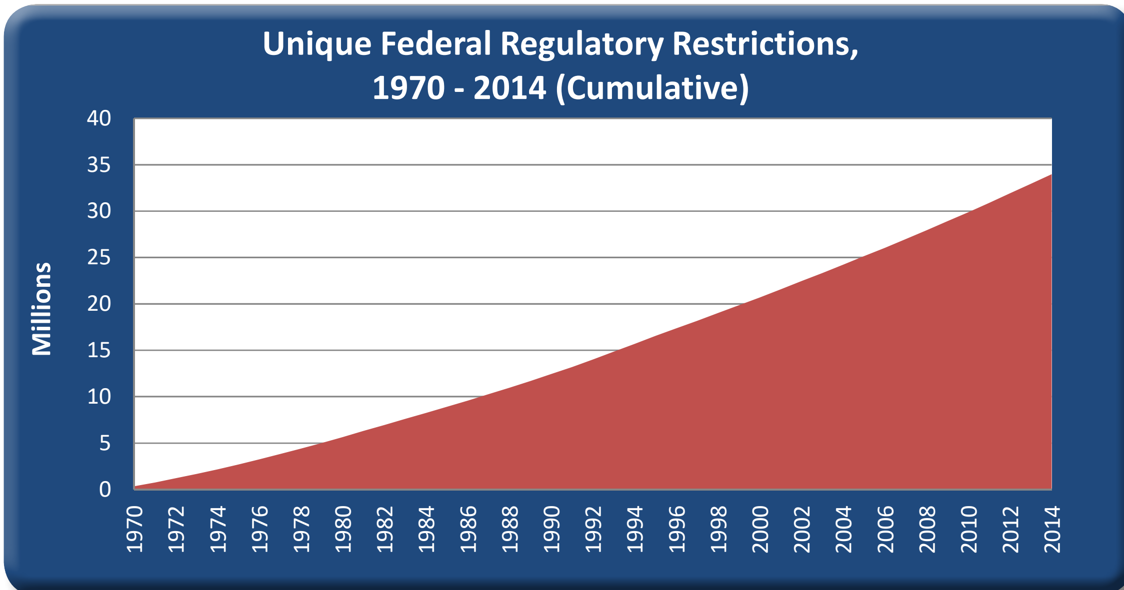


Empirical literature – that is, research using real economic data – supports and quantifies theory suggesting there's an optimal range of government spending that maximizes economic growth. There are classically defined public goods that are most efficiently provided by government and there are market failures that justify regulation and other intervention. However, excess spending, scope and reach of the public sector diverts efficient private investment and consumption and slows growth. While there are uncertainties and debate about the levels of public spending relative to the economy that maximize growth, the best evidence, reviewed by economists at the University of Nevada-Reno, shows the range is 17% to 26%. The U.S. passed those levels by 1960 and has increased government excess to the present time.

The chart above of public spending over time as a percentage of the U.S. economy vividly illustrates this point. The excess growth has not been limited to the federal government; state and local spending have proportionately grown even faster. Nevada's local-government and total public-sector spending have grown particularly fast. Nationally, increasing government interventions into health care have driven up its cost. As the public sector continues to consume resources beyond economically efficient levels, private investment and growth is elsewhere deterred, and overall growth of our economy slows.

While public spending is the measure of government overreach easiest to quantify, analyze and understand as a growth determinant, other measures also drive and reflect the excess. Taxes and public debt are directly driven by public spending, and public debt has now reached its highest level relative to the gross domestic product (GDP) since the early 1950s, when the debt from World War II was being worked off. Government regulation in a wide range of economic, environmental, public health and safety areas, plus intervention including monetary stimulus and credit allocation and federalization of health insurance and education have all increased to unprecedented levels and metastasized in the last decade. The net effect has been to raise the barriers that hinder business formation and success, thus retarding growth. With the overreach at record levels and still increasing, the drag may even get worse. Regulatory restrictions accumulate at an increasing rate each year, with more than 1 million restrictions issued in 2014 alone. For entrepreneurs, it is the cumulative effect of these restrictions that burdens business formation and expansion and job growth. In 1970 through 2014, nearly 34 million unique federal restrictions were issued, as shown in the graph on the next page.

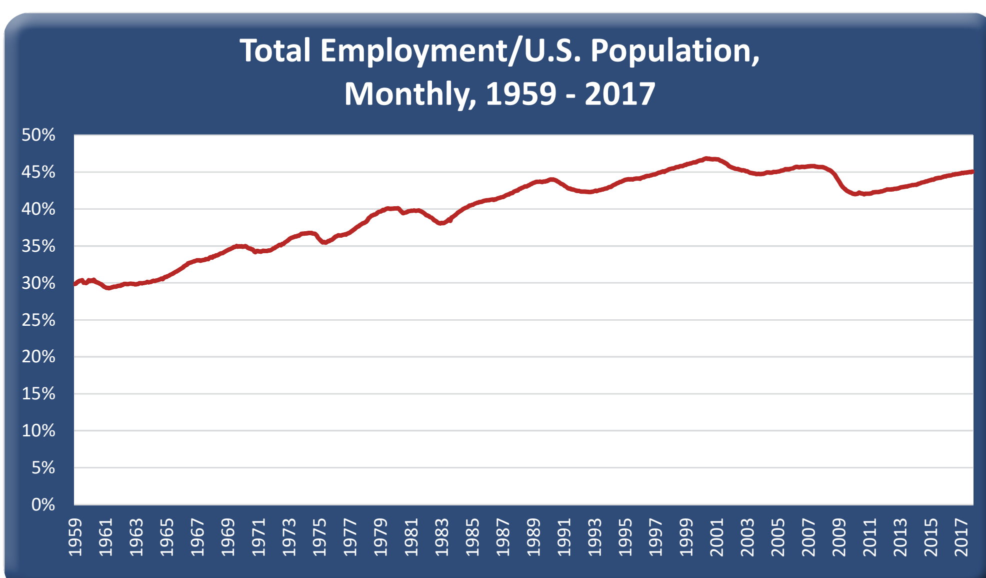
One bright spot is the 2017 federal income tax reduction and reform, plus the Trump administration's efforts to rein in regulatory excesses across the board and establish rational regulatory policies. If such efforts are sustained and extended for decades, they can reverse the trend of increasing deadweight losses. However, the administration's recently announced tariff increases will slow economic growth and diminish fairness



2. Demographics and Work-force Participation: Demographic changes driven by public policy and non-policy factors are reducing the fraction of the population doing productive work in market settings, while increasing numbers of people consuming but not producing. These changes include falling birth rates, increasing longevity, more public subsidy for retirement and for persons not working, and changing social and economic roles of men and women. These changes are slowing growth and may precipitate generational conflict.

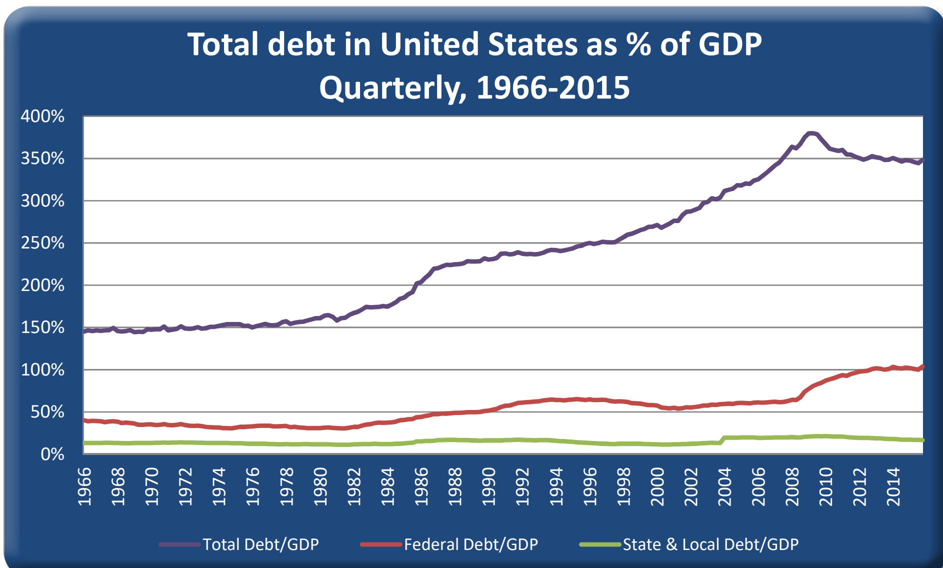
The 1970s movement of Baby Boomers into working age, plus the movement then and later of women into paid work drove labor-force participation to a record level of 67.1% in 2001. The aging of Boomers into retirement years, plus declining birth rates in younger cohorts, the slippage of female workforce participation and the tepid recovery from the Great Recession have all dropped participation to 62.4% in September 2015, the lowest level since 1977. It now sits at 62.7%. Falling labor-force participation in the 16-54 age range more than offsets recent participation increases for the 55+ group, netting a continued decline in total employment ratios. Low unemployment rates are due to counting "discouraged workers" out of the labor force and to increases in "under-employed" part-timers – both driven by the tepid recovery and the palliative effects of increases in benefits to people not working. As shown in the graph nearby comparing population and employment, through 2002, demographic and workforce participation factors gave a huge boost to economic growth countering public-sector overreach, and the employment/population ratio rose more than 56% in 42 years (from 0.30 to 0.47).

However, since 2002, demographic and other labor-force-participation trend reversals have reinforced the increasing drag from government excess that depresses growth. The movement of the large Boomer cohort into retirement began in 2011, is accelerating and will continue for perhaps 20 more years. Because retirement age and support policies were set when longevity was lower and health of people over 60 was less robust, U.S. dependent/producer ratios will continue to rise relative to what they would be under market incentives. So, total-factor productivity and thus the economy will continue to grow slowly. The burden on productive cohorts will increase, especially with slow income growth, leading



perhaps to generational conflict. Slow economic growth and resulting low interest rates and other rates of return on investment will challenge retirement and endowment funding and exacerbate many other problems.

3. Debt in All Sectors and Net Savings and Investment: Total debt levels relative to the U.S. economy increased hugely until the financial crash and Great Recession of 2007-2009. As shown in the graph below of total American debt as a percentage of the economy, they have retrenched only slightly since then, leaving an excess-leverage overhang that may not be receding. All debt sectors are involved: government at all levels; business (financial and nonfinancial); and households (mortgage, auto, student and consumer loans, etc.). Credit-allocation policy such as the Community Reinvestment Act amendments of the 1990s drove much of the excess, especially in the decade ending 2008, providing artificial and unsustainable temporary stimulus to growth but also producing mal-investment. Monetary policy – the Federal Reserve keeping interest rates low in 2002-2005 – also contributed to these problems.



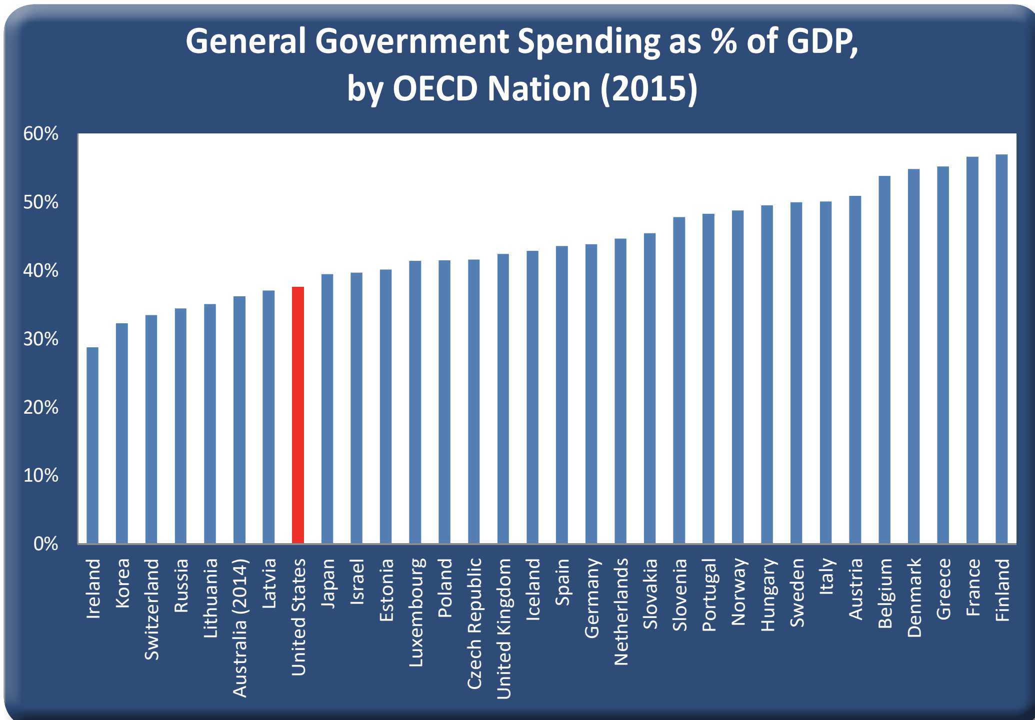
Total American debt/GDP ratios in 2015 were still twice their 1984 levels, despite retrenchment following the financial crash and Great Recession. Consumer debt growth was driven mainly by the federal mortgage lending policies that caused the housing bubble and subsequent collapse. Business debt grew in finance and large corporate stock buybacks, mergers and acquisitions – so, there is now an equity bubble to match the debt bubble. Federal government total debt/GDP ratios have more than doubled, driven by fiscal policy and the continued growth of "entitlements" spending (Social Security, Medicare and Medicaid). Monetary policy – the copious increases to the Federal Reserve balance sheet due to massive purchases of Treasury securities and government agency debt – was also used to ameliorate the negative growth effects of a wide range of regulatory, tax and other public policies. Further retrenchment from current debt levels is needed to restore the economy, so demand for capital and interest rates and investment returns can all be expected to remain low, as will economic growth. The resulting sustained low interest rates have destroyed much economic wealth and damaged institutional, retirement and endowments investors and savers.

4. International Economic Growth, Trade and Foreign Direct Investment: Until the Great Recession, long-term growth of the world and developing economies, led by China, was more rapid than growth in the U.S. and other advanced nations. Driven by and contributing to increasing 1) globalization of corporate operations (not political globalization), 2) international trade and 3) foreign direct investment in the U.S., this growth increased our economic growth by lowering costs to American consumers and businesses and spurring more efficient investment and production by domestic and foreign businesses.

Since 2007, trade increases have lagged world economic growth. Growth in China and other developing nations has slowed, further depressing American growth. The three factors above that now retard U.S. economic growth are even worse in other major economies, advanced and developing. While this makes our economy the "cleanest dirty shirt in the laundry pile" for investors, it also means the global-trade-and-investment cavalry will not be riding to rescue us from anemic economic growth rates. The world economy will no longer spur U.S. growth to the degree it did before the Great Recession.

The problems of excess and still growing size, reach and scope of government are worse in every other major economy than in the U.S., except for Russia, as shown in the chart on the next page. So are demographic problems of low birth rates and labor force participation, plus increased aging. Europe (the only other comparably-sized economy) and Japan continue to struggle as they long have done with very low growth. China has grown hugely into the second-largest national economy, but the command-and-control methods that remain even after its liberalization have yielded massive mal-investment and debt growth. Due to mal-investment, persistent low consumer demand and the recently eased one-child policy (a monumental policy mistake that spawned great human tragedy and continues to do so), China is headed for ever lower and possibly negative growth. All other economies are too small to make a significant difference to U.S. growth.

ECONOMIC OUTLOOK



General Government Spending as % of GDP, by OECD Nation (2015)

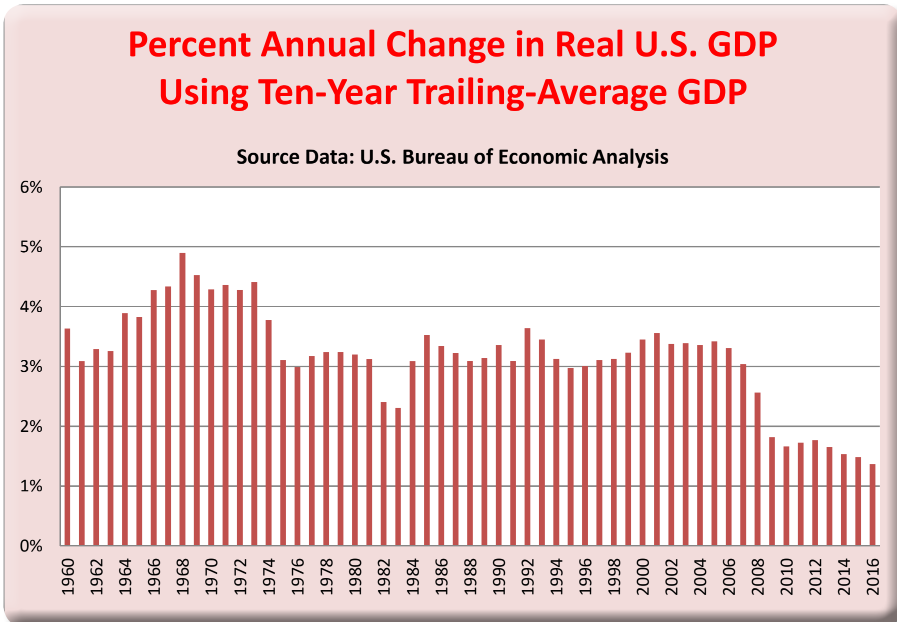
Total debt worldwide is now about 5.6 times what it was 20 years ago, while the world economy is only 2.8 times its prior size, meaning debt/GDP ratios have doubled in only two decades. That increase is likely unsustainable especially with slowdowns in world growth and globalization, leading to future retrenchment. Europe has now followed Japan and the U.S. into monetary and credit-allocation overreach, and Italy and others (possibly including Japan and China) soon may face Reinhart/Rogoff excess debt levels (debt above 90% of GDP leading to financial collapse). Birth rates being an inverse function of women's education and wealth levels explains much of the world demographic problem, but in India and Africa birth rates are dropping even faster than education and income levels. Slow population growth will slow economic growth.

5. Upshot: Continued Slow Economic Growth: All four mutually reinforcing problems discussed above have already produced the poorest recession recovery on record, with real growth of about 2% annually – or, adjusting for population increase, real per-person growth of about 1%. With none of these problems abating (and all perhaps increasing), the most reasonable outlook is economic and productivity growth at recent anemic rates or even lower, plus great uncertainty going forward. The chart below of rolling ten-year growth rates shows that U.S. economic growth has long been declining due to these factors and has collapsed to record sustained low levels since 2008. Growth at 1% per person per year sounds only slightly lower than historic 2.0%-2.5% levels, but the compounding impact is huge: Namely, average human wellbeing growing only 42% every 35 years instead of doubling, which was the social norm for 250 years. So, instead of average family incomes doubling from $50,000 yearly to $100,000 (at 2.5%), they will grow only to $71,000 (at 1%) – or 29% lower. Restoring the economic growth legacy left by previous generations, an essential public policy need, requires government to grow slower than the economy for decades.

Down-side risks may even make things worse. The recent slow growth has occurred despite falling energy and other commodity prices that, all other things remaining equal, should have spurred growth. Possible returns of these prices to historical levels could dampen growth even further, and a few economists even believe persistence of low prices could precipitate world-wide deflation and negative economic growth. Two other factors may further compound these problems: 1) slow expected economic growth produces low investment returns, which in turn tend to keep growth lower in a negative feedback loop; and 2) our current recovery, anemic as it has been, is now longer than the average cyclical upturn and we may be due for a contraction.

6. Innovation, Technological Change and Productivity: Two recent economic history books have addressed the slowing of the American economy in the last half century, and a third further analyzes the roles of investment, innovation, technological progress and productivity growth. The first two books are *The Rise and Fall of American Growth* by Robert Gordon and *An Extraordinary Time* by Marc Levinson.

Gordon focuses on the historically unprecedented growth in the U.S. in "the special century" of 1870-1970 and the much less spectacular record since 1970. He breaks down the determinants of growth between 1) capital deepening (the ever accumulating stock of capital to serve the economy and foster growth) and 2) the effective education levels of the populace (which makes people more economically productive and can be viewed as the deepening of the human capital stock), plus 3) total factor productivity (TFP), which covers all productivity gains not explained by the other two factors. He finds that the combination of capital deepening and education has contributed roughly a nearly constant 1% per year in real terms to average annual growth rates of output per work hour since 1890.



However, TFP was a mere 0.5% in 1890-1920 before soaring to 1.8% in 1920-1970 and settling back to 0.7% in 1970-2014. Gordon does address briefly the demographic and labor-force participation trends we have cited, but not the other three factors. Instead, he casts TFP as endogenous and even sui generis – more a richly deserved and well told humanistic celebration of some remarkable technological and economic history than an analysis useful for forecasting and policy. While he sees no basis to believe TFP will rebound to previous levels, he does analyze the last 44 years to conclude that the flowering of information and communications technologies during that time produced only a ten-year serious bump in TFP to 1.03% in 1995-2004. However, he finds the 2004-2014 rate to be the lowest since 1890 at 0.4%.

Levinson analyzes the progress of major western economies, including the U.S., in 1948-1973 to also find historically unprecedented growth ("the golden age") followed by a collapse to much lower levels since then. His analysis is also well told, but lacks even more than Gordon's in quantitative detail and support; in over 300 pages, one finds not a single table, chart, graph or equation (a remarkable feat for a former finance and economics editor of *The Economist,* which has always specialized in illuminating graphics). He states, "Scholars have spent the past fifty years struggling to understand what went wrong and how to set it right." So, he joins Gordon in concluding that the present is normal and that the golden age was a unique non-recurring set of many fortunate circumstances.

Both books overlook our explanation above that modest growth until the Great Recession, and the distressingly low growth since 2007 are explained by the powerful effect of increasing government over-reach, first offset and then reinforced by the demographic/labor-force, debt and rest-of-the-world trends. But Levinson embraces a particular error in this regard as he writes:

"Our inability to restore the world economy to its peak condition has had long-lasting consequences. It radically changed social attitudes, engendering a skepticism about government that has dominated political life well into the twenty-first century. *With that change came a shift away from collective responsibility for social wellbeing; as state institutions were allowed to wither, individuals were asked to assume more of the costs and risks of their health care, their education and their old age.*"

The first sentence is certainly true, and arguably the second one too. However, the third sentence, for which we have supplied the emphasis, is categorically false and runs expressly counter to the objective facts, even though it has become a common talking point for some politicians and media outlets. We show above that public-sector spending, has remained above reasonable (optimal) levels for decades has continued to increase in both nominal and real terms, and consumes an increasing proportion of household incomes, burdening economic growth. Moreover, we show that this public-sector metastasis has been driven especially by increasing spending on health care, education and old-age, the exact three areas for which Levinson erroneously claims public-sector retrenchment. Also, the burden and problems from excess public spending have been exacerbated by wanton regulatory and other governmental intervention in everything, especially those three areas.

Invention, innovation and technological progress – plus the benefits of capital deepening and education – all together produce productivity gains, which are the source of real economic growth and improvements in human wellbeing. It is helpful to break out capital deepening and education as Gordon does, but more breakout and causal analysis related to his TFP residual is needed. To sum up the total productivity growth in the last 70 years: the golden age rate was 2.8% through about 1973; followed by 1.3% in 1973-1995; then a jump to 2.5% in 1995-2004; and concluding with 1% in 2004-2015. The long sustained low rate of the last dozen years included a jump to 2% in 2007-2010 that was mainly a temporary lurch caused by the onset of the Great Recession and businesses' response to it. The sustained rate in 2010-2015 has been about 0.3%, with as much evidence that it is falling as rising.

On the other hand, our 10-year U.S. rolling economic growth computation – which includes about 1% per year for population growth (a figure that is now declining) – shows a boom ending about 1973, followed by a flat and modestly good sustained rate of 3% or slightly more in 1973-2007, then followed by a troublesome and declining 2% in 2007-2016. Our four-part causal analysis of continually growing government excess for 56 years, first offset and then in this century reinforced by the other three factors (demographics and labor force; debt; and rest-of-the-world sector) is fully consistent with the facts and numbers of U.S. economic growth history. Moreover, while we do not have a detailed explanation correlating progress in these four factors with the capital deepening, education and TFP estimates by Gordon, the two data series are reasonably compatible and consistent. And they provide a direction for future research to understand our growth history and prospects. Note also that we also note economists have raised a number of productivity measurement issues, as well as questions about achievement trends and the incremental economic effectiveness of education. Also, many have emphasized the metastasis in regulation in the last decade.

In their 2017 book, *Capitalism without Capital,* Jonathan Haskel and Stian Westlake note that business investment in the U.S. economy has changed significantly in recent decades. From 1948 to 2007, intangible investment grew from 27% of total non-farm business investment to 56%. Tangible investment includes buildings, machines, computers, equipment, etc. Intangibles include mainly intellectual property such as research, patents and trademarks, brands, software, designs, etc.

They observe that intangible investment has characteristics they call the Four S's: scalability, sunkenness, spillovers and synergies. Scalability means, for example, that Uber was able to scale up its business from one city to worldwide promptly because the software, brand and other intangible assets on which its business model is based can be cheaply and quickly replicated and adopted to many more cities. A transportation model based on owning vehicles would take a long time to reach many cities due to financing and logistics challenges.

Sunkeness means that much investment in intangibles becomes a sunk, non-recoverable cost if the venture does not succeed – just as scalability and synergies make it very valuable if it does succeed. Spillovers refers to the fact that investments in intangibles produce assets economists call "non-rival" in nature: one party's use of them does not limit another party's use and benefit from them. Finally, synergies describe the multiplication of benefits when two or more assets, whether tangible or intangible, are combined; for example, a jet engine combined with a wing allows flight. The Four S's illuminate effect of the increase of intangibles on business investment on productivity and growth, as they detail.

Haskel and Westlake note that traditional accounting tends to obscure the increase of intangibles in the investment mix, because some of their costs, such as software, design, branding, etc. are expensed, not capitalized as investments. With the Great Recession, business investment fell substantially and recovered only somewhat thereafter. However, even after they correct investment levels to recognize intangibles, they still find a significant decline and persistent low level since the recession.

So, declining investment is a cause of declining productivity growth and economic growth. But what has caused the declining investment? Our four-factor analysis shows what has done so, and their explanation is consistent with ours.

7. Cost Disease: Over the long run, the mix of goods and services produced by the U.S. and world economies has shifted toward more services and fewer goods. Half a century ago, William Baumol (who later won a Nobel prize in economics) diagnosed a problem in providing many services that came to be known as Baumol's cost disease. He noted that the means of providing many services are constant over time and not subject to innovation and technological change that yield productivity gains. Hence, some have suggested that as the economy shifts toward services, effective economy-wide innovation, technological change and thus economic growth rates will slow from historic levels. As discussed below, we believe this view is unproven and likely offset when services productivity is viewed in a larger context.

Baumol observed that, economically, delivering the services of a Mozart quartet today has not changed since Mozart composed it. It still takes four musicians, their instruments and a venue that cannot be much larger (for more listeners) now than it was then. Put in these terms, it is easy to understand the argument and to extend it to a range of other services such as education, where a class of students still requires a teacher, classroom, desks, books, etc., just as it did a century ago. Thus, economy-wide, we may expect diminishing returns to innovation, etc., as services increase relative to goods. Baumol pointed out that when a sector such as classical music experiences productivity gains slower than those for the economy as a whole, the rising productivity of the economy nonetheless means that greater rewards accrue to firms and individuals in that sector over time – albeit not as fast as they grow in sectors with rapid technological change and productivity gains.

Given the constant labor input per unit of output (i.e., a concert), he was concerned that business models for performing arts firms and performers may have trouble delivering income that would keep them economically viable. He did admit they might survive by developing new sources of revenue such as charitable contributions, not just ticket sales. A *Wall Street Journal* article a year ago noted that in fact symphony budgets and the pay of their musicians has actually increased relative to the economy, instead of diminishing – although it also questioned whether the increasing real costs can find revenues to sustain the enterprise and artists. Public subsidies, plus contributions, play a role too. However, contra Baumol's belief that alternate revenue sources such as recording sales would apparently not provide a solution, we believe they do. Further, when the service of providing music is viewed in a larger context, there is no reason to believe that services are inherently subject to slower technological change and productivity gains than goods.

The point is that new inventions, innovations and technological change can in fact hugely increase the productivity of musicians. With modern electronics, one musician can play multiple parts. More importantly, via recordings, broadcast and narrowcast, the performance that could be heard in Mozart's time only by the limited number of people present when and where it was rendered can now be enjoyed by literally millions of people as often as they like and at times and places of their convenience. So, with modern communications and data technology, the productivity of musicians and their instruments is multiplied by many orders of magnitude. And consumers realize much additional value from the performance by being able also to hear it on a long auto drive. That is, considering services productivity from the perspective of consumer utility and total output of various kinds by suppliers, there are synergies that offset any cost disease limits and increase productivity hugely.

Moreover, this observation extends to education and increasingly to nearly all services. Alternative means of delivery of education are proliferating in higher education: Students and many people benefit today from recorded and broadcast lectures by the best teachers in any area and at any location, not just at a brick-and-mortar institution. Primary and secondary students also have access to a range of options for their instruction, from traditional classrooms to online home-schooling. And instead of having to find an encyclopedia at the library during its hours, in the middle of the night, we Google a subject and follow the search results wherever and for as long as we want. With the synergies proliferating everywhere, we see no reason to believe that cost disease is found much outside the public sector, education, health care and aging care – where it prevails only for non-technological public policy reasons.

8. Market Capitalism and Income Equality: An economic outlook analysis is by nature focused on growth. But, we believe that economic growth should also be the primary goal of public policy. When aggregate output increases, there are more resources on average for each person. In addition, increasing total output gives society greater resources to take care of people who through no fault on their part are unable to reasonably provide for themselves. Increases in resources promote human flourishing via education, improved health care, better diets and living conditions, and greater opportunities for use of leisure time. In short, economic growth is the key to human wellbeing.

Moreover, as the analyses in this CAR show, the public policies that promote growth are also those that promote fairness or equity – which is generally accepted as another fundamental goal of public policy. In a mainly market-based economy, people get income and accumulate wealth roughly in proportion to the value they deliver to others. This delivered value is the "consumer surplus" reaped by people who do business with them, and it does not depend on how hard the producers work or how charitable or otherwise virtuous they are; even if they are simply avaricious, in market systems their rewards depend on the contributions they make to society. Further, the value they deliver to others is as much a contribution to society when it results from investing their capital as when it flows from their labor; value is value, and there is no more virtue inherent in labor than in managing capital.

The economic freedom and protection of private property that foster aggregate economic growth also are fair to those who produce by letting them retain the fruits of their labor and investment risk-taking. And those same economic freedoms and property rights promote among everyone the virtuous behaviors society needs of delivering value to others. On the other hand, in any political allocation of resources, income and wealth depend on political behavior, aggressiveness and many other factors that do not serve the public interest in growth and equity, but only the self-interest of the people engaging in them. So, market systems work to promote maximum aggregate human wellbeing, but the political allocation of resources does not.

Nonetheless, people have always been concerned about how their wellbeing compares to that of others and more generally about the distribution of income within society. With the slow growth and flagging human wellbeing of the last decade, concerns about income distribution and inequality have risen. These concerns often merge with some classic critiques of market capitalism, as reflected in the 2014 book *Capital in* *the Twenty-first Century* by Thomas Piketty. So, we review here the arguments and claims about distribution, inequality and alleged structural problems of market capitalism. Then we present data that show that the extensive public-sector interventions urged by these critics not only suppress growth but have also contributed to unequal income distributions and lagging wellbeing of middle- and lower-income people.

Piketty covers much ground in his 700-page tome, but two points stand out here as summarized from *Problems with Piketty: The Flaws and Fallacies in Capital in the Twenty-first Century* by Mark Hendrickson. First, incomes and wealth are distributed very unequally, both within and among countries. Second, based on the fact that the rate of return on capital investment is generally greater than the growth rate of the economy, Piketty hypothesizes that capital will come to comprise an ever larger fraction of each economy. This leads him to conclude that inevitably the rich get richer and the poor and middle classes get left behind – until this unsustainable trend erupts in economic breakdown and political chaos. So, Piketty calls for confiscatory tax rates on wealth and income (e.g., 80%) to avert this supposed tendency.

However, like most analysts who obsess over income distribution, Piketty ignores the huge effects that income taxes and transfer payments already play. His calculations are based on pre-tax income, which is not the amount anyone has to spend with discretion. Piketty further overlooks employer-provided benefits like health insurance and non-taxable capital gains and he fails to adjust for household size, so his assertions have little basis in reality. There are also transcription errors and incorrect formulas in his spreadsheets and for some data he does not cite original sources. These problems led him to retract his data for the U.S.

Further, the obsessive focus on income distribution is misplaced in principle. As we noted, in market systems (but not in explicitly political allocations of resources), income and wealth generally flow to people in proportion to the value they deliver to others – i.e., the economic value they create for society. Since individuals' contributions vary greatly, sometimes by a few orders of magnitude, the resulting distribution of income not only reasonably rewards people who create value, but it also provides the appropriate value-creation incentives for everyone. Further, people's wealth is split among their heirs and according to their charitable contributions, and this effect in the real world tends to spread wealth, instead of allowing ever narrower accumulations of it. Thus, lists of individuals' fortunes increasingly include self-made entrepreneurial successes and ever fewer legacy fortunes. Also, not all capital reaps the average rate of return, and thus some fortunes grow more slowly than the economy or even disappear altogether in financial losses. And the fact that a loss of X% requires subsequent gains greater than X% to restore the original corpus also works toward wealth spreading.

Another major flaw is that, for Piketty, the value, virtue and efficacy of government spending is never questioned; more is always better by assumption, despite demonstrations by Nobel laureate Friedrich Hayek that rational economic planning is impossible outside competitive markets. Ultimately, Piketty's obsession (and that of other progressives) with income and wealth distribution not only completely distorts the real record on these trends but also overlooks the real public interest: namely, economic growth and thus human wellbeing. Capital formation is essential to this goal. He does, however, concede that "the return of high capital/income ratios over the past few decades can be explained in large part by the return to a regime of relatively slow growth."

Indeed, Table 5 below demonstrates broadly this point for the U.S. It shows that the difference between GDP growth rates in the U.S. and the increases in income inequality (measured by the most common Gini coefficient and related methods) have produced much slower total gains (GDP growth less income inequality increases) for the middle and lower classes in the Bush 41, Bush 43 and Obama administrations than was the case in the Nixon/Ford, Reagan and Clinton administrations. In short, total economic growth has benefitted the poor and middle classes more than slow growth and income redistribution.

Table 5: Comparison of Income Growth and Increase in Income Inequality by United States Presidential Administration, 1969-2016

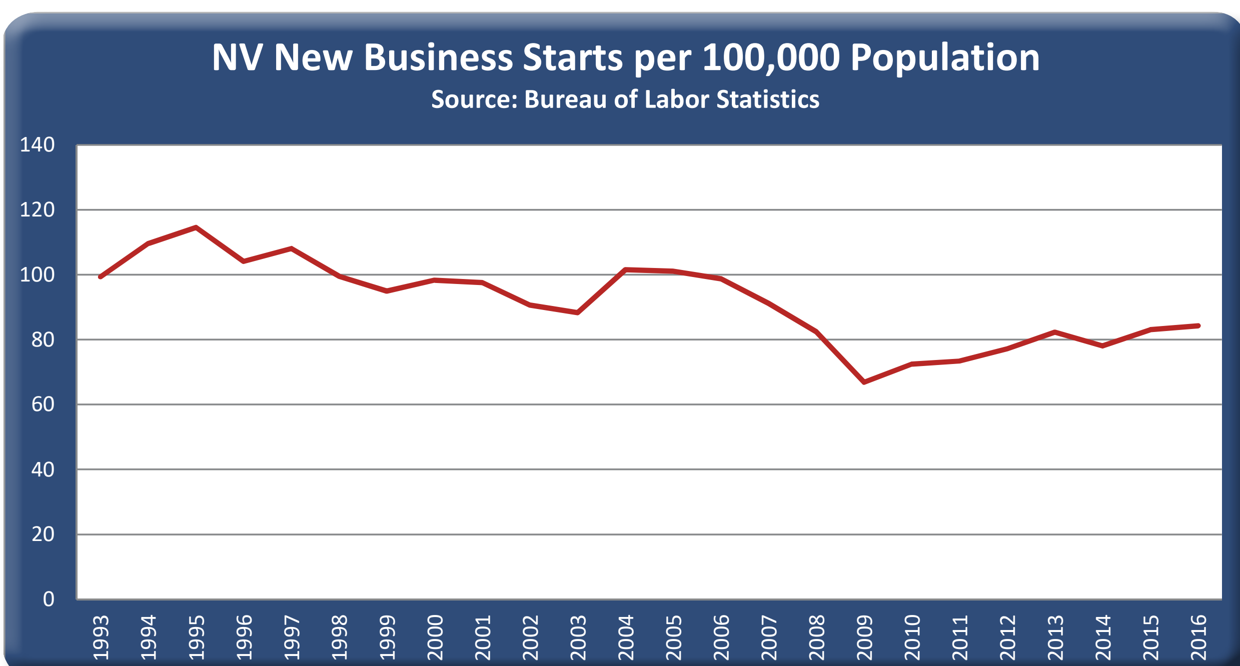
Administration	Annual Growth, Real GDP Per Person	Annual Increase in Income Inequality (Gini/MnLn/Thiel)	GDP Growth Less Income Inequality Increase
Nixon/Ford	1.90%	0.33%	1.57%
Carter	1.67%	0.67%	1.00%
Reagan	2.70%	1.04%	1.66%
Bush 41	0.75%	0.32%	0.43%
Clinton	2.48%	0.84%	1.64%
Bush 43	0.70%	0.25%	0.45%
Obama	1.39%	0.85%	0.54%

To see additional information, visit: controller.nv.gov

9. Nevada Prospects Are Similar to U.S. Prospects: Nevada's overall tax levels lie toward the middle among the states. The state has long practiced onerous regulation of professions and occupations and has intervened in housing finance in ways adverse to growth. In assisting destructive federal policies in health care, education and energy, state policy further retards growth. Nevada's demographic and workforce outlook is no better than the national picture, especially due to modest workforce education levels. Further, there is no reason to believe Nevada will do better than other states on non-state debt levels, or on trade and foreign direct investment. Historically, Nevada and the Southwest populations have grown much faster than the U.S., but their net in-migration has slowed greatly in recent years. So, despite faster growth currently than most states, the most prudent forecast for Nevada is growth at the anemic national rates. Moreover, the dominance of the outlook by long-term secular trends obviates fine-tuned state cyclical growth estimates. A notable bright spot is that Nevada has managed conservatively its debt load; so, maintaining its creditworthiness will be assured by continued prudence on that front.

Between 2011 and 2015, Nevada's state gross domestic product grew meagerly from $119.3 billion to $126.2 billion (in constant 2009 dollars). Per capita, that's a growth rate of -0.15%, ranking 44th among the states in that period. This continued negative growth comes on the heels of an economic recession in which Nevada experienced the largest per-capita decline in GDP of any state. Between 2007 and 2010, per-capita GDP shrank by an average of 5.76% annually versus a national shrinkage of 1.26%. Fortunately, Nevada growth has returned to healthy levels.

However, entrepreneurial activity in Nevada remains nearhistorically low levels. As shown in the graph below, startup density, measured by the number of business starts per 100,000 persons, fell roughly 30% between the mid-1990s and recent years, according to Bureau of Labor Statistics data. Non-governmental data sources, providing a longer time series, indicate that startup density has fallen 61% since 1977. This long-run decline in entrepreneurial activity portends a less dynamic state economy. Studies indicate that nearly all net new U.S. job growth is attributable to startups, so future Nevada economic growth prospects may be significantly diminished if entrepreneurial activity does not rebound to historic levels.



10. Economic Outlook Summary: Government at all levels has long been so big, yet still growing relative to our economy, that it increasingly consumes our time, energy and productivity; crowds out private entrepreneurship and business spending and investment; and thereby stifles economic growth. Until 2002, falling birth rates plus Baby Boomers and women entering the workforce greatly mitigated this problem. Sustained low birth rates leading to small working-age population cohorts, plus somewhat falling rates of workforce participation by women and by men ages 16-54, have lately decreased the fraction of the population working and the producer/dependent ratios that fed earlier growth.

Increasing debt levels relative to the economy, which were mainly driven by policy far into unsustainable territory, promoted growth until the financial crash. Mild retrenchment during the tepid recovery has not worked off the overhang; so, slow growth of non-government debt demand will add to the drag on economic growth. Rapid growth of developing economies, plus faster growth of trade and foreign domestic investment also helped greatly until 2009. Growth in most countries has slowed since then because the government overreach, and demographic and workforce participation and debt problems are worse in other major economies. And trade is now growing slower than the world economy. The most reasonable expectation is that these world trends will continue, not improve, despite (or even due to) low commodity and energy prices.

Hence, all four fundamental factors are now driving U.S. economic growth down from the current 2% annual real levels (1% per person), and so human wellbeing will grow much slower in the future than in the last 250 years. The increasing time since the Great Recession also suggests cyclical factors may stunt growth in coming years. Nevada is not exempt from this unfortunate outlook: As detailed above in the section on spending, the state's public-sector metastasis has been greater and it continues. Other demographic, debt and international trade and investment factors do not portend improvement from the national economic outlook. Nevada's creditworthiness is a single bright spot. However, low economic growth will yield low expected investment returns, greatly challenging management of state retirement and endowment funds.

VII. POLICY PRESCRIPTIONS

Recent upticks in economic growth may offer some hope to the extent they are driven by federal fiscal and regulatory reform that will be sustained for a long time. Tariff increases, however, will tend to slow growth. Also, bubbles may have formed in capital markets due to the persistence of low long-term (market) and short-term (policy driven) interest rates and investors chasing yields in ever riskier asset allocations. It is too early to forecast anything better than a continuation of the ennui of the last decade.

Some people argue that Nevada spends insufficiently on K-12 education and on HSS, although they have not said how much would be "enough" in either case. K-12 spending has increased much faster than incomes and all other state spending except that for HSS, especially with the large K-12 increases adopted in 2015. The empirical literature is clear that spending increases from current Nevada levels can be expected to have little or no effect on student achievement. The increases in HSS spending have been driven by state decisions and federal mandates and financed substantially by federal grants and contributions. Federal support for HSS programs may be diminished greatly in coming years. So, Nevada faces another major spending problem as it seeks either to rein in spending to reasonable levels determined by its revenues instead of increasing taxes again from unduly high levels.

Nevada's PERS system is managing its investments with the right approach, but it has not yet adopted reasonable discount rates for future liabilities for planning and determining contribution rates. It should adopt a rate of 5%, reflecting the realistic total net return assumptions for its investments. PERS also needs to reset expected membership growth rates to 2.5%, the levels it has achieved. And it should adjust working- and retirement-years assumptions to levels that reflect current and prospective demographics to correct a long history of burdening future taxpayers and future plan participants with subsidies to retired government employees. The unvarnished good news is that Nevada's credit situation is very sound.

As discussed in the economic outlook section, growth in public spending is a prime reason economic growth in our nation and state has slowed and will continue to be anemic. Further, claims that budgets have been cut are misleading when actual spending and taxpayer/fee payer burden have increased as they have. Public-sector excess is a drag on the economy and it diminishes human wellbeing and fairness in our society. It, not some alleged failure to adequately fund HSS and K-12, is the principal threat to our prosperity and children's welfare. **For a long time to come, Nevada government must grow slower than our economy.**

Policy Prescriptions

Nevada must also work to revitalize the dynamism of its economy and promote genuine entrepreneurship as the path to sustained growth and economic development. Occupational and professional licensing laws that are here more onerous than in other states place artificial barriers before enterprising individuals, limit their earning potential and diminish the contributions they can make to Nevada. Our state retains dubious licensing schemes for occupations like interior design and music therapy that exist in only a handful of states. For instance, 47 states impose no special licensing requirements for interior designers, but Nevada requires practitioners to complete six years of education and apprenticeship requirements, pay fees, and pass a state-administered test before contracting for services.

Such barriers to entry into middle-class occupations severely dampen opportunities available to Nevada's citizens. The traditional rationale for occupational licensing is that certain occupations present substantial risk of physical harm to the public when practiced by unknowledgeable or unskilled persons. For instance, patients benefit from the assurance that their surgeon has the required skill and knowledge to perform surgical procedures. However, the proliferation of licensing requirements in Nevada to occupations like interior design has little to no basis in this rationale.

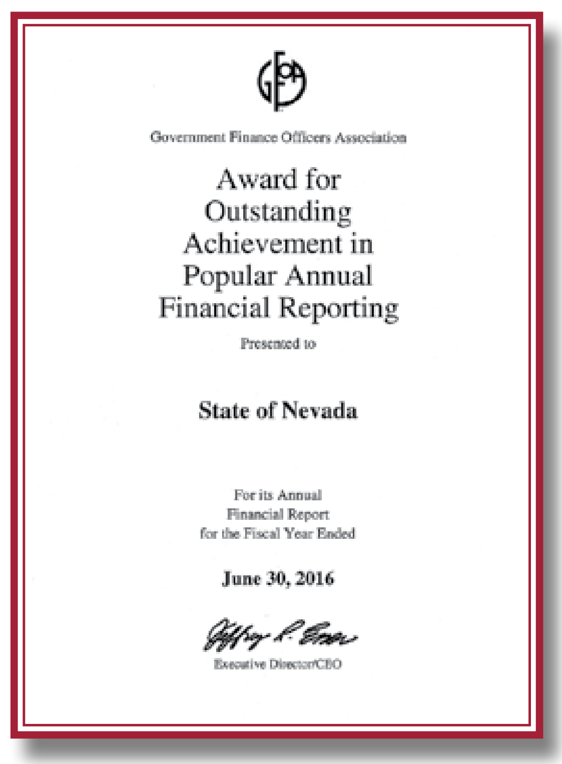
Further, many of Nevada's licensing laws fail to make clear that they apply only to for-profit endeavors. As such, they may incriminate citizens for behaviors generally believed to be legal and noncontroversial. NRS Chapter 640C, for instance, appears to make it a criminal offense for an individual to give his or her spouse a massage without first obtaining a license from the State Board of Massage Therapists.

While laws like these needlessly limit the upward mobility and opportunities available to most of Nevada's citizens, the state's approach to economic development has focused on providing incentives to select private firms with political influence. Substantial packages of targeted tax incentives have been awarded recently to Amazon, Tesla Motors and the Oakland Raiders. In addition, the Legislature has crafted legislation in recent years to authorize outright cash grants of state funds to private firms, preferential "economic development" utility rates and transferable tax credits that can be sold for cash on secondary markets and used to satisfy most state tax liabilities of the buyer.

Litigation is pending that challenges the constitutionality of Nevada's Catalyst Fund, which uses legislative appropriations to award cash grants to private firms. The litigants claim the Fund, created in 2011, violates Article 8, Section 9 of the *Nevada Constitution*, which reads: "The State shall not donate or loan money, or its credit, subscribe to or be, interested in the Stock of any company, association, or corporation, except corporations formed for educational or charitable purposes." The litigants claim the State's award of cash grants damages the competitors of grant recipients, whose tax dollars are used to subsidize their recipient competitors.

Beyond these legal issues, cash grants and other awards to particular firms signal official state support for those firms but distort the pattern of investment. Financiers and investors become reluctant to support ventures that compete with state-supported entities and more likely to support recipients of state support even if their prospects are less promising on a pure market basis. The result is a suppression of genuine entrepreneurship and slower economic growth as Nevada, along with the nation, has moved increasingly toward corporatism and cronyism. This discouragement of organic entrepreneurship is apparent in statistics cited earlier regarding a decades-long decline in Nevada's rate of business formation.

Nevada must restore hope for its future generations by abandoning these interventionist and corporatist policies and sweeping away unnecessary barriers to organic entrepreneurship and business formation. The promise for Nevada's future is found in the dreams, talents and creativity of its people and not in the political deals made with cronies regarding tax dollars and abatements and regulatory favors.


Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

State of Nevada

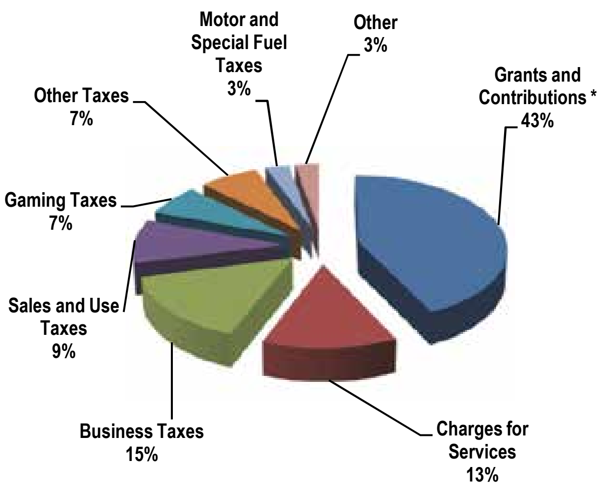
For its Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Nevada State Government Financial Summary

Sources of Revenue

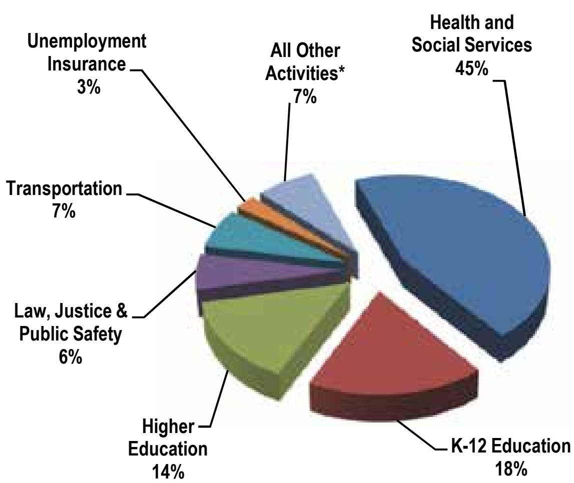


FY 2017 Revenues by Source

Revenues by Source Expressed in Millions	2017 Revenue	2006 Revenue	% Change
Grants and Contributions *	$ 5,726	$ 2,355	143%
Charges for Services	1,741	1,399	24%
Business Taxes	2,018	880	129%
Sales and Use Taxes	1,285	1,098	17%
Gaming Taxes	897	1,003	-11%
Other Taxes	947	696	36%
Motor and Special Fuel Taxes	377	298	26%
Other	372	83	351%
Total Revenues**	**$ 13,363**	**$ 7,812**	71%

*Grants and Contributions include Operating and Capital Grants
**Total Revenues includes revenues from Primary Government Activities and Discretely Presented Component Units. Payments from the State of Nevada to Discretely Presented Component Units are eliminated.

Functional Expenses



FY 2017 Expenses by Function

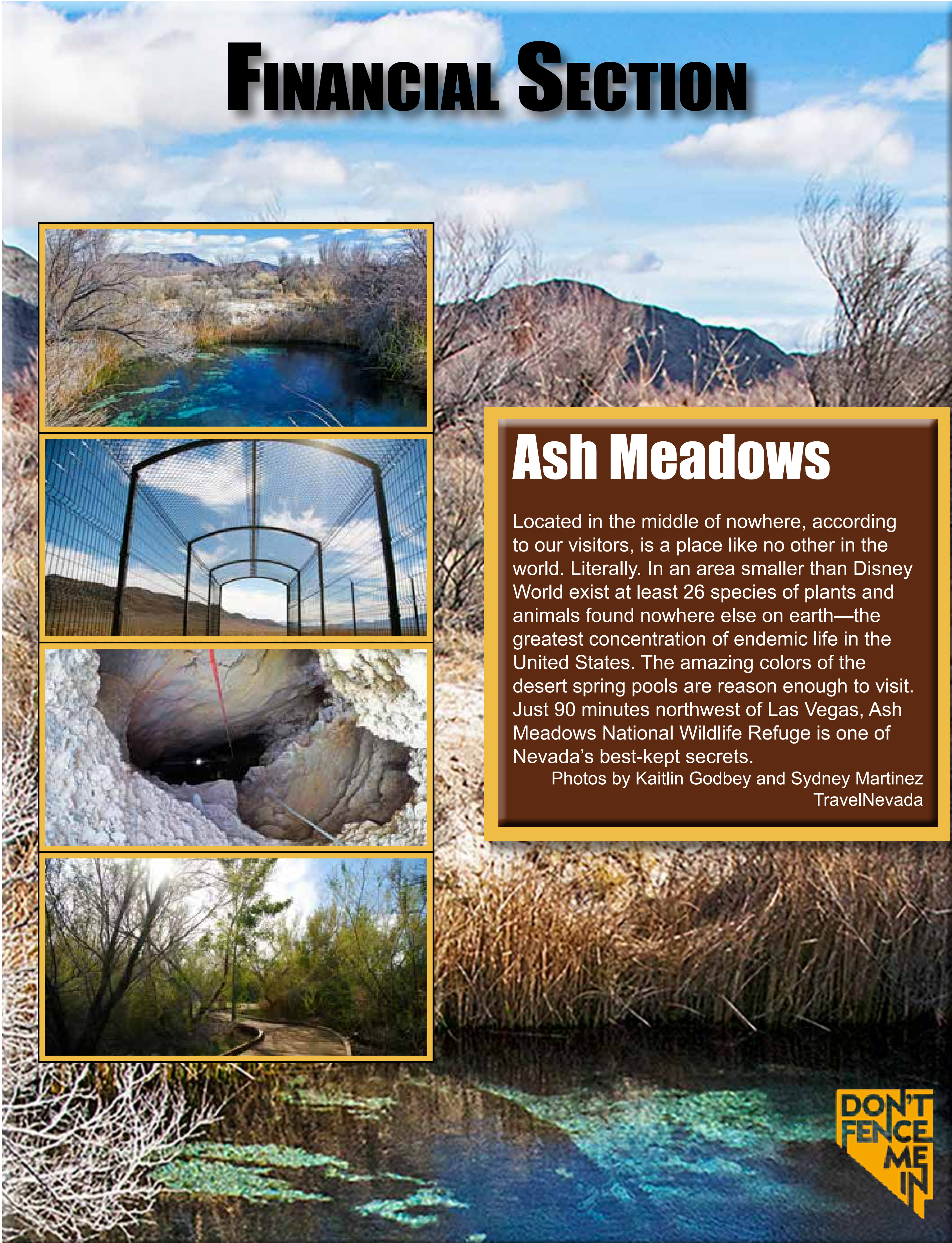
Expenses by Function Expressed in Millions	2017 Expenses	2006 Expenses	% Change
Health and Social Services	$ 5,502	$ 2,199	150%
K-12 Education	2,215	1,240	79%
Higher Education	1,783	1,299	37%
Law, Justice and Public Safety	751	578	30%
Transportation	841	508	66%
Unemployment Insurance	313	239	31%
All Other Activities*	885	1,003	-12%
Total Expenses**	**$ 12,290**	**$ 7,066**	**74%**

* All Other Activities include Governmental and Business-Type Activities and Discretely Presented Components Units except Nevada System of Higher Education.
**Total Expenses includes expenses from Primary Government Activities and Discretely Presented Component Units. Payments from the State of Nevada to Discretely Presented Component Units are eliminated.

An independent audit of the State's financial statements resulted in an unmodified audit opinion. Financial information in this report is derived from Generally Accepted Accounting Principles (GAAP) data in the State's Comprehensive Annual Financial Report (CAFR).

To see additional information, visit: controller.nv.gov

Financial Section



Ash Meadows

Located in the middle of nowhere, according to our visitors, is a place like no other in the world. Literally. In an area smaller than Disney World exist at least 26 species of plants and animals found nowhere else on earth—the greatest concentration of endemic life in the United States. The amazing colors of the desert spring pools are reason enough to visit. Just 90 minutes northwest of Las Vegas, Ash Meadows National Wildlife Refuge is one of Nevada's best-kept secrets.

Photos by Kaitlin Godbey and Sydney Martinez
TravelNevada

Independent Auditor's Report

The Honorable Ronald Knecht, MS, JD & PE
State Controller
Carson City, Nevada

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Nevada'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 opinions on these financial statements based on our audit. We did not audit the financial statements of the following:

- the financial statements of the Housing Division, which is a major fund, represent 27.93 percent of the assets and deferred outflows of resources, 11.99 percent of net position, and 3.53 percent of the revenues of the business-type activities;

- the financial statements of the Nevada System of Higher Education, which is a discretely presented component unit, represent 96.86 percent of assets and deferred outflows of resources, 99.75 percent of net position, and 97.56 percent of revenues of the discretely presented component units;

- the financial statements of the Self Insurance and Insurance Premiums Internal Service Funds which, in the aggregate, represent less than one percent of the assets and deferred outflows of resources and the net position, and 1.75 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees' Fund, which in the aggregate represent 62.02 percent of the assets and deferred outflows of resources, 63.24 percent of the net position, and 27.78 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Nevada College Savings Plan – Private Purpose Trust Fund, which represent 32.43 percent of the assets and deferred outflows of resources, 33.53 percent of the net position and 56.69 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Retirement Benefits Investment Fund – Investment Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information; and

- the financial statements of the Division of Museums and History Dedicated Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, fund balance and revenues of the aggregate remaining fund information.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

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, and the reports of other auditors, is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As described in Note 19 to the financial statements, the State of Nevada adopted the provisions of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73,* which resulted in a restatement of the net position as of July 1, 2016. Our opinions are not modified with respect to this matter.

The Division of Museums and History Dedicated Trust Fund, audited by other auditors, did not include an adoption of the provisions of GASB No. 82 as required. The Self Insurance and Insurance Premiums Funds, audited by other auditors, partially adopted the provisions of GASB No. 82. The State restated the net position of the Division of Museums and History Dedicated Trust Fund and the Self Insurance and Insurance Premiums Funds to comply with the provisions of GASB No. 82. As part of our audit of the financial statements, we also audited the adjustments described in Note 19 that were applied to restate the net position as of July 1, 2016 of the Division of Museums and History Dedicated Trust Fund and the Self Insurance and Insurance Premiums Funds. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statements of the Division of Museums and History Dedicated Trust Fund or the Self Insurance and Insurance Premiums Funds.

Correction of Errors
As discussed in Note 19 to the financial statements, the State of Nevada corrected an error in the State Highway Fund for payroll expenditures recorded in fiscal year 2017 that were for fiscal year 2016, which resulted in a restatement of net position as of July 1, 2016. In addition, as discussed in Note 19 to the financial statements, the State of Nevada corrected an error in the Unemployment Compensation Fund for interest income recorded in fiscal year 2017 that was earned in fiscal year 2016, which resulted in a restatement of net position as of July 1, 2016. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16, the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the schedule of funding progress, the pension plan information, and the schedule of infrastructure condition and maintenance data collectively presented on pages 92 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nevada's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
March 14, 2018

Management's Discussion and Analysis

State of Nevada management provides this discussion and analysis of the State of Nevada's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2017. Readers should consider this information in conjunction with the additional information furnished in the letter of transmittal.

Highlights

Government-wide:

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $6.9 billion (reported as net position). Of this amount, $5.6 billion is net investment in capital assets and $2.9 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative $1.6 billion is reported as an unrestricted deficit, which indicates no funds are available for discretionary purposes.
- The State's total net position increased by $962.2 million or 16.1% over the prior year. Net position of governmental activities increased by $403.8 million or 8.4%. Net position of business-type activities increased by $558.4 million or 47.9%. Due to the implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and No. 73*, the State recorded $53.7 million in deferred outflows of resources and $90.8 million in deferred inflows of resources related to the prior year, and a corresponding net increase of $37.1 million to beginning net position. Beginning net position of governmental activities increased by $31.7 million, of which $36.5 million is an increase due to the implementation of GASB Statement No. 82 and $4.8 million is a decrease due to payroll expenditures recorded in fiscal year 2017 that were for fiscal year 2016. Beginning net position of business-type activities increased by $3.7 million, of which $.7 million is an increase due to implementation of GASB Statement No. 82 and an increase of $3.0 million due to interest recorded in fiscal year 2017 that was earned in 2016.

Fund-level:

- The State's governmental funds reported combined ending fund balances of $2,118.9 million, an increase of $254.7 million from the prior year, before restatement. Of the ending fund balance, $480.1 million is nonspendable, $851.9 million is restricted, $884.5 million is committed and a negative $97.6 million is unassigned.
- The State's enterprise funds reported combined ending net position of $1,724.6 million, an increase of $558.3 million from the prior year, before restatement. Of the ending net position, $6.4 million is net investment in capital assets, $1,704.7 million is restricted, and $13.5 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by $108.0 million or 1.6%.
- The State's total bonds payable and certificates of participation payable decreased by $172.2 million or 5.4%.

Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Nevada's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Comprehensive Annual Financial Report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the State of Nevada's finances in a manner similar to the private sector. They take into account all revenues and expenses connected with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The *statement of net position* presents *all* of the State's assets, liabilities, and deferred outflows/inflows of resources with the difference being reported as "net position." The statement combines and consolidates all of the State's current financial resources with capital assets and long-term obligations. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the State's net position changed during the most recent fiscal year. The statement reveals how much it costs the State to provide its various services, and whether the services cover their own costs through user fees, charges, grants, or are financed with taxes and other general revenues. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of cash flows. Therefore, some revenue and expenses reported in this statement will not result in cash flows until future fiscal periods (e.g., uncollected taxes earned and unused leave).

Both government-wide statements above report three types of activities:

Governmental Activities – Taxes and intergovernmental revenues primarily support these activities. Most services normally associated with State government fall into this category, including general government, health and social services, education, law, justice and public safety, regulation of business, transportation, recreation and resource development, interest on long-term debt and unallocated depreciation.

Business-type Activities – These activities are intended to recover all, or a significant portion, of the costs of the activities by charging fees to customers. The Housing Division and Unemployment Compensation are examples of the State's business-type activities.

Discretely Presented Component Units – Discrete component units are legally separate organizations for which their relationship with the primary government meets selected criteria. The State has three discretely presented component units – the Nevada System of Higher Education, the Colorado River Commission and the Nevada Capital Investment Corporation. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Fund Financial Statements:
A fund is an accounting entity consisting of a set of self-balancing accounts to track funding sources and spending for a particular purpose. The State's funds are broken down into three types:

Governmental funds – Most of the State's basic services are reported in governmental funds. These funds focus on short-term outflows and inflows of expendable resources as well as balances left at the end of the fiscal year available to finance future activities. These funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

The governmental fund financial statements focus on major funds and provide additional information that is not provided in the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation is provided between the governmental fund statements and the governmental activities in the government-wide financial statements.

Proprietary funds – When the State charges customers for the services it provides, whether to outside customers (enterprise funds) or to other State agencies (internal service funds), the services are generally reported in the proprietary funds. Proprietary funds apply the accrual basis of accounting utilized by private sector businesses, and there is a reconciliation between the government-wide financial statement business-type activities and the enterprise fund financial statements. Because internal service fund operations primarily benefit governmental funds, they are included with the governmental activities in the government-wide financial statements.

Fiduciary funds – These funds are used to account for resources held for the benefit of parties outside the state government. For instance, the State acts as a trustee or fiduciary for its employee pension plans, and it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. Fiduciary funds are reported using the accrual basis of accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

Notes to the Financial Statements:
The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

Required Supplementary Information:
The required supplementary information includes budgetary comparison schedules for the General Fund and major special revenue funds, along with notes and a reconciliation of the statutory and U.S. generally accepted accounting principles (GAAP) fund balances at fiscal year-end. This section also includes a schedule of pension plan information and a schedule of infrastructure condition and maintenance data.

Other Supplementary Information:
Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, all internal service and all fiduciary funds. The non-major funds are added together, by fund type, and presented in single columns in the basic financial statements. Other supplementary information contains budgetary schedules of total uses for the General Fund and special revenue fund budgets, as well as a schedule of sources for non-major special revenue fund budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The State's overall financial position and operations for the fiscal years ended June 30, 2017 and 2016 for the primary government are summarized in the following statements based on the information included in the government-wide financial statements.

State of Nevada's Net Position-Primary Government
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total		Total Change
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017-2016**
Assets							
Current and other assets	$ 4,470,888	$ 4,123,954	$ 2,748,174	$ 2,379,222	$ 7,219,062	$ 6,503,176	$ 715,886
Net capital assets	6,973,989	6,867,876	14,712	12,851	6,988,701	6,880,727	107,974
Total assets	11,444,877	10,991,830	2,762,886	2,392,073	14,207,763	13,383,903	823,860
Total deferred outflows of resources	427,810	281,360	7,571	4,832	435,381	286,192	149,189
Liabilities							
Current liabilities	1,779,280	1,729,053	69,179	66,378	1,848,459	1,795,431	53,028
Long-term liabilities	4,704,329	4,384,984	973,101	1,157,624	5,677,430	5,542,608	134,822
Total liabilities	6,483,609	6,114,037	1,042,280	1,224,002	7,525,889	7,338,039	187,850
Total deferred inflows of resources	180,372	354,233	3,517	6,672	183,889	360,905	(177,016)
Net Position							
Net investment in capital assets	5,623,373	5,588,027	6,446	4,310	5,629,819	5,592,337	37,482
Restricted	1,165,363	1,105,037	1,704,681	1,153,048	2,870,044	2,258,085	611,959
Unrestricted (deficit)	(1,580,030)	(1,888,144)	13,533	8,873	(1,566,497)	(1,879,271)	312,774
Total net position	$ 5,208,706	$ 4,804,920	$ 1,724,660	$ 1,166,231	$ 6,933,366	$ 5,971,151	$ 962,215

Net Position:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State reported net position of $6.9 billion at the end of 2017, compared with $6.0 billion at the end of the previous year.

The largest portion of the State's net position ($5.6 billion or 81.2%) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, software costs, construction in progress, infrastructure and rights-of-way, less any related debt still outstanding that was used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net position ($2.9 billion or 42.0%) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported an unrestricted net position deficit of $1.6 billion or (23.2%) as compared to a $1.9 billion deficit in the prior year. The governmental activities and business-type activities components of the unrestricted net position deficit are discussed below.

The unrestricted net position deficit in governmental activities decreased by $308.1 million; from a deficit of $1.9 billion to a total deficit of $1.6 billion. Changes in governmental activities were a result of several factors, including an increase in the unrestricted fund balance of the General Fund of $153.4 million and an increase of $14.7 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of net activities. Of the $14.7 million increase in deferred inflows of resources for unrestricted and unavailable revenue, approximately $20.9 million is from unrestricted tax revenue, a $9.4 million increase is from federal revenues, and a decrease of $9.5 million is from rebates for health services. In business-type activities the unrestricted net position increased by $4.6 million from a net position of $8.9 million to a net position of $13.5 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of $2.9 million.

Changes in State of Nevada's Net Position-Primary Government
(expressed in thousands)

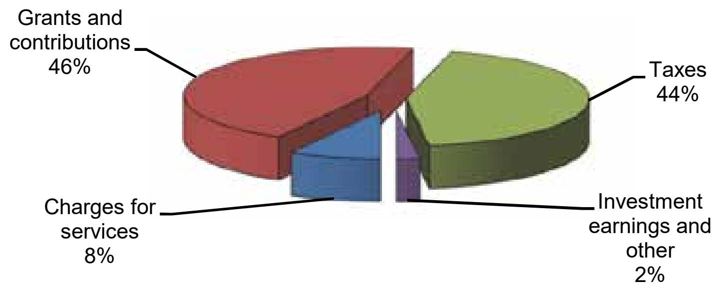
	Governmental Activities 2017	Governmental Activities 2016	Business-type Activities 2017	Business-type Activities 2016	Total 2017	Total 2016	Total Change 2017-2016
Revenues							
Program revenues							
Charges for services	$ 902,110	$ 885,646	$ 123,222	$ 120,146	$ 1,025,332	$ 1,005,792	$ 19,540
Operating grants and contributions	5,076,398	4,791,688	83,365	58,795	5,159,763	4,850,483	309,280
Capital grants and contributions	31,458	12,503	-	-	31,458	12,503	18,955
General revenues							
Sales and use taxes	1,285,247	1,219,151	-	-	1,285,247	1,219,151	66,096
Gaming taxes	896,571	910,684	-	-	896,571	910,684	(14,113)
Modified business taxes	572,873	562,867	-	-	572,873	562,867	10,006
Insurance premium taxes	358,499	301,368	-	-	358,499	301,368	57,131
Lodging taxes	178,846	167,159	-	-	178,846	167,159	11,687
Cigarette taxes	180,677	153,033	-	-	180,677	153,033	27,644
Commerce taxes	198,322	143,508	-	-	198,322	143,508	54,814
Property and transfer taxes	247,939	238,192	-	-	247,939	238,192	9,747
Motor and special fuel taxes	299,426	289,909	-	-	299,426	289,909	9,517
Other taxes	680,739	582,331	624,242	566,551	1,304,981	1,148,882	156,099
Investment earnings	2,645	10,352	-	-	2,645	10,352	(7,707)
Other	207,338	267,350	-	-	207,338	267,350	(60,012)
Total Revenues	11,119,088	10,535,741	830,829	745,492	11,949,917	11,281,233	668,684
Expenses							
General government	351,831	206,620	-	-	351,831	206,620	145,211
Health services	3,957,042	3,509,058	-	-	3,957,042	3,509,058	447,984
Social services	1,545,446	1,601,995	-	-	1,545,446	1,601,995	(56,549)
Education - K-12 state support	1,478,773	1,460,123	-	-	1,478,773	1,460,123	18,650
Education - K-12 administrative	580,719	524,397	-	-	580,719	524,397	56,322
Education - higher education	570,398	577,683	-	-	570,398	577,683	(7,285)
Law, justice and public safety	750,614	709,920	-	-	750,614	709,920	40,694
Regulation of business	295,766	299,093	-	-	295,766	299,093	(3,327)
Transportation	841,046	180,224	-	-	841,046	180,224	660,822
Recreation and resource development	161,621	144,940	-	-	161,621	144,940	16,681
Interest on long-term debt	73,785	79,527	-	-	73,785	79,527	(5,742)
Unallocated depreciation	2,673	2,680	-	-	2,673	2,680	(7)
Unemployment insurance	-	-	313,306	342,279	313,306	342,279	(28,973)
Housing	-	-	19,316	27,099	19,316	27,099	(7,783)
Water loans	-	-	4,802	4,962	4,802	4,962	(160)
Workers' compensation and safety	-	-	30,011	31,024	30,011	31,024	(1,013)
Higher education tuition	-	-	23,383	25,108	23,383	25,108	(1,725)
Other	-	-	32,181	31,471	32,181	31,471	710
Total Expenses	10,609,714	9,296,260	422,999	461,943	11,032,713	9,758,203	1,274,510
Change in net position before contributions to permanent funds, special items and transfers	509,374	1,239,481	407,830	283,549	917,204	1,523,030	(605,826)
Contributions to permanent fund	9,586	7,480	-	-	9,586	7,480	2,106
Transfers	(146,901)	(127,364)	146,901	127,364	-	-	-
Change in net position	372,059	1,119,597	554,731	410,913	926,790	1,530,510	(603,720)
Net position - beginning of year	4,804,920	3,685,323	1,166,231	755,318	5,971,151	4,440,641	1,530,510
Adjustment to beginning net position	31,727	-	3,698	-	35,425	-	35,425
Net position - end of year	$ 5,208,706	$ 4,804,920	$ 1,724,660	$ 1,166,231	$ 6,933,366	$ 5,971,151	$ 962,215

Changes in Net Position:

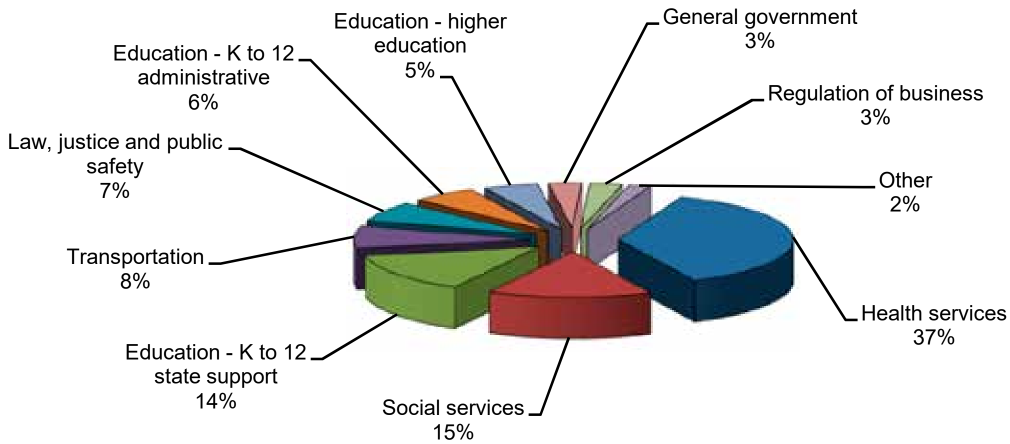
Total government-wide revenues increased by $668.7 million during the current year. The increase in revenues is a result of several factors, including increases of $309.3 million in federal funding, $156.1 million in other taxes, $66.1 million in sales and use taxes, $57.1 million in insurance premium taxes and $54.8 million in commerce taxes. Program revenues from charges for services increased by $19.5 million compared to the prior year.

Governmental activities – The current year net position increased by $372.1 million. Approximately 44.0% of the total revenue came from taxes, while 45.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 8.1% of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were 37.3% for health services, 14.6% for social services, and 13.9% for state support of K to 12 education (see chart below). In 2017, governmental activities expenses exceeded program revenues, resulting in the use of $4.6 billion in general revenues, which were generated to support the government.

The following chart depicts the governmental activities revenues for the fiscal year:



The following chart depicts the governmental activities expenses for the fiscal year:



The following table depicts the total program revenues and expenses for each function of governmental activities:

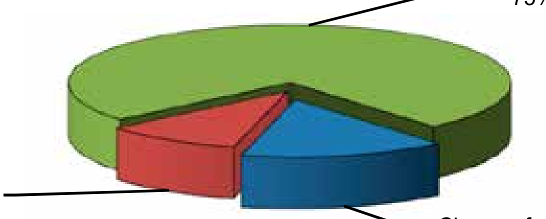
Revenues and Expenses by Function: Governmental Activities

(expressed in thousands)

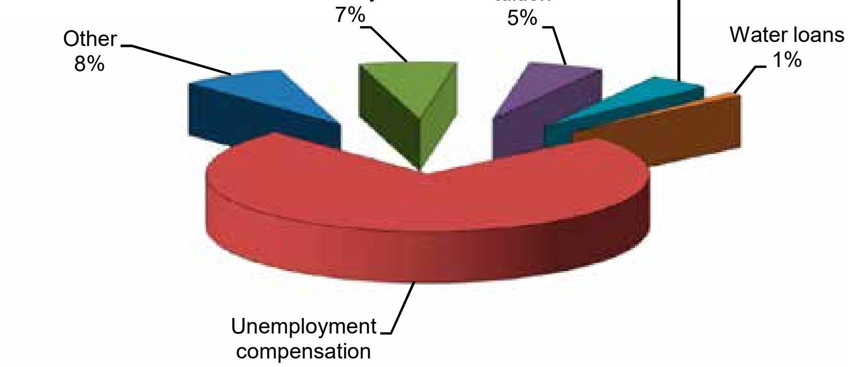
	Expenses	Revenues
General government	$ 351,831	$ 203,845
Health services	3,957,042	3,162,007
Social services	1,545,446	1,187,013
Education - K-12 state support	1,478,773	3,835
Education - K-12 administration	580,719	281,570
Education - higher education	570,398	-
Law, justice and public safety	750,614	369,697
Regulation of business	295,766	306,390
Transportation	841,046	408,142
Recreation and resource development	161,621	86,232
Total	$ 10,533,256	$ 6,008,731

Business-type activities – The current year net position increased by $554.7 million. Approximately 75.1% of the total revenue came from taxes, while 10.0% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 14.9% of the total revenues (see chart below). The State's business-type activities expenses cover a range of services. The largest expenses were 74.1% for unemployment compensation (see chart below). In 2017, business-type activities expenses exceeded program revenues by $216.4 million. Of this amount, unemployment compensation was the largest, with net expenses of $291.3 million, resulting in the use of general revenues generated by and restricted to the Unemployment Compensation Fund.

The following chart depicts the business-type activities revenues for the fiscal year:



The following chart depicts the business-type activities expenses for the fiscal year:



The following table depicts the total program revenues and expenses for each function for business-type activities:

Revenues and Expenses by Function: Business-type Activities
(expressed in thousands)

	Expenses	Revenues
Unemployment compensation	$ 313,306	$ 22,046
Housing	19,316	29,365
Water loans	4,802	32,832
Workers' compensation	30,011	45,729
Higher education tuition	23,383	41,436
Other	32,181	35,179
Total	$ 422,999	$ 206,587

The State's overall financial position improved over the past year. Current year operations resulted in a $372.1 million increase in the net position of the governmental activities and a $554.7 million increase in the net position of the business-type activities. Key economic indicators from the State's sales and other taxes continue to show positive growth. Tax revenues for governmental activities increased in the current fiscal year $330.9 million or 7.2% compared to an increase of $455.4 million or 11.1% in the prior fiscal year. In addition, operating grants and contributions for governmental activities increased $284.7 million primarily due to Medicaid receipts.

Financial Analysis of the State's Funds

Governmental Funds:
As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $2.1 billion, an increase of $254.7 million from the prior year. Of these total ending fund balances, $480.1 million or 22.7% is nonspendable, either due to its form or legal constraints, and $851.9 million or 40.2% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $884.5 million or 41.7% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2017 is $103.3 million. The remaining negative $97.6 million or (4.6%) of fund balance is unassigned. The major funds are discussed more fully below.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, the total General Fund fund balance was $556.7 million compared to $398.2 million in the prior fiscal year. The fund balance increased by $158.5 million or 39.8% over the previous year. The negative unassigned fund balance of $97.6 million is primarily due to an accrual for Medicaid expenditures and for unearned gaming taxes already collected and budgeted but not yet recognized as revenues.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2017 and 2016 (expressed in thousands). Other financing sources are not included.

General Fund Revenues *(expressed in thousands)*

	2017		2016		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	$ 884,599	9.5%	$ 896,768	10.3%	$ (12,169)	-1.4%
Sales taxes	1,282,745	13.7%	1,214,113	13.9%	68,632	5.7%
Modified business taxes	575,233	6.2%	561,779	6.5%	13,454	2.4%
Insurance premium taxes	358,482	3.8%	309,114	3.6%	49,368	16.0%
Lodging taxes	178,846	1.9%	167,160	1.9%	11,686	7.0%
Cigarette taxes	180,677	1.9%	153,033	1.8%	27,644	18.1%
Commerce taxes	197,827	2.1%	143,507	1.7%	54,320	37.9%
Property and transfer taxes	87,446	0.9%	80,169	0.9%	7,277	9.1%
Motor and special fuel taxes	2,220	0.0%	2,338	0.0%	(118)	-5.0%
Other taxes	320,521	3.5%	327,976	3.8%	(7,455)	-2.3%
Intergovernmental	4,727,482	50.6%	4,358,111	50.0%	369,371	8.5%
Licenses, fees and permits	359,687	3.9%	353,306	4.1%	6,381	1.8%
Sales and charges for services	71,813	0.8%	72,635	0.8%	(822)	-1.1%
Interest and investment income	2,820	0.0%	8,445	0.0%	(5,625)	-66.6%
Other revenues	116,252	1.2%	61,293	0.7%	54,959	89.7%
Total revenues	$ 9,346,650	100.0%	$ 8,709,747	100.0%	$ 636,903	7.3%

The total General Fund revenues increased $636.9 million or 7.3%. The largest increases in revenue sources were $369.4 million or 8.5% in intergovernmental revenues, $68.6 million or 5.7% in sales taxes, $54.3 million or 37.9% in commerce taxes, $49.4 million or 16.0% in insurance premium taxes, and $55.0 million or 89.7% in other revenues. The increase in intergovernmental revenues is primarily due to $313.6 million in receipts for Medicaid. The increase in other revenues is due to $47.9 of settlement funds received in the current year. The largest decline in revenue sources was $12.2 million or 1.4% in gaming taxes, fees and licenses, and $7.5 million or 2.3% in other taxes.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2017 and 2016 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures *(expressed in thousands)*

	2017		2016		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 139,990	1.5%	$ 127,247	1.5%	$ 12,743	10.0%
Health services	3,948,218	43.0%	3,535,984	41.2%	412,234	11.7%
Social services	1,545,419	16.8%	1,510,685	17.6%	34,734	2.3%
Education - K-12 state support	1,478,773	16.1%	1,460,123	17.0%	18,650	1.3%
Education - K-12 administrative	588,991	6.4%	524,747	6.1%	64,244	12.2%
Education - higher education	583,819	6.4%	549,228	6.5%	34,591	6.3%
Law, justice and public safety	498,523	5.4%	473,774	5.5%	24,749	5.2%
Regulation of business	274,436	3.0%	276,859	3.2%	(2,423)	-0.9%
Recreation, resource development	130,315	1.4%	115,883	1.4%	14,432	12.5%
Debt service	3,502	0.0%	3,368	0.0%	134	4.0%
Total expenditures	$ 9,191,986	100.0%	$ 8,577,898	100.0%	$ 614,088	7.2%

The total General Fund expenditures increased 7.2%. The largest increases in expenditures were $412.2 million or 11.7% in health services expenditures, $34.7 million or 2.3% in social services expenditures, $64.2 million or 12.2% in education K to 12 administrative expenditures, and $34.6 million or 6.3% in higher education expenditures. Health services expenditures increased due to expansion of the Medicaid program. The largest decrease was $2.4 million or .9% of expenditures for the regulation of business.

The State Highway Fund is a special revenue fund used to account for the maintenance, regulation and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges and bond revenue. The fund balance increased by $12.5 million or 2.4%, of which $4.8 million or .9% is a decrease to beginning fund balance due to an error in calculating accrued payroll in the prior year, for an increase of $17.3 million or 3.3% during the current fiscal year compared to a $194.7 million or 58.3% increase in the prior year. This was primarily due to the issuance of bonds in the prior year spent on transportation projects in the current year. In addition, there was an increase in other taxes due to the Legislative allocation to the Highway Fund of $38.6 million in motor vehicle government services tax commissions and penalties allocated to the General Fund in 2016. Expenditures increased as spending for four major road construction projects, Project NEON, USA Parkway, the Boulder City Bypass and bus lanes for Las Vegas Blvd, increased.

The Municipal Bond Bank Fund is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by $4.5 million during the current fiscal year, which is a 4.8% decrease from the prior year. This decrease was primarily due to payment of principal of $8.1 million.

The Permanent School Fund is a permanent fund used to account for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. All earnings on the assets are to be used for education. The fund balance increased by $9.5 million during the current fiscal year, which is a 2.8% increase from the prior year. This increase is due to $9.7 million in land sales and other income that become permanent assets of the fund.

Proprietary Funds:

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are comprised of two types: enterprise funds and internal service funds. Enterprise funds are used when goods or services are provided primarily to parties outside of the State while internal service funds are used when goods or services are provided primarily to State agencies.

Enterprise Funds – There are four *major* enterprise funds: Housing Division Fund, Unemployment Compensation Fund, Water Projects Loans Fund and the Higher Education Tuition Trust Fund. The combined net position of the four major funds is $1,698.0 million, the net position of the nonmajor enterprise funds is $26.6 million and the total combined net position of all enterprise funds is $1,724.6 million. The combined net position of all enterprise funds increased by $558.3 million in 2017, of which $.7 million is an increase to beginning net position due to the implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, and $3.0 million is an increase to beginning net position due to an interest income calculation, for a final net position of $1,724.6 million. The major enterprise funds are discussed below:

The Housing Division Fund was created for the purpose of making available additional funds to assist private enterprise and governmental agencies in providing safe and sanitary housing facilities and provides low interest loans for first-time homebuyers with low or moderate incomes. The net position increased by $9.9 million or 5.1%, resulting in an ending net position of $206.5 million. Revenues from interest on loans increased by 4.2% reflecting Nevada's improving but still recovering housing market. Operating expenses decreased by $6.2 million, and operating revenues increased by $.5 million.

The Unemployment Compensation Fund accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by $496.8 million during the current fiscal year, of which $3.0 million is a decrease to beginning net position due to an error in interest income calculation, resulting in an ending net position of $998.0 million. This increase in net position is primarily due to operating revenues exceeding expenses by $332.6 million and a transfer of $164.6 million from the Unemployment Compensation Bond Fund for special bond contributions assessed on employers for payment of principal and interest on Unemployment Compensation Bonds. During fiscal year 2017, $310.0 million of unemployment compensation benefits was paid to unemployed State citizens compared to $338.3 million paid in fiscal year 2016, representing an 8.4% decrease in claims expense.

The Water Projects Loans Fund issues loans to governmental and private entities for two programs: Safe Drinking Water and Water Pollution Control. The federal EPA matches the State's bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. The net position increased by $26.1 million during the current fiscal year, of which $.01 million is an increase to beginning net position due to the implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73,* for a final net position of $415.7 million, which is a 6.7% increase from the prior year.

The Higher Education Tuition Trust Fund provides a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college. The Trust Fund completed its nineteenth enrollment period during the fiscal year with 916 new enrollments. The net position increased $18.7 million, of which $.01 million is an increase to beginning net position due to the implementation of GASB Statement No. 82*, Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, for an ending net position of $77.8 million, a 31.6% increase over last year, primarily due to an increase in interest and investment income.

Internal Service Funds – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and fleet services in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2017, total internal service fund net position increased by $7.1 million, of which $1.0 million is an increase to beginning net position due to the implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73,* for a final net position of $13.4 million. The two largest funds are:

The Self-Insurance Fund accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. Net position increased by $.3 million, of which $.06 million is an increase to beginning net position due to the implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73,* for a final net position of $74.1 million. The remaining increase is considered a normal fluctuation in insurance premium income and in claims expense.

The Insurance Premiums Fund accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit decreased by $1.1 million or 2.1% during the current year, of which $.02 million is an increase to beginning net position due to implementation of GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73,* resulting in an ending net position deficit of $48.9 million. The remaining deficit decrease is due to increase in insurance premium income of 6.1% and a $.3 million decrease in transfers out to other funds.

Analysis of General Fund Budget Variations

The General Fund budgetary revenues and other financing sources were $652.3 million or 5.6% less than the final budget, primarily because actual intergovernmental revenues received were less than the final budgeted amount. Intergovernmental revenues represent federal grants, and there are timing differences arising from when grants are awarded, received and spent. The final budget can include grant revenue for the entire grant period, whereas the actual amount recorded represents grant revenue received in the current year.

The net increase in the General Fund expenditures and other uses budget from original to final was $1.4 billion. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division and if approved after July 1, are considered to be revisions. Increases due to the non-executive budgets approved after July 1 and increased estimated receipts were approximately $1.1 billion. Other significant increases were a result of appropriations approved by the 79th (2017) Legislative Session, including $99.8 million for capital improvement projects; $62.3 million for the Department of Education due to a shortfall in local school support tax revenue and an increase in K-12 enrollment; $26.1 million for costs of the 79th Legislative Session and to restore balances in the contingency account; $20.0 million for the Millennium Scholarship Fund; and $17.0 million for a human resource management information system for Clark County School District.

Capital Assets and Long-term Debt Administration

Capital Assets:

The State's capital assets for governmental and business-type activities as of June 30, 2017 amount to $8.3 billion, net of accumulated depreciation of $1.3 billion, leaving a net book value of $7.0 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, software costs, infrastructure, rights-of-way, and construction in progress. Infrastructure assets are items that are normally immovable, such as roads and bridges.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). In 2016, the State realigned its goals and has set a policy to maintain each category of its roadways with an IRI of 95 or less. The prior policy was to maintain each category with an IRI of 80 or less. The 2014 assessment results are based on the previous rating system. Results of condition assessments from 2015 and 2016 under the new rating system policy provide reasonable assurance that the condition level of the roadways is being preserved above, or approximately at, the condition level established for all road categories. The following tables show the roadways condition assessments under the current and previous State's policy and current condition level of bridges:

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 95

	Category I	Category II	Category III	Category IV	Category V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 80

	Category I	Category II	Category III	Category IV	Category V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%

Condition Level of the Bridges

Percentage of substandard bridges

	2016	2012	2011
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	2%	4%	4%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2017 by $14.1 million. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimates, condition levels are expected to approximately meet or exceed the target condition levels for the roadway category. Additional information on the State's infrastructure can be found in the Schedule of Infrastructure Condition and Maintenance Data in the Required Supplementary Information section to the financial statements.

To keep pace with the demands of the population, the State also has a substantial capital projects program. The following is a summary of major projects in progress or completed during 2017 (expressed in millions):

	Expended by June 30, 2017	Total Budget
Healthcare Reform Software	$ 51.9	$ 51.9
Unemployment Insurance Software Development	36.5	36.5
New Readiness Center North Las Vegas	31.0	31.0
DMV East Sahara Complex	20.9	25.1
DMV System Modernization	16.1	109.5
Southern Nevada Veterans' Cemetery Expansion	11.7	13.4
NDOT Integrated Right-of-Way Software	7.0	7.0
Alpha Migration Software	6.0	6.0
Ely State Prison Air Handling Units	5.3	8.3
Southern Desert CC Distribution Switchgear & Panel boards	5.0	7.8

Additional information on the State's capital assets can be found in Note 7 to the financial statements.

Long-term Debt Administration:
As of year-end, the State had $3.0 billion in bonds and certificates of participation outstanding, compared to $3.2 billion last year, a decrease of $172.2 million or 5.4% during the current fiscal year. This decrease was due primarily to the payment of principal on debt and refunding of general obligation bonds and certificates of participation.

The most current bond ratings from Fitch Investor Service was AA+, Moody's was Aa2, and Standard and Poor's was AAA. These ratings are an indication of high quality obligations and a reflection of sound financial management. The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State.

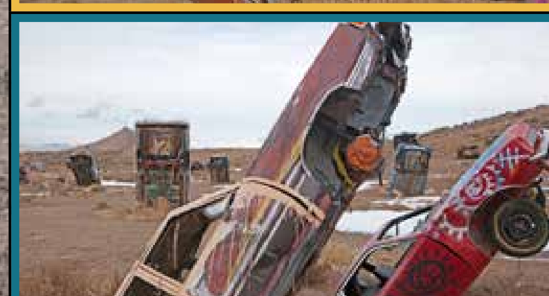
New bonds issued during the 2017 fiscal year and draws on previously authorized Housing bonds were (expressed in thousands):

General Obligation Capital Improvement and Cultural Centers Bonds	11/9/2016C	$ 35,180
General Obligation Natural Resources and Refunding Bonds	11/9/2016D	13,610
Special Obligation Highway Improvement Revenue Bonds	2/28/2017	167,665
Lease Revenue Refunding Certificates of Participation	8/30/2016	3,730
Housing Multi-Unit Agate Seniors II	12/12/2014	4,615
Housing Multi-Unit Terracina	8/26/2015	1,607
Housing Multi-Unit 501 N Lamb Apartments	12/18/2015	15,346
Housing Multi-Unit Boulder Pines II	5/26/2016	11,440
Housing Multi-Unit Vintage @ the Crossings	9/8/2016	4,644
Housing Multi-Unit Rose Garden Townhouses	11/17/2016	7,993
Housing Multi-Unit Baltimore Cleveland	2/3/2017	11,764
Housing Multi-Unit Sierra Pointe & Granada	3/8/2017	16,750
Housing Multi-Unit Madison Palms	6/23/2017	55

Additional information on the State's long-term debt obligations can be found in Note 10 to the financial statements and in the Statistical Section.

Requests for Information
This financial report is designed to provide a general overview of the State of Nevada's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: State of Nevada, Office of the State Controller, 101 N. Carson Street, Suite 5, Carson City, NV 89701 or visit our website at: www.controller.nv.gov.

Basic Financial Section



International Car Forest of the Last Church

Just outside what was once one of the wealthiest boomtowns in Nevada is another one of the state's incredible outdoor art installations worth traipsing through. Visitors can enjoy this free, one-of-a-kind gallery comprised of over 40 cars, each a unique masterpiece of its own. While some cars are forcefully driven into the ground clawing toward the sky, others are carefully balanced atop each other, as though they could topple over at any minute.

While other outdoor car exhibits can be enjoyed in other states [Like Texas' Cadillac Ranch or Nebraska's Carhenge] it is believed that The International Car Forest of the Last Church is the largest in the country.

Photos by: Sydney Martinez/TravelNevada

DON'T FENCE ME IN

June 30, 2017 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and pooled investments	$ 2,197,766	$ 1,049,204	$ 3,246,970	$ 297,102
Investments	287,701	403,196	690,897	1,407,168
Internal balances	103	(103)	-	-
Due from component unit	39,517	-	39,517	-
Due from primary government	-	-	-	33,844
Accounts receivable	139,382	2,994	142,376	64,130
Taxes/assessments receivable	1,142,568	244,548	1,387,116	-
Intergovernmental receivables	474,901	2,350	477,251	39,480
Accrued interest and dividends	6,655	19,340	25,995	42
Contracts receivable	-	43,209	43,209	-
Mortgages receivable	-	419,091	419,091	-
Notes/loans receivable	104,515	378,450	482,965	31,037
Capital lease receivable	49,495	-	49,495	-
Other receivables	16	-	16	89,570
Inventory	23,404	1,545	24,949	8,426
Prepaid expenses	2,496	221	2,717	28,766
Restricted assets:				
Cash	2,365	-	2,365	73,660
Investments	-	184,114	184,114	10,063
Other assets	4	15	19	58,449
Capital assets:				
Land, infrastructure and construction in progress	5,611,475	568	5,612,043	259,025
Other capital assets, net	1,362,514	14,144	1,376,658	2,002,215
Total assets	11,444,877	2,762,886	14,207,763	4,402,977
Deferred Outflows of Resources				
Deferred charge on refunding	70,312	865	71,177	13,451
Pension contributions	357,498	6,706	364,204	80,344
Total deferred outflows of resources	427,810	7,571	435,381	93,795
Liabilities				
Accounts payable	1,150,229	54,572	1,204,801	52,864
Accrued payroll and related liabilities	59,278	927	60,205	84,972
Intergovernmental payables	197,577	11	197,588	-
Interest payable	17,630	3,611	21,241	13,023
Due to component units	33,843	1	33,844	-
Due to primary government	-	-	-	39,517
Contracts/retentions payable	107,793	-	107,793	-
Unearned revenues	134,420	10,046	144,466	48,054
Other liabilities	78,510	11	78,521	42,278
Long-term liabilities:				
Portion due or payable within one year:				
Reserve for losses	86,802	-	86,802	-
Obligations under capital leases	2,382	-	2,382	1,234

Compensated absences	64,957	1,179	66,136	35,133
Benefits payable	-	19,161	19,161	-
Bonds payable	187,367	146,280	333,647	39,633
Certificates of participation payable	4,567	-	4,567	-
Pollution remediation obligations	285	-	285	-
Arbitrage rebate liability	-	1,075	1,075	-
Portion due or payable after one year:				
Federal advances	-	-	-	7,714
Reserve for losses	47,592	-	47,592	-
Obligations under capital leases	14,981	-	14,981	49,990
Net pension obligation	2,166,665	41,770	2,208,435	395,948
Compensated absences	31,663	543	32,206	15,287
Benefits payable	-	201,938	201,938	-
Bonds payable	2,013,353	561,155	2,574,508	656,406
Certificates of participation payable	81,475	-	81,475	-
Unearned revenue	-	-	-	47,395
Pollution remediation obligations	2,240	-	2,240	-
Total liabilities	6,483,609	1,042,280	7,525,889	1,529,448
Deferred Inflows of Resources				
Pension related amounts	179,497	3,517	183,014	50,157
Taxes	86	-	86	-
Fines and forfeitures	789	-	789	-
Donations	-	-	-	9,183
Lease revenue	-	-	-	4,035
Total deferred inflows of resources	180,372	3,517	183,889	63,375
Net Position				
Net investment in capital assets	5,623,373	6,446	5,629,819	1,624,100
Restricted for:				
Unemployment compensation	-	998,017	998,017	-
Security of outstanding obligations	-	193,289	193,289	-
Workers' compensation	-	19,984	19,984	-
Tuition contract benefits	-	77,680	77,680	-
Capital projects	14,279	-	14,279	65,292
Debt service	30,124	-	30,124	27,584
Education - K to 12	3,715	-	3,715	-
Transportation	288,179	-	288,179	-
Recreation and resource development	51,993	415,709	467,702	-
Law, justice and public safety	55,624	-	55,624	-
Health services	339,061	-	339,061	-
Social services	212	-	212	-
Regulation of business	31,040	2	31,042	-
Scholarships	-	-	-	497,532
Loans	-	-	-	6,340
Operations and maintenance	-	-	-	929
Research and development	-	-	-	10,276
Other purposes	304	-	304	3,622
Funds held as permanent investments:				
Nonexpendable	350,811	-	350,811	432,852
Expendable	21	-	21	-
Unrestricted (deficit)	(1,580,030)	13,533	(1,566,497)	235,423
Total net position	$ 5,208,706	$ 1,724,660	$ 6,933,366	$ 2,903,950

The notes to the financial statements are an integral part of this statement.

Statement of Activities

NEVADA

For the Fiscal Year Ended June 30, 2017 (Expressed in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental activities:								
General government	$ 351,831	$ 194,111	$ 9,714	$ 20	$ (147,986)	$ -	$ (147,986)	$ -
Health services	3,957,042	106,150	3,055,857	-	(795,035)	-	(795,035)	-
Social services	1,545,446	137,574	1,049,439	-	(358,433)	-	(358,433)	-
Education - K-12 state support	1,478,773	-	3,835	-	(1,474,938)	-	(1,474,938)	-
Education - K-12 administrative	580,719	2,757	278,813	-	(299,149)	-	(299,149)	-
Education - higher education	570,398	-	-	-	(570,398)	-	(570,398)	-
Law, justice and public safety	750,614	316,046	45,173	8,478	(380,917)	-	(380,917)	-
Regulation of business	295,766	83,103	223,287	-	10,624	-	10,624	-
Transportation	841,046	16,262	369,270	22,610	(432,904)	-	(432,904)	-
Recreation and resource development	161,621	46,107	39,775	350	(75,389)	-	(75,389)	-
Interest on long-term debt	73,785	-	1,235	-	(72,550)	-	(72,550)	-
Unallocated depreciation	2,673	-	-	-	(2,673)	-	(2,673)	-
Total governmental activities	10,609,714	902,110	5,076,398	31,458	(4,599,748)	-	(4,599,748)	-
Business-type activities:								
Unemployment insurance	313,306	975	21,071	-	-	(291,260)	(291,260)	-
Housing	19,316	19,450	9,915	-	-	10,049	10,049	-
Water loans	4,802	8,679	24,153	-	-	28,030	28,030	-
Workers' compensation and safety	30,011	43,216	2,513	-	-	15,718	15,718	-
Higher education tuition	23,383	17,933	23,503	-	-	18,053	18,053	-
Other	32,181	32,969	2,210	-	-	2,998	2,998	-
Total business-type activities	422,999	123,222	83,365	-	-	(216,412)	(216,412)	-
Total primary government	$ 11,032,713	$ 1,025,332	$ 5,159,763	$ 31,458	(4,599,748)	(216,412)	(4,816,160)	-
Total component units	$ 1,828,982	$ 716,111	$ 534,420	$ 481	-	-	-	(577,970)

General revenues:				
Taxes:				
Gaming	896,571	-	896,571	-
Sales and use	1,136,217	-	1,136,217	-
Modified business	572,873	-	572,873	-
Insurance premium	358,499	-	358,499	-
Cigarette taxes	180,677	-	180,677	-
Commerce taxes	198,322	-	198,322	-
Property and transfer	87,447	-	87,447	-
Motor and special fuel	2,220	-	2,220	-
Other	292,479	378	292,857	-
Restricted for unemployment compensation:				
Other taxes	-	623,864	623,864	-
Restricted for educational purposes:				
Sales and use taxes	149,030	-	149,030	-
Lodging taxes	178,846	-	178,846	-
Restricted for debt service purposes:				
Property and transfer taxes	147,312	-	147,312	-
Motor and special fuel taxes	78,896	-	78,896	-
Other	5,234	-	5,234	-
Restricted for recreation and resource development purposes:				
Other taxes	39,408	-	39,408	-
Restricted for health services purposes:				
Property and transfer taxes	13,180	-	13,180	-
Other taxes	244,763	-	244,763	-
Restricted for social services purposes:				
Other taxes	15,847	-	15,847	-
Restricted for transportation purposes:				
Motor and special fuel taxes	218,310	-	218,310	-
Other taxes	87,824	-	87,824	-
Restricted for regulation of business:				
Other taxes	417	-	417	-
Settlement income	40,056	-	40,056	-
Unrestricted investment earnings	2,646	-	2,646	108,102
Gain on sale of assets	-	-	-	1,262
Other general revenues	162,048	-	162,048	31,720
Contributions to permanent funds	9,586	-	9,586	10,752
Payments from State of Nevada	-	-	-	568,164
Transfers	(146,901)	146,901	-	-
Total general revenues, contributions, payments, and transfers	4,971,807	771,143	5,742,950	720,000
Change in net position	372,059	554,731	926,790	142,030
Net position - beginning (as restated)	4,836,647	1,169,929	6,006,576	2,761,920
Net position - ending	$ 5,208,706	$ 1,724,660	$ 6,933,366	$ 2,903,950

The notes to the financial statements are an integral part of this statement.

Balance Sheet
Governmental Funds

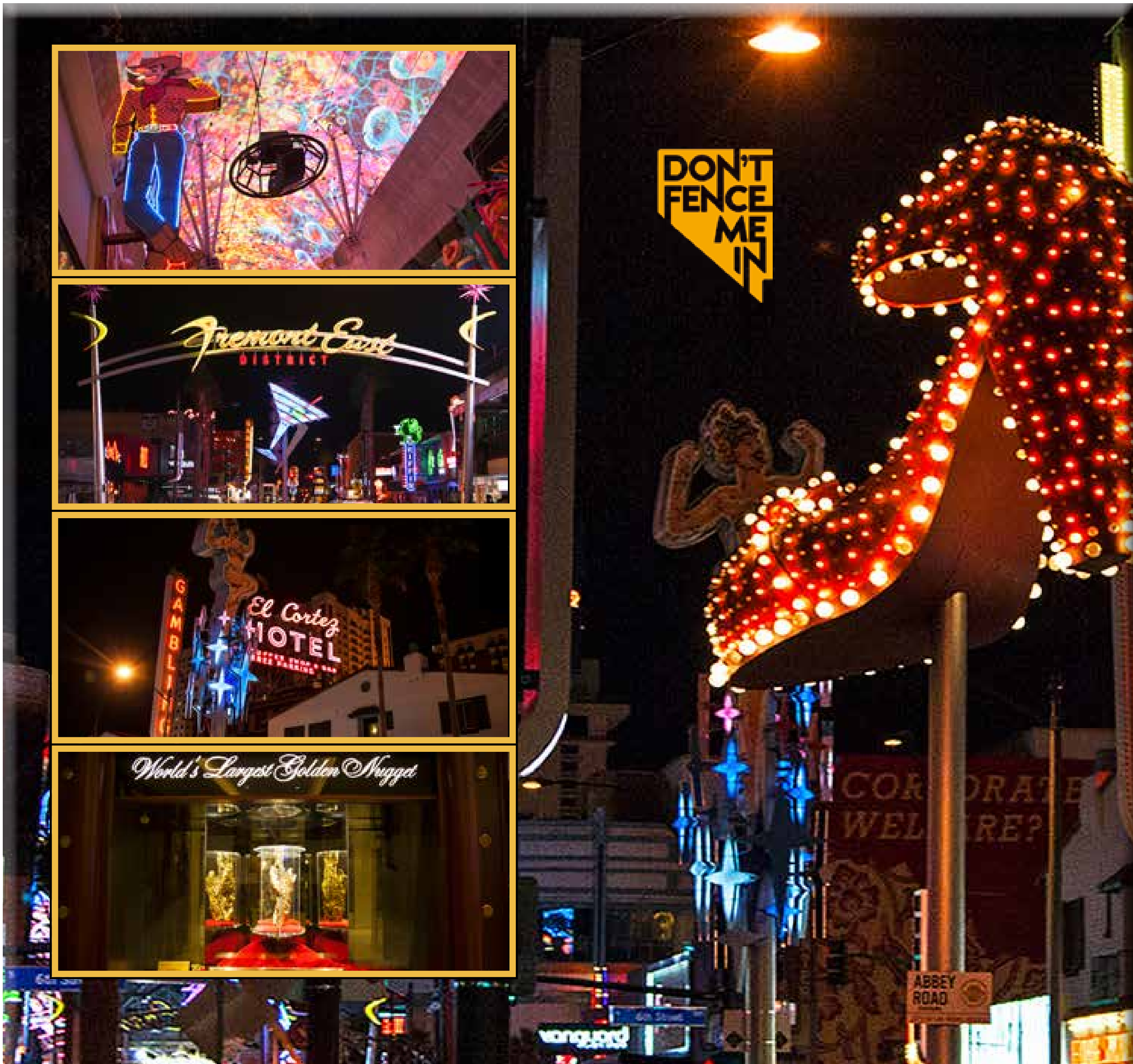
June 30, 2017

	General Fund		State Highway		Municipal Bond Bank	
Assets						
Cash and pooled investments:						
Cash with treasurer	$	889,443,408	$	587,236,621	$	2,960
Cash in custody of other officials		4,760,683		195,397		-
Investments		14,719,181		-		-
Receivables:						
Accounts receivable		49,734,846		8,053,193		-
Taxes receivable		1,104,970,299		36,970,366		-
Intergovernmental receivables		435,524,334		23,003,307		-
Accrued interest and dividends		5,129,167		-		1,204,605
Notes/loans receivable		14,739,727		-		89,700,000
Capital lease receivable		-		-		-
Other receivables		15,830		-		-
Due from other funds		29,579,909		24,643,337		355
Due from fiduciary funds		683,562		-		-
Due from component units		181,201		-		-
Inventory		7,585,123		15,128,599		-
Advances to other funds		4,347,158		3,792,473		-
Restricted cash		2,364,538		-		-
Prepaid items		2,359,542		33,310		-
Total assets	$	2,566,138,508	$	699,056,603	$	90,907,920
Liabilities						
Accounts payable and accruals:						
Accounts payable	$	512,133,062	$	17,448,317	$	-
Accrued payroll and related liabilities		35,771,237		20,350,643		-
Intergovernmental payables		181,356,329		14,905,543		-
Contracts/retentions payable		7,942,517		88,965,118		-
Due to other funds		110,515,402		3,074,780		3,166
Due to fiduciary funds		595,882,157		559,784		-
Due to component units		15,219,277		408,237		-
Unearned revenues		132,915,003		91,090		-
Other liabilities		72,092,984		2,110,827		-
Total liabilities		1,663,827,968		147,914,339		3,166
Deferred Inflows of Resources						
Unavailable revenue:						
Taxes		104,154,412		388,079		-
Intergovernmental		203,856,388		-		-
Licenses, fees and permits		1,029,049		-		-
Sales and charges for services		13,420,696		1,298,020		-
Settlement income		-		-		-
Lease principal payments		-		-		-
Interest		978,605		599,609		127,094
Other		21,309,400		3,575,879		-
Taxes		85,983		-		-
Fines and forfeitures		789,056		-		-
Total deferred inflows of resources		345,623,589		5,861,587		127,094
Fund Balances						
Nonspendable		28,247,930		15,161,909		85,510,000
Restricted		83,172,526		480,070,878		-
Committed		542,891,958		50,047,890		5,267,660
Unassigned		(97,625,463)		-		-
Total fund balances		556,686,951		545,280,677		90,777,660
Total liabilities, deferred inflows of resources and fund balances	$	2,566,138,508	$	699,056,603	$	90,907,920

The notes to the financial statements are an integral part of this statement.

NEVADA

Permanent School Fund	Other Governmental Funds	Total Governmental Funds
$ 12,034,499	$ 427,994,656	$ 1,916,712,144
35,227,738	70,396,752	110,580,570
271,402,943	1,579,068	287,701,192
928	72,023,652	129,812,619
-	627,281	1,142,567,946
601,681	8,053,361	467,182,683
302,447	19,167	6,655,386
-	-	104,439,727
-	49,495,000	49,495,000
-	-	15,830
52,818	91,177,139	145,453,558
-	1,153,156	1,836,718
37,123,965	192,147	37,497,313
-	438,546	23,152,268
-	451,910	8,591,541
-	-	2,364,538
-	10,943	2,403,795
$ 356,747,019	$ 723,612,778	$ 4,436,462,828
$ 2,536	$ 8,024,347	$ 537,608,262
-	1,885,086	58,006,966
-	1,203,218	197,465,090
-	10,885,326	107,792,961
5,445,998	33,370,882	152,410,228
-	10,994	596,452,935
-	18,203,361	33,830,875
-	1,325,857	134,331,950
506,403	3,799,881	78,510,095
5,954,937	78,708,952	1,896,409,362
-	-	104,542,491
-	-	203,856,388
-	107	1,029,156
-	16,895	14,735,611
-	19,078,822	19,078,822
-	49,495,000	49,495,000
9,937	556,980	2,272,225
928	381,913	25,268,120
-	-	85,983
-	-	789,056
10,865	69,529,717	421,152,852
350,781,217	479,489	480,180,545
-	288,637,830	851,881,234
-	286,256,790	884,464,298
-	-	(97,625,463)
350,781,217	575,374,109	2,118,900,614
$ 356,747,019	$ 723,612,778	$ 4,436,462,828



Fremont Street Experience

Fremont Street Experience is a five-block entertainment district in historic downtown Las Vegas, Nevada. The centerpiece of Fremont Street Experience is Viva Vision, the world's largest video screen. The Viva Vision screen is 1,500 feet long, 90 feet wide and is suspended 90 feet above the pedestrian mall below. The screen has 12.5 million LED lights and a 550,000-watt sound system.

Photos by: Sydney Martinez/TravelNevada

Total fund balances - governmental funds		$ 2,118,900,614
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 153,068,404	
Construction in progress	124,009,332	
Infrastructure assets	4,622,006,975	
Rights-of-way	705,357,558	
Buildings	1,770,808,072	
Improvements other than buildings	127,696,406	
Furniture and equipment	387,032,725	
Software costs	275,932,371	
Accumulated depreciation/amortization	(1,222,774,384)	
Total capital assets		6,943,137,459
Some of the State's revenues collected after year-end are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable deferred inflows of resources in the funds.		420,277,813
Intergovernmental receivable not providing current resources.		209,921
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		13,380,918
The loss on early retirement of debt is reported as a deferred outflow of resources on the statement of net position and is amortized over the original remaining life of the old debt, or the life of the new debt, whichever is less.		70,312,483
Deferred outflow of resources related to pensions are not reported in the governmental funds.		348,576,865
Deferred inflow of resources related to pensions are not reported in the governmental funds.		(174,864,484)
Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.		(7,567,789)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Net pension obligation	(2,110,227,448)	
Bonds payable	(2,196,496,654)	
Accrued interest on bonds	(17,629,889)	
Certificates of participation	(86,041,521)	
Capital leases	(17,363,351)	
Compensated absences	(93,373,620)	
Pollution remediation liability	(2,525,000)	
Total long-term liabilities		(4,523,657,483)
Net position of governmental activities		$ 5,208,706,317

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2017

	General Fund	State Highway	Municipal Bond Bank
Revenues			
Gaming taxes, fees, licenses	$ 884,598,992	$ -	$ -
Sales taxes	1,282,745,295	-	-
Modified business taxes	575,232,919	-	-
Insurance premium taxes	358,482,405	-	-
Lodging taxes	178,845,620	-	-
Cigarette taxes	180,677,113	-	-
Commerce taxes	197,827,208	-	-
Property and transfer taxes	87,446,525	-	-
Motor and special fuel taxes	2,219,763	218,309,585	-
Other taxes	320,521,276	87,788,833	-
Intergovernmental	4,727,481,761	396,895,848	-
Licenses, fees and permits	359,686,756	226,585,760	-
Sales and charges for services	71,812,775	16,353,805	-
Interest and investment income	2,820,026	1,188,785	3,502,226
Settlement income	-	-	-
Land sales	-	-	-
Other	116,251,915	17,073,200	-
Total revenues	9,346,650,349	964,195,816	3,502,226
Expenditures			
Current:			
General government	139,989,926	-	611
Health services	3,948,218,023	-	-
Social services	1,545,419,069	-	-
Education - K-12 state support	1,478,772,870	-	-
Education - K-12 administrative	588,991,333	-	-
Education - higher education	583,818,846	-	-
Law, justice and public safety	498,523,028	186,568,251	-
Regulation of business	274,436,405	-	-
Transportation	-	946,856,715	-
Recreation and resource development	130,314,996	-	-
Capital outlay	-	-	-
Debt service:			
Principal	2,415,362	-	-
Interest, fiscal charges	1,048,463	-	-
Debt issuance costs	37,904	1,046,161	-
Total expenditures	9,191,986,225	1,134,471,127	611
Excess (deficiency) of revenues over expenditures	154,664,124	(170,275,311)	3,501,615
Other Financing Sources (Uses)			
Bonds issued	1,928,587	167,665,000	-
Refunding bonds issued	-	-	-
Premium on bonds issued	108,294	18,382,245	-
Payment to refunded bond agent	-	-	-
Refunding certificates of participation issued	-	-	-
Payment to refunded certificates of participation agent	-	-	-
Sale of capital assets	166,737	-	-
Transfers in	96,242,559	14,465,502	-
Transfers out	(94,585,439)	(12,920,579)	(8,051,385)
Total other financing sources (uses)	3,860,738	187,592,168	(8,051,385)
Net change in fund balances	158,524,862	17,316,857	(4,549,770)
Fund balances, July 1 (as restated)	398,162,089	527,963,820	95,327,430
Fund balances, June 30	$ 556,686,951	$ 545,280,677	$ 90,777,660

The notes to the financial statements are an integral part of this statement.

Permanent School Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 13,366,175	$ 897,965,167
-	-	1,282,745,295
-	-	575,232,919
-	-	358,482,405
-	-	178,845,620
-	-	180,677,113
-	-	197,827,208
-	160,492,269	247,938,794
-	78,896,289	299,425,637
-	252,662,304	660,972,413
-	100,122,841	5,224,500,450
-	23,635,040	609,907,556
-	20,827,536	108,994,116
6,699,640	1,161,174	15,371,851
-	40,427,052	40,427,052
5,823,347	-	5,823,347
3,856,019	9,692,885	146,874,019
16,379,006	701,283,565	11,032,010,962
-	32,696,748	172,687,285
-	330,836	3,948,548,859
-	88,325,613	1,633,744,682
-	-	1,478,772,870
-	20,397	589,011,730
-	10,941,482	594,760,328
-	27,803,706	712,894,985
-	21,282,499	295,718,904
-	-	946,856,715
-	31,677,374	161,992,370
-	49,295,469	49,295,469
-	163,127,500	165,542,862
-	98,461,428	99,509,891
-	677,266	1,761,331
-	524,640,318	10,851,098,281
16,379,006	176,643,247	180,912,681
-	35,777,755	205,371,342
-	12,107,158	12,107,158
-	6,258,669	24,749,208
-	(14,697,052)	(14,697,052)
-	3,730,000	3,730,000
-	(4,071,373)	(4,071,373)
-	34,356	201,093
-	129,777,981	240,486,042
(6,835,778)	(266,924,615)	(389,317,796)
(6,835,778)	(98,007,121)	78,558,622
9,543,228	78,636,126	259,471,303
341,237,989	496,737,983	1,859,429,311
$ 350,781,217	$ 575,374,109	$ 2,118,900,614





Boulder City

Boulder City was established in 1931 to house the builders of Hoover Dam and to be a model of the brighter future Americans could expect under President Hoover’s administration. To protect its residents from the wild ways of Las Vegas, only 23 miles away, the town was established with an anti-gaming ordinance that is still in effect today.

Photos by Ryan Jerz and Chris Moran
TravelNevada.com

Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2017

Net change in fund balances - total governmental funds		$ 259,471,303
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, the amounts are:		
Capital outlay	$ 172,823,700	
Depreciation expense	(70,648,378)	
Excess of capital outlay over depreciation expense		102,175,322
Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from:		
Bonds issued	(205,371,342)	
Refunding bonds issued	(12,107,158)	
Refunding certificates of participation issued	(3,730,000)	
Premiums on debt issued	(24,749,208)	
Total bond proceeds		(245,957,708)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement	158,648,177	
Certficates of participation retirement	3,966,000	
Payments to the bond refunding agent	18,768,425	
Capital lease payments	2,164,456	
Total long-term debt repayment		183,547,058
Internal service funds are used to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		5,981,503
Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered "available" and are not reported as revenues in the governmental funds. Unavailable deferred inflows of resources changed by this amount.		22,795,550
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the the change in net assets differs from the change in fund balance by the cost of the asset sold.		(962,227)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		(11,619,985)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		36,413,602
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of the net change in:		
Pension costs, net	(9,670,670)	
Accrued interest payable	3,346,894	
Compensated absences	(4,350,493)	
Long term due to component unit	24,362,000	
Settlement agreement liability	9,052,211	
Pollution remediation liability	(2,525,000)	
Total additional expenditures		20,214,942
Change in net position of governmental activities		$ 372,059,360

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds

June 30, 2017

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current assets:							
Cash and pooled investments:							
Cash with treasurer	$ 925,835	$ -	$ 93,424,738	$ 4,513,106	$ 62,820,444	$ 161,684,123	$170,473,332
Cash in custody of other officials	94,336	887,012,583	-	206,612	206,389	887,519,920	-
Investments	53,035,496	-	-	250,921,015	-	303,956,511	-
Receivables:							
Accounts receivable	-	-	-	-	2,987,203	2,987,203	2,772,763
Assessments receivable	-	244,547,797	-	-	-	244,547,797	-
Intergovernmental receivables	-	-	646,640	-	1,703,645	2,350,285	7,508,888
Contracts receivable	-	-	-	9,645,335	-	9,645,335	-
Mortgages receivable	22,953,430	-	-	-	-	22,953,430	-
Accrued interest and dividends	10,132,900	4,731,745	4,182,765	292,535	-	19,339,945	-
Notes/loans receivable	-	-	27,909,315	-	-	27,909,315	5,000
Due from other funds	15,151	523,179	448,709	18,729	1,573,283	2,579,051	8,651,292
Due from fiduciary funds	-	-	-	-	6,468	6,468	4,960,127
Due from component units	-	-	-	-	-	-	2,019,975
Inventory	-	-	-	-	1,545,312	1,545,312	251,829
Prepaid items	-	-	-	-	220,512	220,512	92,500
Restricted assets:							
Investments	84,120,360	-	-	-	-	84,120,360	-
Total current assets	171,277,508	1,136,815,304	126,612,167	265,597,332	71,063,256	1,771,365,567	196,735,706
Noncurrent assets:							
Investments	99,239,599	-	-	-	-	99,239,599	-
Receivables:							
Contracts receivable	-	-	-	33,563,763	-	33,563,763	-
Mortgages receivable	396,137,955	-	-	-	-	396,137,955	-
Notes/loans receivable	6,484,619	-	344,056,202	-	-	350,540,821	70,000
Restricted assets:							
Investments	99,993,582	-	-	-	-	99,993,582	-
Other assets	-	-	-	-	15,000	15,000	3,761
Capital assets:							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	3,388,840	3,388,840	20,392,485
Improvements other than buildings	-	-	-	-	3,656,507	3,656,507	3,839,621
Furniture and equipment	798,555	-	11,820	173,374	15,794,137	16,777,886	59,683,673
Software costs	-	-	-	-	-	-	16,134,510
Construction in progress	-	-	-	-	-	-	6,000,000
Less accumulated depreciation/ amortization	(584,047)	-	(11,820)	(99,969)	(8,982,947)	(9,678,783)	(76,231,193)
Total noncurrent assets	602,070,263	-	344,056,202	33,637,168	14,439,349	994,202,982	30,925,594
Total assets	773,347,771	1,136,815,304	470,668,369	299,234,500	85,502,605	2,765,568,549	227,661,300
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	691,295	-	173,759	865,054	-
Pension contributions	458,118	-	117,823	47,077	6,082,823	6,705,841	8,921,034
Total deferred outflows of resources	458,118	-	809,118	47,077	6,256,582	7,570,895	8,921,034

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current liabilities:							
Accounts payable and accruals:							
Accounts payable	$ 47,285,501	$ 5,936,532	$ 53,960	$ 73,747	$ 1,169,695	$ 54,519,435	$ 6,171,429
Accrued payroll and related liabilities	70,123	-	15,318	7,530	833,977	926,948	1,271,488
Interest payable	2,189,811	515,737	842,751	-	62,570	3,610,869	-
Intergovernmental payables	-	-	-	-	10,740	10,740	111,444
Bank overdraft	-	-	-	-	-	-	2,416,783
Due to other funds	131,434	191,193	245,178	33,540	1,954,229	2,555,574	1,718,099
Due to fiduciary funds	-	-	-	-	52,163	52,163	14,306
Due to component units	-	-	-	617	-	617	12,462
Unearned revenues	-	-	-	-	10,045,638	10,045,638	87,670
Other liabilities	-	-	-	-	11,450	11,450	-
Short-term portion of long-term liabilities:							
Reserve for losses	-	-	-	-	-	-	86,801,669
Compensated absences	57,519	-	26,541	15,805	1,079,358	1,179,223	2,012,610
Benefits payable	-	-	-	19,160,843	-	19,160,843	-
Bonds payable	4,917,828	131,079,204	9,993,840	-	289,158	146,280,030	513,323
Arbitrage rebate liability	-	1,075,289	-	-	-	1,075,289	-
Total current liabilities	54,652,216	138,797,955	11,177,588	19,292,082	15,508,978	239,428,819	101,131,283
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	186,030	186,030	8,405,511
Reserve for losses	-	-	-	-	-	-	47,591,917
Net pension obligation	2,762,355	-	832,928	270,734	37,904,234	41,770,251	56,437,910
Compensated absences	24,229	-	10,338	5,740	502,743	543,050	1,233,345
Benefits payable	-	-	-	201,938,378	-	201,938,378	-
Bonds payable	509,497,851	-	43,680,353	-	7,976,925	561,155,129	3,709,603
Total noncurrent liabilities	512,284,435	-	44,523,619	202,214,852	46,569,932	805,592,838	117,378,286
Total liabilities	566,936,651	138,797,955	55,701,207	221,506,934	62,078,910	1,045,021,657	218,509,569
Deferred Inflows of Resources							
Pension related amounts	384,489	-	66,880	21,738	3,043,537	3,516,644	4,632,604
Net Position							
Net investment in capital assets	214,508	-	-	73,405	6,158,266	6,446,179	26,710,633
Restricted for:							
Unemployment compensation	-	998,017,349	-	-	-	998,017,349	-
Tuition contract benefits	-	-	-	77,679,500	-	77,679,500	-
Security of outstanding obligations	193,289,073	-	-	-	-	193,289,073	-
Workers' compensation	-	-	-	-	19,983,505	19,983,505	-
Revolving loans	-	-	415,709,400	-	-	415,709,400	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	12,981,168	-	-	-	492,969	13,474,137	(13,270,472)
Total net position	$206,484,749	$ 998,017,349	$ 415,709,400	$ 77,752,905	$ 26,636,740	1,724,601,143	$ 13,440,161
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.						59,243	
Net position of business-type activities						$ 1,724,660,386	

The notes to the financial statements are an integral part of this statement.

The Neon Museum

Founded in 1996, the Neon Museum is a non-profit organization dedicated to collecting, preserving, studying and exhibiting iconic Las Vegas signs for educational, historic, arts and cultural enrichment. The Neon Museum campus includes the outdoor exhibition space known as the Neon Boneyard, a visitors' center housed inside the former La Concha Motel lobby and the Neon Boneyard North Gallery which houses additional rescued signs and is available for weddings, special events, photo shoots and educational programs.

Photo by: Sydney Martinez/TravelNevada

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

NEVADA

For the Fiscal Year Ended June 30, 2017

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Net premium income	$ -	$ -	$ -	$ -	$ -	$ -	$ 379,269,611
Sales	-	-	-	17,811,864	6,864,668	24,676,532	2,567,617
Assessments	-	623,863,870	-	-	378,850	624,242,720	-
Charges for services	-	-	7,500	120,600	14,213,766	14,341,866	54,346,356
Rental income	-	-	-	-	146,100	146,100	20,762,494
Interest income on loans/notes	10,007,630	-	8,671,522	-	-	18,679,152	-
Federal government	-	4,626,826	23,657,300	-	-	28,284,126	-
Licenses, fees and permits	-	-	-	-	51,748,174	51,748,174	-
Fines	-	-	-	-	2,115,790	2,115,790	-
Other	9,442,663	975,080	28	-	1,095,674	11,513,445	1,270,619
Total operating revenues	19,450,293	629,465,776	32,336,350	17,932,464	76,563,022	775,747,905	458,216,697
Operating Expenses							
Salaries and benefits	1,755,407	-	475,128	263,509	37,213,536	39,707,580	35,759,422
Operating	1,638,895	-	2,753,176	575,772	13,710,054	18,677,897	44,096,585
Claims and benefits expense	-	310,009,541	-	22,528,053	7,992,919	340,530,513	244,343,945
Interest on bonds payable	13,258,111	-	1,576,501	-	-	14,834,612	-
Materials or supplies used	-	-	-	-	2,567,324	2,567,324	762,445
Servicers' fees	24,104	-	-	-	-	24,104	-
Depreciation	38,370	-	-	16,698	517,027	572,095	5,158,634
Bond issuance costs	52,833	-	-	-	-	52,833	-
Insurance premiums	-	-	-	-	-	-	124,132,561
Total operating expenses	16,767,720	310,009,541	4,804,805	23,384,032	62,000,860	416,966,958	454,253,592
Operating income (loss)	2,682,573	319,456,235	27,531,545	(5,451,568)	14,562,162	358,780,947	3,963,105
Nonoperating Revenues (Expenses)							
Interest and investment income	5,701,252	16,444,093	496,046	23,502,640	(56,064)	46,087,967	145,639
Interest expense	-	(2,468,703)	-	-	(345,590)	(2,814,293)	(218)
Federal grant revenue	4,213,578	-	-	-	4,779,103	8,992,681	-
Federal grant expense	(2,560,015)	-	-	-	-	(2,560,015)	-
Reed Act expenses	-	(723,708)	-	-	-	(723,708)	-
Gain (loss) on disposal of assets	-	-	-	-	800	800	111,833
Arbitrage rebate	-	(103,585)	-	-	-	(103,585)	-
Total nonoperating revenues (expenses)	7,354,815	13,148,097	496,046	23,502,640	4,378,249	48,879,847	257,254
Income (loss) before transfers	10,037,388	332,604,332	28,027,591	18,051,072	18,940,411	407,660,794	4,220,359
Transfers							
Transfers in	-	164,580,721	-	627,175	12,076	165,219,972	1,930,691
Transfers out	(95,077)	(3,444,416)	(1,934,982)	-	(12,844,434)	(18,318,909)	-
Change in net position	9,942,311	493,740,637	26,092,609	18,678,247	6,108,053	554,561,857	6,151,050
Net position, July 1 (as restated)	196,542,438	504,276,712	389,616,791	59,074,658	20,528,687		7,289,111
Net position, June 30	$ 206,484,749	$ 998,017,349	$ 415,709,400	$ 77,752,905	$ 26,636,740		$ 13,440,161
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.						169,547	
Change in net position of business-type activities						$ 554,731,404	

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2017

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities							
Receipts from customers and users	$ 25,892,558	$ 604,257,563	$ 7,528	$ 18,022,259	$ 83,705,829	$ 731,885,737	$ 49,282,199
Receipts for interfund services provided	-	1,639,412	-	15,949	3,547,302	5,202,663	388,530,297
Receipts from component units	-	-	-	-	-	-	15,615,322
Receipts of principal on loans/notes	49,401,867	-	-	-	-	49,401,867	5,000
Receipts of interest on loans/notes	10,976,628	-	-	-	-	10,976,628	-
Receipts from federal government	-	4,626,826	23,601,902	-	-	28,228,728	-
Payments to suppliers, other governments and beneficiaries	(3,941,973)	(311,462,426)	(2,632,230)	(6,347,253)	(40,108,219)	(364,492,101)	(390,721,312)
Payments to employees	(1,920,728)	-	(432,234)	(214,921)	(37,038,886)	(39,606,769)	(37,501,587)
Payments for interfund services	(603,977)	-	(127,441)	(160,821)	(7,084,720)	(7,976,959)	(18,848,876)
Payments to component units	-	-	-	(6,983,243)	(223,803)	(7,207,046)	(245,725)
Purchase of loans and notes	(59,104,899)	-	-	-	-	(59,104,899)	-
Net cash provided by (used for) operating activities	20,699,476	299,061,375	20,417,525	4,331,970	2,797,503	347,307,849	6,115,318
Cash flows from noncapital financing activities							
Grant receipts	4,213,578	-	-	-	3,563,981	7,777,559	-
Proceeds from sale of bonds	71,126,436	-	-	-	-	71,126,436	-
Transfers and advances from other funds	-	165,189,318	-	674,323	12,047	165,875,688	2,708,413
Principal paid on noncapital debt	(101,532,664)	(151,100,000)	(9,150,000)	-	-	(261,782,664)	-
Interest paid on noncapital debt	(13,867,031)	(12,380,875)	(2,200,323)	-	-	(28,448,229)	-
Transfers and advances to other funds	(95,077)	(4,018,182)	(1,974,803)	-	(14,455,295)	(20,543,357)	(109,882)
Payments to other governments and organizations	(906,452)	(723,708)	-	-	-	(1,630,160)	-
Net cash provided by (used for) noncapital financing activities	(41,061,210)	(3,033,447)	(13,325,126)	674,323	(10,879,267)	(67,624,727)	2,598,531
Cash flows from capital and related financing activities							
Proceeds from capital debt	-	-	-	-	800	800	6,000,000
Proceeds from sale of capital assets	-	-	-	-	-	-	129,675
Purchase of capital assets	-	-	-	-	(2,433,282)	(2,433,282)	(3,246,282)
Principal paid on capital debt	-	-	-	-	(247,670)	(247,670)	(2,393,537)
Interest paid on capital debt	-	-	-	-	(380,633)	(380,633)	(218)
Payments on construction projects	-	-	-	-	-	-	(6,000,000)
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(3,060,785)	(3,060,785)	(5,510,362)
Cash flows from investing activities							
Proceeds from sale of investments	414,042,501	-	-	74,024,914	-	488,067,415	-
Receipts of principal on loans/notes	-	-	27,441,573	-	-	27,441,573	-
Purchase of investments	(400,007,817)	-	-	(81,518,996)	-	(481,526,813)	-
Purchase of loans and notes	-	-	(54,199,644)	-	-	(54,199,644)	-
Interest, dividends and gains (losses)	6,141,089	14,734,536	9,071,497	3,924,796	(55,886)	33,816,032	22,022
Net cash provided by (used for) investing activities	20,175,773	14,734,536	(17,686,574)	(3,569,286)	(55,886)	13,598,563	22,022
Net increase (decrease) in cash	(185,961)	310,762,464	(10,594,175)	1,437,007	(11,198,435)	290,220,900	3,225,509
Cash and cash equivalents, July 1	1,206,132	576,250,119	104,018,913	3,282,711	74,225,268	758,983,143	167,247,823
Cash and cash equivalents, June 30	$ 1,020,171	$ 887,012,583	$ 93,424,738	$ 4,719,718	$ 63,026,833	$ 1,049,204,043	$ 170,473,332

(Continued)

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	$ 2,682,573	$ 319,456,235	$ 27,531,545	$ (5,451,568)	$ 14,562,162	$ 358,780,947	$ 3,963,105
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	38,370	-	-	16,698	517,027	572,095	5,158,634
Interest on loans	-	-	(8,671,522)	-	-	(8,671,522)	-
Interest on bonds payable	13,258,111	-	1,576,501	-	-	14,834,612	-
Decrease (increase) in loans and notes receivable	(5,828,389)	-	-	-	-	(5,828,389)	5,000
Decrease (increase) in accrued interest and receivables	(7,435,993)	(18,941,975)	(54,364)	105,744	(83,689)	(26,410,277)	(4,809,589)
Decrease (increase) in inventory, deferred charges, other assets	-	-	785	-	(149,376)	(148,591)	(37,213)
Decrease (increase) in deferred outflows of resources	(216,431)	-	(65,345)	(23,390)	(3,694,705)	(3,999,871)	(5,261,458)
Increase (decrease) in accounts payable, accruals, other liabilities	18,150,125	(1,452,885)	(10,380)	9,607,438	(13,543,211)	12,751,087	2,797,564
Increase (decrease) in unearned revenues	-	-	-	-	566,812	566,812	22,097
Increase (decrease) in net pension liability	157,807	-	139,506	80,003	6,014,345	6,391,661	6,662,332
Increase (decrease) in deferred inflows of resources	(106,697)	-	(29,201)	(2,955)	(1,391,862)	(1,530,715)	(2,385,154)
Total adjustments	18,016,903	(20,394,860)	(7,114,020)	9,783,538	(11,764,659)	(11,473,098)	2,152,213
Net cash provided by (used for) operating activities	$ 20,699,476	$ 299,061,375	$ 20,417,525	$ 4,331,970	$ 2,797,503	$ 347,307,849	$ 6,115,318
Noncash investing, capital and financing activities							
Gain (loss) on disposal of assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 113,040
Increase (decrease) in fair value of investments	-	-	-	19,555,230	-	19,555,230	-

The notes to the financial statements are an integral part of this statement.

June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 3,401,325	$ -	$ 8,535,621	$ 124,251,015
Cash in custody of other officials	156,237,041	4,905,090	18,292,074	53,623,011
Investments:				
Investments	1,478,881	1,361,035,226	20,559,109,760	236,026,738
Fixed income securities	10,534,560,276	-	-	-
Marketable equity securities	16,116,468,093	-	-	-
International securities	8,261,992,413	-	-	-
Real estate	1,789,219,998	-	-	-
Alternative investments	1,677,291,420	-	-	-
Collateral on loaned securities	377,917,975	-	-	-
Receivables:				
Accrued interest and dividends	109,274,116	6,337,246	870,370	-
Taxes receivable	-	-	-	64,526,704
Trades pending settlement	199,572,660	-	7,191,172	-
Intergovernmental receivables	130,217,533	-	166,408	624,730
Contributions receivable	-	-	15,282,620	-
Other receivables	-	-	-	87,101
Due from other funds	143,623	-	179,848	596,195,933
Due from fiduciary funds	33,393,657	-	-	15,337,824
Due from component unit	1,371,241	-	-	-
Other assets	3,352,174	-	-	-
Furniture and equipment	43,608,737	-	48,222	-
Accumulated depreciation	(38,994,666)	-	(48,222)	-
Total assets	39,400,506,497	1,372,277,562	20,609,627,873	1,090,673,056
Liabilities				
Accounts payable and accruals:				
Accounts payable	12,480,830	66,706	3,168,319	-
Accrued payroll and related liabilities	-	-	-	19,056
Intergovernmental payables	-	42,067	7,478	686,107,742
Redemptions payable	-	-	4,602,784	-
Trades pending settlement	197,703,901	7,933,697	17,404,152	-
Bank overdraft	-	-	607,000	-
Obligations under securities lending	377,917,975	-	-	-
Due to other funds	5,341,864	6,366	1,455,083	-
Due to fiduciary funds	63,686	-	1,648	48,666,147
Other liabilities:				
Deposits	-	-	-	349,831,821
Other liabilities	125,120	17,968	-	6,048,290
Total liabilities	593,633,376	8,066,804	27,246,464	1,090,673,056
Net Position				
Held in trust for:				
Employees' pension benefits	38,805,396,959	-	-	-
OPEB benefits	1,476,162	-	-	-
Pool participants	-	1,364,210,758	-	-
Individuals	-	-	20,582,381,409	-
Total net position	$ 38,806,873,121	$ 1,364,210,758	$ 20,582,381,409	$ -

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
Additions			
Contributions:			
Employer	$ 946,102,220	$ -	$ -
Plan members	901,777,801	-	-
Participants	-	-	11,038,640,832
Repayment and purchase of service	67,472,466	-	-
Total contributions	1,915,352,487	-	11,038,640,832
Investment income:			
Net increase (decrease) in fair value of investments	3,259,234,886	34,018,601	1,521,710,610
Interest, dividends	784,446,547	10,925,042	446,236,958
Securities lending	5,206,183	-	-
Other	120,178,514	-	-
	4,169,066,130	44,943,643	1,967,947,568
Less investment expense:			
Other	(45,553,812)	(54,938)	-
Net investment income	4,123,512,318	44,888,705	1,967,947,568
Other:			
Investment from local governments	-	1,408,428,647	-
Reinvestment from interest income	-	5,927,880	-
Other	2,212,623	304	-
Total other	2,212,623	1,414,356,831	-
Total additions	6,041,077,428	1,459,245,536	13,006,588,400
Deductions			
Principal redeemed	-	1,160,666,223	9,636,172,366
Benefit payments	2,302,295,738	-	24,454,832
Refunds	30,392,124	-	-
Contribution distributions	418,673	6,500,000	-
Dividends to investors	-	375,394	-
Administrative expense	10,034,591	373,879	32,274,566
Total deductions	2,343,141,126	1,167,915,496	9,692,901,764
Change in net position	3,697,936,302	291,330,040	3,313,686,636
Net position, July 1	35,108,936,819	1,072,880,718	17,268,694,773
Net position, June 30	$ 38,806,873,121	$ 1,364,210,758	$ 20,582,381,409

The notes to the financial statements are an integral part of this statement.

Combining Statement of Net Position
Discretely Presented Component Units

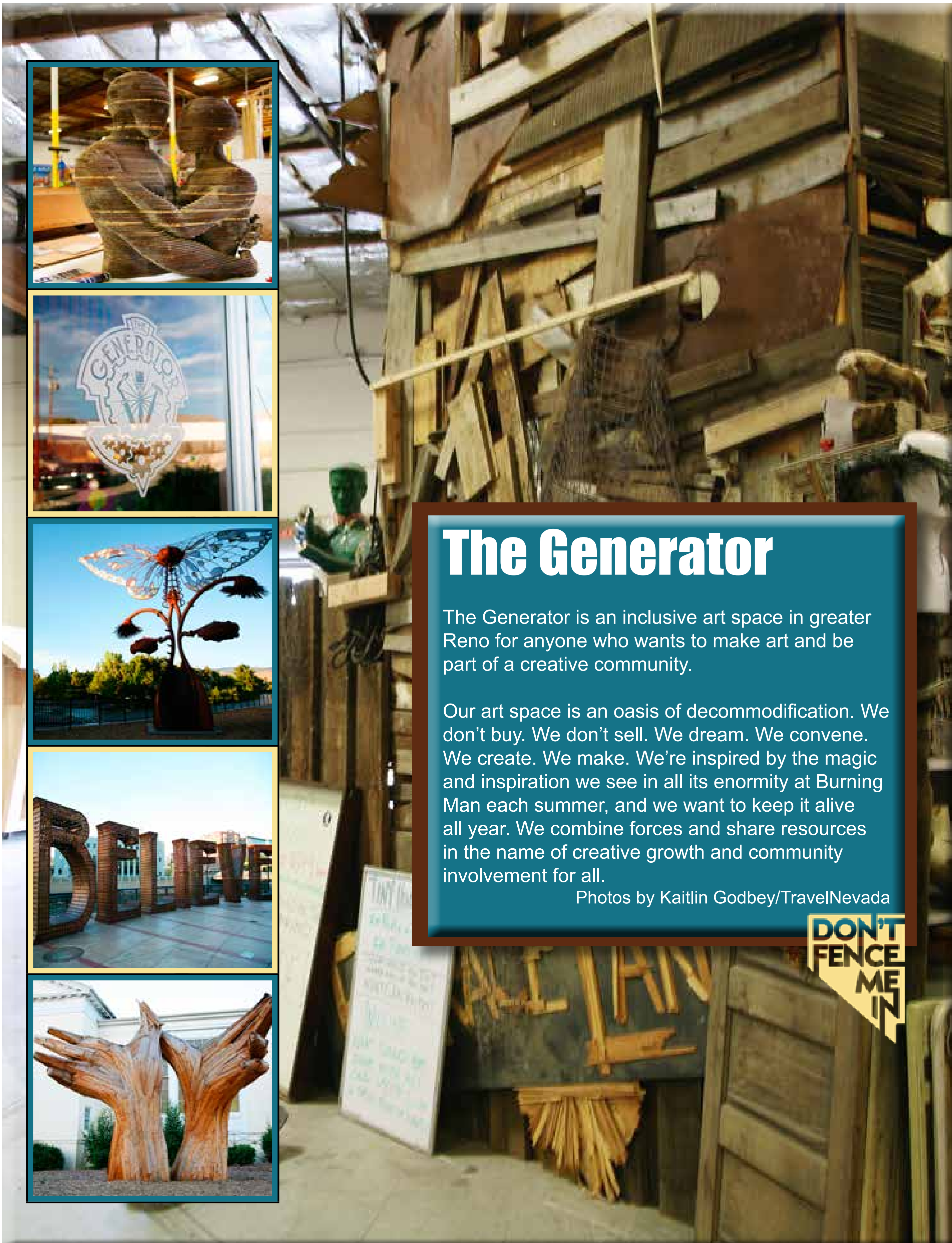
June 30, 2017

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Assets				
Cash and pooled investments	$ 13,532,928	$ 283,569,000	$ -	$ 297,101,928
Investments	-	1,370,687,000	36,480,804	1,407,167,804
Due from primary government	96,314	33,747,640	-	33,843,954
Accounts receivable	3,539,552	60,590,360	-	64,129,912
Intergovernmental receivables	-	39,480,000	-	39,480,000
Accrued interest and dividends	42,066	-	-	42,066
Notes/loans receivable	-	31,037,000	-	31,037,000
Other receivables	-	89,570,000	-	89,570,000
Inventory	-	8,426,000	-	8,426,000
Prepaid expenses	28,766,664	-	-	28,766,664
Restricted assets:				
Cash	7,294,438	66,365,000	-	73,659,438
Investments	-	10,063,000	-	10,063,000
Other assets	-	58,449,000	-	58,449,000
Capital assets:				
Land, infrastructure and construction in progress	-	259,025,000	-	259,025,000
Other capital assets, net	50,398,692	1,951,817,000	-	2,002,215,692
Total assets	103,670,654	4,262,826,000	36,480,804	4,402,977,458
Deferred Outflows of Resources				
Deferred charge on refunding	-	13,451,000	-	13,451,000
Pension contributions	997,811	79,346,000	-	80,343,811
Total deferred outflows of resources	997,811	92,797,000	-	93,794,811
Liabilities				
Accounts payable	2,176,977	50,686,907	-	52,863,884
Accrued payroll and related liabilities	127,318	84,844,000	-	84,971,318
Interest payable	337,180	12,686,000	-	13,023,180
Due to primary government	7,230	2,386,093	37,123,965	39,517,288
Unearned revenues	2,535,025	45,519,000	-	48,054,025
Other liabilities	2,798,256	39,480,000	-	42,278,256
Long-term liabilities:				
Portion due or payable within one year:				
Obligations under capital leases	-	1,234,000	-	1,234,000
Compensated absences	187,996	34,945,000	-	35,132,996
Bonds payable	5,965,000	33,668,000	-	39,633,000
Portion due or payable after one year:				
Federal advances	-	7,714,000	-	7,714,000
Obligations under capital leases	-	49,990,000	-	49,990,000
Net pension obligation	6,596,117	389,352,000	-	395,948,117
Compensated absences	131,785	15,155,000	-	15,286,785
Bonds payable	28,059,134	628,347,000	-	656,406,134
Unearned revenue	47,394,696	-	-	47,394,696
Total liabilities	96,316,714	1,396,007,000	37,123,965	1,529,447,679
Deferred Inflows of Resources				
Donations	-	9,183,000	-	9,183,000
Lease revenues	-	4,035,000	-	4,035,000
Pension related amounts	529,638	49,627,000	-	50,156,638
Total deferred inflows of resources	529,638	62,845,000	-	63,374,638
Net Position				
Net investment in capital assets	50,398,692	1,573,701,000	-	1,624,099,692
Restricted for:				
Capital projects	-	65,292,000	-	65,292,000
Debt service	-	27,584,000	-	27,584,000
Scholarships	-	497,532,000	-	497,532,000
Loans	-	6,340,000	-	6,340,000
Operations and maintenance	929,332	-	-	929,332
Research and development	10,276,431	-	-	10,276,431
Other purposes	-	3,622,000	-	3,622,000
Funds held as permanent investments:				
Nonexpendable	-	432,852,000	-	432,852,000
Unrestricted (deficit)	(53,782,342)	289,848,000	(643,161)	235,422,497
Total net position	$ 7,822,113	$ 2,896,771,000	$ (643,161)	$ 2,903,949,952

The notes to the financial statements are an integral part of this statement.

For the Fiscal Year Ended June 30, 2017

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	**Nevada System of Higher Education**	**Nevada Capital Investment Corporation**	**Total**
Expenses	$ 44,435,156	$ 1,782,586,000	$ 1,960,884	$ 1,828,982,040
Program revenues:				
Charges for services	44,006,265	672,105,000	-	716,111,265
Operating grants and contributions	-	534,420,000	-	534,420,000
Capital grants and contributions	-	481,000	-	481,000
Total program revenues	44,006,265	1,207,006,000	-	1,251,012,265
General revenues:				
Unrestricted investment earnings	137,526	104,087,000	3,876,898	108,101,424
Gain on sale of assets	-	1,262,000	-	1,262,000
Other general revenues	59,255	31,661,000	-	31,720,255
Contributions to permanent funds	-	10,752,000	-	10,752,000
Payments from State of Nevada	-	568,164,000	-	568,164,000
Total general revenues, contributions and payments	196,781	715,926,000	3,876,898	719,999,679
Change in net position	(232,110)	140,346,000	1,916,014	142,029,904
Net position, July 1	8,054,223	2,756,425,000	(2,559,175)	2,761,920,048
Net position, June 30	$ 7,822,113	$ 2,896,771,000	$ (643,161)	$ 2,903,949,952



The Generator

The Generator is an inclusive art space in greater Reno for anyone who wants to make art and be part of a creative community.

Our art space is an oasis of decommodification. We don't buy. We don't sell. We dream. We convene. We create. We make. We're inspired by the magic and inspiration we see in all its enormity at Burning Man each summer, and we want to keep it alive all year. We combine forces and share resources in the name of creative growth and community involvement for all.

Photos by Kaitlin Godbey/TravelNevada

DON'T FENCE ME IN

INDEX

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the State of Nevada (the State) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Description of Government-wide Financial Statements

The Government-wide Financial Statements, which consist of the Statement of Net Position and the Statement of Activities, report information on all non-fiduciary activities of the primary government and its component units. All fiduciary activities, including component units that are fiduciary in nature, are reported only in the fund financial statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, departments, agencies, and those authorities that are considered an integral part of the State's activities. Component units are legally separate organizations for which the State's elected officials are financially accountable. The State's component units have a June 30 year-end.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: 1) the ability of the State to impose its will on that organization; or 2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. When the State does not appoint a voting majority of an organization's governing body, GASB requires inclusion in the reporting entity based on financial accountability if: 1) the organization is both fiscally dependent on the State and there is the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State; or 2) it would be misleading to exclude the organization.

Fiduciary Component Units: The following fiduciary component units are legally separate from the State. The State is financially accountable for these organizations since it appoints the voting majority of the boards and is able to impose its will on them through the ability to remove appointed members of the organization's governing board. Since these component units are fiduciary in nature, they are included only in the fund financial statements with the primary government's fiduciary funds. Therefore, these component units are excluded from the government-wide financial statements.

The *Public Employees' Retirement System* (PERS), the *Legislators' Retirement System* (LRS) and the *Judicial Retirement System* (JRS) are administered by a seven-member board appointed by the Governor. PERS is the administrator of a cost-sharing, multiple-employer, defined benefit public employees' retirement system established to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability. LRS is the administrator of a single-employer public employees' defined benefit retirement system established to provide a reasonable base income to Legislators at retirement. JRS is the administrator of an agent multiple-employer public employees' defined benefit retirement system established to provide a reasonable base income to justices of the Supreme Court, district judges, municipal court judges, and justices of the peace at retirement.

The *Retirement Benefits Investment Fund* (RBIF) was created for the sole purpose of providing an investment vehicle for monies belonging to either the State or local government other post employment benefit trust funds. RBIF is administered by the Retirement Benefits Investment Board, which consists of the same members as the Public Employees' Retirement Board.

Blended Component Unit: The *Nevada Real Property Corporation* (NRPC) is a legally separate organization. The State is financially accountable for NRPC since it appoints the board of directors, and NRPC provides a financial benefit to the State by providing financing services. NRPC was incorporated to finance certain construction projects which include office buildings, a transitional residential facility and a warehouse, all financed by the issuance of certificates of participation. Upon completion of construction, the NRPC leases the facilities to the State. Since the NRPC provides financing services solely to the State, these financial transactions are reported as part of the primary government using the blended method.

Discretely Presented Component Units: A component unit should be included in the reporting entity financial statements using the discrete presentation method if the component unit's governing body is not substantively the same as the governing body of the primary government, the component unit does not provide services entirely or almost entirely to the primary government, and the component unit's total debt outstanding is not expected to be repaid entirely or almost entirely

(Note 1 Continued)

with resources of the primary government. The following discretely presented component units meet these criteria and are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the State.

The *Nevada System of Higher Education* (NSHE) is a legally separate organization consisting of the institutions of public higher education in Nevada, the NSHE Administration entity, and their component units. NSHE is governed by a Board of Regents elected by the voters. NSHE is considered to be fiscally dependent on the primary government since the State can modify and approve their budgets. In addition, NSHE imposes a financial burden on the primary government since the State provides financial support to NSHE through annual operating and capital appropriations.

The *Colorado River Commission* (CRC) is a legally separate organization responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners, a majority of whom are appointed by the State: four are appointed by the Governor and three are appointed by the board of directors of the Southern Nevada Water Authority. The State is financially accountable for CRC since bonds issued by the CRC are backed by the full faith and credit of the State of Nevada, which creates the potential for a financial burden to the State. CRC provides services to citizens through the distribution and sale of electric power.

The *Nevada Capital Investment Corporation (*NCIC) is a legally separate organization whose board of directors consists of the State Treasurer, who serves as the chair; five members that are appointed by the primary government; and the Chancellor of NSHE, or his designee. Up to five additional members of the board may be chosen who are direct investors of the corporation. The NCIC is an independent corporation for public benefit, the general purpose of which is to act as a limited partner, shareholder or member to provide private equity funding to businesses located in or seeking to locate in Nevada, and engage in certain industries. The amount invested in the NCIC is not to exceed $50 million from the State Permanent School Fund. The State is financially accountable for NCIC since it is able to impose its will through veto power by the State Treasurer.

Complete financial statements for each of the individual component units, with the exception of the *Nevada Real Property Corporation*, which has no other financial activity than that previously described, may be obtained at that organization's administrative offices:

Public Employees' Retirement System
Carson City, NV
Legislators' Retirement System
Carson City, NV
Judicial Retirement System
Carson City, NV
Retirement Benefits Investment Fund
Carson City, NV
Nevada System of Higher Education
Reno, NV
Colorado River Commission
Las Vegas, NV
Nevada Capital Investment Corporation
Carson City, NV

Related Organizations: The Governor is responsible for appointing the members of many boards and commissions. The State's accountability for these entities does not extend beyond making the appointments and thus these entities are excluded from this report. The State does not exercise financial or administrative control over the excluded boards and commissions.

C. Basis of Presentation

Government-wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. On the government-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As discussed earlier, the State has three discretely presented component units which are shown in a single column in the government-wide financial statements.

In general, the effect of interfund activity has been removed from the government-wide financial statements. Overhead costs have been removed to minimize the double counting of internal activities, but interfund services provided and used have been retained, as their elimination would distort the measurement of the cost of individual functional activities. Internal activities of a reimbursement type nature reduce the expenses of the reimbursed programs. Certain centralized costs have been included as part of the program expenses reported for the various functions and activities. The net amount of interfund receivables and payables between governmental activities and business-type activities are reported as internal balances on the government-wide statement of net position. The net amount of transfers between governmental activities and business-type activities are reported as transfers on the government-wide statement of activities.

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary and blended component units. Separate financial

(Note 1 Continued)

statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The State reports the following major governmental funds:

General Fund – this is the State's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

State Highway Fund - accounts for the maintenance, regulation, and construction of public highways and is funded through vehicle fuel taxes, federal funds, and other charges.

Municipal Bond Bank Fund - accounts for revenues and expenditures associated with buying local governments' bonds with proceeds of State general obligation bonds.

Permanent School Fund - accounts for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. All earnings on the assets are to be used for education.

The State reports the following major enterprise funds:

Higher Education Tuition Trust Fund – accounts for the State program to assist Nevada residents in locking in the cost of future higher education expenses for Nevada colleges and universities. This program is financed through the sale of prepaid tuition contracts.

Housing Division Fund - accounts for the State program to assist private lenders in providing low interest housing loans to low- and moderate-income households. This program is financed through the sale of bonds.

Unemployment Compensation Fund - accounts for the payment of unemployment compensation benefits.

Water Projects Loans Fund - accounts for revenues and expenses associated with operating a revolving fund to finance local government pollution control projects, and with operating revolving and set-aside program funds to finance local public water systems' safe drinking water projects.

Additionally, the State reports the following fund types:

Internal Service Funds - provides goods or services primarily to other agencies or funds of the State rather than to the general public. These goods and services include accounting, communications, information technology, fleet services, personnel, printing, property management, purchasing and risk management. In the government-wide statements, internal service funds are included with governmental activities.

Pension and Other Employee Benefit Trust Funds - report resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans and other post-employment benefit plans.

Investment Trust Funds - report resources received from local governments that are either pooled in an external investment portfolio for the benefit of all participants or separated into subaccounts of identified investments allocated to specific participating local governments. Examples include the Local Government Investment Pool, the Nevada Enhanced Savings Term and the Retirement Benefits Investment Fund.

Private Purpose Trust Funds - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include the Prisoners' Personal Property and the Nevada College Savings Plan.

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples of funds in this category include state agency fund for bonds, motor vehicle, and child support disbursement.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual; that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State considers revenues to be available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are gaming revenues, sales taxes, other taxes as described in

(Note 1 Continued)

Note 14, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary, pension and other employee benefit trust, investment trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Pooled Investments - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Position and Balance Sheet as cash and pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on daily cash balances. Also included in this category is cash held by departments as petty cash funds and in bank accounts, outside the Treasurer's cash management pool. The operations and investments of the cash pool are described in Note 3.

Cash and cash equivalents are defined as bank accounts, petty cash, money market demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are reported in the Statement of Cash Flows for proprietary fund types.

Investments - Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are generally reported at cost, which approximates fair value, except for the short-term investments of the Nevada College Savings Plan that are valued at amortized cost, which approximates fair value. Securities, traded on a national or international exchange, are valued at the last reported sale price at current exchange rates. Fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is established by independent third party valuation firm in conjunction with Member Appraisal Institute (MAI) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

The Local Government Investment Pool, the Nevada Enhanced Savings Term Investment Trust and the Retirement Benefits Investment Fund are reported as investment trust funds. The investments of the Local Government Investment Pool and the Nevada Enhanced Savings Term Investment Trust are subject to the general limitations of NRS 355.170. The investments of the Retirement Benefits Investment Fund are governed by the prudent person standard, as set forth by NRS 286.682. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated using the amortized cost basis at the date of sale. The fair value of the position in the pool is the same as the value of the pool shares. The Bank of New York Mellon is the custodian and transfer agent for the Local Government Investment Pool, the Nevada Enhanced Savings Term Investment Trust and the Retirement Benefits Investment Fund.

Derivatives are generally valued at quoted market value. Under the circumstance where quoted market values are not considered to be readily available, such derivatives are reported at estimated fair value and the methods and significant assumptions used are described in Note 3D. Investments are discussed further in Note 3.

Receivables - Receivables represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portions considered "available" (i.e., received by the State within approximately 60 days after year-end) are recorded as revenue; the remainder is recorded as deferred inflows of resources, unavailable revenue. Receivables in proprietary fund types have arisen in the ordinary course of business. All receivables are shown net of an allowance for uncollectible accounts. Significant receivable balances not expected to be collected within one year are presented in Note 4.

Interfund Transactions - The State has two types of interfund transactions:

1. Services rendered and employee benefit contributions are accounted for as revenues, expenditures/expenses in the funds involved.
2. Operating appropriations and subsidies are accounted for as transfers in the funds involved.

Due from/due to other funds and transfers are presented in Note 5.

(Note 1 Continued)

Inventories – In general, inventories in governmental funds are recorded as expenditures when purchased; however, certain inventories in the General Fund, the Highway Fund, and nonmajor governmental funds are recorded as expenditures at the time individual inventory items are consumed. Inventories are stated at cost on the first-in, first-out basis. Inventory items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

Prepaid Items – Prepaid items reflect payments for costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

Advances to Other Funds - Long-term interfund advances are recorded by the advancing fund as a receivable. These amounts are reported in the nonspendable fund balance in the General Fund to maintain the accountability and to disclose properly the amount available for appropriation. In other governmental funds this amount will be reported in restricted, committed, or assigned fund balances. Repayments are credited to the receivable and corresponding reductions are made in the appropriate fund balance. A summary of interfund advances is presented in Note 5.

Capital Assets and Depreciation - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Position at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at acquisition value at time of donation. The government defines capital assets as assets with a unit cost of $5,000 or more for furniture and equipment, or $100,000 or more for buildings and improvements, and an estimated useful life in excess of one year. Interest incurred during construction is only capitalized in proprietary funds.

Most capital assets are depreciated principally on a straight-line basis over estimated useful lives of 40 years for structures and 3 to 30 years for improvements, furniture and equipment. The State's significant infrastructure assets utilize the modified approach in which costs to maintain and preserve these assets are expensed and no depreciation expense is recorded. This approach is discussed further in the Required Supplementary Information portion of this report.

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition. Collections are capitalized at the acquisition value at the date of donation. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 10 to 15 years for land improvements and 3 to 18 years for library books, machinery and equipment. Additional disclosure related to capital assets is provided in Note 7.

Compensated Absences – A liability for compensated absences relating to services already rendered and that are not contingent on a specified event is accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary fund types report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report a liability and expenditure for compensated absences only if the liability has matured as a result of employee resignations or retirements. Thus no expenditure would be recognized in governmental funds for the unpaid balance of compensated absences for employees still in active service at the end of the reporting period. On the Statement of Net Position, the accrued compensated absences for both proprietary and governmental fund types is reported.

Long-Term Obligations - In the government-wide statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. Long-Term Obligations are more fully described in Note 10.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. An example is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. An example is unavailable revenue, reported in the governmental funds balance sheet when revenue is measureable but not available.

(Note 1 Continued)

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balance - The difference between fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is “Net Position” on the government-wide, proprietary and fiduciary fund statements, and “Fund Balance” on governmental fund statements.

In governmental fund financial statements, fund balances are classified based primarily on the extent to which the State is bound to observe constraints imposed upon the use of the resources in the fund as follows:

1. Nonspendable fund balance includes items that cannot be spent because they are either not in spendable form (such as inventories, prepaid amounts and the long-term portion of loans/notes receivables) or legally or contractually required to be maintained intact (such as the principal of a permanent fund).
2. Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the government’s highest level of decision-making authority, the Nevada Legislature, through legislation passed into law.
4. Assigned fund balance includes amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the executive branch.
5. Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed for proper classification of fund balance. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. Balances in the Legislatively created funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. Note 13 provides a disaggregation of governmental fund balances, nonspendable, restricted, committed, and unassigned.

Net Position/Fund Balance Flow Assumptions - The State’s policy is to spend restricted amounts first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available. Therefore, restricted net position/fund balance is depleted before using unrestricted net position/fund balance. In governmental funds, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned and then unassigned.

Minimum Fund Balance Policy - NRS 353.213(3) requires that the proposed budget for each fiscal year of the biennium provide for a reserve of not less than 5% or more than 10% of the total of all proposed appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State and authorized expenditures from the State General Fund for the regulation of gaming for that fiscal year.

Stabilization Arrangement – NRS 353.288 provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2017 is $103,253,740.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS, LRS and JRS and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by PERS, LRS and JRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Revenues and Expenditures/Expenses

Program Revenues - In the government-wide statement of activities, program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Property Taxes – Property taxes are recognized as revenues in the year for which they are levied. Property taxes are levied July 1 on property values assessed by the prior January 1. Property tax billings are payable in quarterly installments on the third Monday in August and the first Monday in October, January and March, after which time the bill is delinquent.

(Note 1 Continued)

Grants – The State participates in various federal award programs which are received in both cash and noncash forms. Grants and other entitlements are recognized as revenues when all eligibility requirements are met, including any time requirements, and the amount is received within 60 days after year-end. Federal reimbursement type grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 60 days after year-end. Certain grants have matching requirements in which the State must contribute a proportionate share of the total costs of a program. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Proprietary Funds Operating and Nonoperating Revenues and Expenses - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal, ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2 - Budgetary and Legal Compliance

Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than 14 calendar days before each regular session, which convenes every odd-numbered year. The presented budget spans the next two fiscal years and contains the detailed budgetary estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

The legal level of budgetary control, the level at which appropriations are approved and the level at which over-expenditure of appropriations or transfers of appropriated amounts may not occur without Legislative action, is at the total program level within each department or agency.

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. After obtaining the approval of the Governor, or his designee, the Budget Director, Legislative Interim Finance Committee (LIFC) approval is required of those revisions in excess of $30,000 which have the effect, when taken into consideration with all other changes during the fiscal year, of increasing or decreasing any legislatively approved expenditure level by 10% or $75,000, whichever is less. Revisions not exceeding this threshold require only Budget Director approval. The LIFC approval is not equivalent to governing body approval, as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Account, in the General Fund, which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling $46,520,241 were made in the 2017 fiscal year.

Unencumbered appropriations lapse at the end of each fiscal year unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources, under the Authorized Expenditures Act, are carried forward for expenditure in the next fiscal period.

Budgets are legally adopted for the General Fund and Special Revenue Funds, except for the Nevada Real Property Corporation special revenue fund. In addition, certain activity within such funds may be unbudgeted. The State's budget is prepared principally on a modified accrual basis with the following exceptions:

1. Cash placed in petty cash funds or outside bank accounts is considered expended for budgetary purposes.
2. Advances to other funds are considered expenditures. Repayments of such advances are considered revenues.
3. Certain assets, such as prepaid items, are considered expended for budgetary purposes. Inventory is an expenditure for budgetary purposes. Certain unearned revenue is considered revenue for budgetary purposes.
4. Expenditures are only recognized if the liability is liquidated within 45 days after the fiscal year end.
5. Revenue from grants is only recognized when it is received in cash.
6. Encumbrances for goods or services not received by fiscal year-end are considered an expenditure of the current period if received and paid within 45 days.

The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI) in this report. Actual amounts in this schedule are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation between the budgetary and GAAP basis is presented in the RSI.

Note 3 - Deposits and Investments

The Nevada Revised Statutes (NRS) and Nevada Administrative Code, as well as procedures approved by the State Board of Finance, govern deposits and investing activities for the primary government and its discretely presented component units which are not expressly required by law to be received and kept by another party. NRS 226.110(3) further requires that the Office of the State Treasurer shall establish the policies to be followed in the investment of money of the State of Nevada.

A. Deposits

Primary Government, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust Funds - The State minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits. As of June 30, 2017, the bank balance of the primary government, private purpose trust, pension and other employee benefit trust, and investment trust funds totaled $1,025,895,855, of which $60,973,647 was uncollateralized and uninsured.

Component Units - Cash and cash equivalents of the Nevada System of Higher Education (NSHE) are stated at cost, which approximates market, and consist of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2017 NSHE's deposits in money market funds totaled $220,439,000 and cash in bank was $6,279,000. Of these balances, $250,000 are covered by the Federal Depository Insurance Corporation (FDIC); the remaining deposits are uncollateralized and uninsured.

B. Investments

NRS 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit, asset-backed securities, bankers' acceptances and commercial paper, collateralized mortgage obligations, corporate notes, municipal bonds, money market mutual funds whose policies meet the criteria set forth in the statute, United States treasury securities, and specific securities implicitly guaranteed by the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements. The State's Permanent School Fund is further limited by statute as to the types of investments in which it may invest (NRS 355.060). Cash and Investments are also discussed in Note 1 under Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance.

The State Board of Finance reviews the State's investment policies at least every four months. The Board is comprised of the Governor, the State Controller, the State Treasurer and two members appointed by the governor, one of which must be actively engaged in commercial banking in the State.

Investments held in the Local Government Investment Pool (LGIP), Retirement Benefits Investment Fund (RBIF), and Nevada Enhanced Savings Term (NVEST) are specifically identifiable investment securities and are included in the following tables. LGIP, RBIF, and NVEST are investment trust funds and discussed further in Note 1, Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance. LGIP and NVEST are governed by the Nevada State Board of Finance and administered by the Nevada State Treasurer. Complete financial statements for LGIP and NVEST may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701. RBIF is administered by the Retirement Benefits Investment Board. The audited financial statements of RBIF may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Primary Government, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust Funds - The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension and other employee benefit trust funds authorize all securities within the Barclays Aggregate Index benchmark. If securities are purchased outside the Barclays U.S. Treasury Index, they must be of investment grade rating by at least two of the following: Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's) except those issued or guaranteed by the U.S. Government or its agencies. The following table provides information about the interest rate risks associated with the State's investments as of June 30, 2017 (expressed in thousands):

(Note 3 Continued)

		Maturities in Years			
	Fair Value	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U. S. Treasury securities	$ 869,777	$ 173,720	$ 470,420	$ 192,470	$ 33,167
Negotiable certificate of deposit	612,264	612,089	175	-	-
U. S. agencies	11,699,325	875,089	6,865,628	2,118,205	1,840,403
Mutual funds	48,292	572	-	-	47,720
Repurchase agreements	231,000	231,000	-	-	-
Asset backed corporate securities	28,959	-	21,991	120	6,848
Corporate bonds and notes	377,865	185,778	171,231	11,013	9,843
Commercial paper	506,469	506,469	-	-	-
Fixed income securities	548	548	-	-	-
Municipal bonds	2,357	2,357	-	-	-
Investment agreements	9	-	-	-	9
Other short-term investments	312,823	312,823	-	-	-
Collateralized mortgage obligations	15,627	-	-	-	15,627
Other investments	3,922	3,000	4,945	-	(4,023)
Total	$ 14,709,237	$ 2,903,445	$ 7,534,390	$ 2,321,808	$ 1,949,594

The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to interest rate risk for the investments. The security portfolios held by Vanguard, USAA, Upromise, Putnam and Wealthfront have various maturities from 29 days to 13.6 years and are not included in the table above.

Component Units – The Nevada System of Higher Education's (NSHE) policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and, therefore, currently has no policies with regard to interest rate risk for these investments. Investments having interest rate risk are principally invested in mutual funds and private commingled funds. The following table provides the segmented time distribution for these investments at June 30, 2017 (expressed in thousands):

Less than 1 year	$ 227,707
1 to 5 years	116,048
6 to 10 years	150,748
More than 10 years	-
Total	$ 494,503

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of Nevada.

Primary Government, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust Funds - NRS 355.140, the State Treasurer's investment policy, and investment policies of the pension and other employee benefit trust and investment trust funds all address credit risk. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Bankers' Acceptances are rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as "A" or its equivalent, or better,
- Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as "AAA" or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as "AAA" or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

In addition to the above provisions, investment policies for the pension and other employee benefit trust funds allow investment in corporate bonds, assets related instruments, and foreign debt issued in the U.S. rated by at least two of the following: Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's). The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to credit risk for the investments. Investments having credit risk are included in the table below.

The State's investments as of June 30, 2017 were rated by Standard & Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale (at fair value, expressed in thousands):

(Note 3 Continued)

	Quality Rating						
	AAA	AA	A	BBB	BB	B	Unrated
Negotiable certificate of deposit	$ -	$ 13,509	$ 220,870	$ -	$ -	$ -	$ 383,295
U.S. agencies	37,100	1,010,671	-	-	-	-	10,688,410
Mutual funds	35,434	-	-	-	-	-	20,208,855
Repurchase agreements	-	-	-	-	-	-	231,000
Asset backed corporate securities	16,052	423	1,446	461	398	507	16,793
Corporate bonds and notes	8,541	116,215	207,288	31,715	3,493	-	48,818
Commerical paper	-	-	381,891	-	-	-	126,120
Fixed Income	-	-	-	-	-	-	548
Municipal bonds	-	2,357	-	-	-	-	-
Investment agreements	-	-	-	9	-	-	9
Other short-term investments	122,805	-	124,430	-	298	-	529,084
Collateralized mortgage obligations	11,604	-	-	-	-	-	15,627
Other Investments	-	3,498	4,447	-	-	-	686,074
Total	$ 231,536	$ 1,146,673	$ 940,372	$ 32,185	$ 4,189	$ 507	$ 32,934,633

Component Unit – The NSHE's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and therefore, it currently has no policies with regard to credit risk for these investments. The credit risk profile for NSHE operating and endowment investments at June 30, 2017 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	$ 520,193
Partnerships	47,932
Endowment cash/cash equivalents	1,528
Trust(s)	4,247
Private commingled funds	271,695
	845,595
Less: GBC Foundation Endowments	(6,592)
Total	$ 839,003

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2017, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2017, the following investments exceeded 5% of the Higher Education Tuition Trust's total investments (expressed in thousands):

	Fair Value	Percentage
Federal Home Loan Mortgage Corp-Asset-Backed Mortgage Security	$ 15,422	6.15%

The Housing Division currently places no limit on the amount it may invest in any one issuer provided their ratings are in the highest two general rating categories. However, the Housing Division monitors rating changes on all issuers. If warranted, more concentrated investments may have to be diluted to alternative investment providers. As of June 30, 2017, the Housing Division's investments in Fannie Mae and Ginnie Mae are 3.48% and 32.31% respectively, of the Housing Division's total investments. The Fannie Mae and Ginnie Mae investments are in mortgage backed securities matched to the interest rate and maturity of the underlying bonds. Because such investments are matched to concomitant liabilities, the Housing Division is less concerned about a concentration risk on these investments.

Component Unit - The Nevada Capital Investment Corporation (NCIC) owns 99% equity interest in Silver State Opportunities Fund LLC (SSOF), a Nevada limited liability company, for the purpose of obtaining income. At June 30, 2017 the investment in equity interest of SSOF exceeded 5% of NCIC's total investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

Primary Government, Pension and Other Employee Benefit Trust Funds, and Investment Trust Funds - The primary government does not have a policy regarding foreign currency risk; however, the State Treasurer's office does not have any deposits or investments in foreign currency. The PERS, LRS, JRS, and RBIF do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. LRS and JRS had no exposure to foreign currency risk as of June 30, 2017. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2017 (expressed in thousands):

(Note 3 Continued)

	Currency by Investment and Fair Value			
	Equity	Pending Transactions	Cash	Total
Australian Dollar	$ 534,983	$ (400)	$ 1	$ 534,584
British Pound Sterling	1,343,129	100	2,444	1,345,673
Danish Krone	136,931	-	-	136,931
Euro	2,474,813	(900)	759	2,474,672
Hong Kong Dollar	244,749	-	310	245,059
Israeli Shekel	24,514	-	201	24,715
Japanese Yen	1,781,442	(3,900)	4,589	1,782,131
Norwegian Krone	12,929	-	103	13,032
Polish Zloty	46,111	-	403	46,514
Singapore Dollar	98,044	-	213	98,257
Swedish Krona	221,802	-	5	221,807
Swiss Franc	645,200	-	15	645,215
Total	$ 7,564,647	$ (5,100)	$ 9,043	$ 7,568,590

Private Purpose Trust Fund - The Nevada College Savings Plan, a private purpose trust, currently has no formal investment policy with regard to foreign currency risk for the investments. The Plan consists of Vanguard College Savings Plan, USAA College Savings Plan, Upromise College Fund Plan, Putnam for America Plan, and Wealthfront College Savings Plan which all state that there are certain inherent risks involved when investing in international securities through mutual funds that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments, natural disasters and possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. The investments held in Putnam for America Plan consist of the portfolios managed and sponsored by Putnam Investment Management, Putnam Mutual Funds, and non-Putnam Mutual Funds. Both mutual funds pose no foreign currency risk. The following table summarizes foreign currency risk for the GAA portfolios in U.S. dollars as of June 30, 2017 (expressed in thousands):

	Currency at Fair Value
Australian Dollar	$ 1
Euro	3
Japenese Yen	16
New Taiwan Dollar	11
Swedish Krona	1
Swiss Franc	2
Total	$ 34

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has $189,524,000 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2017.

Fair Value of Investments: The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government as of June 30, 2017 (expressed in thousands):

(Note 3 Continued)

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 622,000	$ 395,163	$ 226,837	$ -
Negotiable certificates of deposit	476,943	-	476,943	-
US agencies	822,609	25,011	797,598	-
Mutual funds	218,663	218,663	-	-
Corporate bonds & notes	197,180	14,352	182,828	-
Commercial paper	355,245	-	355,245	-
Muni bonds	2,357	-	2,357	-
Repurchase agreements	96,000	-	96,000	-
Collateralized mortgage obligations	117,906	106,981	10,925	-
Federal National Mortgage Association	23,383	16,778	6,605	-
Other Investments	109,896	103,372	6,524	-
Total investments by fair value level	$ 3,042,182	$ 880,320	$ 2,161,862	$ -

C. Securities Lending

Primary Government and Investment Trust Funds - NRS 355.135 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of fair value of the underlying securities and the value of the securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2017 (excluding PERS).

Public Employees' Retirement System (PERS) – PERS maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program consist of U.S. Treasury Obligations, corporate fixed income securities, international fixed income securities, equity securities, and international equity securities. Collateral received consists of cash and securities issued by the U.S. Government, its agencies or instrumentalities. Collateral received for the lending of U.S. securities must equal at least 102% of fair value, plus accrued interest in the case of fixed income securities. Collateral received for the lending of international securities must equal at least 105% of fair value, plus accrued interest in the case of fixed income securities.

At year-end, PERS has no credit risk exposure to borrowers because the associated value of the collateral held exceeds the value of the securities borrowed. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires the agent to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

PERS may only loan up to 33 1/3% of its total portfolio. Either PERS or the borrower can terminate all securities loans on demand. In September 2013 the Board elected to allow only overnight repurchase agreements collateralized by U.S. government obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities within the reinvestment portfolio. This action effectively eliminated risk in securities lending collateral reinvestment portfolio since securities issued or guaranteed by the U.S. Government are considered to be free of credit risk. The maturities of the investments made with cash collateral generally do not match the maturities of the securities loaned because securities lending transactions can be terminated at will.

The fair value of underlying securities on loan at June 30, 2017 is $5,022,445,189. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of $377,917,975 and non-cash in the amount of $4,777,076,897. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2017, PERS has collateral consisting of cash and securities issued by the U.S. Government, its agencies or instrumentalities, in excess of the fair value of investments held by brokers/dealers under a securities lending agreement.

D. Derivatives

Primary Government – The Office of the State Treasurer's investment policies do not contain any specific language regarding derivatives other than prohibiting certain types of derivatives such as option contracts, futures contracts, and swaps in the General Portfolios and the Local Government Investment Pool effective June 2012 and November 2015 respectively. The primary government has no exposure to derivatives as of June 30, 2017.

(Note 3 Continued)

Private Purpose Trust Fund – Certain investments in the Nevada College Savings Plan are managed by Putnam Investment Management through Putnam sponsored portfolios (the Portfolios) and mutual funds. The Portfolios use six types of derivatives: options, futures contracts, forward currency contracts, total return swap contracts, interest rate swap contracts, and credit default contracts. Currently, there is no written investment policy with regard to derivatives for the Portfolios. All six types of derivatives are considered investments. The fair value amount in the table below represents the unrealized appreciation (depreciation) from derivative instruments and is reported in the Statement of Fiduciary Net Position. The net increase (decrease) in fair value is reported as investment income on the Statement of Changes in Fiduciary Net Position. The Portfolios' investment derivative instruments as of June 30, 2017, and changes in fair value for the year then ended are summarized in the following table (expressed in thousands):

	Contracts/ Notional Amounts	Fair Value	Change in Fair Value
Purchased Currency Option Contracts, gross	$ 5,479	$ 17	$ 7
Forward Currency Contracts, net	$ 53,174	(9)	(146)
CC Interest Rate Swap Contracts, gross	$ 7,445	(3)	31
OTC Total Return Swap Contracts, gross	$ 16,759	(220)	(211)
OTC Credit Default Contracts, gross	$ 4,924	(17)	18
CC Credit Default Contracts, gross	$ 11,038	66	(304)
Futures Contracts, gross	258	62	125
Written Currency Option Contracts, gross	$ 5,479	(6)	(6)
Total		$ (110)	$ (486)

The Portfolios use options contracts to manage duration and convexity, to isolate prepayment risk, to gain exposure to interest rates, to manage against changes in values of securities it owns, owned or expects to own to manage prepayment risk to generate additional income for the portfolio, to enhance returns on securities owned, to gain exposure to securities and to manage downside risks. The potential risk is that the change in value of options contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchanged rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. Exchange-traded options are valued at the last sale price.

The Portfolios use futures contracts to manage interest rate risk, gain exposure to interest rates, manage prepayment risk, equitize cash, and manage exposure to market risk. The potential risk is that the change in value of futures contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly, or if the counterparty to the contract is unable to perform. Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. Risks may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

The Portfolios buy and sell forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to manage foreign exchange risk and to gain exposure on currency. The contract is marked to market daily using current forward currency exchange rates supplied by a quotation service. The Portfolios may be exposed to risk if the value of currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the Portfolios are unable to enter into a closing position. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC total return swap contracts, which are arrangements to exchange a market linked return for a periodic payment, both based on a notional principal amount, to manage sector exposure, manage exposure to specific sectors or industries, manage exposure to specific securities, to gain exposure to basket of securities, to gain exposure to specific markets or countries. To the extent that the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Portfolios will receive a payment from or make a payment to the counterparty. OTC total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. The Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or

(Note 3 Continued)

the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The Portfolios' maximum risk of loss from counterparty risk is the fair value of the contract. This risk may be mitigated by having a master netting arrangement between the Portfolios and the counterparty. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC and/or centrally cleared interest rate swap contracts to manage interest rate risk and to gain exposure on interest. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. The Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts, or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

The Portfolios entered into OTC and/or centrally cleared credit default contracts to manage credit risk and market risk, and gain exposure on individual names and/or baskets of securities. In an OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. The OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. In addition to bearing the risk that the credit event will occur, the Portfolios could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that it may be unable to close out its position at the same time or at the same price as if it had purchased the underlying reference obligations. In certain circumstances, the Portfolios may enter into offsetting OTC and centrally cleared credit default contracts which could mitigate their risk of loss. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios' maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared credit default contracts through the daily exchange of the variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the Portfolios are a seller of protection, the maximum potential amount of future payments it may be required to make is equal to the notional amount.

Derivative instruments held by the Portfolios were not individually rated by a ratings agency for the reporting period. As of June 30, 2017, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of Baa1/BBB and short-term ratings of P-2/A-2. Centrally cleared contracts are not considered brokered contracts and have mitigated risks. With futures, there is minimal counterparty credit risk to the Portfolios since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

Derivative instruments are subject to interest rate risk. Prices of longer term maturities generally change more in response to interest rate changes than the prices of shorter term maturities. The following table provides information about the interest rate risks associated with the types of investment derivative instruments as of June 30, 2017 (expressed in thousands):

	Maturities in Years				
	Less than 1	1-5	6-10	Greater than 10	Total
Purchased Currency Options	$ 17	$ -	$ -	$ -	$ 17
Forward Currency Contracts	(9)	-	-	-	(9)
CC Interest Rate Swap Contracts	-	(8)	(7)	12	(3)
OTC Total Return Swap Contracts	(220)	-	-	-	(220)
OTC Credit Default Contracts	-	-	-	(17)	(17)
CC Credit Default Contracts	-	66	-	-	66
Futures Contracts	62	-	-	-	62
Written Currency Options	(6)	-	-	-	(6)
Total	$ (156)	$ 58	$ (7)	$ (5)	$ (110)

(Note 3 Continued)

Forward currency contracts are subject to foreign currency risk. The following table provides information about the forward currency contracts as of June 30, 2017 (expressed in thousands):

	Fair Value
Australian Dollar	$ (3)
Brazilian Real	(29)
British Pound	(10)
Canadian Dollar	40
Chilean Peso	6
Czech Koruna	(6)
Danish Krone	1
Euro	24
Indian Rupee	(2)
Japanese Yen	5
Mexican Peso	(7)
New Zealand Dollar	(45)
Norwegian Krone	(24)
Singapore Dollar	(5)
South African Rand	(10)
Swedish Krona	46
Swiss Franc	10
Total	$ (9)

The audited financial statements of Putnam 529 for America may be obtained from Putnam Investment Management, One Post Office Square, Boston, MA 02109.

Note 4 - Receivables

Receivable balances are disaggregated by type and presented separately in the financial statements. Significant receivable balances not expected to be collected within one year and not already classified in the fund financials are presented below (expressed in thousands):

	Major Governmental Funds			
	General	Municipal Bond Bank	Permanent School Fund	Total Governmental
As shown on financial statements:				
Intergovernmental receivables	$ 435,524	$ -	$ 602	$ 436,126
Notes/loans receivable	14,740	89,700	-	104,440
Due from Component Unit	181	-	37,124	37,305
Total	$ 450,445	$ 89,700	$ 37,726	$ 577,871
Classified:				
Current portion	$ 425,853	$ 4,190	$ 602	$ 430,645
Noncurrent portion:				
Intergovernmental receivables	10,636	-	-	10,636
Notes/loans receivable	13,956	85,510	-	99,466
Due from Component Unit	-	-	37,124	37,124
Total noncurrent portion	24,592	85,510	37,124	147,226
Total	$ 450,445	$ 89,700	$ 37,726	$ 577,871

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at $28.4 million, and uncollectible accounts receivable are estimated at $147.1 million. The proprietary funds have $35.9 million in uncollectible accounts receivable of which $8.6 million are from uninsured employers' fines and penalties, and $9.1 million are from unemployment contributions and benefit overpayments.

Note 5 - Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2017, follows (expressed in thousands):

	Advances From			
	General	State Highway	Nonmajor Governmental	Total
Advances To				
Nonmajor enterprise	$ 186	$ -	$ -	$ 186
Internal service	4,161	3,793	452	8,406
Total other funds	$ 4,347	$ 3,793	$ 452	$ 8,592

Interfund advances are the portions of interfund balances that are *not* expected to be repaid within one year. The interfund balances that are expected to be repaid within one year are shown in the Due From/Due To summary below.

Advances are generally made to finance capital expenditures or as a loan for operating purposes.

B. Due From/Due To Other Funds and Component Units

A summary of due from and due to other funds and component units at June 30, 2017, is shown below (expressed in thousands):

	Due To				
	Major Governmental Funds				
	General	State Highway	Permanent School	Nonmajor Governmental	Total Governmental
Due From					
Major Governmental Funds:					
General	$ -	$ 19,851	$ 53	$ 81,775	$ 101,679
State Highway	1,755	-	-	145	1,900
Municipal Bond Bank	3	-	-	-	3
Permanent School Fund	5,446	-	-	-	5,446
Nonmajor governmental	19,116	4,536	-	8,904	32,556
Total Governmental	26,320	24,387	53	90,824	141,584
Major Enterprise Funds:					
Housing Division	125	-	-	-	125
Unemployment Comp	-	-	-	191	191
Water Projects Loans	244	-	-	-	244
Higher Ed Tuition Trust	32	-	-	-	32
Nonmajor enterprise	1,843	3	-	-	1,846
Total Enterprise	2,244	3	-	191	2,438
Internal Service	1,016	254	-	162	1,432
Total other funds	$ 29,580	$ 24,644	$ 53	$ 91,177	$ 145,454
Fiduciary	$ 684	$ -	$ -	$ 1,153	$ 1,837
Component Units:					
Colorado River Commission	$ -	$ -	$ -	$ -	$ -
Nevada System of Higher Education	181	-	-	192	373
Nevada Capital Investment Corporation	-	-	37,124	-	37,124
Total Component Units	$ 181	$ -	$ 37,124	$ 192	$ 37,497

(Note 5 Continued)

	Due To								
	Major Enterprise Funds								
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Ed Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Due From									
Major Governmental Funds:									
General	$ 15	$ -	$ 449	$ 18	$ 1,467	$ 1,949	$ 6,887	$ 110,515	$ 595,882
State Highway	-	-	-	-	25	25	1,150	3,075	560
Municipal Bond Bank	-	-	-	-	-	-	-	3	-
Permanent School Fund	-	-	-	-	-	-	-	5,446	-
Nonmajor governmental	-	523	-	-	47	570	244	33,370	11
Total Governmental	15	523	449	18	1,539	2,544	8,281	152,409	596,453
Major Enterprise Funds:									
Housing Division	-	-	-	-	1	1	6	132	-
Unemployment Comp	-	-	-	-	-	-	-	191	-
Water Projects Loans	-	-	-	-	-	-	1	245	-
Higher Ed Tuition Trust	-	-	-	-	-	-	1	33	-
Nonmajor enterprise	-	-	-	-	-	-	109	1,955	52
Total Enterprise	-	-	-	-	1	1	117	2,556	52
Internal Service	-	-	-	-	34	34	252	1,718	14
Total other funds	$ 15	$ 523	$ 449	$ 18	$ 1,574	$ 2,579	$ 8,650	$ 156,683	$ 596,519
Fiduciary	$ -	$ -	$ -	$ -	$ 6	$ 6	$ 4,960	$ 6,803	$ 48,731
Component Units:									
Colorado River Commission	$ -	$ -	$ -	$ -	$ -	$ -	$ 7	$ 7	$ -
Nevada System of Higher Education	-	-	-	-	-	-	2,013	2,386	1,371
Nevada Capital Investment Corporation	-	-	-	-	-	-	-	37,124	-
Total Component Units	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,020	$ 39,517	$ 1,371

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
Due From			
Major Governmental Funds:			
General	$ 96	$ 15,123	$ 15,219
State Highway	-	408	408
Nonmajor governmental	-	18,204	18,204
Total Governmental Funds	96	33,735	33,831
Major Enterprise Fund:			
Higher Ed Tuition Trust	-	1	1
Total Enterprise	-	1	1
Internal Service	-	12	12
Total	$ 96	$ 33,748	$ 33,844

The balances result primarily from timing differences between the date goods and services are provided or reimbursable expenses occur, and the date the transactions are recorded in the accounting system and payment is made.

(Note 5 Continued)

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2017, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental	Total Governmental
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 8,766	$ 3	$ 6,836	$ 65,774	$ 81,379
State Highway	10,264	-	-	-	4,201	14,465
Nonmajor governmental	81,773	4,155	8,048	-	32,358	126,334
Total Governmental	92,037	12,921	8,051	6,836	102,333	222,178
Major Enterprise Funds:						
Housing	-	-	-	-	-	-
Unemployment Comp	-	-	-	-	164,581	164,581
Higher Ed Tuition Trust	627	-	-	-	-	627
Nonmajor enterprise	1	-	-	-	-	1
Total Enterprise	628	-	-	-	164,581	165,209
Internal Service	1,920	-	-	-	11	1,931
Total other funds	$ 94,585	$ 12,921	$ 8,051	$ 6,836	$ 266,925	$ 389,318

	Transfers Out/To					
	Major Enterprise Fund					
	Housing Division	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise	Total Enterprise	Total Other Funds
Transfers In/From						
Major Governmental Funds:						
General	$ 95	$ -	$ 1,935	$ 12,834	$ 14,864	$ 96,243
State Highway	-	-	-	-	-	14,465
Nonmajor governmental	-	3,444	-	-	3,444	129,778
Total Governmental	95	3,444	1,935	12,834	18,308	240,486
Major Enterprise Funds:						
Housing	-	-	-	-	-	-
Unemployment Comp	-	-	-	-	-	164,581
Higher Ed Tuition Trust	-	-	-	-	-	627
Nonmajor enterprise	-	-	-	11	11	12
Total Enterprise	-	-	-	11	11	165,220
Internal Service	-	-	-	-	-	1,931
Total other funds	$ 95	$ 3,444	$ 1,935	$ 12,845	$ 18,319	$ 407,637

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment.

Note 6 - Restricted Assets

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the Statement of Net Position. The components of restricted assets at June 30, 2017 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Restricted:			
Cash	$ 2,365	$ -	$ 73,659
Investments	-	184,114	10,063
Total	$ 2,365	$ 184,114	$ 83,722
Restricted for:			
Debt service	$ -	$ 184,114	$ 5,706
Construction	-	-	66,365
Regulation of business	2,365	-	-
Other purposes	-	-	11,651
Total	$ 2,365	$ 184,114	$ 83,722

Note 7 - Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2017, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 151,984	$ 2,117	$ -	$ 154,101
Construction in progress	224,702	72,842	(167,535)	130,009
Infrastructure	4,591,400	30,607	-	4,622,007
Rights-of-way	654,990	50,368	-	705,358
Total capital assets, not being depreciated	5,623,076	155,934	(167,535)	5,611,475
Capital assets, being depreciated/amortized				
Buildings	1,734,800	56,401	-	1,791,201
Improvements other than buildings	128,598	2,938	-	131,536
Furniture and equipment	430,608	30,043	(13,935)	446,716
Software costs	187,101	105,226	(260)	292,067
Total capital assets, being depreciated/amortized	2,481,107	194,608	(14,195)	2,661,520
Less accumulated depreciation/amortization for:				
Buildings	(634,306)	(44,087)	-	(678,393)
Improvements other than buildings	(89,686)	(3,575)	-	(93,261)
Furniture and equipment	(347,296)	(24,175)	12,848	(358,623)
Software costs	(165,019)	(3,970)	260	(168,729)
Total accumulated depreciation/amortization	(1,236,307)	(75,807)	13,108	(1,299,006)
Total capital assets, being depreciated/amortized, net	1,244,800	118,801	(1,087)	1,362,514
Governmental activities capital assets, net	$ 6,867,876	$ 274,735	$ (168,622)	$ 6,973,989
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 568	$ -	$ -	$ 568
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	568	-	-	568
Capital assets, being depreciated				
Buildings	3,389	-	-	3,389
Improvements other than buildings	3,656	-	-	3,656
Furniture and equipment	14,633	2,433	(288)	16,778
Total capital assets, being depreciated	21,678	2,433	(288)	23,823
Less accumulated depreciation for:				
Buildings	(3,034)	(54)	-	(3,088)
Improvements other than buildings	(572)	(75)	-	(647)
Furniture and equipment	(5,789)	(443)	288	(5,944)
Total accumulated depreciation	(9,395)	(572)	288	(9,679)
Total capital assets, being depreciated, net	12,283	1,861	-	14,144
Business-type activities capital assets, net	$ 12,851	$ 1,861	$ -	$ 14,712

(Note 7 Continued)

Included in the table above are three Department of Corrections facilities that have been closed and the Kinkead Building located in Carson City. These assets are idle, with a carrying value of $10.0 million.

Current period depreciation and amortization expense was charged to functions of the primary government as follows (expressed in thousands):

Governmental activities:		
General government	$	4,525
Education, support services		825
Health services		1,218
Law, justice, public safety		34,711
Recreation, resource development		5,646
Social services		8,224
Transportation		10,371
Regulation of business		2,456
Unallocated		2,672
Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets		5,159
Total depreciation/amortization expense - governmental activities	$	75,807
Business-type activities:		
Enterprise	$	572
Total depreciation expense - business-type activities	$	572

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2017, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Nevada System of Higher Education:				
Capital assets, not being depreciated				
Construction in progress	$ 139,735	$ 121,224	$ (167,224)	$ 93,735
Land	151,230	1,355	-	152,585
Land improvements	1,835	-	(1,547)	288
Intangibles	-	642	-	642
Collections	11,502	283	(10)	11,775
Total capital assets, not being depreciated	304,302	123,504	(168,781)	259,025
Capital assets, being depreciated				
Buildings	2,551,539	181,362	(171)	2,732,730
Land and improvements	141,143	15,897	(964)	156,076
Machinery and equipment	364,450	21,033	(11,741)	373,742
Intangibles	42,959	1,721	-	44,680
Library books and media	120,804	2,266	(853)	122,217
Total capital assets, being depreciated	3,220,895	222,279	(13,729)	3,429,445
Less accumulated depreciation for:				
Buildings	(877,705)	(65,243)	1,657	(941,291)
Land and improvements	(100,438)	(6,191)	(684)	(107,313)
Machinery and equipment	(268,752)	(24,593)	11,151	(282,194)
Intangibles	(25,453)	(4,472)	-	(29,925)
Library books and media	(115,248)	(2,521)	864	(116,905)
Total accumulated depreciation	(1,387,596)	(103,020)	12,988	(1,477,628)
Total capital assets, being depreciated, net	1,833,299	119,259	(741)	1,951,817
Nevada System of Higher Education activity capital assets, net	$ 2,137,601	$ 242,763	$ (169,522)	$ 2,210,842

Note 8 - Capital Lease Receivable

The State, as lessor, entered into a lease purchase agreement in fiscal year 2014 with the Nevada System of Higher Education (NSHE), a discretely presented component unit, as lessee. The agreement is to finance a building construction project at the Nevada State College. Construction was completed in fiscal year 2016. At the end of the lease, title to the buildings transfers to the NSHE. Construction was financed by Lease Revenue Certificates of Participation Series 2013 at 4.0-5.0% interest. Proceeds from the certificates of participation were used to pay the capitalized interest during the construction period, and NSHE has begun making capital lease principal and interest payments starting in fiscal year 2017.

The future minimum lease payments receivable for capital leases are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities
2018	$ 3,380
2019	3,381
2020	3,383
2021	3,383
2022	3,381
2023-2043	71,021
Total future minimum lease revenues	$ 87,929

Note 9 - Short-Term Obligations

Primary Government - On August 30, 2016, the State issued short-term bonds of $1,023,500 for the Q1 program to provide property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife. These bonds were paid off on June 1, 2017. There was no short-term debt outstanding at July 1, 2016 or June 30, 2017.

Note 10 - Long-Term Obligations

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2017 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 1,358,430	$ 48,790	$ (123,048)	$ 1,284,172	$ 105,532
Special obligation bonds	587,095	167,665	(48,595)	706,165	46,985
Subtotal	1,945,525	216,455	(171,643)	1,990,337	152,517
Issuance premiums (discounts)	221,726	24,749	(36,092)	210,383	34,850
Total bonds payable	2,167,251	241,204	(207,735)	2,200,720	187,367
Certificates of participation	89,225	3,730	(7,961)	84,994	4,165
Issuance premiums (discounts)	1,491	-	(443)	1,048	402
Total certificates of participation	90,716	3,730	(8,404)	86,042	4,567
Other Governmental long-term activities:					
Obligations under capital leases	20,177	-	(2,814)	17,363	2,382
Compensated absences obligations	92,015	87,842	(83,237)	96,620	64,957
Pollution remediation obligations	-	2,525	-	2,525	285
Total other governmental long-term activities	112,192	90,367	(86,051)	116,508	67,624
Governmental activities long-term obligations	$ 2,370,159	$ 335,301	$ (302,190)	$ 2,403,270	$ 259,558
Business-type activities:					
Bonds payable:					
General obligation bonds	$ 69,480	$ -	$ (9,377)	$ 60,103	$ 9,623
Special obligation bonds	823,288	74,213	(255,671)	641,830	132,939
Subtotal	892,768	74,213	(265,048)	701,933	142,562
Issuance premiums (discounts)	15,688	-	(10,186)	5,502	3,718
Total bonds payable	908,456	74,213	(275,234)	707,435	146,280
Compensated absences obligations	1,698	1,509	(1,485)	1,722	1,179
Arbitrage rebate liability	972	103	-	1,075	1,075
Tuition benefits payable	211,119	13,904	(3,924)	221,099	19,161
Business-type activities long-term obligations	$ 1,122,245	$ 89,729	$ (280,643)	$ 931,331	$ 167,695

The General Fund and special revenue funds typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the General Fund and State Highway Fund incurring the related salaries and wages costs. The debt service funds typically liquidate the arbitrage obligations.

B. Bonds Payable

The State issues general obligation bonds for the acquisition, construction and improvement of major capital facilities; buying local governments' bonds in the municipal bond bank fund; loans to municipalities for water projects; protection of natural resources; cultural affairs projects; the construction, reconstruction, improvement and maintenance of highways; and for refunding purposes. General obligation bonds are direct obligations and pledge the full faith and credit of the State.

Special obligation highway improvement revenue bonds provide funds for property acquisition and construction of highway projects. Special obligation unemployment compensation bonds are to repay the Federal Unemployment Advance as benefits paid significantly exceeded employer assessments during the national economic downturn. Special obligation housing bonds in the aggregate have a debt limit of $5 billion and are used for housing loans or to purchase mortgage loans having both fixed and variable interest rates. Special obligation bonds are payable solely from gross pledged revenues and are not general obligations of the State.

(Note 10 Continued)

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2017 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	1.754-6.17%	$ 1,706,830	$ 1,032,710
Exempt from Constitutional Debt Limitation	2.0-5.5%	630,937	251,462
Special obligation bonds:			
Exempt from Constitutional Debt Limitation-			
Highway Improvement Revenue Bonds	3.0-5.0%	873,990	706,165
Subtotal		3,211,757	1,990,337
Issuance premiums (discounts)		361,425	210,383
Governmental activities bonds payable		3,573,182	2,200,720
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	1.75-5.5%	93,372	60,103
Special obligation bonds:			
Unemployment Compensation Bonds	5.0%	548,900	128,045
Housing Bonds	*.50-6.95%	785,634	513,785
Subtotal		1,427,906	701,933
Issuance premiums (discounts)		67,110	5,502
Business-type activities bonds payable		1,495,016	707,435
Total bonds payable		$ 5,068,198	$ 2,908,155

*Many Housing bonds have variable rates of interest. The tax exempt bonds track the SIFMA Index while the federally taxable debt tracks the one-month LIBOR Index.

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2017, of the primary government are summarized in the table following (expressed in thousands):

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2018	$ 152,517	$ 91,099	$ 142,562	$ 20,169
2019	144,603	84,398	32,103	15,021
2020	154,126	77,646	15,277	14,245
2021	160,588	69,733	14,450	13,584
2022	148,583	61,940	10,277	13,278
2023-2027	716,557	200,964	67,094	58,366
2028-2032	360,028	63,699	67,983	47,612
2033-2037	151,775	9,940	171,611	31,307
2038-2042	1,560	57	115,667	16,934
2043-2047	-	-	17,786	10,106
2048-2052	-	-	47,123	2,318
Total	$ 1,990,337	$ 659,476	$ 701,933	$ 242,940

C. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2017, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	$ 2,294,555
Less : Bonds and leases payable as of June 30, 2017, subject to limitation	(1,034,015)
Remaining debt capacity	$ 1,260,540

(Note 10 Continued)

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of $1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Eleven projects were funded through the Nevada Municipal Bond Bank as of June 30, 2017, and total outstanding loans to local governments amounted to $89,700,000.

E. Refunded Debt and Redemptions

During the fiscal year 2017, the State of Nevada refunded $13,505,000 in general obligation, limited tax, bonds related to natural resources by issuing refunding bonds with a total par amount of $12,265,000 at a $2,589,511 premium. In addition, the Nevada Real Property Corporation repaid $3,995,000 Certificates of Participation, by issuing refunding certificates with a total par amount of $3,730,000. Proceeds from refunding bonds and certificates were used to refund certain outstanding State debt to realize debt service savings. The refunding decreased the aggregate debt service payments by $2,502,688 with an economic or present value gain of $1,973,793. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of $1,146,083. This amount is being reported as a deferred outflow of resources and amortized as an adjustment to interest expense over the life of the refunded debt or the refunding debt, whichever is shorter. The impact of the refunding issues is presented in the following table (expressed in thousands):

Issue Description:	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
General obligation bonds:				
Natural Resources and Refunding Bonds Series 2016D	$ 14,697	$ 13,505	$ 1,823	$ 1,533
Certificates of Participation:				
Lease Revenue Refunding Legislative Counsel Bureau Project Series 2016A	4,071	3,995	680	441
Total	$ 18,768	$ 17,500	$ 2,503	$ 1,974

In current and prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total outstanding amount of defeased issues at June 30, 2017 is $556,459,811.

F. Capital Leases

The State has entered into various agreements for the lease of equipment and improvement of buildings. Assets of the primary government acquired under such leases at June 30, 2017 include building improvements of $27,810,128 with accumulated depreciation of $7,098,953.

For all capital leases of the primary government, the gross minimum lease payments and the present value of the net minimum lease payments as of June 30, 2017 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2018	$ 3,157
2019	3,241
2020	3,069
2021	3,035
2022	2,694
2023-2025	5,226
Total minimum lease payments	20,422
Less: amount representing interest	(3,059)
Obligations under capital leases	$ 17,363

(Note 10 Continued)

G. Certificates of Participation

In fiscal year 2010, the NRPC, a blended component unit, issued $7,900,000 of General Obligation Certificates of Participation series 2009 at 5.0-5.125% interest to prepay the remaining outstanding balance of the 1999 issue of the Nevada Real Property Corporation. The original 1999 issue of $15,000,000 was to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility. The 2009 issue is a direct general obligation of the State to which the full faith and credit of the State is pledged. The State is required to make payments from general (ad valorem) taxes in the Consolidated Bond Interest and Redemption debt service fund that approximate the interest and principal payments made by trustees to certificate holders.

In fiscal year 2014, the NRPC issued $35,785,000 of Lease Revenue Refunding Certificates of Participation Series 2013 at 3.0-5.0% interest to refund the outstanding balances of Lease Revenue Certificates of Participation Series 2004 and 2004B, which were to finance the acquisition and construction of the State's Capitol Complex Building 1 and Casa Grande Projects respectively.

In fiscal year 2014, the NRPC issued $50,445,000 of new Lease Revenue Certificates of Participation Series 2013 at 4.0-5.0% interest to finance the State's Nevada State College Project. The Project is leased to the Nevada System of Higher Education (NSHE), the State's discretely presented component unit. Meanwhile, the NRPC entered into a Ground Lease with respect to the real property on which the Project is located.

In fiscal year 2017, the NRPC issued $3,730,000 of Lease Revenue Refunding Certificates of Participation Series 2016A at 2.22% interest to refund the outstanding balances of Lease Revenue Certificate of Participation Series 2006 which were to finance the design and construction of a warehouse addition to the Legislative Counsel Bureau's existing State Printing Office building in Carson City and resurfacing of the exterior of the existing building, together with related improvements on the premises.

Under the lease revenue certificates of participation financing arrangements, the certificates are not general obligations of the State and are not backed by the faith and credit or the taxing power of the State. The State's obligation to pay base rent and make other payments to the trustee under the financing leases is subject to appropriation by the State. In the event that the State does not make a sufficient appropriation with respect to a Lease Purchase Agreement, that Lease Purchase Agreement will terminate.

The following schedule presents future certificates of participation payments as of June 30, 2017 (expressed in thousands):

Year Ending June 30	Principal	Interest
2018	$ 4,165	$ 3,872
2019	3,042	3,722
2020	3,239	3,597
2021	3,376	3,463
2022	3,517	3,313
2023-2027	19,780	13,918
2028-2032	19,665	9,362
2033-2037	11,035	5,875
2038-2042	13,955	2,959
2043	3,220	161
Total	$ 84,994	$ 50,242

H. Tuition Benefits Payable

The Higher Education Tuition Trust Fund, an enterprise fund, reports benefits payable as shown in Section A based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts as follows (expressed in thousands):

APV of the future tuition obligation	$221,099
Net position available	298,836
Net position as a percentage of tuition benefits obligation	135.16%

The actuarial valuation used an investment yield assumption of 5.00% per year and tuition growth assumptions as follows:

	Universities	Community Colleges
2018-19	4.00%	4.00%
2019-20 and later	4.75%	4.00%

I. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability has been calculated as of June 30, 2017, and changes for the fiscal year then ended are presented in Section A of this note.

(Note 10 Continued)

J. Conduit Debt Obligations

The State has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. During the 2013 session, the Nevada Legislature enacted the Charter School Financing Law, which authorizes the issuance of Charter School Bonds and other obligations to finance the acquisition, construction, improvement, maintenance or furnishing of land, buildings and facilities for Charter Schools in the State of Nevada. The above two types of bonds are secured by the properties financed and are payable solely from payments received on the underlying mortgage loans. The State is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, there are four series of Industrial Revenue Bonds and one series of Charter School Bonds outstanding, with an aggregate principal amount payable of $634,135,507.

K. Pledged Revenue

Pledged motor vehicle and special fuel tax - The State has pledged a portion of future motor vehicle fuel and special fuel tax revenues as well as federal aid for eligible projects to repay the Highway Improvement Revenue Bonds that were issued for highway construction projects and property acquisition purposes. As of June 30, 2017, the outstanding balance of Highway Improvement Revenue and Refunding bonds is $706,165,000. The total of principal and interest remaining on the bonds is $982,999,025 payable through December 2034. Upon completion of eligible projects, federal aid of $343,436,484 is expected to be received in fiscal year 2018. For the current year, principal and interest paid was $79,919,601 and total motor vehicle fuel and special fuel tax revenues were $297,091,246.

Pledged future lease rental payments – With respect to each series of Lease Revenue Certificates of Participation, the NRPC, a blended component unit, has pledged its rights, title and interest in the applicable Ground Lease and Lease Purchase Agreement to the Trustee (including the right to receive payments of base rent and other payments). As of June 30, 2017, the outstanding balance of Lease Revenue Certificates of Participation is $83,689,000. The total of principal and interest remaining on the certificates is $133,898,470 payable through June 2043. In fiscal year 2017, principal and interest of $6,635,671 was paid, which includes the interest payment of $1,216,388 paid entirely by the excess certificate proceeds for the State's Nevada State College Project as discussed in Section G of this note and Note 8. Building rent of $7,000,000 is expected to be collected in fiscal year 2018, which will be used to pay the fiscal year 2018 debt service principal and interest of $6,669,207.

Pledged additional assessments of unemployment contributions - The State has pledged additional assessments on unemployment contributions (special bond contributions), the proceeds derived from the sale of bonds, and related investment earnings to repay $548,900,000 of Unemployment Compensation Fund Special Revenue Bonds issued on November 6, 2013. The revenue bonds were issued for the purposes of repaying the Federal Unemployment Advance that occurred during the last recession and funding a deposit to the Nevada UITF Account to avoid the need for further advances. Pursuant to NRS 612.6132, special bond contributions must be established at levels sufficient to pay debt service on the bonds. As of June 30, 2017, the outstanding balance of the bonds is $131,079,204. The total principal and interest remaining on the bonds is $132,643,250 payable through June 2018. In fiscal year 2017, principal and interest of $163,480,875 was paid. As of June 30, 2017, $70,229,501 was held by the trustee for the benefit of the bondholders. Special bond contributions of $199,941,575 are expected to be collected in fiscal year 2018, which, along with assets held by the trustee, will be used to pay the fiscal year 2018 debt service principal and interest of $132,643,250.

Pledged Nevada Housing Division program funds – The single-family bonds are payable from, and secured by, a pledge of the proceeds derived from the sale of bonds; the rights and interest of the Housing Division in all mortgage loans purchased under the various bond certificates; revenues which primarily include mortgage repayments and the net income, if any, derived as a result of foreclosure or other action taken in the event of a default on such a mortgage loan; curtailments, consisting generally of all amounts representing monthly principal payments with respect to mortgage loans which are received in advance of the scheduled amortization thereof; and all earnings realized by the investment of monies in all funds and accounts as well as all funds and accounts created by the various bond certificates.

The multi-unit bonds are payable from, and secured by, a pledge of the proceeds derived from the sale of bonds; all earnings realized from the investment of bond proceeds; after permanent financing, all revenues received from the development including housing assistance and rental payments made by tenants, notes receivable collateralized by deeds of trust and the rights to FHA insurance, draws on bank letters of credit, private mortgage and hazard insurance and condemnation proceeds.

As of June 30, 2017, the outstanding balance of single-family and multi-unit bonds is $514,415,679. The total of principal and interest remaining on the bonds is $741,651,354 payable through June 2052. In fiscal year 2017, principal and interest

(Note 10 Continued)

of $59,977,727 was paid. As of June 30, 2017, $184,492,968 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2017 is $30,406,228. Fifty million is expected to be collected in fiscal year 2018, which, along with assets held by the trustee, will be used to pay the fiscal year 2018 debt service principal and interest of $18,280,186.

L. Pollution Remediation Obligation

Currently there are four sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated with these sites were measured using the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution. As of June 30, 2017 the liability, by component, is as follows (expressed in thousands):

Post remediation and site closure	$ 375
Site assessment	150
Site remediation	2,000
Total pollution remediation obligation	$ 2,525

M. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2017, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable	$ 595,296	$ 47,556	$ (20,137)	$ 622,715	$ 30,679
Issuance premiums (discounts)	41,226	1,055	(2,981)	39,300	2,989
Total bonds payable	636,522	48,611	(23,118)	662,015	33,668
Obligations under capital leases	51,941	18,627	(19,344)	51,224	1,234
Compensated absences obligations	49,805	33,732	(33,700)	49,837	34,945
Total	$ 738,268	$ 100,970	$ (76,162)	763,076	69,847
Discretely presented component units of the NSHE:					
Compensated absences				263	-
Total				$ 763,339	$ 69,847

Tuition and fees, auxiliary enterprises' revenue and certain other revenue as defined in the bond indentures secure the revenue bonds.

The following table presents annual principal and interest payments for bonds and notes payable outstanding by NSHE at June 30, 2017 (expressed in thousands):

Year Ending June 30	Principal	Interest
2018	$ 33,668	$ 26,031
2019	37,169	24,929
2020	36,362	23,647
2021	34,130	22,367
2022	34,479	21,086
2023-2027	145,493	86,011
2028-2032	130,891	57,709
2033-2037	116,635	30,833
2038-2042	56,643	13,076
2043-2047	36,545	2,991
Total	$ 662,015	$ 308,680

Future net minimum rental payments which are required under the capital leases by NSHE for the years ending June 30 are as follows (expressed in thousands):

Year Ending June 30	Amount
2018	$ 3,710
2019	3,712
2020	3,704
2021	3,577
2022	3,517
2023-2027	17,589
Thereafter	54,121
Total minimum lease payments	89,930
Less: amount representing interest	(38,706)
Obligations under capital leases	$ 51,224

(Note 10 Continued)

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2017, and the changes for the year then ended, consist of the following (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	$ 39,195	$ -	$ (5,015)	$ 34,180	$ 5,965
Issuance premiums (discounts)	25	-	(181)	(156)	-
Total bonds payable	39,220	-	(5,196)	34,024	5,965
Compensated absences obligations	323	206	(209)	320	188
Total	$ 39,543	$ 206	$ (5,405)	$ 34,344	$ 6,153

Scheduled maturities for bonds payable by CRC for the years ending June 30 are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest
2018	$ 5,965	$ 1,208
2019	730	1,063
2020	740	1,050
2021	755	1,033
2022	770	1,015
2023-2027	4,215	4,712
2028-2032	5,000	3,900
2033-2037	6,090	2,775
2038-2042	6,830	1,391
2043-2044	3,085	132
Total	$ 34,180	$ 18,279

Note 11 - Pensions and Other Employee Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each pension plan and additions to/deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The aggregate pension related amounts for the primary government consist of a net pension liability of $2,208,435,609, deferred outflows of resources of $364,203,740, deferred inflows of resources of $183,013,732 and pension expense of $163,018,709. The State's defined benefit pension plans are described in detail below.

A. Public Employees' Retirement System of Nevada

Plan Description – The Public Employees' Retirement System (PERS) was established in 1947 by the Nevada Legislature and is governed by the Public Employees' Retirement Board whose seven members are appointed by the governor. PERS administers a cost-sharing multiple-employer defined benefit pension plan that covers qualified State employees and employees of participating local government entities in the State. Any public employer in the State may elect to have its regular and police/fire employees covered by PERS. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. That report may be obtained on the PERS website at www.nvpers.org.

Pension Benefits – Benefits provided to participants or their beneficiaries include retirement, disability, and survivor benefits. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months, with special provisions for members entering the System on or after January 1, 2010. Members become fully vested as to benefits upon completion of 5 years of service. Unreduced benefits are available, depending upon when the member entered the System, as follows:

(Note 11 Continued)

Regular Members	Police/Fire Members
Before January 1, 2010	Before January 1, 2010
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 60 with 10 years of service	Age 55 with 10 years of service
Any age with 30 years of service	Age 50 with 20 years of service
	Any age with 25 years of service
On or after January 1, 2010	On or after January 1, 2010
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 62 with 10 years of service	Age 60 with 10 years of service
Any age with 30 years of service	Age 50 with 20 years of service
	Any age with 30 years of service
On or after July 1, 2015	On or after July 1, 2015
Age 65 with 5 years of service	Age 65 with 5 years of service
Age 62 with 10 years of service	Age 60 with 10 years of service
Age 55 with 30 years of service	Age 50 with 20 years of service
Any age with 33.3 years of service	Any age with 30 years of service

Members with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 4% (for members entering the System before January 2, 2010) or 6% (for members entering the System on or after January 1, 2010) for each full year they are under the required age.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. Lastly, for members entering the System on or after July 1, 2015, there is a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Retirees are eligible for annual benefit increases if they began receiving benefits at least 3 years before the effective date of the increase. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in years 4, 5 and 6; increase to 3% in years 7, 8 and 9; 3.5% in years 10, 11 and 12; 4% for years 13 and 14; and 5% in year 15 and each year thereafter. For retirees entering the System on or after January 1, 2010, increases are capped at 4% in year 13 and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (all items). For retirees entering the System on or after July 1, 2015, the increases begin at 2% in years 4, 5 and 6; increase to 2.5% in years 7, 8 and 9; the lesser of 3% or the increase, if any, in the Consumer Price Index (all items) for the preceding calendar years following year 10 and every year thereafter.

Member and Employer Contributions - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. New hires of the State of Nevada and public employers have the option of selecting either the employee/employer contribution plan or the employer-pay contribution plan. Under the employee/employer contribution plan, the employee and the employer each make matching contributions. Under the employer-pay contribution plan, the employer pays all contributions on the employee's behalf; however, the employee shares equally in the cost of the contribution rate either through salary reduction or in lieu of a promised pay increase.

PERS' basic funding policy provides for periodic contributions as a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2017 were as follows:

	Statutory Rate	
	Employer	Employees
Regular employees:		
Employer-pay plan	28.00%	na
Employee/employer plan (matching rate)	14.50%	14.50%
Police and Fire employees:		
Employer-pay plan	40.50%	na
Employee/employer plan (matching rate)	20.75%	20.75%

State contributions recognized as part of pension expense for the current fiscal year ended June 30, 2017 were $138,353,385.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the State reported a liability of $2,187,213,426, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2016, the State's proportion was 16.25%, a decrease of .15% from its proportion measured at June 30, 2015.

(Note 11 Continued)

For the year ended June 30, 2017, the State recognized pension expense of $158,759,762. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (146,462)
Net difference between projected and actual earnings on pension plan investments	203,329	-
Changes in proportionate share of contributions	2,798	(32,336)
State contributions subsequent to the measurement date	147,809	-
Total	$ 353,936	$ (178,798)

Deferred outflows of resources of $147,808,975 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ended June 30:	
2018	$ (28,267)
2019	(28,267)
2020	60,681
2021	25,993
2022	(7,698)
Thereafter	4,887

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	3.50%
Payroll growth:	5.00%, including inflation
Investment rate of return:	8.00%
Productivity pay increase:	0.75%
Projected salary increases:	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males) for regular members and set forward one year for police/fire members. Mortality rates for disabled members were based on the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2016 valuation were based on an experience study for the period from July 1, 2006, through June 30, 2012.

Investment Policy - The PERS Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term geometric expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2016, are included in the following table:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic fixed income	30%	0.25%
Private markets	10%	6.80%

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are

(Note 11 Continued)

intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the State's proportionate share of the net pension liability at June 30, 2016 calculated using the discount rate of 8%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 3,206,028	$ 2,187,213	$ 1,339,573

Pension Plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS' report.

Payables to the pension plan – At June 30, 2017, the State reported payables to the defined benefit pension plan of $22,764,745 for legally required employer contributions which had been withheld from employee wages but not yet remitted to PERS.

B. Legislators' Retirement System of Nevada

Plan Description – The Legislators' Retirement System (LRS) is a single-employer defined benefit pension plan established in 1967 by the Nevada Legislature (NRS 218C) and is governed by the Public Employees' Retirement Board whose seven members are appointed by the governor. All State Legislators are members. LRS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. LRS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

At June 30, 2016, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	77
Inactive vested members	14
Inactive non-vested members	25
Active members	31
Total	147

Pension Benefits – Benefits are determined by the number of years of accredited service at the time of retirement. Service years include the entire election term whether or not the Legislature is in session. Benefits payments to which participants may be entitled under the plan include pension and survivor benefits. Monthly benefit allowances are $25 for each year of service up to 30 years.

If a Legislator is newly elected after July 1, 1985, they must have at least 10 years of service, be age 60, and no longer be a Legislator in order to retire without benefit reduction. If a Legislator is no longer serving and has at least 10 years of service but is under the age of 60, they can elect to wait to receive their benefit until the age of 60 or begin receiving a reduced benefit prior to the age of 60. The minimum requirement for an unreduced benefit for a Legislator elected prior to July 1, 1985, is 8 years of accredited service at age 60.

Members are eligible for post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member's benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 24 years of retirement. Those hired in 2010 or later are assumed to reach the cap after 39 years of retirement. Underlying all of these assumptions is that CPI will grow over time at a rate of 3.5% per year.

Member and Employer Contributions - The employee contribution of 15% of compensation is paid by the employee only when the Legislature is in session, as required by statute. The

(Note 11 Continued)

Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218C.390(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated $311,710 for fiscal years 2015 and 2016, which is the required State contribution as determined by the actuary. This amount was paid by the State of Nevada to the Legislative fund during fiscal 2016, of which $155,855 (half) was recognized as employer contributions in the fiscal year 2015, and the other half recognized as employer contributions in fiscal year 2016.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2017 were $155,855.

LRS' basic funding policy provides for contributions by the State based on a biennial actuarial valuation prepared per NRS 281C.390(2). The Actuarially Determined Employers' Contribution (ADEC) includes the employer's normal cost and a provision for amortizing the Unfunded Actuarial Accrued Liability (UAAL). Beginning July 1, 2014, actuarial valuations are done annually. Effective with the January 1, 2009 valuation, the UAAL is amortized as a level dollar amount over a declining amortization period of 20 years. Any increases or decreases in the UAAL that arise in future years will be amortized over separate 20-year periods. In addition, the Actuarial Value of Assets (AVA) was limited to not less than 75% or greater than 125% of market value. The actuarial funding method used is the Entry Age Normal Cost Method.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the State reported a net pension liability of $712,848. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2017, the State recognized pension income of $100,834. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 173	$ -
Difference between expected and actual experience	-	(8)
State contributions subsequent to the measurement date	105	-
Total	$ 278	$ (8)

Deferred outflows of resources of $104,834 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ended June 30:	
2018	$ (2)
2019	6
2020	100
2021	61
2022	-
Thereafter	-

(Note 11 Continued)

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2016 (expressed in thousands):

	2016
Total pension liability	
Service cost	$ 31
Interest	414
Differences between expected and actual experience	(145)
Benefit payments, including refunds	(503)
Net change in total pension liability	(203)
Total pension liability - beginning	5,390
Total pension liability - ending (a)	$ 5,187
Plan fiduciary net position	
Contributions - employer	$ 156
Contributions - employee	23
Net investment income	62
Benefit payments, including refunds	(503)
Administrative expense	(65)
Other	66
Net change in plan fiduciary net position	(261)
Plan fiduciary net position - beginning	4,735
Plan fiduciary net position - ending (b)	$ 4,474
Net pension liability - beginning	$ 655
Net pension liability - ending (a) - (b)	$ 713
Plan fiduciary net position as a percentage of total pension liability	86%
Covered payroll	N/A
Net pension liability as a percentage of covered payroll	N/A

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.50%
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the actuarial experience study for the period July 1, 2006, through June 30, 2012.

Investment Policy – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2016, are included in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	49%	5.50%
International equity	21%	5.75%
Domestic fixed income	30%	0.25%

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 1,153	$ 713	$ 335

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued LRS report.

Payables to the pension plan – At June 30, 2017, the State had no payables to the defined benefit pension plan for legally required employer contributions.

C. Judicial Retirement System of Nevada

Plan Description – The Judicial Retirement System (JRS) is an agent multiple-employer defined benefit pension plan established in 2001 by the Nevada Legislature (NRS 1A.160) and is governed by the Public Employees' Retirement Board whose seven members are appointed by the governor. The JRS was established to provide benefits in the event of retirement, disability, or death of justices of the Supreme Court, district judges, municipal court judges and justices of the peace, funded on an actuarial reserve basis. JRS issues a publicly available financial report that includes financial statements and the required supplementary information for the System. JRS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

At June 30, 2016, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	70
Inactive vested members	2
Active members	107
Total	179

Pension Benefits - Benefits are paid according to various options contained in pertinent statutes, dependent upon whether a member was serving as a Supreme Court justice or district judge before November 5, 2002. Retiring members who were serving as a judge before November 5, 2002 may select among the two benefit options below. Retiring members who began serving as a justice or judge on or after November 5, 2002 may select only the first option below.

Option 1 - 2003 Benefit Plan: Benefits, as required by statute, are computed at 3.4091% per year of accredited service at the time of retirement times the member's highest average compensation in any 36 consecutive months, to a maximum of 75%. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and survivor benefits.

Option 2 – Previous Benefit Plan: Retiring members who were serving as a Supreme Court justice or district judge prior to November 5, 2002 may select benefit payments computed at 4.1666% for each year of service, up to a total maximum of 22 years, times the member's compensation for their last year of service.

Members who retired under the Previous Benefit Plan (plan in effect before November 5, 2002) and are appointed as senior judges can earn service credit while receiving their pension payments. They are eligible to have their benefit recalculated each time they earn an additional year of service credit.

Members enrolled in the Judicial Retirement Plan on or after July 1, 2015 will receive 3.1591% for each year of service. Each member is entitled to a benefit of not more than 75% and must contribute 50% of the contribution rate through payroll deductions.

Members of the System become fully vested after five years of service. A member of the System is eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with 30 years of service. For those members who were serving as a Supreme Court justice or district judge prior to November 5, 2002, and selected the second benefit option, eligibility for retirement is at age 60 with five years of service.

Members enrolled on or after July 1, 2015, become fully vested after five years of service. Eligible retirement age is 65 with five years of service, at age 62 with 10 years of service, age 55 with 30 years of service, and at any age with 33 1/3 years of service.

(Note 11 Continued)

Member and Employer Contributions –The participating employers submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses. Also, the participating employers pay to the JRS an amount on the unfunded liability which is actuarially determined to be sufficient to enable the JRS to pay all current benefits for which the JRS is liable.

JRS' basic funding policy provides for contributions by the participating employers based on an actuarial valuation prepared per Nevada Revised Statute (NRS 1A.180(1)). The amount of the annual contribution required to fund the System is comprised of a normal cost payment and a payment on the Unfunded Actuarial Accrued Liability (UAAL). Effective January 1, 2009, UAAL is amortized over a year-by-year closed amortization period as a level percent of pay (3% payroll growth assumed) where each amortization period will be set at 30 years for State judges (Supreme Court justices and district judges) and 20 years for each non-state agency. Any increases or decreases in UAAL that arise in future years will be amortized over separate 30-year periods for State judges and 20-year periods for non-state judges. The actuarial funding method used is the Entry Age Normal Cost Method.

The State's annual actuarially determined contribution to fund the System at June 30, 2017 was $5,138,014 and the actual contribution made was $5,261,970.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the State reported a liability of $20,509,335 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's net pension liability was based on an individual basis and based on the plan provisions and benefit accrual rates applicable to that individual.

For the year ended June 30, 2017, the State recognized pension expense of $4,359,781. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 671	$ (4,045)
Net difference between projected and actual earnings on pension plan investments	4,050	-
Changes in proportion and differences between State contributions and proportionate share of contributions	112	-
State contributions subsequent to the measurement date	5,262	-
Total	$ 10,095	$ (4,045)

Deferred outflows of resources of $5,261,970 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Year Ended June 30:	
2018	$ (535)
2019	(535)
2020	1,221
2021	508
2022	-
Thereafter	-

(Note 11 Continued)

The following table presents the changes in the net pension liability for the JRS plan as a whole for the year ended June 30, 2016 (expressed in thousands):

		2016
Total pension liability		
Service cost	$	3,828
Interest		9,677
Differences between expected and actual experience		(4,211)
Benefit payments, including refunds		(5,351)
Net change in total pension liability		3,943
Total pension liability - beginning		119,810
Total pension liability - ending (a)	$	123,753
Plan fiduciary net position		
Contributions - employer	$	5,773
Employee purchase of service		269
Net investment income		1,556
Benefit payments, including refunds		(5,351)
Administrative expense		(90)
Net change in plan fiduciary net position		2,157
Plan fiduciary net position - beginning		98,945
Plan fiduciary net position - ending (b)	$	101,102
Net pension liability - beginning	$	20,865
Net pension liability - ending (a) - (b)	$	22,651
Plan fiduciary net position as a percentage of total pension liability		82%
Covered payroll (measurement as of end of fiscal year)	$	20,154
Net pension liability as a percentage of covered payroll		112%

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.00% - 8.00% varies by service
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2006, through June 30, 2012.

Investment Policy – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these asset allocations and capital market expectations annually. The System's target asset allocations and current long-term expected real rates of return for each asset class included in the fund's investment portfolio as of June 30, 2016, are included in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	49%	5.50%
International equity	21%	5.75%
Domestic fixed income	30%	0.25%

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions will be made monthly at the current contribution rate and the payment to amortize the unfunded actuarial liability is assumed to be paid at the end of the year for State and monthly for non-state agencies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Note 11 Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the State's proportionate share of the net pension liability using the discount rate of 8%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (7%)	Discount Rate (8%)	1% Increase in Discount Rate (9%)
Net pension liability	$ 33,349	$ 20,509	$ 9,658

Pension Plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued JRS report.

Payables to the pension plan – At June 30, 2017, the State reported payables to the defined benefit pension plan of $388,462 for legally required employer contributions not yet remitted to JRS.

D. Other Postemployment Benefits

Plan Description – The State Retirees' Health and Welfare Benefits Fund, Public Employees' Benefits Program ("PEBP") of the State of Nevada ("Retirees' Fund") was created in 2007 by the Nevada Legislature to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees. NRS 287.0436 established the Retirees' Fund as an irrevocable trust fund for the purpose of providing retirement benefits other than pensions. The Retirees' Fund is a multiple-employer cost-sharing defined postemployment benefit plan administered by the Board of the Public Employees' Benefits Program of the State of Nevada. The Retirees' Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to the PEBP. PEBP administers a group health and life insurance program for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. NAC 287.530 establishes the benefit upon the retiree. All Nevada public employees who retire with at least five years of public service and who have State service are eligible to receive benefits from the Retirees' Fund. State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. A portion of the monthly premiums are deducted from pension checks and paid to the PEBP. The cost varies depending on which health plan the retiree chooses, as well as the amount of subsidy they receive.

The Retirees' Fund issues a stand-alone financial report that includes financial statements and required supplementary information. The State reports the Retirees' Fund as a trust fund. The Retirees' Fund financial report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Summary of Significant Accounting Policies - The financial statements of the Retirees' Fund have been prepared using the accrual basis of accounting and the economic resources measurement focus. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Retirees' Fund does not receive member contributions.

Method Used to Value Investments – The Retiree's Fund and the Retirement Benefit Investment Fund (RBIF) both hold investments that are measured at fair value on a recurring basis and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All investments are classified in Level 1.

Contributions and Funding Policy - NRS 287.046 establishes a subsidy to pay an amount toward the cost of the premium or contribution for the persons retired from the State. Contributions to the Retirees' Fund are paid by the State of Nevada through an assessment of actual payroll paid by each State entity. For the period from July 1, 2016 through June 30, 2017 the rate assessed was 2.357% of annual covered payroll. The assessment is based on an amount provided by the Legislature each biennium in session law. For the year ended June 30, 2017, the State, its component units, State Boards and Commissions, and other participating public employers contributed $38,048,603 to the plan, which is 100% of the contractually required contribution. For the years ended June 30, 2016 and 2015 the State, its component units, State Boards and Commissions, and other participating public employers contributed $32,213,079, and $37,758,981, respectively, to the plan, which equaled 100% of the contractually required contribution each year.

Note 12 - Risk Management

The State of Nevada established the Self-Insurance and Insurance Premiums funds in 1983 and 1979, respectively. Both funds are classified as internal service funds.

Interfund premiums are reported as interfund services provided and used. All State funds participate in the insurance program. Changes in the claims liabilities during the past two fiscal years were as follows (expressed in thousands):

	Self Insurance Fund	Insurance Premiums Fund
Balance June 30, 2015	$ 60,658	$ 64,739
Claims and changes in estimates	220,238	14,736
Claim payments	(217,882)	(15,758)
Balance June 30, 2016	63,014	63,717
Claims and changes in estimates	228,478	15,866
Claim payments	(222,823)	(13,858)
Balance June 30, 2017	$ 68,669	$ 65,725
Due Within One Year	$ 68,669	$ 18,133

In accordance with GASB, a liability for claims is reported if information received before the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include incremental claims adjustment costs. A reserve for losses has been established in both funds to account for these liabilities and is included in the liability section of the Statement of Net Position.

There was no insurance coverage for excess liability insurance.

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2017. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed.

A. Self-Insurance Fund

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are five public employers whose employees are covered under the plan. Additionally, all retirees of public employers contracted with the Self-Insurance Fund to provide coverage to their active employees are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, the State, the Nevada System of Higher Education and one hundred twenty-two public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of ten members, nine members appointed by the Governor, and the Director of the Department of Administration or their designee.

The Self-Insurance Fund is self-insured for medical, dental, vision, mental health and substance abuse benefits and assumes all risk for claims incurred by plan participants. Fully insured HMO products are also offered. Long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, fund rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

The management of the Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported and the unused portion of the Health Reimbursement Arrangement (HRA) liability. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Upon consultation with an actuary, claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation, because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which claims are made.

B. Insurance Premiums Fund

The Insurance Premiums Fund provides general, civil (tort), and auto liability insurance to State agencies, workers' compensation insurance for State employees excluding NSHE, and auto physical damage and property insurance for State agencies.

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy for workers' compensation. Liabilities in the amount of

(Note 12 Continued)

$48,602,497 as of June 30, 2017 were determined using standard actuarial techniques as estimates for the case, reserves, incurred but not reported losses and allocated loss adjustment expenses under the plan as of June 30, 2017.

The Fund is financed by the State. The State has a maximum exposure of $50,000 through October 1, 2007, $75,000 through October 1, 2011 and $100,000 thereafter for each general liability claim, with the exception of claims that are filed in other jurisdictions, namely, federal court. Those claims filed in federal court are not subject to the limit. Per State statute, if, as the result of future general liability or catastrophic losses, fund resources are exhausted, coverage is first provided by the reserve for statutory contingency account and would then revert to the General Fund.

The Fund is fully self-insured for general, civil and vehicle liability. The Fund is also self-insured for comprehensive and collision loss to automobiles, self-insured to $250,000 for property loss with commercial insurance purchased to cover the excess above this amount, and commercially insured for losses to boilers and machinery and certain other risks.

At June 30, 2017, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of post retirement heart and lung disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period requirement under this act is eligible for coverage under Workers' Compensation for heart and lung disease. A range of estimated losses from $5,179,500 to $18,514,000 for heart disease and $6,042,730 for lung disease have been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage, no accrual for these losses is reflected in the financial statements.

At June 30, 2017 total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $48,981,936. The Fund is liable for approximately $49,000,000 as of June 30, 2017 in potential claims settlements, which have yet to be funded through premium contributions. As NRS 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

Note 13 - Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

The government-wide statement of net position reports $2,870,043,533 of net position-restricted for the primary government, of which $245,408,188 is restricted by enabling legislation.

B. Governmental Fund Balances

Governmental fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the State is bound to observe constraints imposed on the use of the resources of the fund. A summary of governmental fund balances at June 30, 2017, is shown below (expressed in thousands):

(Note 13 Continued)

	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental Funds	Total Governmental
Fund balances:						
Nonspendable:						
Long term notes/loans receivable	$ 13,956	$ -	$ 85,510	$ -	$ -	$ 99,466
Inventory	7,585	15,129	-	-	439	23,153
Advances	4,347	-	-	-	-	4,347
Prepaid items	2,360	33	-	-	11	2,404
Permanent fund principal	-	-	-	350,781	30	350,811
Restricted for:						
Administration	121	-	-	-	12,632	12,753
Agriculture	160	-	-	-	-	160
Business and industry	6,644	-	-	-	31,970	38,614
Capital projects	-	-	-	-	57,308	57,308
Conservation and natural resources	39,449	-	-	-	4,158	43,607
Corrections	2	-	-	-	13,669	13,671
Debt service	-	-	-	-	30,124	30,124
Economic development	5,600	-	-	-	-	5,600
Education K-12	3,164	-	-	-	-	3,164
Elected officials	1,526	-	-	-	-	1,526
Gaming control	8,942	-	-	-	-	8,942
Health and human services	2,182	-	-	-	134,197	136,379
Motor vehicles	-	40,051	-	-	-	40,051
Other purposes	-	-	-	-	4,580	4,580
Public safety	214	13,769	-	-	-	13,983
Transportation	-	426,251	-	-	-	426,251
Veterans' services	980	-	-	-	-	980
Wildlife	14,188	-	-	-	-	14,188
Committed to:						
Administration	7,876	-	-	-	-	7,876
Agriculture	6,009	-	-	-	996	7,005
Business and industry	30,966	-	-	-	4,678	35,644
Capital projects	-	-	-	-	37,213	37,213
Conservation and natural resources	79,294	-	-	-	7,948	87,242
Corrections	6,525	-	-	-	-	6,525
Debt service	-	-	5,268	-	137,493	142,761
Economic development	14,673	-	-	-	7,188	21,861
Education K-12	36,098	-	-	-	-	36,098
Elected officials	30,331	-	-	-	3,230	33,561
Employment and training	4,537	-	-	-	-	4,537
Fiscal emergency	103,254	-	-	-	-	103,254
Gaming control	2,340	-	-	-	-	2,340
Health and human services	83,318	-	-	-	-	83,318
Judicial	7,235	-	-	-	-	7,235
Legislative	63,537	-	-	-	-	63,537
Military	365	-	-	-	-	365
Motor vehicles	2,600	-	-	-	-	2,600
Other purposes	6,018	-	-	-	-	6,018
Public safety	13,589	1,670	-	-	-	15,259
Silver state health insurance	13,709	-	-	-	-	13,709
Social services	-	-	-	-	27,516	27,516
Tobacco settlement program	-	-	-	-	59,994	59,994
Taxation	8,788	-	-	-	-	8,788
Tourism and cultural affairs	425	-	-	-	-	425
Transportation	-	48,378	-	-	-	48,378
Veterans' services	5,082	-	-	-	-	5,082
Wildlife	16,323	-	-	-	-	16,323
Unassigned:	(97,625)	-	-	-	-	(97,625)
Total fund balances	$ 556,687	$ 545,281	$ 90,778	$ 350,781	$ 575,374	$ 2,118,901

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

Insurance Administration and Enforcement - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded an increase in net position of $249,836 for the year ended June 30, 2017, resulting in negative net position of $2,252,123 at June 30, 2017.

(Note 13 Continued)

Nevada Magazine – The Nevada Magazine Fund accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism. The fund recorded a decrease in net position of $120,734 for the year ended June 30, 2017, resulting in a negative net position of $794,869 at June 30, 2017.

Internal Service Funds:
Buildings and Grounds – The Buildings and Grounds Fund accounts for the maintenance, housekeeping and security of most State buildings. The fund recorded an increase in net position of $115,068 for the year ended June 30, 2017, resulting in a negative net position of $3,359,383 at June 30, 2017.

Communications – The Communications Fund accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko. The fund recorded a decrease in net position of $182,664 for the year ended June 30, 2017, resulting in a negative net position of $326,302 at June 30, 2017.

Insurance Premiums – The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded an increase in net position of $1,047,843 for the year ended June 30, 2017, resulting in negative net position of $48,914,793 at June 30, 2017.

Administrative Services – The Administrative Services Fund provides administrative and accounting services to various divisions of the Department of Administration. The fund recorded a decrease in net position of $425,212 for the year ended June 30, 2017, resulting in negative net position of $3,229,344 at June 30, 2017.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of $1,569,423 for the year ended June 30, 2017, resulting in negative net position of $5,571,734 at June 30, 2017.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of $1,021,153 for the year ended June 30, 2017, resulting in negative net position of $1,529,566 at June 30, 2017.

Information Services – The Information Services Fund accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems. The fund recorded an increase in net position of $2,735,610 for the year ended June 30, 2017, resulting in negative net position of $9,778,947 at June 30, 2017.

Note 14 - Principal Tax Revenues

The principal taxing authorities for the State of Nevada are the Nevada Tax Commission and the Nevada Gaming Commission.

The Nevada Tax Commission was created under NRS 360.010 and is the taxing and collecting authority for most non-gaming taxes. The following are the primary non-gaming tax revenues:

Sales and Use Taxes are imposed at a minimum rate of 6.85%, with county and local option up to an additional 1.30%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

Modified Business Tax is imposed at different rates for businesses, financial institutions and mining. Businesses other than financial institutions and mining are assessed a tax at a rate of 1.475% per calendar quarter for amounts the wages exceed $50,000. Modified Business Tax is imposed on financial institutions and mining at 2% on gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

Insurance Premium Tax is imposed at 3.5% on insurance premiums written in Nevada. A "Home Office Credit" is given to insurance companies with home or regional offices in Nevada.

Motor Vehicle Fuel Tax is levied at 24.805 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, .75 cents goes to the Cleaning Up Petroleum Discharges Fund, .055 cents goes to the General Fund and the remaining 6.35 cents goes to the counties. The counties have an option to levy up to an additional 9 cents per gallon.

(Note 14 Continued)

Cigarette Tax is imposed at a rate of 90 mills per cigarette. A tax on tobacco products, other than cigarettes, is imposed at a rate of 30% of the wholesale price.

Commerce Tax is imposed upon each business entity whose Nevada gross revenue in a taxable year exceeds $4 million. The business entity is entitled to deduct certain amounts. The tax rate is based on the primary business industry classification.

Lodging Tax is imposed at a rate of at least 1% of the gross receipts from the rental of transient lodging with three-eighths of the first 1% paid to the State for the Tourism Promotion Fund. In counties with populations greater than 300,000, an additional tax of up to 3% is remitted to the State for distribution to the State Supplemental School Support Account.

Other Sources of tax revenues include: Controlled Substance Tax, Jet Fuel, Liquor Tax, Live Entertainment Tax (non-gaming establishments), Business License Fees, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Property Tax, Real Property Transfer Tax, Short-Term Lessor Fees and Tire Tax.

The Nevada Gaming Commission was created under NRS 463.022 and is charged with collecting State gaming taxes and fees. The following sources account for gaming tax revenues:

Percentage Fees are the largest of several State levies on gaming. They are based upon gross revenue and are collected monthly. The fee is applied on a graduated basis at the following monthly rates: 3.5% of the first $50,000 of gross revenue; 4.5% of the next $84,000 of gross revenue; and 6.75% of the gross revenue in excess of $134,000.

Live Entertainment Taxes are imposed at a rate of 9% on admission to a facility where live entertainment is provided with an occupancy over 200. Live entertainment provided by escort services is also subject to the tax.

Flat Fee Collections are levied on the number of gambling games and slot machines operated. Licensees pay fees at variable rates on the number of gaming devices operated per quarter.

Other Sources of gaming tax revenues include: Unredeemed Slot Machine Wagering Vouchers, Annual State Slot Machine Taxes, Annual License Fees and Miscellaneous Collections, which consists of penalties and fines, manufacturer's, distributor's and slot route operator's fees, advance payments, race wire fees, pari-mutuel wagering tax and other nominal miscellaneous items.

Note 15 - Works of Art and Historical Treasures

The State possesses certain works of art, historical treasures, and similar assets that are not included in the capital assets shown in Note 7. The mission of the Lost City Museum in Overton is to study, preserve, and protect prehistoric Pueblo sites found in the Moapa Valley and adjacent areas and to interpret these sites through exhibits and public programs. In Reno, the Nevada Historical Society exhibits and maintains a large number of historical collections preserving the cultural heritage of Nevada. These collections are divided into four sections: library, manuscripts, photography, and museum. The Nevada State Museum in Carson City collects, preserves, and documents three general types of collections: anthropology, history, and natural history as it relates to Nevada and the Great Basin. The mission of the Nevada State Museum, Las Vegas, is to inspire and educate a diverse public about the history and natural history of Nevada. Its major collections include transportation, mining, and tourism as well as daily artifacts such as clothing, historical correspondence, business records, and photography. The Nevada State Railroad Museum, which is located in Carson City, is dedicated to educating visitors and the community through the collection, preservation and interpretation of objects directly related to railroads and railroading in Nevada. The East Ely Depot Museum, located in the historic Nevada Northern Railroad Depot building, exhibits artifacts, documents, and photographs of early Eastern Nevada mining and railroad transportation. In Boulder City, the Nevada State Railroad Museum displays and operates locomotives. The Nevada Arts Council with locations in Carson City and Las Vegas exhibits artwork. Its mission is to enrich the cultural life of the State and make excellence in the arts accessible to all Nevadans.

These collections are not capitalized by the State because they are:

- Held for public exhibition, education or research in furtherance of public service, rather than financial gain,
- Protected, kept unencumbered, cared for and preserved, and
- Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Note 16 - Tax Abatements

Abatement of Taxes on Business: The Governor's Office of Economic Development (GOED) provides multiple tax abatement programs to incentivize business development in Nevada. GOED promotes a robust, diversified and prosperous economy to attract new business and facilitate community development, stimulate business expansion and retention, and encourage entrepreneurial enterprise.

A company that intends to locate or expand a business in the State may apply to GOED for a partial abatement of one or more of the taxes imposed on new or expanded business. GOED may approve an application, upon making certain determinations, as outlined in NRS 360.750, which is effective through June 30, 2032. In addition to agreeing to continue in operation in the State for at least 5 years, applicants must also meet two of the following three requirements:

- New businesses locating in urban areas require fifty or more full-time employees on the payroll by the eighth calendar quarter following the calendar quarter in which the abatement becomes effective; in rural areas, the requirement is ten or more full-time employees. For an existing business that is expanding, the number of employees on the payroll must increase either by 10% more than the number of employees prior to the abatement becoming effective, or by 25 employees for urban areas (6 for rural areas), whichever is greater.
- New businesses locating in urban areas must make a capital investment of $1 million in eligible equipment within two years; in rural areas, the requirement is $250,000 in eligible equipment. For an existing business that is expanding, the capital investment must equal at least 20% of the value of the tangible property owned by the business.
- The average hourly wage paid to new employees must meet a specified minimum, and the business must provide a health insurance plan for all employees and their dependents by a specified time period.

A company that intends to locate or expand a business in certain areas of Economic Development may apply to GOED for a partial abatement of one or more of the taxes imposed on new or expanded business. Certain areas of Economic Development are defined in NRS 274.310 as a historically underutilized business zone, a redevelopment area created pursuant to Chapter 279 of NRS, an area eligible for a community development block grant pursuant to 24 Code of Federal Regulations (CFR) Part 570, or an enterprise community established pursuant to 24 CFR Part 597. Applicants must agree to continue in operation in the State for at least 5 years, and is effective through June 30, 2032. Additionally, businesses looking to start or expand in certain areas of Economic Development must meet either one of the two following requirements to apply for an abatement:

- New businesses must invest a minimum of $500,000 in capital assets. For an existing business that is expanding, the investment in capital assets is a minimum of $250,000 (NRS 274.310 through 274.320).
- The business must hire one or more dislocated workers, pay a wage of not less than 100 percent of federally designated levels and provide medical benefits to the employees and their dependents which meet the minimum requirements (NRS 274.330).

All abatements granted to eligible businesses terminate upon determination that the business has ceased to meet eligibility requirements for the abatement. The business shall refund the abatement amount for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of the payment of the tax. These refund payments are also subject to interest at the rate most recently established pursuant to NRS 99.040.

The programs outlined below reflect the requirements and the abatements offered to eligible businesses.

Local Sales and Use Tax Abatement (NRS 374.357 through 374.358) – The tax abatement is on the gross receipts from the sale, and the storage, use or other consumption, of eligible capital equipment. The sale and use tax rates vary by county within Nevada. The abatement reduces the local sales and use tax rate to 2%, which is the State's portion of the tax. Therefore, none of the State's sales and use tax is abated; only local sales and use taxes are abated. The approved business is eligible for tax abatements for not less than 1 year but not more than 5 years beginning the date the abatement becomes effective.

Modified Business Tax Abatement (NRS 363B.120) – The current excise tax imposed on each employer is at the rate of 1.475% on taxable wages over $50,000 in a quarter. A business may qualify for a partial abatement of up to 50% of the amount of the business tax due during the first four years of operations. For a new company, the abatement of the modified business tax applies to the number of new employees stated in its application. For an expanding business, the abatement does not apply to existing employees of the business, but does apply to the number of new employees directly related to the expansion.

Personal Property Tax Abatement (NRS 361.0687) – The abatement can be up to 50% of the tax due, or 75% in certain areas of Economic Development, for not less than 1 year and up to 10 years beginning from when the abatement becomes effective. The applicant must apply for abatement not more than one year before the business begins to develop for expansion or operation in Nevada. The personal property tax abatement applies only to the same list of machinery and equipment eligible for the local sales and use tax abatement allowed under

(Note 16 Continued)

NRS 374.357 or 374.358. Property tax rates vary by taxing district within Nevada. This is effective through June 30, 2017.

Aviation Tax Abatement (NRS 360.753) - The abatement includes local sales and use tax and personal property tax. The local sales and use tax abatement applies to the purchase of tangible personal property used to operate, manufacture, service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft. The personal property tax abatement applies to aircraft and the personal property used to own, operate, manufacture, service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft. The personal property tax abatement can be up to 50% for 20 years on the taxes due on tangible personal property, and the sales and use tax abatement reduces the applicable tax rate to 2% for a similar 20-year period. The local sales and use tax abatement excludes aircraft purchase. This is effective through June 30, 2035.

Data Center Tax Abatement (NRS 360.754) – The abatement includes local sales and use tax and personal property tax. The local sales and use tax abatement applies to the purchase of eligible machinery or equipment for use at a data center. The abatement reduces the applicable tax rate to 2% for a period of 10 or 20 years. The personal property tax abatement applies to personal property located at the center and can be up to 75% of the taxes due for 10 or 20-year abatement periods. The data center will, within 5 years after the date on which the abatement becomes effective, have or have added 10 or more full-time employees who are residents of Nevada, and provide health insurance. The data center must commit to continue operation within the State for a period of not less than 10 years, and must bind successors to the same. This is effective through December 31, 2056.

Capital Investment of at least $1 Billion Tax Abatement (NRS 360.893) – The partial abatements include personal property, modified business, real property, or local sales and use taxes for companies that have a minimum capital investment of $1 billion dollars within 10 years of approval of the abatement application. The personal property, modified business and real property tax abatement can be up to 75% of the taxes due for an abatement period of not more than 10 years. Abatements for local sales and use tax are for taxes imposed on the purchase of eligible personal property and construction materials for an abatement period of not more than 15 years. The State's 2% portion of the sales and use tax is not abated. As a condition of approving a partial abatement of taxes pursuant to NRS 360.880 to 360.896, inclusive, the Executive Director of the Office of Economic Development, if he or she determines it to be in the best interests of the State of Nevada, may require the lead participant to pay at such a time or times as deemed appropriate, an amount of money equal to all or a portion of the abated taxes into a trust fund in the State Treasury to be held until all or portion of the requirements for the partial abatement have been met. Interest and income earned on money in the trust fund must be credited to the trust fund. Any money remaining in the trust fund at the end of the fiscal year does not revert to the State General Fund, and the balance in the trust fund must be carried forward to the next fiscal year. This is effective through June 30, 2032.

Capital Investments of at least $3.5 Billion Tax Abatement (NRS 360.945) – An abatement from personal property, modified business, real property, or local sales and use tax are available to companies that have a minimum capital investment of $3.5 billion dollars within 10 years of approval of the abatement application. The personal property, modified business, and real property tax abatements can be up to 100% of the taxes due for up to a 10-year abatement period. Abatements for local sales and use tax are for taxes imposed on the purchase of eligible personal property and construction materials for up to a 20-year period. The State's 2% portion of the sales and use tax is not abated. This was approved during the 28th Special Session of the State Legislature in 2014, and is effective through June 30, 2036.

Transferable Tax Credits to Promote Economic Development (NRS 231.1555) – Transferable tax credits are available to entities who intend to locate or expand a business in Nevada. The business can apply for credits above or below $100,000 as long as the transferable tax credits do not extend for a period of more than 5 fiscal years per applicant and, in total, do not exceed set amounts each fiscal year as outlined in statute. The transferable tax credits can be applied to modified business, insurance premium and/or gaming percentage fee taxes. The applicant must set forth the proposed use of the credits, the plans, projects and programs for which the credits will be used, the expected benefits, and a statement of short-term and long-term impacts of the issuance of the transferable tax credits.

Film and Other Productions (NRS 360.758 through 360.7598) - A transferable tax credit is available to production companies producing a film, television series, commercial, music video or other qualified production in Nevada. A production may qualify for a transferable tax credit of up to 25% of the qualified direct production expenditures incurred in Nevada if at least 60% of the total qualified expenditures are incurred in Nevada. Principal photography of the production must begin within 90 days after the application is issued. The transferable tax credits issued for qualified film production completed in the State may be used against the modified business, insurance premium and/or the gaming percentage fee taxes.

Economic Development with Capital Investment of at least $3.5 Billion (NRS 360.945 through 360.980) – The 2014 28th Special Session of the State Legislature required the

(Note 16 Continued)

Governor's Office of Economic Development (GOED) to issue transferable tax credits for certain qualifying projects that may be used against the modified business, insurance premium and/or the gaming percentage fee taxes. A qualifying project is required to be located within the geographical borders of the State of Nevada, make a new capital investment in the State of at least $3.5 billion during the 10-year period immediately following approval of the application, employ Nevada residents in at least half of the project's construction jobs and operational jobs, and provides health insurance to all employees. The amount of transferable tax credits is equal to $12,500 for each qualified employee employed by the participants in the project (to a maximum of 6,000 employees), plus 5% of the first $1 billion and 2.8% of the next $2.5 billion in new capital investment in the State made collectively by the participants in the qualifying project. The amount of tax credits approved by GOED may not exceed $45 million per fiscal year (although any unissued credits may be issued in any subsequent fiscal year ending on or before June 30, 2022), and GOED may not issue total tax credits in excess of $195 million. This is effective through June 30, 2036.

Renewable Energy Tax Abatements: The mission of the Governor's Office of Energy is to ensure the wise development of Nevada's energy resources in harmony with local economic needs, and to position Nevada to lead the nation in renewable energy production, conservation, and exportation. In an effort to incentivize the development of renewable energy in Nevada, the program awards partial sales and use tax and property tax abatements to eligible renewable energy facilities. Businesses must make a capital investment of $3 million or $10 million, dependent on the project location.

Local Sales and Use Tax Abatement (NRS 701A.360 through NRS 701A.365) – The abatement applies to the 3 years following the approval of the application in which the applicant will only be required to pay sales and use taxes imposed in the State at the rate of 2.6%, of which 2% is the State's portion of the tax. Therefore, none of the State's sales and use tax is abated. The abatement must not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes. The applicant must state that the facility will, after the date on which the abatement becomes effective, continue in operation in the state for a period of not less than 10 years, and bind any successors to the same. This is effective through June 30, 2049.

Real and Personal Property Tax Abatement (NRS 701A.370) – The abatement is for a duration of the 20 fiscal years immediately following the date of approval of the application and is equal to 55% of the taxes on real and personal property payable by the facility each year. The abatement must not apply during any period in which the facility is receiving another abatement or exemption from local sales and use taxes. This is effective through June 30, 2049.

Green Building Tax Abatements: The Governor's Office of Energy administers the green building tax abatement program based on criteria set forth in the Leadership in Energy and Environmental Design (LEED) or Green Globes (GG) rating system and certification from the U.S. Green Building Council or the Green Building Initiative. Both LEED and GG rating systems provide a complete framework for assessing building performance and meeting environmental sustainable goals. They use industry recognized standards for designing, operating and certifying green building projects. The program was instituted in 2007 as an incentive for business owners to improve the energy efficiency of new and existing buildings. To qualify for the tax abatement, applicants must earn a minimum number of points for energy conservation to meet the Silver Level or higher through the LEED rating system or two globes or higher under the GG rating system. LEED and GG building rating systems are based on a set of standards for the environmentally sustainable design, construction and operation of the building.

Real Property Taxes (NRS 701A.110) – Incentives range from 25% to 35% of the portion of taxes imposed pursuant to NRS 361, other than any taxes imposed for public education, for a period of 5 to 10 years, depending on the certification level. The abatement terminates if it is determined that the building or other structure has ceased to meet the equivalent of the Silver Level or higher.

The State's tax abatement programs as of June 30, 2017, on an accrual basis, are summarized in the following table (expressed in thousands):

	Taxes Abated			
Abatement Program	**Modified Business Tax**	**Property Tax**	**Gaming Tax**	**Total**
Businesses	$ 1,292	$ 76	$ -	$ 1,368
Capital investment $1B	14	-	-	14
Capital investment $3.5B	1,232	-	-	1,232
Renewable energy	-	790	-	790
Green building	-	1,618	-	1,618
Transferable tax credits	-	-	42,073	42,073
Total	$ 2,538	$ 2,484	$ 42,073	$ 47,095

Note 17 - Commitments and Contingencies

A. Primary Government

Lawsuits - The State Attorney General's Office reported that the State of Nevada or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of the State, the State Attorney General is of the opinion that the State's financial condition will not be materially affected by this litigation, based on information known at this time.

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State's liability of $50,000 per cause of action through October 1, 2007 and $75,000 per cause of action through October 1, 2011 and $100,000 per cause of action thereafter. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under federal law or to actions in other states. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

The State and/or its officers and employees are parties to a number of lawsuits filed under the federal civil rights statutes. However, the State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (discussed above) does not apply in federal civil rights cases, the potential liability of the State is not ascertainable at the present time. Currently, the State is involved in several actions alleging federal civil rights violations that could result in substantial liability to the State.

The State is a defendant on several lawsuits associated with the Little Valley fire, which occurred in October 2016. The State intends to defend these lawsuits vigorously. The outcome of the lawsuits is not presently determinable, and as the amount is neither probable nor capable of reasonable estimation, the accompanying financial statements do not include a liability for any potential loss.

Leases - The State is obligated by leases for buildings and equipment accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the Statement of Net Position. Primary government lease expense for the year ended June 30, 2017 amounted to $45.6 million. The following is the primary government's schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2017 (expressed in thousands):

For the Year Ending June 30	Amount
2018	$ 44,998
2019	39,664
2020	31,711
2021	25,210
2022	21,322
2023-2027	51,266
2028-2032	6,574
2033-2037	6,302
2038-2042	6,638
2043-2047	176
Total	$ 233,861

Federal Grants - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2017, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

Rebate Arbitrage - The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The present value of the rebatable arbitrage is $1,075,000 and has been recorded as a liability in the Statement of Net Position at June 30, 2017. Future calculations might result in different rebatable arbitrage amounts.

Nonexchange Financial Guarantees – The 1997 Nevada Legislature added NRS 387.513 through 387.528, allowing school districts to enter into guarantee agreements with the State Treasurer whereby money in the Permanent School Fund may be used to guarantee the debt service payments on certain bonds issued by Nevada school districts. The amount of the guarantee for bonds of each school district outstanding, at any one time, must not exceed $40 million. Total bond guarantees

(Note 17 Continued)

at June 30, 2017 were $233.6 million which includes accrued interest of $1.4 million. The bonds mature at various intervals through fiscal year 2042. In the event any school district was unable to make a required payment, the State Treasurer would withdraw from the State Permanent School Fund the amount needed to cover the debt service payment. Any amount withdrawn would be deemed a loan to the school district from the State Permanent School Fund, and the State Treasurer would determine the rate of interest on the loan. Repayment would be taken from distributions from the State Distributive School Account.

Encumbrances – As of June 30, 2017, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	$ 6,617
State Highway	3,463
Nonmajor governmental funds	109
Total	$ 10,189

Construction Commitments – As of June 30, 2017, the Nevada Department of Transportation had total contractual commitments of approximately $170.0 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total $13.2 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2017, NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially adversely affect the net position, changes in net position or cash flows of NSHE.

The NSHE and the State of Nevada are defendants in various lawsuits, collectively referred to as the Little Valley Fire Cases. The cases relate to a prescribed burn conducted by the Nevada Division of Forestry in October 2016 on land partially owned by the University of Nevada at Reno. Embers from the fire escaped and burned 23 structures. The NSHE and the State of Nevada share an excess liability policy. At this point it is difficult to estimate the likelihood of an unfavorable outcome and the likely exposure, but the excess liability carrier has been place on notice of these cases.

The NSHE has an actuarial study of its workers' compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior years and projects the rates needed for the coming year. The NSHE uses a third party administrator to adjust its workers' compensation claims.

The NSHE is self-insured for its unemployment liability. The NSHE is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the NSHE budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the NSHE cannot be reasonably determined as of June 30, 2017.

The NSHE receives Federal grants and awards, and amounts are subject to change based on outcomes of Federal audits. Management believes any changes made will not materially affect the net position, changes in net position or cash flows of the NSHE.

The estimated cost to complete property authorized or under construction at June 30, 2017 and 2016 is $94.9 million and $122.5 million, respectively. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

Colorado River Commission (CRC) - The CRC may from time to time be a party in various litigation matters. It is management's opinion, based upon advice from legal counsel, that the risk of financial losses to CRC from such litigation, if any, will not have a material adverse effect on CRC's future financial position, results of operations or cash flows. Accordingly, no provision has been made for any such losses.

Nevada Capital Investment Corporation (NCIC) - The NCIC currently has commitments to the Silver State Opportunity Fund of $50.0 million (the First Tranche). As of June 30, 2017, the NCIC has fulfilled $40.1 million of its total commitment. The NCIC has the right, but not the obligation, to increase its capital commitment by which would be effective after the end of the First Tranche (or such other date as the NCIC and Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC's additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

Note 18 - Subsequent Events

A. Primary Government

Bonds – On November 7, 2017, the State issued $115,440,000 in General Obligation Bonds. The 2017A Bonds were issued to finance various capital improvement projects, including construction of a new Department of Motor Vehicles Service Center, and to pay costs of issuance of the 2017A Bonds. The 2017B Bonds were issued to finance costs of environmental improvement projects for the Lake Tahoe Basin, to provide grants for water conservation and capital improvements to certain water systems, to refund certain outstanding bonds and to pay costs of issuance of the 2017B Bonds. The 2017C Bonds were issued to finance property acquisition or capital improvements and renovations by the Division of State Parks; to finance property acquisition, facility development and renovation, or wildlife habitat improvements by the Division of Wildlife; to provide grants for State agencies, local governments or qualifying private nonprofit organizations for various programs, including recreational trails, urban parks, habitat conservation, open spaces and general natural resource protection; to refund certain outstanding bonds; and to pay costs of issuance of the 2017C Bonds. The 2017D Bonds were issued to finance loans to Carson City for sewer projects and to pay costs of issuance of the 2017D Bonds. The 2017E Bonds were issued to provide state matching funds for the State's Safe Drinking Water Revolving Fund program and to pay costs of issuance of the 2017E Bonds. The 2017F Bonds were issued to provide state matching funds for the State's Water Pollution Control Revolving Fund program and to pay costs of issuance of the 2017F Bonds.

B. Discretely Presented Component Units

Nevada System of Higher Education – The Board of Regents, at its September 8, 2017 meeting, approved a resolution authorizing the issuance of up to $29,000,000 of universities revenue bonds to refinance existing bonds for interest savings. The Board of Regents also approved a resolution authorizing the issuance of up to $30,000,000 of Certificates of Participation to finance construction of an engineering building and a university fine arts center at UNR. The Board of Regents also approved a resolution authorizing issuance of up to $75,000,000 of community colleges revenue bonds to fund construction of 3 student unions at CSN. The Board of Regents also approved a resolution authorizing the issuance of a promissory note of up to $15,950,000 to fund the construction of a football complex at UNLV.

C. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support of OPEB that is provided by other entities. GASB 75 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81), which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB 81 is effective for fiscal years beginning after December 15, 2016. The anticipated impact of this pronouncement is uncertain at this time.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017* (GASB 85), which addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86), which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

Note 19 - Accounting Changes and Restatements

The State implemented GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, in the current year. This statement requires payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions to be classified as employee contributions. Accordingly, net position as of July 1, 2016 has been restated for the cumulative effect of this change.

In addition, prior period adjustments were made to correct an error in the State Highway Fund for payroll expenditures recorded in fiscal year 2017 that were for fiscal year 2016, and to correct an error in the Unemployment Compensation Fund for interest income recorded in fiscal year 2017 that was earned in fiscal year 2016.

The following table shows the changes to the beginning net position as of July 1, 2016 for the primary government (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2016 as previously reported	$ 4,804,920	$ 1,166,231
Deferred outflows of resources representing plan member contributions	(52,711)	(949)
Deferred inflows of resources representing the differences between employer contributions and proportional share of contributions	89,213	1,625
Payroll expenditures	(4,775)	-
Interest income	-	3,022
Net position at June 30, 2016 as restated	$ 4,836,647	$ 1,169,929

The following table shows the changes to the beginning fund balance/net position as of July 1, 2016 for the following major funds (expressed in thousands):

	Major Governmental Fund	Major Enterprise Funds		
	State Highway	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust
Fund balance/net position at June 30, 2016 as previously reported	$ 532,739	$ 501,255	$ 389,602	$ 59,064
Deferred outflows of resources representing plan member contributions	-	-	(20)	-
Deferred inflows of resources representing the differences between employer contributions and proportional share of contributions	-	-	35	11
Payroll expenditures	(4,775)	-	-	-
Interest income	-	3,022	-	-
Fund balance/net position at June 30, 2016 as restated	$ 527,964	$ 504,277	$ 389,617	$ 59,075

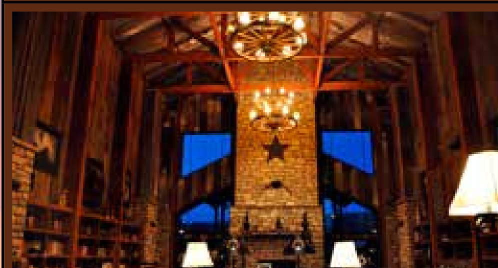
Required Supplemental Information

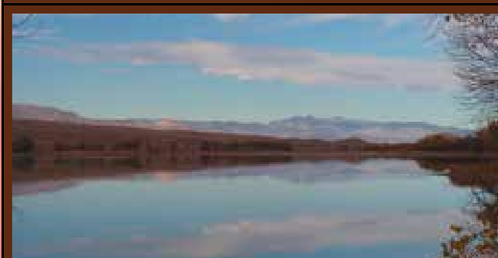
Alamo

If you're heading out Alamo way, be ready to get off the pavement. There are hundreds of miles of trails for off-road vehicles open to the public. And if you're a birder, bring your binoculars – the specimens out here are amazing.

Alamo's also home to the Pahranagat National Wildlife Refuge – 5,000 acres of open wetlands and lush grasslands. This quaint community, founded in 1901, also includes homey services like cafes, a grocery store, churches, motels – even a landing strip for your private plane if you happen to have one. And as one of the closest towns to the legendary Area 51, planes might not be the only thing you spot in the sky.

Photo by Chris Moran/TravelNevada





For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Sources of Financial Resources				
Fund balances, July 1	$ 851,139,584	$ 851,139,584	$ 851,139,584	$ -
Revenues:				
Sales taxes	1,158,317,800	1,129,808,000	1,133,715,143	3,907,143
Gaming taxes, fees, licenses	884,915,758	880,352,771	857,544,083	(22,808,688)
Intergovernmental	3,613,556,943	4,338,719,056	3,907,217,245	(431,501,811)
Other taxes	1,762,312,173	1,965,910,307	2,030,617,904	64,707,597
Sales, charges for services	268,365,798	297,688,382	242,820,976	(54,867,406)
Licenses, fees and permits	677,050,967	728,456,803	715,377,434	(13,079,369)
Interest	11,089,989	12,970,424	8,367,997	(4,602,427)
Other	365,791,815	403,730,428	376,582,977	(27,147,451)
Other financing sources:				
Proceeds from sale of bonds	-	2,000,000	1,998,977	(1,023)
Transfers	637,983,572	945,193,061	776,714,697	(168,478,364)
Reversions from other funds	-	-	1,552,122	1,552,122
Total sources	10,230,524,399	11,555,968,816	10,903,649,139	(652,319,677)
Uses of Financial Resources				
Expenditures and encumbrances:				
Elected officials	139,178,237	174,369,213	125,508,889	48,860,324
Legislative and judicial	148,914,741	201,460,808	103,664,789	97,796,019
Finance and administration	102,512,166	116,549,811	79,990,289	36,559,522
Education - K to 12	2,225,947,601	2,469,211,598	2,263,277,591	205,934,007
Education - higher education	869,806,939	898,860,433	890,156,327	8,704,106
Human services	5,054,864,095	5,744,252,878	5,282,071,838	462,181,040
Commerce and industry	347,955,920	481,612,738	347,950,603	133,662,135
Public safety	427,447,393	468,576,824	412,095,768	56,481,056
Infrastructure	371,101,546	436,710,521	193,507,654	243,202,867
Special purpose agencies	74,280,464	85,098,813	52,616,248	32,482,565
Other financing uses:				
Transfers to other funds	31,749,013	121,261,261	121,261,261	-
Reversions to other funds	-	-	16,561,096	(16,561,096)
Projected reversions	(40,000,000)	(40,000,000)	-	(40,000,000)
Total uses	9,753,758,115	11,157,964,898	9,888,662,353	1,269,302,545
Fund balances, June 30	$ 476,766,284	$ 398,003,918	$ 1,014,986,786	$ 616,982,868

State Highway Fund				Municipal Bond Bank			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 518,618,773	$ 518,618,773	$ 518,618,773	$ -	$ 1,203	$ 1,203	$ 1,203	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
321,806,880	388,472,543	387,571,479	(901,064)	-	-	-	-
347,719,546	383,153,944	384,994,707	1,840,763	-	-	-	-
18,724,306	21,335,947	18,429,482	(2,906,465)	-	-	-	-
222,630,827	231,179,792	227,592,851	(3,586,941)	-	-	-	-
709,094	4,459,019	5,224,064	765,045	10,094,931	10,094,931	3,510,793	(6,584,138)
46,151,587	45,905,091	31,620,535	(14,284,556)	16,322,047	16,322,047	4,540,000	(11,782,047)
150,000,000	190,000,000	185,001,083	(4,998,917)	-	-	-	-
15,592,929	22,282,478	39,272,599	16,990,121	-	-	-	-
-	-	-	-	-	-	-	-
1,641,953,942	1,805,407,587	1,798,325,573	(7,082,014)	26,418,181	26,418,181	8,051,996	(18,366,185)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
224,352,157	255,574,723	208,139,103	47,435,620	-	-	-	-
1,019,842,931	1,297,521,075	956,221,855	341,299,220	-	-	-	-
-	-	-	-	-	-	-	-
78,896,289	105,445,166	105,445,166	-	26,416,978	26,418,181	8,051,996	18,366,185
-	-	46,440	(46,440)	-	-	-	-
(56,400,842)	(86,400,842)	-	(86,400,842)	-	-	-	-
1,266,690,535	1,572,140,122	1,269,852,564	302,287,558	26,416,978	26,418,181	8,051,996	18,366,185
$ 375,263,407	$ 233,267,465	$ 528,473,009	$295,205,544	$ 1,203	$ -	$ -	$ -

BELMONT

Belmont is what's called a "semi-ghost town." A few residents remain, but the town is populated mostly by historical buildings. Founded in 1865, Belmont's original brick courthouse still stands – now a State Historical Monument and part of the Nevada State Park system. The historic cemetery is pretty much the same way you would've found it had you ridden into town 100 years ago. Today, modern amenities include a bed and breakfast, a saloon and Pine Creek Campground, located some 20 miles to the north.

Photos by Sydney Martinez/TravelNevada

The accompanying Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds presents both the original and the final legally adopted budgets, as well as actual data on a budgetary basis. (Note 2 of the basic financial statements identifies the budgeting process and control.)

The original budget is adopted through passage of the General Appropriations Act, which allows for expenditures from unrestricted revenues, while the Authorized Expenditures Act allows for expenditures from revenues collected for specific purposes (restricted revenues). For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the "final budget" column. Therefore, updated revenue estimates available for appropriations as of August 24th are reported instead of the amounts disclosed in the original budget. The August 24, 2017 date is used because this is the date for which the Legislative Interim Finance Committee affected the last changes to the fiscal year ended June 30, 2017 budget as permitted by NRS 353.220.

Since the budgetary and GAAP presentations of actual data differ, a reconciliation of ending fund balances is presented below (expressed in thousands):

	General Fund	State Highway	Municipal Bond Bank
Fund balances (budgetary basis) June 30, 2017	$ 1,014,987	$ 528,473	$ -
Adjustments:			
Basis differences:			
Petty cash or outside bank accounts	4,814	195	-
Investments not recorded on the budgetary basis	772	-	-
Loans not recorded on the budgetary basis	-	-	89,700
Accrual of certain other receivables	294,673	7,135	1,078
Inventory	7,585	15,129	-
Advances to other funds	4,646	3,900	-
Accrual of certain accounts payable and other liabilities	(473,386)	(8,537)	-
Unearned revenues	(113,049)	-	-
Deferred inflows - unavailable	(204,832)	(2,649)	-
Encumbrances	6,617	3,463	-
Other	(2,745)	(1,828)	-
Perspective differences:			
Special revenue fund reclassified to General Fund for GAAP purposes	16,605	-	-
Fund balances (GAAP basis) June 30, 2017	$ 556,687	$ 545,281	$ 90,778

Total fund balance on the budgetary basis in the General Fund at June 30, 2017, is composed of both restricted funds, which are not available for appropriation, and unrestricted funds as follows (expressed in thousands):

Total fund balance (budgetary basis)	$ 1,014,987
Restricted funds	(587,927)
Unrestricted fund balance (budgetary basis)	$ 427,060

During the fiscal year ended June 30, 2017, two instances of excesses of expenditures over appropriations occurred at the category level in budget accounts within the General Fund. These were corrected prior to the end of the fiscal year, and a corrective action plan was implemented to prevent overspending of appropriations in the future.

For the Fiscal Year Ended June 30, 2017

A. Multiple-employer Cost Sharing Plan

The following schedule presents the State's (primary government's) proportionate share of the net pension liability for the Public Employees' Retirement System at June 30, 2016 (expressed in thousands):

	2016	2015	2014
State's proportion of the net pension liability	16.3%	16.4%	16.6%
State's proportionate share of the net pension liability	$ 2,187,213	$ 1,879,626	$ 1,730,601
State's covered payroll	$ 906,687	$ 874,098	$ 872,316
State's proportionate share of the net pension liability as a percentage of its covered payroll	241%	215%	198%
Plan fiduciary net position as a percentage of the total pension liability	72%	75%	76%

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents a ten year history of the State's (primary government's) contributions to the Public Employees' Retirement System (expressed in thousands):

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required contributions	$ 151,492	$ 190,528	$ 176,579	$ 174,712	$ 162,484	$ 163,219	$ 160,959	$ 164,630	$ 153,768	$ 146,754
Contributions in relation to the statutorily required contribution	151,492	190,528	176,579	174,712	162,484	163,219	160,959	164,630	153,768	146,754
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Covered payroll	984,131	906,687	874,098	872,316	855,179	859,047	946,818	968,412	961,050	917,213
Contributions as a percentage of covered payroll	15%	21%	20%	20%	19%	19%	17%	17%	16%	16%

Note: GASB Statement No. 82 was implemented in fiscal year 2017, and as a result, contributions no longer include payments made by the State to satisfy contribution requirements that are identiified by the plan terms as member contributions. In addition, GASB Statement No. 82 clarified covered payroll which was implemented in fiscal year 2017; prior years are not reflective of this change.

B. Single-employer Plan

The following schedule presents the changes in the net pension liability for the Legislators' Retirement System for the year ended June 30, 2016 (expressed in thousands):

	2016	2015	2014
Total pension liability			
Service cost	$ 31	$ 39	$ 37
Interest	414	426	428
Differences between expected and actual experience	(145)	(109)	-
Benefit payments, including refunds	(503)	(497)	(494)
Net change in total pension liability	(203)	(141)	(29)
Total pension liability - beginning	5,390	5,531	5,560
Total pension liability - ending (a)	$ 5,187	$ 5,390	$ 5,531
Plan fiduciary net position			
Contributions - employer	$ 156	$ 156	$ 213
Contributions - employee	23	23	27
Net investment income	62	179	804
Benefit payments, including refunds	(503)	(497)	(494)
Administrative expense	(65)	(85)	(46)
Other	66	86	46
Net change in plan fiduciary net position	(261)	(138)	550
Plan fiduciary net position - beginning	4,735	4,873	4,323
Plan fiduciary net position - ending (b)	$ 4,474	$ 4,735	$ 4,873
Net pension liability - beginning	$ 655	$ 658	$ 1,237
Net pension liability - ending (a) - (b)	$ 713	$ 655	$ 658
Plan fiduciary net position as a percentage of total pension liability	86%	88%	88%
Covered payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A

Note: This schedule requires ten years of information to be presented. However, until ten years of data is is available, only those years for which information is available will be presented.

(Continued)

The following schedule presents the State's (primary government's) contributions to the Legislators' Retirement System (expressed in thousands):

	2017	2016	2015
Statutorily required contribtutions	$ 210	$ -	$ 312
Contributions in relation to the statutorily required contribution	$ 210	$ -	$ 312
Contribution (deficiency) excess	$ -	$ -	$ -
Covered payroll	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

C. Agent Multiple-employer Plan

The following schedule presents the changes in the net pension liability for the Judicial Retirement System for the year ended June 30, 2016 (expressed in thousands):

	2016	2015	2014
Total pension liability			
Service cost	$ 3,828	$ 3,593	$ 3,411
Interest	9,677	8,876	8,367
Differences between expected and actual experience	(4,211)	1,250	(2,666)
Benefit payments, including refunds	(5,351)	(4,896)	(4,295)
Other	-	2,357	990
Net change in total pension liability	3,943	11,180	5,807
Total pension liability - beginning	119,810	108,630	102,823
Total pension liability - ending (a)	$ 123,753	$ 119,810	$ 108,630
Plan fiduciary net position			
Contributions - employer	$ 5,773	$ 6,155	$ 6,002
Contributions - employee	269	96	-
Net investment income	1,556	3,206	14,252
Benefit payments, including refunds	(5,351)	(4,896)	(4,295)
Administrative expense	(90)	(86)	(83)
Other	-	2,357	990
Net change in plan fiduciary net position	2,157	6,832	16,866
Plan fiduciary net position - beginning	98,945	92,113	75,247
Plan fiduciary net position - ending (b)	$ 101,102	$ 98,945	$ 92,113
Net pension liability - beginning	$ 20,865	$ 16,517	$ 27,576
Net pension liability - ending (a) - (b)	$ 22,651	$ 20,865	$ 16,517
Plan fiduciary net position as a percentage of total pension liability	82%	83%	85%
Covered payroll (measurement as of end of fiscal year)	$ 20,154	$ 19,930	$ 18,934
Net pension liability as a percentage of covered payroll	112%	105%	87%

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

The following schedule presents the State's (primary government's) contributions to the Judicial Retirement System (expressed in thousands):

	2017	2016	2015
Actuarially determined contribution	$ 5,138	$ 5,443	$ 5,266
Contributions in relation to the actuarially determined contribution	$ 5,262	$ 5,227	$ 5,535
Contribution (deficiency) excess	$ 124	$ (216)	$ 269
Covered payroll	$ 18,195	$ 17,425	$ 17,132
Contributions as a percentage of covered payroll	29%	30%	32%

Note: This schedule requires ten years of information to be presented. However, until ten years of data is available, only those years for which information is available will be presented.

Notes to Required Supplementary Information – actuarial assumptions used in calculating the actuarially determined contributions can be found in Note 11C.

The State has adopted the modified approach for reporting infrastructure assets defined as a single roadway network that includes bridges. Bridges are not considered a subsystem as they are included in the cost of road construction. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. The single roadway network accounted for under the modified approach includes the combination of 5,400 centerline miles of roads and 1,170 bridges.

The State manages its roadway network by dividing the roadway system into five categories based on the traffic load. The categories range from category I, representing the busiest roadways and interstates, to category V, representing the least busy rural routes with an average daily traffic of less than 400 vehicles. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). IRI measures the cumulative deviation from a smooth surface. The lower the IRI value, the better the condition of the roadway. In 2016, the State realigned its goals and has set a policy to maintain each category of its roadways with an IRI of 95 or less. The prior policy was to maintain each category with an IRI of 80 or less. The 2014 assessment results are based on the previous rating system. Results of condition assessments from 2015 and 2016 under the new rating system policy provide reasonable assurance that the condition level of the roadways is being preserved above, or approximately at, the condition level established for all road categories. The following tables show the State's condition level of roadways under the current and previous policies.

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 95

	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

Condition Level of the Roadways

Percentage of roadways with an IRI of less than 80

	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%

The State has set a policy to maintain its bridges so that not more than 10 percent are structurally deficient or functionally obsolete. The following table shows the State's policy and condition level of the bridges.

Condition Level of the Bridges

Percentage of substandard bridges

	2016	2012	2011
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	2%	4%	4%

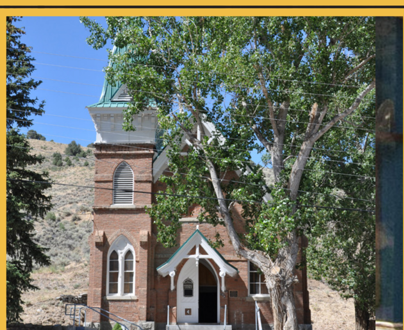
The following table shows the State's estimate of spending necessary to preserve and maintain the roadway network at, or above, the established condition level and the actual amount spent during the past five fiscal years.

Maintenance and Preservation Costs

(Expressed in Thousands)

	2017	2016	2015	2014	2013
Estimated	$ 171,755	$ 306,532	$ 386,093	$ 433,338	$ 402,650
Actual	157,670	295,244	329,677	360,510	325,313

Maintenance and preservation costs are primarily funded with highway user revenue, fuel taxes, vehicle registration and license fees. The funding level for maintenance and preservation costs is affected by the amount of taxes and fees collected and the amount appropriated for construction of new roadways.



Austin

This is a place to enjoy rugged and scenic trails, or soak in the warm, soothing waters of Spencer Hot Springs. Born an old silver mining town, Austin, Nevada was home to some of Nevada's more colorful prospectors and silver miners. Today, with the expansive Toiyabe Mountain Range as its backyard, it features some of the best mountain biking, hiking and exploring in the state.

Photo Credits: Sydney Martinez and Chris Moran/TravelNevada

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Employment Security Accounts for the administration of employment training programs (NRS 612.607), unemployment compensation claims (NRS 612.605), and employment security laws (NRS 612.615).

Unemployment Comp Bond Fund Accounts for special bond contributions assessed on employers for the purpose of retiring the bonds in the Unemployment Compensation Fund (NRS 612.613)

Regulatory Accounts for receipts and expenditures related to enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.053), legal judgments against real estate licensees (NRS 645.842), regulation of public utilities (NRS 703.147), and regulation of taxicabs (NRS 706.8825).

Higher Education Capital Construction Accounts for the first $5,000,000 and 20% of the remaining annual slot machine tax, which is designated for capital construction and payment of principal and interest of construction bonds for higher education (NRS 463.385).

Cleaning Up Petroleum Discharges Accounts for fees collected and claims paid related to the use, storage or discharge of petroleum (NRS 590.830).

Hospital Care to Indigent Persons Accounts for taxes levied to provide care to indigent persons hospitalized from motor vehicle accidents, and for taxes received and payments to counties for supplemental medical assistance to indigent persons (NRS 428.175).

Tourism Promotion Accounts for room taxes and other monies designated for the support of the Commission on Tourism (NRS 231.250).

Offenders' Store Accounts for operations of the general merchandise stores and snack bars used by offenders. Earnings, except interest, must be expended for the welfare and benefit of all offenders (NRS 209.221).

Tobacco Settlement Accounts for proceeds from settlement agreements with and civil actions against manufacturers of tobacco products, forty percent of which is allocated to the Millennium Scholarship fund for the purpose of increasing the number of State residents who enroll in and attend a university or community college of the Nevada System of Higher Education (NRS 396.926), and sixty percent of which is allocated to the Healthy Nevada fund (NRS 439.620) for the purpose of assisting Nevada residents in obtaining and maintaining good health.

Attorney General Settlement Accounts for receipts from the National Mortgage Settlement for purposes of foreclosure relief and housing programs.

Gift Accounts for gifts and grants received by the Department of Conservation and Natural Resources (NRS 232.070), the Department of Wildlife (NRS 501.3585), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090), the Division of State Parks (NRS 407.075), the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960), and the Department of Health and Human Services (NRS 232.355).

Natural Resources Accounts for grants to publicly owned water systems for water conservation and capital improvements (NRS 349.952).

NV Real Property Corp General Fund Accounts for the general fund activity of the Nevada Real Property Corporation, a blended component unit incorporated to finance certain construction projects.

Miscellaneous Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); and the office of advocate for customers of public utilities (NRS 228.310). It also accounts for private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031; receipts for the care of sites for the disposal of radioactive waste (NRS 459.231); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215).

NONMAJOR DEBT SERVICE FUNDS

Consolidated Bond Interest and Redemption Fund Accumulates monies for the payment of leases and of principal and interest on general obligation bonds of the State (NRS 349.090).

Highway Revenue Bonds Accumulates monies for the payment of principal and interest on highway revenue bonds of the State (NRS 349.300).

NONMAJOR CAPITAL PROJECTS FUNDS

Parks Capital Project Construction Accounts for the parks improvements program for the Division of State Parks of the Department of Conservation and Natural Resources (NRS 407.065).

Capital Improvement Program - Motor Vehicle Accounts for capital improvement projects for the Department of Motor Vehicles and Public Safety (NRS 341.146).

Capital Improvement Program - Human Resources Accounts for capital improvement projects for the Department of Health and Human Services (NRS 341.146).

Capital Improvement Program - University System Accounts for capital improvement projects for the Nevada System of Higher Education (NRS 341.146).

Capital Improvement Program - General State Government Accounts for capital improvement projects for general government (NRS 341.146).

Capital Improvement Program - Prison System Accounts for capital improvement projects for the Department of Corrections (NRS 341.146).

Capital Improvement Program - Military Accounts for capital improvement projects for the Department of Military (NRS 341.146).

Capital Improvement Program - Wildlife Accounts for capital improvement projects for the Department of Wildlife (NRS 341.146).

NONMAJOR PERMANENT FUND

Henry Wood Christmas Fund Accounts for the bequest of the late Henry Wood to provide Christmas gifts to orphans.

June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 200,979,988	$ 156,930,909	$ 70,032,438	$ 51,321	$ 427,994,656
Cash in custody of other officials	70,396,752	-	-	-	70,396,752
Investments	1,579,068	-	-	-	1,579,068
Receivables:					
Accounts receivable	72,023,652	-	-	-	72,023,652
Taxes receivable	627,281	-	-	-	627,281
Intergovernmental receivables	5,923,084	413,900	1,716,377	-	8,053,361
Accrued interest and dividends	2,304	16,863	-	-	19,167
Capital lease receivable	49,495,000	-	-	-	49,495,000
Due from other funds	31,490,614	2,437,744	57,248,545	236	91,177,139
Due from fiduciary funds	1,153,156	-	-	-	1,153,156
Due from component units	192,147	-	-	-	192,147
Inventory	438,546	-	-	-	438,546
Advances to other funds	-	451,910	-	-	451,910
Prepaid items	10,943	-	-	-	10,943
Total assets	$ 434,312,535	$ 160,251,326	$ 128,997,360	$ 51,557	$ 723,612,778
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 7,995,422	$ 24,822	$ 4,103	$ -	$ 8,024,347
Accrued payroll and related liabilities	1,885,086	-	-	-	1,885,086
Intergovernmental payables	1,192,907	-	10,311	-	1,203,218
Contracts payable	-	-	8,656,152	-	8,656,152
Retention payable	-	-	2,229,174	-	2,229,174
Due to other funds	24,395,127	4,430	8,970,905	420	33,370,882
Due to fiduciary funds	10,994	-	-	-	10,994
Due to component units	3,173,207	-	15,030,154	-	18,203,361
Unearned revenues	1,325,857	-	-	-	1,325,857
Other liabilities	3,799,881	-	-	-	3,799,881
Total liabilities	43,778,481	29,252	34,900,799	420	78,708,952
Deferred Inflows of Resources					
Unavailable revenue:					
Licenses, fees and permits	107	-	-	-	107
Sales and charges for services	16,895	-	-	-	16,895
Settlement income	19,078,822	-	-	-	19,078,822
Lease principal payments	49,495,000	-	-	-	49,495,000
Interest	360,512	146,514	49,910	44	556,980
Other	381,913	-	-	-	381,913
Total deferred inflows of resources	69,333,249	146,514	49,910	44	69,529,717
Fund Balances					
Nonspendable	449,489	-	-	30,000	479,489
Restricted	201,659,336	30,123,905	56,833,496	21,093	288,637,830
Committed	119,091,980	129,951,655	37,213,155	-	286,256,790
Total fund balances	321,200,805	160,075,560	94,046,651	51,093	575,374,109
Total liabilities, deferred inflows of resources and fund balances	$ 434,312,535	$ 160,251,326	$ 128,997,360	$ 51,557	$ 723,612,778

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Gaming taxes, fees, licenses	$ 13,366,175	$ -	$ -	$ -	$ 13,366,175
Property and transfer taxes	13,180,018	147,312,251	-	-	160,492,269
Motor and special fuel taxes	-	78,896,289	-	-	78,896,289
Other taxes	252,662,304	-	-	-	252,662,304
Intergovernmental	85,228,607	4,897,524	9,996,710	-	100,122,841
Licenses, fees and permits	23,635,040	-	-	-	23,635,040
Sales and charges for services	20,616,904	210,632	-	-	20,827,536
Interest and investment income	487,924	390,144	283,021	85	1,161,174
Settlement income	40,427,052	-	-	-	40,427,052
Other	9,692,825	6	54	-	9,692,885
Total revenues	459,296,849	231,706,846	10,279,785	85	701,283,565
Expenditures					
Current:					
General government	32,329,966	366,782	-	-	32,696,748
Health services	330,836	-	-	-	330,836
Social services	88,325,613	-	-	-	88,325,613
Education - K-12 administrative	20,397	-	-	-	20,397
Education - higher education	-	-	10,941,482	-	10,941,482
Law, justice and public safety	27,803,706	-	-	-	27,803,706
Regulation of business	21,282,499	-	-	-	21,282,499
Recreation, resource development	31,677,374	-	-	-	31,677,374
Capital outlay	-	-	49,295,469	-	49,295,469
Debt service:					
Principal	-	163,127,500	-	-	163,127,500
Interest, fiscal charges	162	98,461,266	-	-	98,461,428
Debt issuance costs	244,620	-	432,646	-	677,266
Total expenditures	202,015,173	261,955,548	60,669,597	-	524,640,318
Excess (deficiency) of revenues over expenditures	257,281,676	(30,248,702)	(50,389,812)	85	176,643,247
Other Financing Sources (Uses)					
Bonds issued	1,502,842	-	34,274,913	-	35,777,755
Refunding bonds issued	12,107,158	-	-	-	12,107,158
Premium on bonds issued	2,757,162	-	3,501,507	-	6,258,669
Payment to refunded bond agent	(14,697,052)	-	-	-	(14,697,052)
Refunding certificates of participation issued	3,730,000	-	-	-	3,730,000
Payment to refunded certificates of participation agent	(4,071,373)	-	-	-	(4,071,373)
Sale of capital assets	34,356	-	-	-	34,356
Transfers in	43,015,887	26,185,819	60,576,275	-	129,777,981
Transfers out	(248,151,531)	-	(18,772,664)	(420)	(266,924,615)
Total other financing sources (uses)	(203,772,551)	26,185,819	79,580,031	(420)	(98,007,121)
Net change in fund balances	53,509,125	(4,062,883)	29,190,219	(335)	78,636,126
Fund balances, July 1	267,691,680	164,138,443	64,856,432	51,428	496,737,983
Fund balances, June 30	$ 321,200,805	$160,075,560	$ 94,046,651	$ 51,093	$ 575,374,109

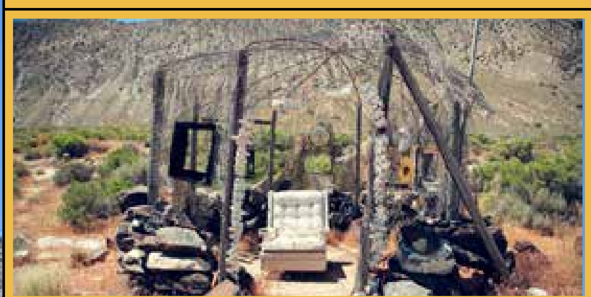
Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2017

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 16,676,981	$ -	$ 13,852,170	$ 9,926,414
Cash in custody of other officials	125	70,229,501	2,000	-
Investments	-	-	-	-
Receivables:				
Accounts receivable	306	50,966,376	751,628	-
Taxes receivable	313,952	-	-	-
Intergovernmental receivables	5,644,121	-	-	-
Accrued interest and dividends	-	-	-	-
Capital lease receivable	-	-	-	-
Due from other funds	738,336	53,113	206,121	3,441,236
Due from fiduciary funds	-	-	-	-
Due from component units	-	-	-	-
Inventory	-	-	-	-
Prepaid items	317	-	10,626	-
Total assets	$ 23,374,138	$ 121,248,990	$ 14,822,545	$ 13,367,650
Liabilities				
Accounts payable and accruals:				
Accounts payable	$ 1,761,868	$ -	$ 98,536	$ 146
Accrued payroll and related liabilities	990,794	-	502,174	-
Intergovernmental payables	699,894	-	-	-
Due to other funds	2,712,931	515,737	1,511,114	5,826,389
Due to fiduciary funds	322	-	-	-
Due to component units	110,802	-	-	-
Unearned revenues	-	-	1,325,857	-
Other liabilities	-	-	-	-
Total liabilities	6,276,611	515,737	3,437,681	5,826,535
Deferred Inflows of Resources				
Unavailable revenue:				
Licenses, fees and permits	-	-	107	-
Sales and charges for services	-	-	16,895	-
Settlement income	-	-	-	-
Lease principal payments	-	-	-	-
Interest	14,373	9,992	7,316	-
Other	-	-	1,796	-
Total deferred inflows of resources	14,373	9,992	26,114	-
Fund Balances				
Nonspendable	317	-	10,626	-
Restricted	11,771,741	120,723,261	5,674,011	-
Committed	5,311,096	-	5,674,113	7,541,115
Total fund balances	17,083,154	120,723,261	11,358,750	7,541,115
Total liabilities, deferred inflows of resources and fund balances	$ 23,374,138	$ 121,248,990	$ 14,822,545	$ 13,367,650

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement
$ 11,512,080	$ 20,905,283	$ 4,304,325	$ 13,643,669	$ 42,570,162	$ 27,171,942
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	885,713	19,079,023	-
-	313,329	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
40,328	163,472	6,153,313	101,088	20,328,804	127,941
-	-	-	1,104,699	-	-
-	-	-	-	-	-
-	-	-	272,413	-	-
-	-	-	-	-	-
$ 11,552,408	$ 21,382,084	$ 10,457,638	$ 16,007,582	$ 81,977,989	$ 27,299,883
$ 34,355	$ -	$ 2,893,191	$ 725,346	$ 470,117	$ 616,253
-	-	78,175	136,313	9,611	63,703
-	-	278,226	455	87,223	-
4,033,208	-	19,714	800,777	2,242,879	298,667
-	-	-	10,461	-	211
-	-	-	-	61,133	-
-	-	-	-	-	-
-	-	-	-	-	-
4,067,563	-	3,269,306	1,673,352	2,870,963	978,834
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,078,822	-
-	-	-	-	-	-
7,587	30,754	134	18,510	33,736	24,070
-	-	-	374,246	-	-
7,587	30,754	134	392,756	19,112,558	24,070
-	-	-	272,413	-	-
-	-	-	13,669,061	-	26,296,979
7,477,258	21,351,330	7,188,198	-	59,994,468	-
7,477,258	21,351,330	7,188,198	13,941,474	59,994,468	26,296,979
$ 11,552,408	$ 21,382,084	$ 10,457,638	$ 16,007,582	$ 81,977,989	$ 27,299,883

	Gift	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 2,407,435	$ 4,570,510	$ 468,087	$ 32,970,930	$ 200,979,988
Cash in custody of other officials	20,658	-	35	144,433	70,396,752
Investments	259,296	-	-	1,319,772	1,579,068
Receivables:					
Accounts receivable	193,866	-	-	146,740	72,023,652
Taxes receivable	-	-	-	-	627,281
Intergovernmental receivables	-	-	-	278,963	5,923,084
Accrued interest and dividends	2,304	-	-	-	2,304
Capital lease receivable	-	-	49,495,000	-	49,495,000
Due from other funds	14,952	33,934	7,683	80,293	31,490,614
Due from fiduciary funds	-	-	-	48,457	1,153,156
Due from component units	-	-	192,147	-	192,147
Inventory	-	-	-	166,133	438,546
Prepaid items	-	-	-	-	10,943
Total assets	$ 2,898,511	$ 4,604,444	$ 50,162,952	$ 35,155,721	$ 434,312,535
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 32,609	$ 22,145	$ -	$ 1,340,856	$ 7,995,422
Accrued payroll and related liabilities	-	-	-	104,316	1,885,086
Intergovernmental payables	5,350	121,759	-	-	1,192,907
Due to other funds	11,178	455,888	-	5,966,645	24,395,127
Due to fiduciary funds	-	-	-	-	10,994
Due to component units	-	-	-	3,001,272	3,173,207
Unearned revenues	-	-	-	-	1,325,857
Other liabilities	-	-	-	3,799,881	3,799,881
Total liabilities	49,137	599,792	-	14,212,970	43,778,481
Deferred Inflows of Resources					
Unavailable revenue:					
Licenses, fees and permits	-	-	-	-	107
Sales and charges for services	-	-	-	-	16,895
Settlement income	-	-	-	-	19,078,822
Lease principal payments	-	-	49,495,000	-	49,495,000
Interest	2,002	4,506	193,592	13,940	360,512
Other	-	-	-	5,871	381,913
Total deferred inflows of resources	2,002	4,506	49,688,592	19,811	69,333,249
Fund Balances					
Nonspendable	-	-	-	166,133	449,489
Restricted	2,376,308	4,000,146	474,360	16,673,469	201,659,336
Committed	471,064	-	-	4,083,338	119,091,980
Total fund balances	2,847,372	4,000,146	474,360	20,922,940	321,200,805
Total liabilities, deferred inflows of resources and fund balances	$ 2,898,511	$ 4,604,444	$ 50,162,952	$ 35,155,721	$ 434,312,535



Guru Road

Guru Road is a curious monument of quirky aphorisms and folk art installations built by DeWayne “Doobie” Williams between 1978 and 1992. This mile-long strip of dirt road can be found 2 miles north of Gerlach, NV and is passable with a normal car. The entrance is marked by a street sign which says “Guru Road” and by messages etched into indigenous flat rocks which elaborate “The Wonder Road,” “Maybe Something For You,” and “Remember No Matter What You Think Of This Road The Price Is Right.”

Photos By: Sydney Martinez and Kaitlin Godbey
TravelNevada.com

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2017

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Revenues				
Gaming taxes, fees, licenses	$ -	$ -	$ -	$ 13,366,175
Property and transfer taxes	-	-	-	-
Other taxes	14,023,879	197,108,175	44,203	-
Intergovernmental	67,057,157	-	750,013	-
Licenses, fees and permits	446,449	-	19,169,104	-
Sales and charges for services	595,488	-	3,140	-
Interest and investment income	23,367	121,655	17,986	-
Settlement income	-	-	-	-
Other	1,070	-	474,395	-
Total revenues	82,147,410	197,229,830	20,458,841	13,366,175
Expenditures				
Current:				
General government	-	-	-	-
Health services	-	-	-	-
Social services	77,976,361	-	-	-
Education - K-12 administrative	-	-	-	-
Law, justice and public safety	-	-	-	-
Regulation of business	-	-	20,242,545	-
Recreation, resource development	-	-	-	-
Debt service:				
Interest	-	-	-	162
Debt issuance costs	-	-	-	-
Arbitrage payments	-	-	-	-
Total expenditures	77,976,361	-	20,242,545	162
Excess (deficiency) of revenues over expenditures	4,171,049	197,229,830	216,296	13,366,013
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Refunding certificates of participation issued	-	-	-	-
Payment to refunded certificates of participation agent	-	-	-	-
Payment to refunded bond agent	-	-	-	-
Sale of capital assets	1,297	-	33,059	-
Transfers in	4,290,480	-	218,440	-
Transfers out	(4,144,474)	(163,461,617)	(1,678,249)	(11,688,125)
Total other financing sources (uses)	147,303	(163,461,617)	(1,426,750)	(11,688,125)
Net change in fund balances	4,318,352	33,768,213	(1,210,454)	1,677,888
Fund balances, July 1	12,764,802	86,955,048	12,569,204	5,863,227
Fund balances, June 30	$ 17,083,154	$ 120,723,261	$ 11,358,750	$ 7,541,115

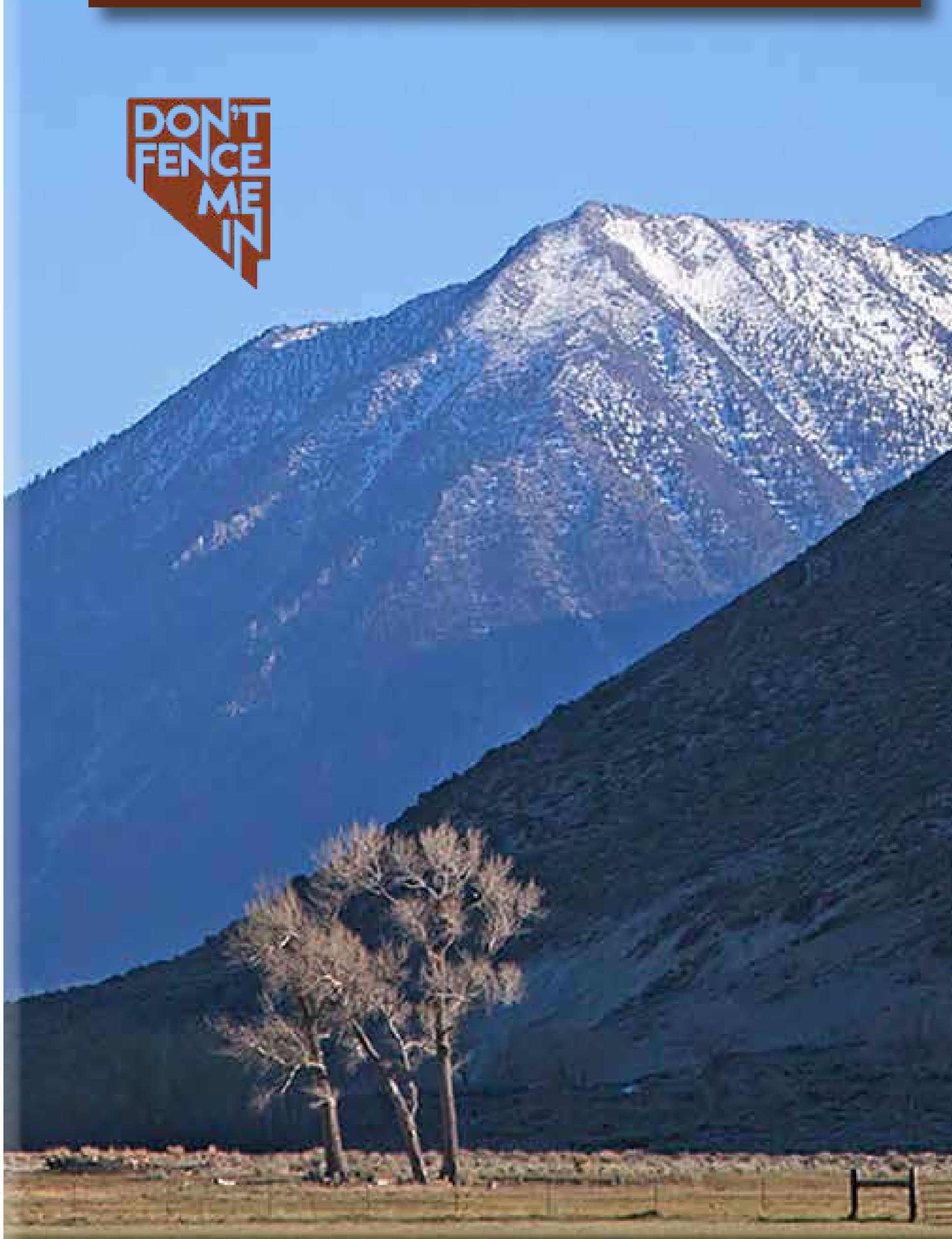
Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement	Gift
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	13,180,018	-	-	-	-	-
13,635,595	-	24,235,049	-	-	-	-
-	15,360,145	-	-	-	-	-
415,487	-	36,455	-	-	-	-
-	-	-	19,559,700	-	-	-
(6,424)	139,139	450	26,798	(40,084)	67,070	(27,349)
-	-	-	-	40,427,052	-	-
22	-	4,254	29,084	1,224	-	484,668
14,044,680	28,679,302	24,276,208	19,615,582	40,388,192	67,070	457,319
-	-	-	-	32,271,411	-	55,706
-	-	-	-	-	-	-
-	1,692,776	-	-	8,561,680	-	94,796
-	-	-	-	-	-	20,397
-	-	-	13,649,954	-	4,328,614	-
-	-	-	-	-	-	-
8,817,935	-	16,747,513	-	-	-	330,291
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,817,935	1,692,776	16,747,513	13,649,954	40,833,091	4,328,614	501,190
5,226,745	26,986,526	7,528,695	5,965,628	(444,899)	(4,261,544)	(43,871)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	27,913,690	10,000,000	420
(5,304,730)	(26,116,186)	(5,900,070)	(2,781,324)	(18,845,813)	(842,174)	-
(5,304,730)	(26,116,186)	(5,900,070)	(2,781,324)	9,067,877	9,157,826	420
(77,985)	870,340	1,628,625	3,184,304	8,622,978	4,896,282	(43,451)
7,555,243	20,480,990	5,559,573	10,757,170	51,371,490	21,400,697	2,890,823
$ 7,477,258	$ 21,351,330	$ 7,188,198	$ 13,941,474	$ 59,994,468	$ 26,296,979	$ 2,847,372

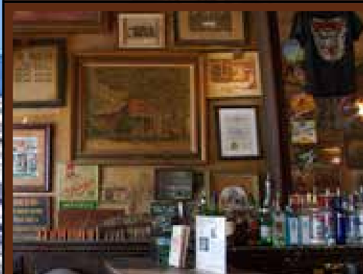
	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Revenues				
Gaming taxes, fees, licenses	$ -	$ -	$ -	$ 13,366,175
Property and transfer taxes	-	-	-	13,180,018
Other taxes	-	-	3,615,403	252,662,304
Intergovernmental	12,292	-	2,049,000	85,228,607
Licenses, fees and permits	-	-	3,567,545	23,635,040
Sales and charges for services	-	-	458,576	20,616,904
Interest and investment income	(1,649)	15,593	151,372	487,924
Settlement income	-	-	-	40,427,052
Other	-	5,177,012	3,521,096	9,692,825
Total revenues	10,643	5,192,605	13,362,992	459,296,849
Expenditures				
Current:				
General government	-	2,849	-	32,329,966
Health services	-	-	330,836	330,836
Social services	-	-	-	88,325,613
Education - K-12 administrative	-	-	-	20,397
Law, justice and public safety	-	-	9,825,138	27,803,706
Regulation of business	-	-	1,039,954	21,282,499
Recreation, resource development	5,781,635	-	-	31,677,374
Debt service:				
Interest	-	-	-	162
Debt issuance costs	167,268	77,352	-	244,620
Arbitrage payments	-	-	-	-
Total expenditures	5,948,903	80,201	11,195,928	202,015,173
Excess (deficiency) of revenues over expenditures	(5,938,260)	5,112,404	2,167,064	257,281,676
Other Financing Sources (Uses)				
Bonds issued	1,502,842	-	-	1,502,842
Refunding bonds issued	12,107,158	-	-	12,107,158
Premium on bonds issued	2,757,162	-	-	2,757,162
Refunding certificates of participation issued	-	3,730,000	-	3,730,000
Payment to refunded certificates of participation agent	-	(4,071,373)	-	(4,071,373)
Payment to refunded bond agent	(14,697,052)	-	-	(14,697,052)
Sale of capital assets	-	-	-	34,356
Transfers in	-	-	592,857	43,015,887
Transfers out	(330,853)	(6,635,672)	(422,244)	(248,151,531)
Total other financing sources (uses)	1,339,257	(6,977,045)	170,613	(203,772,551)
Net change in fund balances	(4,599,003)	(1,864,641)	2,337,677	53,509,125
Fund balances, July 1	8,599,149	2,339,001	18,585,263	267,691,680
Fund balances, June 30	$ 4,000,146	$ 474,360	$ 20,922,940	$ 321,200,805

Genoa

Genoa, pronounced “ju-NO-ah,” is on the eastern side of the Sierra Nevada in Carson Valley, 20 minutes from Lake Tahoe’s world-class skiing. Established in 1851 by Mormon traders, it was called Mormon Station until 1855 when, as legend has it, Judge Orson Hyde named the burgeoning town after Genoa, Italy, the birthplace of Christopher Columbus.

Photos Credit: Sydney Martinez/TravelNevada.com





Combining Balance Sheet
Other Nonmajor Governmental Funds

June 30, 2017

	Debt Service Funds			Capital Projects Funds	
	Consolidated Bond Interest and Redemption	Highway Revenue Bonds	Total	Parks Capital Project Construction	CIP Motor Vehicle
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 126,807,004	$ 30,123,905	$ 156,930,909	$ 508,726	$ 4,418,704
Receivables:					
Intergovernmental receivables	413,900	-	413,900	-	-
Accrued interest and dividends	16,863	-	16,863	-	-
Due from other funds	2,437,744	-	2,437,744	27,283	35,580
Advances to other funds	451,910	-	451,910	-	-
Total assets	$ 130,127,421	$ 30,123,905	$ 160,251,326	$ 536,009	$ 4,454,284
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 24,822	$ -	$ 24,822	$ 1	$ 3,878
Intergovernmental payables	-	-	-	-	-
Contracts payable	-	-	-	-	24,631
Retentions payable	-	-	-	-	448,605
Due to other funds	4,430	-	4,430	536,008	297,913
Due to component units	-	-	-	-	-
Total liabilities	29,252	-	29,252	536,009	775,027
Deferred Inflows of Resources					
Unavailable revenue:					
Interest	146,514	-	146,514	-	3,487
Total deferred inflows of resources	146,514	-	146,514	-	3,487
Fund Balances					
Restricted	-	30,123,905	30,123,905	-	4,119,767
Committed	129,951,655	-	129,951,655	-	(443,997)
Total fund balances	129,951,655	30,123,905	160,075,560	-	3,675,770
Total liabilities, deferred inflows of resources and fund balances	$ 130,127,421	$ 30,123,905	$ 160,251,326	$ 536,009	$ 4,454,284

Capital Projects Funds

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
$ 2,661,149	$ 5,992,824	$ 6,598,396	$ 5,192,843	$ 80,661	$ 44,579,135	$ 70,032,438
-	367,655	-	1,348,722	-	-	1,716,377
-	-	-	-	-	-	-
16,864,003	4,620,134	2,362,674	33,112,190	12,752	213,929	57,248,545
-	-	-	-	-	-	-
$ 19,525,152	$ 10,980,613	$ 8,961,070	$ 39,653,755	$ 93,413	$ 44,793,064	$ 128,997,360
$ -	$ -	$ -	$ 224	$ -	$ -	$ 4,103
-	-	6,120	-	4,191	-	10,311
3,258,943	1,980,798	1,943,379	1,417,419	30,982	-	8,656,152
1,104,824	278,319	112,438	284,988	-	-	2,229,174
125,055	946,553	860,072	75,490	350	6,129,464	8,970,905
15,030,154	-	-	-	-	-	15,030,154
19,518,976	3,205,670	2,922,009	1,778,121	35,523	6,129,464	34,900,799
6,176	-	-	-	-	40,247	49,910
6,176	-	-	-	-	40,247	49,910
-	3,985,074	5,604,002	4,443,410	57,890	38,623,353	56,833,496
-	3,789,869	435,059	33,432,224	-	-	37,213,155
-	7,774,943	6,039,061	37,875,634	57,890	38,623,353	94,046,651
$ 19,525,152	$ 10,980,613	$ 8,961,070	$ 39,653,755	$ 93,413	$ 44,793,064	$ 128,997,360

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017

	Debt Service Funds			Capital Projects Funds	
	Consolidated Bond Interest and Redemption	**Highway Revenue Bonds**	**Total**	**Parks Capital Project Construction**	**CIP Motor Vehicle**
Revenues					
Property and transfer taxes	$ 147,312,251	$ -	$ 147,312,251	$ -	$ -
Motor and special fuel taxes	-	78,896,289	78,896,289	-	-
Intergovernmental	4,897,524	-	4,897,524	-	-
Sales and charges for services	210,632	-	210,632	-	-
Interest and investment income	390,144	-	390,144	5	44,514
Other	-	6	6	-	-
Total revenues	152,810,551	78,896,295	231,706,846	5	44,514
Expenditures					
Current:					
General government	366,782	-	366,782	-	-
Education - higher education	-	-	-	-	-
Capital outlay	-	-	-	36,541	7,792,486
Debt service:					
Principal	114,532,500	48,595,000	163,127,500	-	-
Interest	67,136,665	31,324,601	98,461,266	-	-
Debt issuance costs	-	-	-	-	-
Total expenditures	182,035,947	79,919,601	261,955,548	36,541	7,792,486
Excess (deficiency) of revenues over expenditures	(29,225,396)	(1,023,306)	(30,248,702)	(36,536)	(7,747,972)
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	26,185,819	-	26,185,819	36,528	59,842
Transfers out	-	-	-	-	(297,913)
Total other financing sources (uses)	26,185,819	-	26,185,819	36,528	(238,071)
Net change in fund balances	(3,039,577)	(1,023,306)	(4,062,883)	(8)	(7,986,043)
Fund balances, July 1	132,991,232	31,147,211	164,138,443	8	11,661,813
Fund balances, June 30	$ 129,951,655	$ 30,123,905	$ 160,075,560	$ -	$ 3,675,770

Capital Projects Funds

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	367,655	-	9,309,445	319,610	-	9,996,710
-	-	-	-	-	-	-
-	-	-	-	-	238,502	283,021
-	-	-	-	54	-	54
-	367,655	-	9,309,445	319,664	238,502	10,279,785
-	-	-	-	-	-	-
-	-	-	-	-	10,941,482	10,941,482
-	16,723,590	13,783,693	10,008,860	950,299	-	49,295,469
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	432,646	432,646
-	16,723,590	13,783,693	10,008,860	950,299	11,374,128	60,669,597
-	(16,355,935)	(13,783,693)	(699,415)	(630,635)	(11,135,626)	(50,389,812)
-	-	-	-	-	34,274,913	34,274,913
-	-	-	-	-	3,501,507	3,501,507
-	15,847,829	9,190,907	34,900,215	540,954	-	60,576,275
-	(897,950)	(860,041)	(75,486)	-	(16,641,274)	(18,772,664)
-	14,949,879	8,330,866	34,824,729	540,954	21,135,146	79,580,031
-	(1,406,056)	(5,452,827)	34,125,314	(89,681)	9,999,520	29,190,219
-	9,180,999	11,491,888	3,750,320	147,571	28,623,833	64,856,432
$ -	$ 7,774,943	$ 6,039,061	$ 37,875,634	$ 57,890	$ 38,623,353	$ 94,046,651

	Final Budget	Actual	Variance
General Fund Unbudgeted Activity/Refunds	$ -	$ 1,444,820	$ (1,444,820)
Elected Officials			
Office of the Governor	2,388,465	2,343,817	44,648
Governor's Mansion Maintenance	372,594	284,408	88,186
Science Innovation and Technology	2,078,659	1,953,812	124,847
Budget and Planning	4,006,387	3,799,290	207,097
Internal Audit	1,534,307	1,475,050	59,257
Merit Award Board	1,100	820	280
Governor's Washington Office	259,433	259,433	-
Ethics Commission	843,278	742,800	100,478
High Level Nuclear Waste	2,250,968	1,798,243	452,725
Governor's Office Energy Conservation	1,926,005	1,444,386	481,619
Renewable Energy/Energy Efficiency Loan Program	1,511,836	30,003	1,481,833
Renewable Energy Account	13,952,498	2,787,934	11,164,564
WICHE Loan and Stipend	1,427,895	1,339,265	88,630
WICHE Administration	354,026	312,575	41,451
Lieutenant Governor	589,558	547,798	41,760
Attorney General Administrative Account	30,833,202	27,853,278	2,979,924
Attorney General Extradition Coordinator	674,972	505,044	169,928
Special Litigation Fund	3,090,373	1,907,986	1,182,387
Attorney General Workers' Compensation Fraud	4,178,083	3,381,556	796,527
Attorney General Crime Prevention	401,094	400,566	528
Attorney General Medicaid Fraud	3,645,987	2,010,625	1,635,362
Attorney General Violence Against Women Grants	5,894,643	3,315,258	2,579,385
Attorney General Council For Prosecuting Attorneys	421,014	199,426	221,588
Attorney General Victims of Domestic Violence	441,502	347,965	93,537
Attorney General Forfeiture	315,708	127,131	188,577
Private Investigators Licensing Board	1,983,414	1,475,169	508,245
Secretary of State	33,808,107	19,350,128	14,457,979
Secretary of State HAVA Elections Account	885,105	799,614	85,491
Secretary of State Advisory Committee Gift	62	-	62
Secretary of State Notary Training	457,585	78,930	378,655
Securities Forfeiture Account	99,533	-	99,533
State Treasurer	2,910,667	2,705,512	205,155
Silicosis and Disabled Pensions	118,947	34,725	84,222
Nevada College Savings Trust	4,398,328	3,946,557	451,771
Endowment Account	11,875,033	4,397,364	7,477,669
College Savings Private Entity	83,419	-	83,419
Unclaimed Property	2,299,648	1,882,802	416,846
Controller's Office	5,802,909	5,033,465	769,444
Debt Recovery	1,252,869	191,334	1,061,535
Rainy Day	25,000,000	25,000,000	-
	174,369,213	124,064,069	50,305,144
Legislative–Judicial			
Judicial Branch			
Administrative Office of the Courts	5,340,357	3,219,181	2,121,176
Judicial Programs and Services Division	1,333,452	1,141,648	191,804
Uniform System of Judicial Records	3,145,074	1,426,389	1,718,685
Judicial Education	1,434,148	785,668	648,480
Court of Appeals	2,207,643	2,156,812	50,831
State Judicial Elected Officials	22,039,369	21,488,733	550,636
Judicial Support, Governance and Special Events	1,204,783	1,126,989	77,794
Judicial Retirement System State Share	1,971,801	1,800,399	171,402
Supreme Court	10,986,524	10,289,681	696,843
Specialty Courts	10,751,094	7,951,683	2,799,411
Senior Justice and Senior Judge Program	1,492,610	1,444,686	47,924
Judicial Selection	20,349	20,125	224
Foreclosure Mediation Program	1,671,753	1,514,034	157,719
Law Library Gift Fund	75,494	64,096	11,398
Law Library	1,861,572	1,618,934	242,638
Judicial Discipline	824,737	708,268	116,469
Legislative Branch			
Interim Finance Committee	107,881,839	46,574,127	61,307,712
Legislative Counsel Bureau Disbursement	17,000,000	-	17,000,000
Disaster Relief	8,781,839	33,336	8,748,503

	Final Budget	Actual	Variance
Foreclosure Mediation	$ 1,430,000	$ 300,000	$ 1,130,000
So Nevada Community Project Fund	6,370	-	6,370
	201,460,808	103,664,789	97,796,019
Finance and Administration			
Department of Administration			
Director's Office	768,368	620,247	148,121
Grants Office	401,530	393,408	8,122
Construction Education Account	221,668	161,767	59,901
Commission for Women	12,949	534	12,415
Graffiti Reward Fund	18,478	-	18,478
State Archives	1,587,819	1,489,297	98,522
NSLA - IPS Equipment/Software	48,969	12,829	36,140
Nevada State Library	4,638,021	4,313,173	324,848
Nevada State Library - CLAN	506,667	314,570	192,097
Special Appropriations	12,097,544	12,087,742	9,802
Judicial College/Juvenile and Family Justice	130,430	130,430	-
Roof Maintenance Reserve	659,287	42,500	616,787
Public Works Division Administration	1,056,527	1,015,578	40,949
Public Works Division	350,532	345,703	4,829
Public Works Inspection	5,084,273	4,322,695	761,578
Public Works Retention Payment	1,834	-	1,834
Building Official Admin	4,660,584	1,492,469	3,168,115
State Unemployment Compensation	2,793,942	1,458,662	1,335,280
Hearings and Appeals	4,897,205	4,785,699	111,506
General Fund Salary Adjustment	27,568,874	13,723,439	13,845,435
Stale Claims	2,483,723	722,273	1,761,450
Emergency Fund	320,346	40,505	279,841
Statutory Contingency	4,011,463	1,230,675	2,780,788
Department of Taxation			
Department of Taxation	42,228,778	31,286,094	10,942,684
	116,549,811	79,990,289	36,559,522
Education K-12			
Department of Education			
Distributive School Account	1,518,991,775	1,481,752,972	37,238,803
Educator Effectiveness	17,035,180	9,900,437	7,134,743
School Remediation	197,256,114	169,770,362	27,485,752
State Supplemental School Support	185,070,000	179,165,186	5,904,814
Office of the Superintendent	1,515,395	1,504,141	11,254
Educational Trust Fund	602,325	110,900	491,425
Career and Technical Education	12,801,815	9,948,573	2,853,242
Gear Up	6,902,645	3,817,641	3,085,004
Gear Up Scholarship Trust	7,696,905	363,005	7,333,900
Continuing Education	7,413,274	6,658,901	754,373
Assessments and Accountability	18,239,729	16,700,613	1,539,116
Other State Education Programs	110,931,531	101,083,142	9,848,389
Account for Health Education of Minors	557	-	557
Education Technology Trust	66	-	66
Educator Licensure	3,963,495	1,820,812	2,142,683
Parent Involve & Family Engage	222,897	186,223	36,674
Public Charter School Loan Program	707,053	-	707,053
Office of Early Learning & Development	25,429,126	17,251,691	8,177,435
Student and School Support	199,862,930	139,799,191	60,063,739
Literacy Programs	7,360,184	7,344,323	15,861
Individuals with Disabilities (IDEA)	89,753,996	76,466,541	13,287,455
District Support Services	1,423,758	1,320,435	103,323
Department Support Services	4,291,812	2,528,964	1,762,848
Incentives for Licensed Educational Personnel	2,966,126	1,087,379	1,878,747
Student Indemnification Account	486,334	127,273	359,061
Professional Development Program	13,084,281	12,411,747	672,534
Account for Alternative Schools	7,559,121	448,005	7,111,116
Achievement School District	161,894	127,188	34,706
Standards and Instructional Support	4,143,380	2,996,447	1,146,933
Anti-Bullying Gift Fund	56,011	1,909	54,102
Data Systems Management	3,999,105	3,717,294	281,811
Teacher's School Supplies Reimbursement	3,081,000	2,502,746	578,254

	Final Budget	Actual	Variance
Teach NV Scholarship Prograrm	$ 2,889,988	$ 2,512,283	$ 377,705
State Public Charter School Authority	12,898,789	9,487,703	3,411,086
Commission on Postsecondary Education	413,007	363,564	49,443
	2,469,211,598	2,263,277,591	205,934,007
Higher Education			
Nevada System of Higher Education			
Special Projects	4,427,366	2,386,093	2,041,273
Education for Dependent Children	50,955	-	50,955
University of Nevada, Reno	212,044,643	210,422,734	1,621,909
School of Medical Sciences	43,529,945	43,482,926	47,019
Intercollegiate Athletics - UNR	5,237,224	5,237,214	10
Statewide Programs - UNR	8,225,355	8,225,355	-
University System Administration	4,754,615	4,753,332	1,283
University of Nevada, Las Vegas	272,772,939	271,906,069	866,870
Intercollegiate Athletics - UNLV	7,358,586	7,358,586	-
Agricultural Experiment Station	6,924,917	6,924,917	-
Cooperative Extension Service	5,747,197	5,740,639	6,558
System Computing Center	17,741,761	17,741,761	-
UNLV Law School	14,233,165	14,122,712	110,453
National Direct Student Loan Program	35,793	35,793	-
University Press	422,711	422,710	1
Statewide Programs - UNLV	3,530,711	3,530,711	-
Business Center North	1,994,827	1,994,822	5
Business Center South	1,780,917	1,780,917	-
Anatomical Gift Account	363,487	65,000	298,487
UNLV Dental School	17,592,940	17,443,729	149,211
UNLV School of Medicine	19,567,702	19,567,702	-
Collegiate License Plate Account	474,110	379,327	94,783
Nevada State College at Henderson	22,043,555	21,978,391	65,164
College of Southern Nevada	137,992,475	135,448,059	2,544,416
Laboratory and Research	1,618,029	1,618,029	-
Silver State Opportunity Grant	2,500,000	2,500,000	-
Great Basin College	16,597,484	16,589,421	8,063
Desert Research Institute	7,609,153	7,609,153	-
Western Nevada College	18,008,949	17,628,115	380,834
Truckee Meadows Community College	43,678,922	43,262,110	416,812
	898,860,433	890,156,327	8,704,106
Human Services			
Director's Office			
Administration	1,769,863	1,688,242	81,621
Grants Management Unit	27,046,322	25,763,247	1,283,075
Prevention/Treatment of Problem Gambling	1,876,776	1,255,314	621,462
IDEA Part C Compliance	5,062,512	3,951,892	1,110,620
Developmental Disabilities	896,893	658,027	238,866
Victims of Human Trafficking	97,329	49,470	47,859
Public Defender	3,324,246	3,146,430	177,816
Consumer Health Assistance	1,359,600	1,240,502	119,098
DHR Children's Trust Account	1,106,429	551,995	554,434
UPL Holding Account	9,500,854	7,283,056	2,217,798
Aging and Disability Services Division			
Early Intervention Services	37,626,405	35,930,296	1,696,109
Family Preservation Program	2,930,664	2,833,424	97,240
Rural Regional Center	18,906,418	17,233,643	1,672,775
Desert Regional Center	126,616,712	115,760,868	10,855,844
Sierra Regional Center	42,498,294	40,014,083	2,484,211
Aging Federal Programs and Administration	28,526,303	24,186,864	4,339,439
Senior Tax Assistance Rebate	4,955,702	507,717	4,447,985
Disability Services	42,195,960	34,735,383	7,460,577
Division of Health Care Financing and Policy			
Intergovernmental Transfer Program	210,648,787	181,604,158	29,044,629
Health Care Financing and Policy	219,633,137	168,278,804	51,354,333
Increased Quality of Nursing Care	34,610,575	32,849,847	1,760,728
Nevada Check-Up Program	51,880,949	47,212,545	4,668,404
Nevada Medicaid	3,671,089,563	3,554,479,256	116,610,307
Division of Public and Behavioral Health			
Radiation Control Program	5,149,413	2,974,075	2,175,338

	Final Budget	Actual	Variance
Cancer Control Registry	$ 978,431	$ 580,917	$ 397,514
Behavioral Health Prevention & Treatment	42,551,189	33,353,650	9,197,539
Health Statistics and Planning	3,295,101	1,694,753	1,600,348
Consumer Protection	2,387,478	1,672,184	715,294
So NV Adult Mental Health Services	89,022,230	80,494,596	8,527,634
No NV Adult Mental Health Services	32,959,236	29,554,559	3,404,677
Behavioral Health Administration	5,166,009	3,071,876	2,094,133
Facility for the Mental Offender	11,574,998	11,180,845	394,153
Alcohol Tax Program	1,395,550	1,311,388	84,162
Rural Clinics	14,767,438	12,692,661	2,074,777
Immunization Program	8,581,215	7,380,452	1,200,763
Medical Marijuana Establishments	3,329,632	1,938,850	1,390,782
Marijuana Health Registry	4,095,805	2,315,604	1,780,201
WIC Food Supplement	75,909,575	63,564,720	12,344,855
Communicable Diseases	38,273,338	23,364,251	14,909,087
Health Care Facility Reg	20,197,399	10,036,017	10,161,382
Health Facilities-Admin Penalty	179,681	73,703	105,978
Public Health Preparedness Program	13,426,177	11,127,449	2,298,728
Biostatistics and Epidemiology	9,440,929	6,562,327	2,878,602
Chronic Disease	10,129,546	9,194,254	935,292
Maternal Child Health Services	13,189,675	8,923,707	4,265,968
Office of State Health Administration	10,497,057	8,482,524	2,014,533
Community Health Services	3,773,393	2,687,280	1,086,113
Emergency Medical Services	1,131,049	925,368	205,681
Child Care Services	1,790,342	1,430,329	360,013
Division of Welfare and Supportive Services			
Welfare Administration	63,318,322	44,884,779	18,433,543
Temp Assistance for Needy Families	48,056,139	41,395,082	6,661,057
Assistance to Aged and Blind	9,988,730	9,790,000	198,730
Welfare Field Services	116,352,408	110,091,853	6,260,555
Child Support Enforcement Program	53,018,203	13,869,088	39,149,115
Child Support Federal Reimbursement	27,265,939	24,744,289	2,521,650
Child Care Assistance and Development	54,943,109	51,021,251	3,921,858
Energy Assistance - Welfare	24,551,473	16,853,027	7,698,446
Division of Child and Family Services			
Community Juvenile Justice Programs	3,913,133	3,166,218	746,915
Washoe County Integration	36,874,824	35,500,706	1,374,118
Clark County Child Welfare	106,744,408	104,822,414	1,921,994
UNITY/SACWIS	6,080,459	5,726,677	353,782
Children, Youth and Family Administration	36,459,200	28,786,213	7,672,987
Youth Alternative Placement	4,191,465	4,191,465	-
Juvenile Correctional Facility	7,798,846	7,557,143	241,703
Caliente Youth Center	9,870,626	8,382,268	1,488,358
Victims of Domestic Violence	3,934,346	2,873,603	1,060,743
Rural Child Welfare	20,531,541	19,103,123	1,428,418
Transition from Foster Care	2,572,680	1,512,507	1,060,173
Review of Death of Children	479,737	78,671	401,066
Nevada Youth Training Center	9,715,605	7,630,997	2,084,608
Youth Parole Services	6,089,927	6,000,505	89,422
Farm Account - Youth Training Center	6,650	-	6,650
No NV Child and Adolescent Services	9,629,787	8,910,178	719,609
So NV Child and Adolescent Services	34,075,752	28,243,174	5,832,578
Department of Employment, Training and Rehabilitation			
Blind Business Enterprise Program	5,111,510	1,470,236	3,641,274
Services to the Blind	4,861,700	3,430,049	1,431,651
Vocational Rehabilitation	22,409,256	16,337,976	6,071,280
Rehabilitation Administration	1,415,325	1,019,522	395,803
Disability Adjudication	19,799,374	15,784,635	4,014,739
Office of Equal Rights	1,653,251	1,474,836	178,415
NV P20 Workforce Reporting	1,126,355	926,338	200,017
DETR Administrative Services	5,654,686	4,810,612	844,074
Research and Analysis	3,111,388	2,592,695	518,693
Information Develoment and Processing	15,294,545	11,286,306	4,008,239
	5,744,252,878	5,282,071,838	462,181,040

	Final Budget	Actual	Variance
Commerce and Industry			
Office of Economic Development			
Governor's Office of Economic Development	$ 12,833,619	$ 7,916,258	$ 4,917,361
WINN	3,328,000	1,654,087	1,673,913
Motion Pictures	793,889	675,174	118,715
Rural Community Development	2,600,782	2,534,696	66,086
NV SSBCI Program	10,269,558	2,442,648	7,826,910
Nevada Catalyst Fund	7,928,461	1,984,457	5,944,004
GOED Nevada Knowledge Fund	12,539,697	8,528,680	4,011,017
Small Business and Procurement	722,125	673,310	48,815
Commission on Mineral Resources			
Minerals	3,439,428	2,044,743	1,394,685
Bond Reclamation	5,068,758	400,170	4,668,588
Department of Agriculture			
Nevada Beef Council	236,139	196,769	39,370
Commodity Food Program	17,976,138	13,943,047	4,033,091
Nutrition Education Programs	189,022,442	155,485,632	33,536,810
Weed Abatement and Control	102,994	-	102,994
Plant Health and Quarantine Services	393,870	331,966	61,904
Grade and Certification of Ag Products	20,117	3,943	16,174
Agriculture Research and Promotion	108,181	9,833	98,348
Agricultural Registration/Enforcement	5,434,966	2,718,208	2,716,758
Livestock Inspection	1,762,928	1,357,950	404,978
Agriculture License Plates	36,847	21,600	15,247
Veterinary Medical Services	1,175,277	1,145,310	29,967
Consumer Equitibility	3,403,279	2,297,727	1,105,552
Pest, Plant Disease and Noxious Weed	1,330,374	789,399	540,975
Junior Agricultural Loan Program	3,545	-	3,545
Agriculture Administration	2,399,428	2,283,546	115,882
Rangeland Resources Commission	260,479	116,682	143,797
Predatory Animal and Rodent Control	781,131	744,010	37,121
Department of Tourism and Cultural Affairs			
Governor's Portrait Fund	25,000	-	25,000
Lost City Museum	489,912	420,564	69,348
Nevada Historical Society	619,138	597,360	21,778
Nevada State Museum	1,828,680	1,557,373	271,307
Museums and History Administration	431,347	425,356	5,991
Nevada State Museum, Las Vegas	1,610,459	1,394,644	215,815
State Railroad Museums	1,974,351	1,468,025	506,326
Nevada Humanities	75,000	75,000	-
Nevada Arts Council	2,838,602	2,619,603	218,999
Indian Commission	612,637	457,954	154,683
Stewart Indian School Living Legacy	344,885	139,491	205,394
Gaming Control Board			
Gaming Control Board	48,409,574	42,930,470	5,479,104
Gaming Control Federal Forfeiture	4,311,073	4,424	4,306,649
Gaming Control - Forfeiture Account	561,904	-	561,904
Gaming Control - Other State Forfeiture	500,440	-	500,440
Federal Forfeiture Treasury	6,093,235	251,839	5,841,396
Gaming Commission	464,447	366,382	98,065
Department of Business and Industry			
Business and Industry Administration	4,679,414	4,384,306	295,108
Office of Business and Planning	415,262	374,213	41,049
Nevada Home Retention Program	48,000,000	47,998,122	1,878
Industrial Development Bonds	845,174	1,930	843,244
Special Housing Assistance	1,222,003	398	1,221,605
Low Income Housing Trust Fund	22,394,430	4,552,098	17,842,332
DOE Weatherization	8,680,696	5,442,629	3,238,067
Employee Management Relations	1,034,138	374,987	659,151
Common Interest Communities	4,001,614	2,257,630	1,743,984
Real Estate	3,969,826	3,583,896	385,930
Athletic Commission	2,548,123	904,989	1,643,134
Labor Relations	1,810,229	1,592,308	217,921
Division of Mortgage Lending	9,230,736	2,553,944	6,676,792
Attorney for Injured Workers	3,596,031	3,471,622	124,409

	Final Budget	Actual	Variance
Financial Institutions Investigations	$ 1,314,817	$ 50,819	$ 1,263,998
Financial Institutions	6,589,195	3,474,657	3,114,538
Financial Institutions Audit	252,421	50,320	202,101
Transportation Services Authority	4,944,883	3,732,282	1,212,601
TSA Administrative Fines	920,610	141,123	779,487
	481,612,738	347,950,603	133,662,135
Public Safety			
Department of Corrections			
Prison Medical Care	50,149,961	49,865,978	283,983
AB505 79th One-shot 3706 & 3710	6,525,233	-	6,525,233
Corrections Administration	22,652,373	22,312,654	339,719
Correctional Programs	9,049,431	7,850,609	1,198,822
Endowment Fund Historical Preservation of NSP	52,518	-	52,518
So Nevada Correctional Center	229,808	221,393	8,415
Warm Springs Correctional Center	10,844,958	10,616,555	228,403
No Nevada Correctional Center	27,910,159	27,674,922	235,237
Nevada State Prison	96,528	95,398	1,130
Stewart Conservation Camp	1,827,997	1,737,634	90,363
Pioche Conservation Camp	1,826,857	1,697,089	129,768
No. Nevada Transitional Housing	1,534,495	1,505,221	29,274
Three Lakes Valley Conservation Camp	2,486,433	2,441,044	45,389
Southern Desert Correctional Center	24,350,051	24,159,445	190,606
Wells Conservation Camp	1,278,994	1,173,663	105,331
Humboldt Conservation Camp	1,364,269	1,297,118	67,151
Ely Conservation Camp	1,383,778	1,243,959	139,819
Jean Conservation Camp	1,598,283	1,557,032	41,251
Silver Springs Conservation Camp	3,873	3,509	364
Ely State Prison	26,997,399	26,829,842	167,557
Carlin Conservation Camp	1,308,677	1,197,514	111,163
Tonopah Conservation Camp	1,260,121	1,183,192	76,929
Lovelock Correctional Center	23,993,113	23,612,024	381,089
Florence McClure Women's Correctional Center	15,053,444	14,972,783	80,661
High Desert State Prison	49,902,281	49,826,509	75,772
Casa Grande Transitional Housing	4,492,050	4,389,214	102,836
Department of Public Safety			
Emergency Management Division	5,658,817	4,124,970	1,533,847
Emergency Mgmt Assistance Grant	18,327,434	12,241,876	6,085,558
Emergency Assistance Subaccount	302,946	219,259	83,687
Disaster Response and Recovery Account	6,481,315	2,185,042	4,296,273
Parole and Probation	50,079,334	49,252,236	827,098
Fund for Reentry Programs	5,000	-	5,000
Investigations	7,855,020	6,646,891	1,208,129
Training Division	1,098,542	1,082,207	16,335
Parole Board	2,675,984	2,626,817	49,167
Fire Marshal	3,569,890	3,332,637	237,253
Traffic Safety	12,395,317	6,383,374	6,011,943
Highway Safety Plan and Administration	7,666,015	3,647,410	4,018,605
Motorcycle Safety Program	844,333	408,225	436,108
Public Safety General Services	9,078,360	7,473,468	1,604,892
K-9 Program	53,176	49,294	3,882
Forfeitures	1,715,762	903,353	812,409
Justice Assistance Account	2,112,213	1,379,684	732,529
Justice Assistance Grant	3,505,616	2,025,680	1,479,936
Criminal History Repository	28,422,765	16,604,148	11,818,617
Office of Homeland Security	448,104	435,340	12,764
Child Volunteer Background Checks Trust	15,087	15,087	-
Contingency Account for Haz Mat	881,132	270,203	610,929
Cigarette Fire Safety Standard	160,139	44,873	115,266
Justice Grant	579,576	421,817	157,759
Dignitary Protection	1,099,127	777,668	321,459
Department of Motor Vehicles			
Motor Vehicle Pollution Control	12,673,210	10,036,477	2,636,733
Peace Officers Standards and Training	2,699,526	2,043,431	656,095
	468,576,824	412,095,768	56,481,056

	Final Budget	Actual	Variance
Infrastructure			
Department of Wildlife			
Conservation Education	$ 2,680,555	$ 2,291,425	$ 389,130
Law Enforcement	7,396,069	6,884,385	511,684
Game Management	10,464,863	9,571,887	892,976
Fisheries Management	8,103,695	7,609,574	494,121
Diversity	2,174,171	1,998,631	175,540
Habitat	9,352,909	8,789,713	563,196
Wildlife Director's Office	4,261,139	3,927,449	333,690
Wildlife Operations	8,420,150	7,258,479	1,161,671
Wildlife Heritage Account	9,217,553	748,926	8,468,627
Wildlife Fund	38,171,956	20,141,361	18,030,595
Wildlife Habitat Enhancements	6,083,552	364,062	5,719,490
Department of Conservation and Natural Resources			
State Environmental Commission	176,866	103,713	73,153
Natural Resources Administration	3,945,688	3,912,427	33,261
Conservation and Natural Resources Gift	253,937	23,707	230,230
NV State Parks/Cultural Resources Endowment	510,000	-	510,000
Water Resources Legal Cost	2,192,094	50,195	2,141,899
Tahoe Regional Planning Agency	16,528,859	1,930,187	14,598,672
Conservation Districts	601,788	538,107	63,681
Cultural Resource Program	1,005,165	157,627	847,538
Historic Preservation and Archives	1,513,265	1,290,071	223,194
Comstock Historic District	217,958	202,564	15,394
Comstock Historical District Gifts	18,576	1,675	16,901
Parks Federal Grant Programs	8,255,748	1,224,861	7,030,887
State Parks	18,936,897	11,881,202	7,055,695
State Parks Interpretive and Educational Program	1,278,911	691,045	587,866
Maintenance of State Parks	3,503,427	957,106	2,546,321
State Parks Facility and Grounds Maintenance	14,800,202	106,252	14,693,950
Coyote Srings Groundwater Basin	41,115	1,899	39,216
Flood Control Revenue Fund	250,000	-	250,000
USGS Co-Op	854,941	508,983	345,958
Groundwater Recharge Projects	254,174	73,077	181,097
Water Right Surveyors	66,168	19,546	46,622
Well Driller's Licenses	57,167	9,652	47,515
Water Resources	8,769,381	6,400,643	2,368,738
Water Resources Cooperative Project	2,226,747	742,627	1,484,120
State Engineer Revenue	261,114	75,300	185,814
Little Humboldt River	140,309	89,011	51,298
Quinn River Distribution	73,066	1,757	71,309
Water Studies	277,000	-	277,000
Adjudication Emergency	16,000	-	16,000
Channel Clearance	322,890	-	322,890
Steptoe Valley Water Basin	32,738	4,794	27,944
Diamond Valley Ground Water	111,473	23,728	87,745
Lake Valley Ground Water Basin	58,033	3,031	55,002
Middle Reese River Ground Water Basin	49,143	31,577	17,566
Dixie Creek/10 Mi Ground Water	14,869	4,675	10,194
Churchill Valley Ground Water	23,313	1,719	21,594
Colorado River Valley	16,421	-	16,421
Washoe Valley Ground Water	23,164	1,937	21,227
Amargosa Valley Ground Water	30,662	9,230	21,432
Las Vegas Basin Water District	4,853,920	1,887,388	2,966,532
San Emidio Desert Ground Water Basin	9,897	1,358	8,539
Hualapai Flat Ground Water Basin	11,118	3,302	7,816
Pine Forest Valley Water Basin	14,661	5,495	9,166
Kings River Valley Water Basin	17,700	4,531	13,169
Desert Valley Water Basin	13,847	4,770	9,077
Silver State Valley Water Basin	11,396	3,690	7,706
Quinn River Valley Water Basin	33,078	8,932	24,146
Kobeh Valley Groundwater Basin	15,702	3,906	11,796
Mary's River Water Basin	15,810	11,694	4,116
Mesquite Valley (Sandy Valley)	6,000	1,138	4,862
Lamoille Valley Water Basin	6,205	4,450	1,755
Panaca Valley Groundwater	7,313	2,611	4,702

	Final Budget	Actual	Variance
Huntington Valley Water Basin	$ 6,933	$ 5,126	$ 1,807
Elko Segment Water Basin	19,952	13,823	6,129
Penoyer Valley Groundwater	8,428	2,263	6,165
Mary's Creek Area Water Basin	5,212	2,683	2,529
Pine Valley Water Basin	11,533	9,601	1,932
Winnemucca Segment Water Basin	25,934	19,831	6,103
Fernley Area Water Basin	8,520	1,138	7,382
Tracy Segment Water Basin	5,993	722	5,271
Spanish Springs Valley Water Basin	8,745	722	8,023
Lake Tahoe Water Basin	11,373	722	10,651
Truckee Cyn Segment Water Basin	8,064	722	7,342
Carson Desert Water Basin	8,262	722	7,540
Antelope Valley Water Basin 106	3,767	-	3,767
Buena Vista Valley Water Basin	6,476	1,886	4,590
Muddy River Surface Water	32,138	10,946	21,192
Pahranagat Lake	98,429	42,271	56,158
Pahrump Artesian Basin	234,780	41,299	193,481
Boulder Flat Ground Water	164,231	115,933	48,298
Dayton Valley Ground Water	39,722	3,389	36,333
Mason Valley Ground Water	163,304	70,215	93,089
Humboldt Water District	287,189	176,564	110,625
Water District Revenue Fund	4,729,192	2,000,000	2,729,192
Smith Valley Artesian Basin	57,960	21,191	36,769
Currant Creek	3,419	-	3,419
Duckwater Creek	46,354	14,688	31,666
Paradise Valley Ground Water	95,677	72,362	23,315
Upper White River	7,915	1,636	6,279
Muddy River Springs	13,627	4,411	9,216
Kingston Creek	7,691	2,141	5,550
Warm Springs/Winnemucca Creek	20,162	1,323	18,839
Eagle Valley	111,731	8,402	103,329
Carson Valley Ground Water	96,001	12,874	83,127
Fish Lake Valley Artesian	29,757	6,542	23,215
Carico Creek	3,614	-	3,614
Lemmon Valley	78,720	7,872	70,848
Truckee Meadows/Sun Valley	214,408	32,577	181,831
Antelope Valley Ground Water Basin	42,798	19,215	23,583
Warm Springs Ground Water	42,093	2,344	39,749
Lower Moapa Valley Groundwater	14,992	663	14,329
Honey Lake Valley	23,396	1,143	22,253
Whirlwind Valley	23,052	13,933	9,119
Crescent Water Groundwater	55,877	43,210	12,667
Pumpernickel Valley	24,974	20,102	4,872
Clovers Area Groundwater	54,252	33,364	20,888
Cold Springs Valley	32,579	722	31,857
Imlay Ground Water	11,038	8,512	2,526
Kelly Creek Ground Water	50,114	34,579	15,535
Lower Reese River Valley	35,136	22,295	12,841
Maggie Creek	74,369	55,112	19,257
North Fork Ground Water	22,373	13,335	9,038
Pleasant Valley	15,386	1,203	14,183
Starr Valley Ground Water Basin	1,608	847	761
Carico Lake Valley Ground Water	1,998	1,205	793
Upper Reese River Valley Water Basin	3,581	1,895	1,686
Rock Creek Valley Ground Water	1,126	678	448
Willow Creek Valley Ground Water	2,870	1,730	1,140
Pumpernickel Valley Ground Water	8,813	5,872	2,941
Little Humboldt Valley Ground Water	4,646	2,484	2,162
Lovelock & Oreana Sub-area Ground Water	2,992	59	2,933
Big Smokey Valley Ground Water	9,008	-	9,008
Indian Springs Valley Ground Water	2,000	69	1,931
Clover Valley Ground Water Basin	2,111	-	2,111
Goshute Valley Ground Water Basin	2,019	-	2,019
Pahranagat Valley Ground Water Basin	4,000	-	4,000
Black Mountain Area Ground Water Basin	2,000	-	2,000
Forestry	20,173,688	11,487,796	8,685,892
Garnet Valley Ground Water Basin	2,000	-	2,000

	Final Budget	Actual	Variance
Forest Fire Suppression/Emergency Response	$ 15,333,181	$ 12,081,801	$ 3,251,380
Forestry Conservation Camps	10,849,719	8,824,937	2,024,782
Wildland Fire Protection Program	4,684,067	1,195,878	3,488,189
Tahoe License Plates	2,224,007	234,335	1,989,672
Nevada Tahoe Regional Planning Agency	1,319	540	779
State Lands	1,925,207	1,533,688	391,519
State Lands Revolving Account	62,748	10,500	52,248
Tahoe Bond Sale	886,390	38,320	848,070
Tahoe Mitigation	3,356,353	250,649	3,105,704
Sagebrush Ecosystem Account	3,092,445	384,225	2,708,220
Nevada Natural Heritage	876,691	784,223	92,468
AB9/Q1 Bonds	5,942,894	1,148,801	4,794,093
Storage Tank Management	339,934	-	339,934
Environmental Protection Administration	7,398,704	5,800,412	1,598,292
Chemical Hazard Prevention	1,668,218	343,243	1,324,975
Dep Industrial Site Cleanup	9,278,629	3,416,317	5,862,312
Reclamation Surety Account	49,722,384	3,488,342	46,234,042
Air Quality Management Account	9,937,881	3,010,318	6,927,563
Air Quality	8,631,638	6,267,851	2,363,787
Bureau of Water	7,856,437	3,745,885	4,110,552
Water Quality Planning	3,603,613	3,125,994	477,619
Safe Drinking Water Regulatory Program	5,356,616	3,408,526	1,948,090
Bureau of Waste Management and Corrective Actions	15,193,462	9,259,070	5,934,392
Mining Regulation/Reclamation	6,997,134	3,109,138	3,887,996
Interim Fluid Management Trust	1,296,011	-	1,296,011
Hazardous Waste Management	19,583,466	4,640,109	14,943,357
Hazardous Waste - Beatty Site	10,810,072	-	10,810,072
Water Planning - Capital Improvement	48,972	7,367	41,605
Off-highway Vehicle Commission	3,277,699	315,139	2,962,560
	436,710,521	193,507,654	243,202,867
Special Purpose Agencies			
Department of Veterans' Services			
Department of Veterans' Services	4,328,240	3,548,225	780,015
Veterans' Home Account	25,657,613	18,610,837	7,046,776
Veterans' Home Gift Fund	6,278	-	6,278
Veterans' Home Donation	61,220	17,039	44,181
Veterans' Gifts and Donations	447,600	114,505	333,095
Gift Account for Veterans	1,795,732	838,457	957,275
Fallen Soldier Gift Fund	1,200	-	1,200
Veterans' Memorial Gift Account	4,430	-	4,430
Office of the Military			
Military	25,958,535	19,643,130	6,315,405
Military Emergency Operations Center	599,354	301,556	297,798
Adjutant General Special Facilities Account	57,275	-	57,275
National Guard Benefits	57,824	57,762	62
Patriot Relief Account	134,245	108,962	25,283
Silver State Health Insurance Exchange Admin	25,494,558	9,026,669	16,467,889
Deferred Compensation Committee	446,241	324,679	121,562
Civil Air Patrol	48,468	24,427	24,041
	85,098,813	52,616,248	32,482,565
Appropriated Transfers to Other Funds			
Legislative Fund	50,596,729	50,596,729	-
Attorney General Special Fund	666,375	666,375	-
Highway Fund	147,912	147,912	-
Millennium Scholarship Fund	20,000,000	20,000,000	-
Capital Project Funds	49,759,701	49,759,701	-
Internal Service Funds	90,544	90,544	-
	121,261,261	121,261,261	-
Reversions to Other Funds			
Reversion to Highway Fund	-	15,736,939	(15,736,939)
Reversion to Tourism Promotion Fund	-	135,427	(135,427)
Reversion to Contingency Fund	-	688,730	(688,730)
	-	16,561,096	(16,561,096)
Projected Reversions	(40,000,000)	-	(40,000,000)
Total General Fund	$ 11,157,964,898	$ 9,888,662,353	$ 1,269,302,545

	Final Budget	Actual	Variance
State Highway			
Finance and Administration			
Unbudgeted Activity	$ -	$ 177,968	$ (177,968)
Appropriations to Other Funds	26,548,876	26,548,876	-
Infrastructure			
Transportation Administration	842,696,386	763,903,576	78,792,810
Bond Construction	379,188,227	179,766,027	199,422,200
Aviation Trust Fund	195,367	75,482	119,885
AB 595 Revenue Rental Car Tax	2,460	-	2,460
AB 595 Revenue Clark Co.	49,786,793	10,159,984	39,626,809
AB 595 Revenue Washoe Co.	7,501,461	3,018	7,498,443
NDOT - SB 5 RTC Public Road Project	17,517,479	1,851,413	15,666,066
System of Providing Information to the Traveling Public	632,902	284,387	348,515
Public Safety			
Director's Office - Public Safety	3,185,918	2,794,430	391,488
Professional Responsibility	760,387	719,965	40,422
PS Highway Safety Grants Account	2,992,005	1,718,318	1,273,687
Emergency Response Commission	2,887,709	1,180,867	1,706,842
Highway Patrol	77,403,535	73,486,547	3,916,988
Evidence Vault	647,660	584,896	62,764
Department of Motor Vehicles			
System Modernization	22,101,811	10,589,759	11,512,052
Records Search	7,567,635	7,471,665	95,970
Motor Vehicle Information Technology	9,637,285	8,840,025	797,260
Motor Carrier	5,861,349	4,192,627	1,668,722
Public Safety One Shots	10,135,767	-	10,135,767
Verification of Insurance	2,710,444	1,950,143	760,301
License Plate Factory	7,846,213	5,766,001	2,080,212
Hearings - DMV	1,229,805	1,197,612	32,193
Special Plates Trust Account	2,317,115	1,105,503	1,211,612
Salvage Titles Trust Account	445,884	164,096	281,788
DMV Local Fuel Tax Indexing Fund	126,842	1,649	125,193
DMV Special Fuel Ind Reimb Clark	3,612,750	3,049,851	562,899
DMV Field Services	52,874,265	46,319,395	6,554,870
Forfeitures	206	-	206
Compliance Enforcement	5,100,357	4,624,444	475,913
Central Services	12,199,511	10,481,774	1,717,737
Management Services	1,664,644	1,462,723	201,921
Admin Off Highway Vehicle Titling and Registration	1,375,182	1,225,182	150,000
Assistance of Off Highway Vehicle Titling	26,825	-	26,825
Director's Office - DMV	4,980,366	4,691,370	288,996
Administrative Services	15,883,254	14,566,702	1,316,552
Debt Service Transfers			
Debt Service	78,896,289	78,896,289	-
Projected Reversions	(86,400,842)	-	(86,400,842)
Total	1,572,140,122	1,269,852,564	302,287,558
Municipal Bond Bank			
Elected Officials			
Municipal Bond Bank Revenue	26,418,181	8,051,996	18,366,185
Total	26,418,181	8,051,996	18,366,185
Employment Security			
Human Services			
Employment Security	98,575,141	80,779,142	17,795,999
Employment Security Special Fund	6,806,629	1,465,864	5,340,765
Total	105,381,770	82,245,006	23,136,764
Unemployment Comp Bond Fund			
Elected Officials			
Unemployment Comp Bond Account	246,227,623	179,328,822	66,898,801
Total	246,227,623	179,328,822	66,898,801
Regulatory			
Commerce and Industry			
Manufactured Housing	1,996,158	1,996,158	-
Real Estate Education and Research	1,225,513	505,612	719,901
Real Estate Recovery	1,069,360	538,719	530,641

	Final Budget	Actual	Variance
Mobile Home Parks	$ 443,460	$ 436,826	$ 6,634
Mfg Housing-Education/Recovery	436,656	436,655	1
Regulatory Fund	15,178,869	11,206,803	3,972,066
Administrative Fines	113,640	113,640	-
Taxicab Authority	12,153,895	6,329,649	5,824,246
Dairy Commission	1,988,901	980,479	1,008,422
Total	34,606,452	22,544,541	12,061,911
Higher Education Capital Construction			
Finance and Administration			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	8,540,027	8,540,027	-
Total	13,540,027	13,540,027	-
Cleaning Up Petroleum Discharges			
Infrastructure			
Petroleum Clean-Up Trust Fund	21,750,000	14,122,666	7,627,334
Total	21,750,000	14,122,666	7,627,334
Hospital Care to Indigent Persons			
Finance and Administration			
Supplemental Fund - Indigents	52,123,683	27,808,962	24,314,721
Total	52,123,683	27,808,962	24,314,721
Tourism Promotion			
Commerce and Industry			
Tourism Development	195,495	187,551	7,944
Division on Tourism	29,745,369	22,557,473	7,187,896
Total	29,940,864	22,745,024	7,195,840
Offenders' Store			
Public Safety			
Offenders' Store Fund	33,112,864	16,338,115	16,774,749
Inmate Welfare Account	4,599,572	4,262,045	337,527
Total	37,712,436	20,600,160	17,112,276
Tobacco Settlement			
Elected Officials			
Millennium Scholarship Fund	60,462,018	31,948,531	28,513,487
Millennium Scholarship Administration	361,243	313,690	47,553
Guinn Memorial Millennium Scholarship Fund	435,213	9,000	426,213
Trust Fund for Healthy Nevada	58,092,499	26,689,003	31,403,496
MSA Compliance Administration	1,016,736	718,301	298,435
Human Services			
Tobacco Settlement Program	6,211,654	5,979,429	232,225
Senior RX and Disability RX	3,325,000	3,074,029	250,971
Total	129,904,363	68,731,983	61,172,380
Attorney General Settlement			
Public Safety			
National Settlement Administration	31,513,862	5,168,726	26,345,136
Total	31,513,862	5,168,726	26,345,136
Gift			
Education			
Education Gift Fund	46,082	20,397	25,685
Library and Archives Gift Fund	583,212	45,379	537,833
Human Services			
Rural Services Gift Account	12,722	-	12,722
SNAMHS Gift Fund	29,301	-	29,301
Public Health Gift Fund	53,076	5,357	47,719
Aging Services Gift	63,148	1,772	61,376
CBS Washoe Gift Fund	23,025	12,176	10,849
Indian Commission Gift Acct	67,853	38,559	29,294
Hospital Gift Fund	239,668	244	239,424
SRC Gift Fund	10,920	-	10,920
NV Equal Rights Commission Gift Fund	5,267	-	5,267
Blind Gift Fund	436,337	-	436,337
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	17,015	58	16,957

	Final Budget	Actual	Variance
Henry Woods Christmas Fund	$ 1,155	$ -	$ 1,155
Nevada Children's Gift Account	592,524	35,396	557,128
CYC Gift Fund	1,156	-	1,156
Youth Training Center Gift Fund	30,901	5,000	25,901
DRC Gift Fund	6,712	409	6,303
Infrastructure			
Wildlife Trust Account	850,481	284,725	565,756
Park Gift and Grants	290,589	45,566	245,023
Total	3,371,031	495,038	2,875,993
Natural Resources			
Infrastructure			
Grants To Water Purveyors	1,143,655	837,744	305,911
Erosion Control Bond Q12	331,790	14,792	316,998
Lake Tahoe 2016D Bonds	1,515,000	-	1,515,000
Protect Lake Tahoe	7,496,067	5,259,953	2,236,114
Total	10,486,512	6,112,489	4,374,023
Miscellaneous			
Elected Officials			
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	6,676,840	3,316,362	3,360,478
Unfair Trade Practices	750,000	27,103	722,897
Commerce and Industry			
Lot Rent Trust Subsidy	637,291	632,497	4,794
Museums and History Board Trust	153,246	134,349	18,897
Museums Administrator Trust	43,508	23,963	19,545
Nevada Historical Society Trust	2,375,417	68,234	2,307,183
Nevada State Museum Trust	1,567,738	379,752	1,187,986
Nevada Railroad Museum Trust	422,022	201,047	220,975
Lost City Museum Trust	132,833	95,967	36,866
LV Museum and Historical Society Trust	97,636	51,925	45,711
Human Services			
Radioactive Material Disposal	1,083,134	333,736	749,398
Finance and Administration			
Victims of Crime	19,507,615	6,643,510	12,864,105
Total	33,447,405	11,908,445	21,538,960
Legislative (Non-GAAP Fund)			
Legislative Branch			
Nevada Legislative Interim	682,860	659,448	23,412
Legislative Counsel Bureau	61,370,347	49,009,462	12,360,885
Audit Contingency Account	397,464	345,000	52,464
Total	62,450,671	50,013,910	12,436,761
Total Special Revenue Funds	$ 2,411,015,002	$ 1,803,270,359	$ 607,744,643

Schedule of Sources - Budget and Actual, Non-GAAP Budgetary Basis
All Nonmajor Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Employment Security			**Unemployment Compensation Bond**		
Fund balances, July 1	$ 12,347,563	$ 12,347,563	$ -	$ -	$ -	$ -
Revenues:						
Federal	75,460,708	67,626,910	(7,833,798)	-	-	-
Other taxes	-	-	-	246,152,623	179,262,046	(66,890,577)
Sales and charges for services	754,081	601,767	(152,314)	-	-	-
Licenses, fees and permits	307,905	446,449	138,544	-	-	-
Interest	63,074	123,990	60,916	75,000	66,775	(8,225)
Other	15,556,152	17,705,694	2,149,542	-	-	-
Other financing sources:						
Transfer from other funds	892,287	256,725	(635,562)	-	-	-
Total sources	$105,381,770	$ 99,109,098	$ (6,272,672)	$ 246,227,623	$ 179,328,821	$(66,898,802)
	Regulatory			**Higher Education Capital Construction**		
Fund balances, July 1	$ 12,487,165	$ 12,487,165	$ -	$ -	$ -	$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	13,366,176	13,366,176	-
Federal	683,428	701,805	18,377	-	-	-
Other taxes	11,317,409	11,140,844	(176,565)	-	-	-
Sales, charges for services	5,733,418	4,284,145	(1,449,273)	-	-	-
Licenses, fees and permits	2,859,742	3,791,423	931,681	-	-	-
Interest	30,648	70,927	40,279	-	-	-
Other	620,757	727,098	106,341	-	-	-
Other financing sources:						
Transfer from other funds	873,885	731,978	(141,907)	-	-	-
Total sources	$ 34,606,452	$ 33,935,385	$ (671,067)	$ 13,366,176	$ 13,366,176	$ -
	Cleaning Up Petroleum Discharges			**Hospital Care to Indigent Persons**		
Fund balances, July 1	$ 7,500,000	$ 7,500,000	$ -	$ 20,393,876	$ 20,393,876	$ -
Revenues:						
Other taxes	13,500,000	13,635,595	135,595	16,190,598	13,180,018	(3,010,580)
Intergovernmental	-	-	-	15,312,145	15,312,145	-
Licenses, fees and permits	550,000	415,487	(134,513)	-	-	-
Interest	100,000	71,561	(28,439)	179,064	244,920	65,856
Other	100,000	22	(99,978)	48,000	48,000	-
Total sources	$ 21,750,000	$ 21,622,665	$ (127,335)	$ 52,123,683	$ 49,178,959	$ (2,944,724)
	Tourism Promotion			**Offenders' Store**		
Fund balances, July 1	$ 5,559,553	$ 5,559,553	$ -	$ 10,449,552	$ 10,449,552	$ -
Revenues:						
Other taxes	24,239,149	24,236,383	(2,766)	-	-	-
Sales, charges for services	-	-	-	22,852,003	19,560,796	(3,291,207)
Licenses, fees and permits	36,455	36,455	-	-	-	-
Interest	-	1,273	1,273	103,371	152,250	48,879
Other	5,707	4,254	(1,453)	498,743	529,955	31,212
Other financing sources:						
Transfer from other funds	100,000	100,000	-	3,808,767	3,563,245	(245,522)
Total sources	$ 29,940,864	$ 29,937,918	$ (2,946)	$ 37,712,436	$ 34,255,798	$ (3,456,638)

(Continued)

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Tobacco Settlement			**Attorney General Settlement**		
Fund balances, July 1	$ 51,108,244	$ 51,108,244	$ -	$ 21,291,782	$ 21,291,782	$ -
Revenues:						
Interest	307,735	300,116	(7,619)	222,080	222,080	-
Other	40,990,487	40,428,276	(562,211)	-	-	-
Other financing sources:						
Transfer from other funds	37,497,897	36,967,148	(530,749)	10,000,000	10,000,000	-
Total sources	$129,904,363	$128,803,784	$ (1,100,579)	$ 31,513,862	$ 31,513,862	$ -
	Gift			**Natural Resources**		
Fund balances, July 1	$ 2,551,611	$ 2,551,611	$ -	$ 8,553,258	$ 8,553,258	$ -
Revenues:						
Federal	-	-	-	251,546	12,292	(239,254)
Interest	25,925	19,502	(6,423)	179,708	51,301	(128,407)
Other	793,075	493,788	(299,287)	2,000	-	(2,000)
Other financing sources:						
Proceeds from sale of bonds	-	-	-	1,500,000	1,502,842	2,842
Transfer from other funds	420	420	-	-	-	-
Total sources	$ 3,371,031	$ 3,065,321	$ (305,710)	$ 10,486,512	$ 10,119,693	$ (366,819)
	Miscellaneous			**Legislative (Non-GAAP Fund)**		
Fund balances, July 1	$ 16,776,436	$ 16,776,436	$ -	$ 10,558,452	$ 10,558,452	$ -
Revenues:						
Federal	2,504,339	2,103,625	(400,714)	-	-	-
Other taxes	2,906,531	2,328,235	(578,296)	-	-	-
Sales, charges for services	654,786	570,871	(83,915)	484,430	478,323	(6,107)
Licenses, fees and permits	4,862,372	4,390,207	(472,165)	228,010	228,010	-
Interest	30,326	122,354	92,028	-	-	-
Other	5,009,902	4,124,233	(885,669)	259,952	261,099	1,147
Other financing sources:						
Transfer from other funds	702,713	702,788	75	51,016,884	51,015,684	(1,200)
Total sources	$ 33,447,405	$ 31,118,749	$ (2,328,656)	$ 62,547,728	$ 62,541,568	$ (6,160)

	Final Budget	Actual	Variance
	Total Nonmajor Special Revenue Funds		
Fund balances, July 1	$179,577,492	$179,577,492	$ -
Revenues:			
Gaming taxes, fees, licenses	13,366,176	13,366,176	-
Federal	78,900,021	70,444,632	(8,455,389)
Other taxes	314,306,310	243,783,121	(70,523,189)
Sales, charges for services	30,478,718	25,495,902	(4,982,816)
Intergovernmental	15,312,145	15,312,145	-
Licenses, fees and permits	8,844,484	9,308,031	463,547
Interest	1,316,931	1,447,049	130,118
Other	63,884,775	64,322,419	437,644
Other financing sources:			
Proceeds from sale of bonds	1,500,000	1,502,842	2,842
Transfer from other funds	104,892,853	103,337,988	(1,554,865)
Total sources	$812,379,905	$727,897,797	$ (84,482,108)

RHYOLITE

History lives at the most famous ghost town in the West. Rhyolite is just four miles west of Beatty, and it's where you'll hike around a 1904 boomtown that went bust.

Check out the famous Bottle House, built from 50,000 beer and liquor bottles by an enterprising (and very thirsty) miner. See the ruins of the three-story bank and hike among what's left of the old jail and schoolhouse. The original train depot still stands, along with an authentic railroad caboose. You can also get up close and personal with artifacts at the Goldwell Open Air Museum, which is full of outdoor sculptures and open year-round to the public.

Photo credits: Chris Moran & Sydney Martinez TravelNevada

Nonmajor Enterprise Funds

Workers' Compensation and Safety Records assessments on insurers for compensation of injured workers and administration of regulations for employee safety (NRS 616A.425), assesses self-insurers to pay claims against insolvent self-insured employers (NRS 616B.309), accounts for compensation benefits to physically impaired employees from a subsequent injury in the course of employment (NRS 616B.554, 616B.575, 616B.584), and accounts for injury claims of employees of uninsured employers (NRS 616A.430).

Insurance Administration and Enforcement Accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance (NRS 680C.100).

Gaming Investigative Accounts for activities related to investigations of gaming license applicants (NRS 463.331).

Forestry Nurseries Accounts for the self-supporting operation of State nurseries, which propagate, maintain and distribute plants for conservation purposes (NRS 528.100).

Prison Industry Accounts for a self-supporting program of job training through the employment of inmates in farming and manufacturing (NRS 209.189).

Nevada Magazine Accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism (NRS 231.290).

Marlette Lake Water System Accounts for the costs of operating the State-owned Marlette Lake Water System. The system serves the State Buildings and Grounds Division and portions of Carson City and Storey County (NRS 331.180).

Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Assets				
Current assets:				
Cash and pooled investments:				
Cash with treasurer	$ 40,351,160	$ 6,241,178	$ 11,407,580	$ 670,629
Cash in custody of other officials	250	-	205,939	100
Receivables:				
Accounts receivable	2,362,466	375,479	105,058	17,159
Intergovernmental receivables	1,274,583	55,039	-	3,529
Due from other funds	1,042,602	67,645	3,900	59,330
Due from fiduciary funds	-	-	-	-
Inventory	-	-	-	160,952
Prepaid items	100,205	94,100	23,467	-
Total current assets	45,131,266	6,833,441	11,745,944	911,699
Noncurrent assets:				
Receivables:				
Other assets	-	-	-	-
Capital assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	4,576,948	205,626	163,726	60,965
Less accumulated depreciation	(2,064,623)	(202,724)	(163,726)	(60,965)
Total noncurrent assets	2,512,325	2,902	-	-
Total assets	47,643,591	6,836,343	11,745,944	911,699
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension contributions	3,974,573	1,464,093	-	39,273
Total deferred outflows of resources	3,974,573	1,464,093	-	39,273
Liabilities				
Current liabilities:				
Accounts payable and accruals:				
Accounts payable	588,193	190,657	175,375	8,621
Accrued payroll and related liabilities	532,919	218,859	-	5,834
Interest payable	-	-	-	-
Intergovernmental payables	10,256	-	356	-
Due to other funds	67,185	209,252	1,535,596	21,758
Due to fiduciary funds	13	-	-	888
Unearned revenues	-	-	9,782,617	-
Other liabilities	-	-	-	-
Short-term portion of long-term liabilities:				
Compensated absences	703,486	252,074	-	4,735
Bonds payable	-	-	-	-
Total current liabilities	1,902,052	870,842	11,493,944	41,836
Noncurrent liabilities:				
Advances from other funds	-	-	-	186,030
Net pension obligation	24,901,378	8,876,185	-	213,433
Compensated absences	319,438	92,815	-	694
Bonds payable	-	-	-	-
Total noncurrent liabilities	25,220,816	8,969,000	-	400,157
Total liabilities	27,122,868	9,839,842	11,493,944	441,993
Deferred Inflows of Resources				
Pension related amounts	1,999,466	712,717	-	17,138
Total deferred inflows of resources	1,999,466	712,717	-	17,138
Net Position				
Net investment in capital assets	2,512,325	2,902	-	-
Restricted for workers' compensation	19,983,505	-	-	-
Restricted for regulation of business	-	-	2,000	-
Unrestricted (deficit)	-	(2,255,025)	250,000	491,841
Total net position	$ 22,495,830	$ (2,252,123)	$ 252,000	$ 491,841

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 3,734,074	$ 205,363	$ 210,460	$ 62,820,444
100	-	-	206,389
61,263	65,778	-	2,987,203
248,298	-	122,196	1,703,645
375,366	445	23,995	1,573,283
6,468	-	-	6,468
1,342,023	42,337	-	1,545,312
-	2,740	-	220,512
5,767,592	316,663	356,651	71,063,256
15,000	-	-	15,000
153,140	-	414,672	567,812
2,890,227	-	498,613	3,388,840
-	-	3,656,507	3,656,507
1,184,069	-	9,602,803	15,794,137
(3,604,107)	-	(2,886,802)	(8,982,947)
638,329	-	11,285,793	14,439,349
6,405,921	316,663	11,642,444	85,502,605
-	-	173,759	173,759
393,962	144,781	66,141	6,082,823
393,962	144,781	239,900	6,256,582
89,520	112,210	5,119	1,169,695
46,149	20,651	9,565	833,977
-	-	62,570	62,570
128	-	-	10,740
103,415	1,979	15,044	1,954,229
51,262	-	-	52,163
119,997	143,024	-	10,045,638
9,400	-	2,050	11,450
84,617	11,992	22,454	1,079,358
-	-	289,158	289,158
504,488	289,856	405,960	15,508,978
-	-	-	186,030
2,578,539	890,979	443,720	37,904,234
73,962	3,936	11,898	502,743
-	-	7,976,925	7,976,925
2,652,501	894,915	8,432,543	46,569,932
3,156,989	1,184,771	8,838,503	62,078,910
207,045	71,542	35,629	3,043,537
207,045	71,542	35,629	3,043,537
623,329	-	3,019,710	6,158,266
-	-	-	19,983,505
-	-	-	2,000
2,812,520	(794,869)	(11,498)	492,969
$ 3,435,849	$ (794,869)	$ 3,008,212	$ 26,636,740

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Operating Revenues				
Sales	$ -	$ -	$ -	$ 384,551
Assessments	-	378,850	-	-
Charges for services	11,188	1,876	13,462,128	-
Rental income	-	-	-	-
Licenses, fees and permits	40,346,368	11,401,806	-	-
Fines	2,069,045	46,745	-	-
Other	789,006	-	386	75,943
Total operating revenues	43,215,607	11,829,277	13,462,514	460,494
Operating Expenses				
Salaries and benefits	17,195,837	6,482,319	11,449,313	123,685
Operating	4,860,107	4,638,482	1,181,417	74,122
Claims and benefits expense	7,992,919	-	-	-
Materials or supplies used	-	-	-	138,013
Depreciation	57,412	3,586	-	-
Total operating expenses	30,106,275	11,124,387	12,630,730	335,820
Operating income (loss)	13,109,332	704,890	831,784	124,674
Nonoperating Revenues (Expenses)				
Interest and investment income	(78,458)	14,169	-	-
Interest expense	-	-	-	-
Federal grants	2,591,462	671,116	-	-
Gain (loss) on disposal/sale of assets	800	-	-	-
Total nonoperating revenues (expenses)	2,513,804	685,285	-	-
Income (loss) before transfers	15,623,136	1,390,175	831,784	124,674
Transfers				
Transfers in	-	11,019	-	121
Transfers out	(10,756,606)	(1,151,358)	(831,784)	-
Change in net position	4,866,530	249,836	-	124,795
Net position, July 1 (as restated)	17,629,300	(2,501,959)	252,000	367,046
Net position, June 30	$ 22,495,830	$ (2,252,123)	$ 252,000	$ 491,841

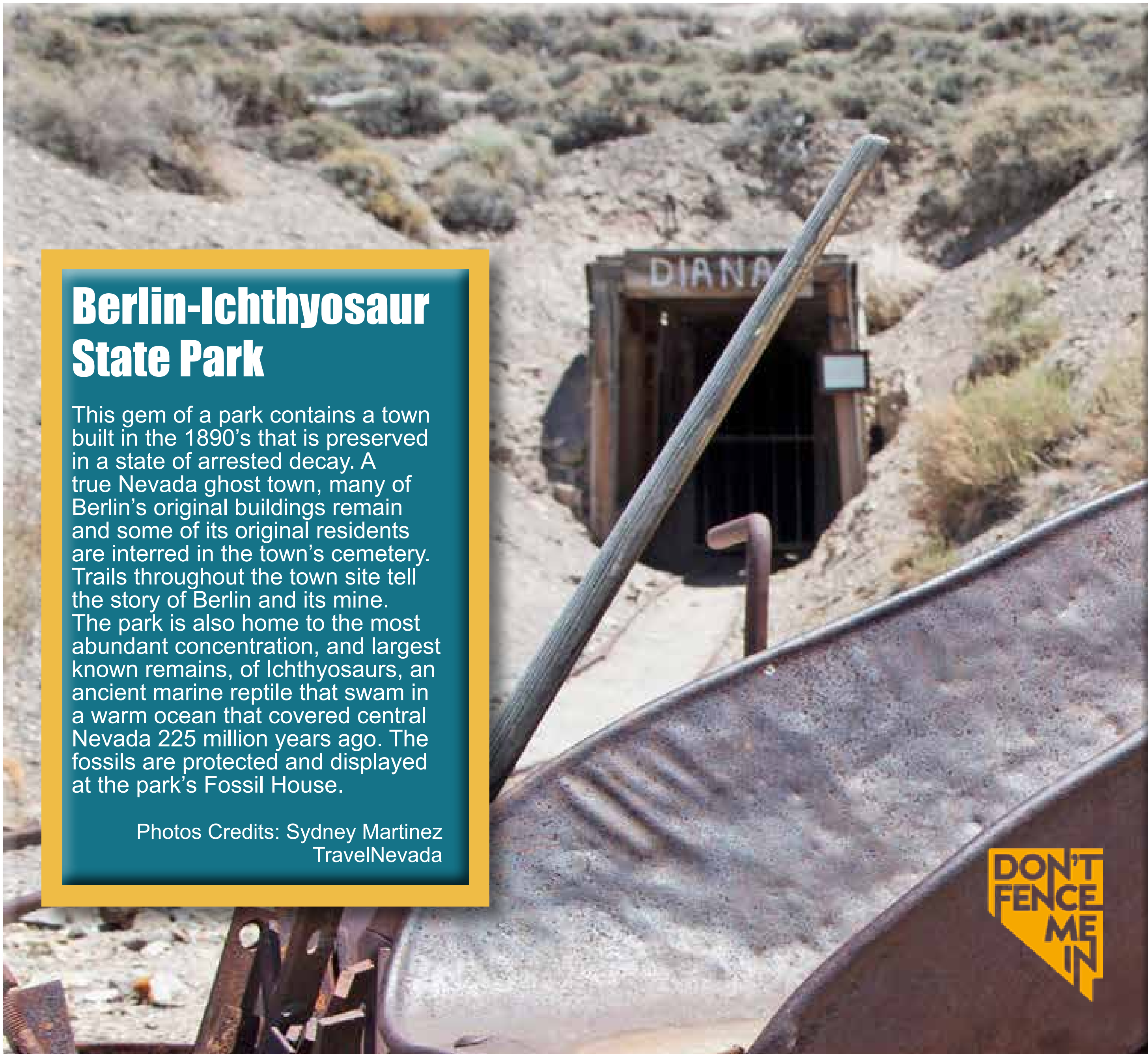
Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 4,440,131	$ 1,028,637	$ 1,011,349	$ 6,864,668
-	-	-	378,850
738,574	-	-	14,213,766
146,100	-	-	146,100
-	-	-	51,748,174
-	-	-	2,115,790
75,943	8,790	145,606	1,095,674
5,400,748	1,037,427	1,156,955	76,563,022
928,916	670,190	363,276	37,213,536
2,477,473	207,189	271,264	13,710,054
-	-	-	7,992,919
2,148,529	280,782	-	2,567,324
82,330	-	373,699	517,027
5,637,248	1,158,161	1,008,239	62,000,860
(236,500)	(120,734)	148,716	14,562,162
8,225	-	-	(56,064)
-	-	(345,590)	(345,590)
1,516,525	-	-	4,779,103
-	-	-	800
1,524,750	-	(345,590)	4,378,249
1,288,250	(120,734)	(196,874)	18,940,411
-	-	936	12,076
(104,686)	-	-	(12,844,434)
1,183,564	(120,734)	(195,938)	6,108,053
2,252,285	(674,135)	3,204,150	20,528,687
$ 3,435,849	$ (794,869)	$ 3,008,212	$ 26,636,740

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative
Cash flows from operating activities			
Receipts from customers and users	$ 53,479,281	$ 11,302,307	$ 14,000,131
Receipts for interfund services provided	99,991	324,253	-
Payments to suppliers, other governments and beneficiaries	(32,273,486)	(3,840,139)	(439,698)
Payments to employees	(16,692,666)	(6,397,177)	(11,449,313)
Payments for interfund services used	(3,821,005)	(1,343,716)	(40,163)
Payments to component units	(222,470)	-	-
Net cash provided by (used for) operating activities	569,645	45,528	2,070,957
Cash flows from noncapital financing activities			
Grant receipts	1,316,879	706,722	-
Transfers and advances from other funds	-	11,019	-
Transfers and advances to other funds	(10,774,607)	(1,008,425)	(2,592,229)
Net cash provided by (used for) noncapital financing activities	(9,457,728)	(290,684)	(2,592,229)
Cash flows from capital and related financing activities			
Proceeds from capital debt	800	-	-
Purchase of capital assets	(2,415,282)	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by (used for) capital and related financing activities	(2,414,482)	-	-
Cash flows from investing activities			
Interest, dividends and gains (losses)	(59,638)	2,537	-
Net cash provided by (used for) investing activities	(59,638)	2,537	-
Net increase (decrease) in cash	(11,362,203)	(242,619)	(521,272)
Cash and cash equivalents, July 1	51,713,613	6,483,797	12,134,791
Cash and cash equivalents, June 30	$ 40,351,410	$ 6,241,178	$ 11,613,519
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	$ 13,109,332	$ 704,890	$ 831,784
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	57,412	3,586	-
Decrease (increase) in accrued interest and receivables	156,679	(202,717)	2,776
Decrease (increase) in inventory, deferred charges, other assets	(100,205)	(93,040)	(18,473)
Decrease (increase) in deferred outflows of resources	(2,405,688)	(904,857)	-
Increase (decrease) in accounts payable, accruals, other liabilities	(13,637,470)	(625,060)	720,029
Increase (decrease) in unearned revenue	-	-	534,841
Increase (decrease) in net pension liability	4,247,995	1,475,929	-
Increase (decrease) in deferred inflows of resources	(858,410)	(313,203)	-
Total adjustments	(12,539,687)	(659,362)	1,239,173
Net cash provided by (used for) operating activities	$ 569,645	$ 45,528	$ 2,070,957

Forestry Nurseries	Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 102,061	$ 2,806,350	$ 696,481	$ 1,319,218	$ 83,705,829
323,688	2,438,618	360,334	418	3,547,302
(185,741)	(2,805,032)	(344,835)	(219,288)	(40,108,219)
(123,513)	(1,480,544)	(617,663)	(278,010)	(37,038,886)
(25,583)	(1,743,142)	(75,119)	(35,992)	(7,084,720)
-	-	-	(1,333)	(223,803)
90,912	(783,750)	19,198	785,013	2,797,503
-	1,540,380	-	-	3,563,981
121	-	-	907	12,047
-	(80,034)	-	-	(14,455,295)
121	1,460,346	-	907	(10,879,267)
-	-	-	-	800
-	(18,000)	-	-	(2,433,282)
(20,670)	-	-	(227,000)	(247,670)
-	-	-	(380,633)	(380,633)
(20,670)	(18,000)	-	(607,633)	(3,060,785)
-	1,215	-	-	(55,886)
-	1,215	-	-	(55,886)
70,363	659,811	19,198	178,287	(11,198,435)
600,366	3,074,363	186,165	32,173	74,225,268
$ 670,729	$ 3,734,174	$ 205,363	$ 210,460	$ 63,026,833
$ 124,674	$ (236,500)	$ (120,734)	$ 148,716	$ 14,562,162
-	82,330	-	373,699	517,027
(34,745)	(190,439)	22,076	162,681	(83,689)
(5,851)	76,219	(8,026)	-	(149,376)
(25,826)	(231,504)	(88,646)	(38,184)	(3,694,705)
1,378	(55,233)	52,952	193	(13,543,211)
-	34,659	(2,688)	-	566,812
38,286	(76,929)	188,158	140,906	6,014,345
(7,004)	(186,353)	(23,894)	(2,998)	(1,391,862)
(33,762)	(547,250)	139,932	636,297	(11,764,659)
$ 90,912	$ (783,750)	$ 19,198	$ 785,013	$ 2,797,503

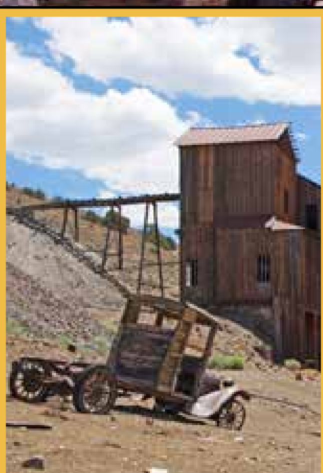


Berlin-Ichthyosaur State Park

This gem of a park contains a town built in the 1890's that is preserved in a state of arrested decay. A true Nevada ghost town, many of Berlin's original buildings remain and some of its original residents are interred in the town's cemetery. Trails throughout the town site tell the story of Berlin and its mine. The park is also home to the most abundant concentration, and largest known remains, of Ichthyosaurs, an ancient marine reptile that swam in a warm ocean that covered central Nevada 225 million years ago. The fossils are protected and displayed at the park's Fossil House.

Photos Credits: Sydney Martinez
TravelNevada

DON'T FENCE ME IN



INTERNAL SERVICE FUNDS

Self-Insurance Accounts for self-insured group life, accident and health insurance plans for State and other government employees (NRS 287.0435).

Buildings and Grounds Accounts for the maintenance, housekeeping and security of most State buildings (NRS 331.101).

Fleet Services Accounts for the operations of the State vehicle fleet (NRS 336.110).

Communications Accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko (NRS 378.143).

Insurance Premiums Allocates the costs of fidelity insurance, property insurance and workers' compensation insurance to State agencies (NRS 331.187).

Administrative Services Provides administrative and accounting services to various divisions of the Department of Administration (NRS 232.219).

Personnel Accounts for the costs of administering the State personnel system. Operations are financed by assessments charged to user agencies (NRS 284.110).

Purchasing Provides purchasing services to State agencies and other governmental units. The operation is financed by an administrative charge on purchase orders and warehouse orders (NRS 333.120).

Information Services Accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems (NRS 242.211).

Printing Accounts for the operation of the State printing facilities (NRS 344.090).

June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Assets				
Current assets:				
Cash and pooled investments:				
Cash with treasurer	$ 130,055,528	$ 5,349,538	$ 1,542,259	$ 483,207
Receivables:				
Accounts receivable	2,727,533	3,318	403	13,692
Intergovernmental receivables	7,367,820	-	2,104	752
Notes receivable	-	-	-	-
Due from other funds	3,654,330	171,336	545,486	588,693
Due from fiduciary funds	4,955,778	-	-	-
Due from component units	2,010,176	-	7,961	228
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	150,771,165	5,524,192	2,098,213	1,086,572
Noncurrent assets:				
Notes receivable	-	-	-	-
Other assets	-	-	-	-
Capital assets:				
Land	-	20,400	901,783	-
Buildings	-	2,268,068	2,476,962	-
Improvements other than buildings	-	291,216	-	422,451
Furniture and equipment	466,226	856,322	22,535,998	1,163,846
Software costs	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation/amortization	(340,451)	(2,490,744)	(15,914,289)	(1,270,201)
Total noncurrent assets	125,775	945,262	10,000,454	316,096
Total assets	150,896,940	6,469,454	12,098,667	1,402,668
Deferred Outflows of Resources				
Pension contributions	558,190	1,262,531	203,537	259,750
Liabilities				
Current liabilities:				
Accounts payable and accruals:				
Accounts payable	1,996,071	1,809,118	156,848	8,459
Accrued payroll and related liabilities	81,243	191,345	30,474	34,190
Intergovernmental payables	-	99,964	1,136	-
Bank overdraft	2,416,783	-	-	-
Due to other funds	13,749	188,372	186,594	35,314
Due to fiduciary funds	-	6,091	1,169	-
Due to component units	-	-	-	-
Unearned revenues	87,640	-	-	-
Short-term portion of long-term liabilities:				
Reserve for losses	68,668,573	-	-	-
Compensated absences	126,715	255,015	35,279	56,548
Bonds payable	-	-	-	-
Total current liabilities	73,390,774	2,549,905	411,500	134,511
Noncurrent liabilities:				
Advances from other funds	-	-	1,937,500	-
Reserve for losses	-	-	-	-
Net pension obligation	3,633,788	7,792,056	1,195,159	1,677,379
Compensated absences	61,499	123,740	35,932	42,144
Bonds payable	-	-	-	-
Total noncurrent liabilities	3,695,287	7,915,796	3,168,591	1,719,523
Total liabilities	77,086,061	10,465,701	3,580,091	1,854,034
Deferred Inflows of Resources				
Pension related amounts	291,777	625,667	95,965	134,686
Net Position				
Net investment in capital assets	125,775	945,262	10,000,454	316,096
Unrestricted (deficit)	73,951,517	(4,304,645)	(1,374,306)	(642,398)
Total net position	$ 74,077,292	$ (3,359,383)	$ 8,626,148	$ (326,302)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 18,459,396	$ 542,569	$ 2,238,564	$ 1,702,477	$ 8,022,941	$ 2,076,853	$ 170,473,332
1,461	-	1,625	6,619	18,112	-	2,772,763
-	-	-	-	138,212	-	7,508,888
5,000	-	-	-	-	-	5,000
612,182	-	46,064	21,245	2,805,981	205,975	8,651,292
-	-	4,349	-	-	-	4,960,127
601	-	-	-	1,009	-	2,019,975
-	-	-	-	-	251,829	251,829
87,500	-	5,000	-	-	-	92,500
19,166,140	542,569	2,295,602	1,730,341	10,986,255	2,534,657	196,735,706
70,000	-	-	-	-	-	70,000
-	-	-	-	3,761	-	3,761
-	-	-	95,554	15,000	-	1,032,737
-	-	-	140,000	14,762,838	744,617	20,392,485
-	-	-	-	-	3,125,954	3,839,621
36,877	52,240	180,962	152,380	30,360,154	3,878,668	59,683,673
-	-	16,134,510	-	-	-	16,134,510
-	-	-	-	6,000,000	-	6,000,000
(34,449)	(52,240)	(15,478,202)	(292,380)	(35,035,491)	(5,322,746)	(76,231,193)
72,428	-	837,270	95,554	16,106,262	2,426,493	30,925,594
19,238,568	542,569	3,132,872	1,825,895	27,092,517	4,961,150	227,661,300
187,597	562,285	1,317,630	478,724	3,782,386	308,404	8,921,034
1,182,292	3,450	68,356	5,604	838,942	102,289	6,171,429
27,170	84,253	198,209	62,845	519,835	41,924	1,271,488
-	-	-	46	10,298	-	111,444
-	-	-	-	-	-	2,416,783
102,542	8,749	118,562	92,374	967,421	4,422	1,718,099
-	-	-	-	-	7,046	14,306
7,318	-	5,075	-	69	-	12,462
-	-	-	-	30	-	87,670
18,133,096	-	-	-	-	-	86,801,669
37,993	146,319	281,119	93,981	900,043	79,598	2,012,610
-	-	-	-	513,323	-	513,323
19,490,411	242,771	671,321	254,850	3,749,961	235,279	101,131,283
-	-	-	-	6,468,011	-	8,405,511
47,591,917	-	-	-	-	-	47,591,917
1,140,084	3,721,547	8,469,573	3,267,182	24,222,744	1,318,398	56,437,910
27,003	71,056	201,274	49,814	558,556	62,327	1,233,345
-	-	-	-	3,709,603	-	3,709,603
48,759,004	3,792,603	8,670,847	3,316,996	34,958,914	1,380,725	117,378,286
68,249,415	4,035,374	9,342,168	3,571,846	38,708,875	1,616,004	218,509,569
91,543	298,824	680,068	262,339	1,944,975	206,760	4,632,604
2,428	-	837,270	95,554	11,961,301	2,426,493	26,710,633
(48,917,221)	(3,229,344)	(6,409,004)	(1,625,120)	(21,740,248)	1,020,297	(13,270,472)
$ (48,914,793)	$ (3,229,344)	$ (5,571,734)	$ (1,529,566)	$ (9,778,947)	$ 3,446,790	$ 13,440,161

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Operating Revenues				
Net premium income	$ 354,314,111	$ -	$ -	$ -
Sales	-	-	357	-
Charges for services	-	1,184,979	21,511	6,422,052
Rental income	-	15,105,202	5,657,292	-
Other	547,339	84,324	-	-
Total operating revenues	354,861,450	16,374,505	5,679,160	6,422,052
Operating Expenses				
Salaries and benefits	2,446,932	4,712,291	952,546	1,155,560
Operating	5,146,532	11,446,466	2,210,669	5,420,715
Claims expense	228,477,747	-	-	-
Materials or supplies used	-	-	274,310	-
Depreciation	37,908	117,352	2,687,900	28,441
Insurance premiums	118,681,767	-	-	-
Total operating expenses	354,790,886	16,276,109	6,125,425	6,604,716
Operating income (loss)	70,564	98,396	(446,265)	(182,664)
Nonoperating Revenues (Expenses)				
Interest and investment income	145,639	-	-	-
Interest expense	-	-	-	-
Gain (loss) on disposal of assets	-	-	111,833	-
Total nonoperating revenues (expenses)	145,639	-	111,833	-
Income (loss) before transfers	216,203	98,396	(334,432)	(182,664)
Transfers				
Transfers in	-	16,672	94,365	-
Change in net position	216,203	115,068	(240,067)	(182,664)
Net position, July 1 (as restated)	73,861,089	(3,474,451)	8,866,215	(143,638)
Net position, June 30	$ 74,077,292	$ (3,359,383)	$ 8,626,148	$ (326,302)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 24,955,500	$ -	$ -	$ -	$ -	$ -	$ 379,269,611
-	-	-	-	-	2,567,260	2,567,617
-	2,634,190	9,293,669	2,791,302	31,998,653	-	54,346,356
-	-	-	-	-	-	20,762,494
192,405	-	29,584	404,659	545	11,763	1,270,619
25,147,905	2,634,190	9,323,253	3,195,961	31,999,198	2,579,023	458,216,697
851,591	2,661,543	5,393,409	1,467,592	14,729,531	1,388,427	35,759,422
1,937,849	397,859	2,354,433	707,216	14,046,971	427,875	44,096,585
15,866,198	-	-	-	-	-	244,343,945
-	-	-	-	-	488,135	762,445
800	-	5,988	-	2,139,701	140,544	5,158,634
5,450,794	-	-	-	-	-	124,132,561
24,107,232	3,059,402	7,753,830	2,174,808	30,916,203	2,444,981	454,253,592
1,040,673	(425,212)	1,569,423	1,021,153	1,082,995	134,042	3,963,105
-	-	-	-	-	-	145,639
-	-	-	-	(218)	-	(218)
-	-	-	-	-	-	111,833
-	-	-	-	(218)	-	257,254
1,040,673	(425,212)	1,569,423	1,021,153	1,082,777	134,042	4,220,359
7,170	-	-	-	1,652,833	159,651	1,930,691
1,047,843	(425,212)	1,569,423	1,021,153	2,735,610	293,693	6,151,050
(49,962,636)	(2,804,132)	(7,141,157)	(2,550,719)	(12,514,557)	3,153,097	7,289,111
$ (48,914,793)	$ (3,229,344)	$ (5,571,734)	$ (1,529,566)	$ (9,778,947)	$ 3,446,790	$ 13,440,161

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Cash flows from operating activities				
Receipts from customers and users	$ 47,159,397	$ -	$ 16,621	$ 14,684
Receipts for interfund services provided	285,703,322	17,138,104	5,549,250	6,532,339
Receipts from component units	14,643,376	-	81,139	1,960
Receipts of principal on loans and notes	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(350,224,720)	(8,759,305)	(1,684,864)	(5,108,001)
Payments to employees	(2,332,726)	(5,612,714)	(939,613)	(1,118,859)
Payments for interfund services used	(787,925)	(1,854,405)	(886,314)	(304,834)
Payments to component units	-	(1,523)	-	-
Net cash provided by (used for) operating activities	(5,839,276)	910,157	2,136,219	17,289
Cash flows from noncapital financing activities				
Transfers and advances from other funds	-	12,895	22,596	-
Transfers and advances to other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	12,895	22,596	-
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	-	-	-
Proceeds from sale of capital assets	-	-	129,675	-
Purchase of capital assets	(35,994)	(69,336)	(2,384,855)	(42,500)
Principal paid on capital debt	-	-	(250,000)	-
Interest paid on capital debt	-	-	-	-
Payments on construction projects	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(35,994)	(69,336)	(2,505,180)	(42,500)
Cash flows from investing activities				
Interest, dividends and gains (losses)	22,022	-	-	-
Net cash provided by (used for) investing activities	22,022	-	-	-
Net increase (decrease) in cash	(5,853,248)	853,716	(346,365)	(25,211)
Cash and cash equivalents, July 1	135,908,776	4,495,822	1,888,624	508,418
Cash and cash equivalents, June 30	$ 130,055,528	$ 5,349,538	$ 1,542,259	$ 483,207
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 70,564	$ 98,396	$ (446,265)	$ (182,664)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	37,908	117,352	2,687,900	28,441
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	(7,382,112)	763,599	(32,150)	126,931
Decrease (increase) in inventory, deferred charges, other assets	-	-	-	-
Decrease (increase) in deferred outflows of resources	(329,247)	(771,601)	(128,237)	(154,070)
Increase (decrease) in accounts payable, accruals, other liabilities	1,230,016	678,901	(139,398)	(28,780)
Increase (decrease) in unearned revenue	26,757	-	-	-
Increase (decrease) in net pension liability	630,166	456,680	230,542	285,396
Increase (decrease) in deferred inflows of resources	(123,328)	(433,170)	(36,173)	(57,965)
Total adjustments	(5,909,840)	811,761	2,582,484	199,953
Net cash provided by (used for) operating activities	$ (5,839,276)	$ 910,157	$ 2,136,219	$ 17,289
Noncash investing, capital and financing activities				
Gain (loss) on disposal of assets	$ -	$ -	$ 113,040	$ -

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 515,380	$ -	$ 158,664	$ 403,253	$ 785,646	$ 228,554	$ 49,282,199
25,106,953	2,634,190	9,554,308	2,794,961	31,327,554	2,189,316	388,530,297
255,629	-	633,218	-	-	-	15,615,322
5,000	-	-	-	-	-	5,000
(9,728,979)	(68,707)	(202,211)	(129,253)	(14,215,163)	(600,109)	(390,721,312)
(796,513)	(2,304,159)	(5,494,115)	(1,807,231)	(15,691,539)	(1,404,118)	(37,501,587)
(11,379,669)	(328,439)	(2,428,618)	(607,634)	(24,612)	(246,426)	(18,848,876)
(90,225)	-	(13,989)	-	(139,988)	-	(245,725)
3,887,576	(67,115)	2,207,257	654,096	2,041,898	167,217	6,115,318
-	-	-	-	2,513,271	159,651	2,708,413
(109,882)	-	-	-	-	-	(109,882)
(109,882)	-	-	-	2,513,271	159,651	2,598,531
-	-	-	-	6,000,000	-	6,000,000
-	-	-	-	-	-	129,675
-	-	-	-	(713,597)	-	(3,246,282)
-	-	(830,600)	-	(1,312,937)	-	(2,393,537)
-	-	-	-	(218)	-	(218)
-	-	-	-	(6,000,000)	-	(6,000,000)
-	-	(830,600)	-	(2,026,752)	-	(5,510,362)
-	-	-	-	-	-	22,022
-	-	-	-	-	-	22,022
3,777,694	(67,115)	1,376,657	654,096	2,528,417	326,868	3,225,509
14,681,702	609,684	861,907	1,048,381	5,494,524	1,749,985	167,247,823
$ 18,459,396	$ 542,569	$ 2,238,564	$ 1,702,477	$ 8,022,941	$ 2,076,853	$ 170,473,332
$ 1,040,673	$ (425,212)	$ 1,569,423	$ 1,021,153	$ 1,082,995	$ 134,042	$ 3,963,105
800	-	5,988	-	2,139,701	140,544	5,158,634
5,000	-	-	-	-	-	5,000
730,057	1,386	1,022,937	2,253	118,662	(161,152)	(4,809,589)
(19,738)	-	95	-	678	(18,248)	(37,213)
(115,768)	(327,813)	(784,015)	(272,878)	(2,256,257)	(121,572)	(5,261,458)
2,065,904	(29,830)	(387,298)	(79,428)	(588,893)	76,370	2,797,564
-	-	-	-	(4,660)	-	22,097
215,910	809,678	1,131,237	168,885	2,661,962	71,876	6,662,332
(35,262)	(95,324)	(351,110)	(185,889)	(1,112,290)	45,357	(2,385,154)
2,846,903	358,097	637,834	(367,057)	958,903	33,175	2,152,213
$ 3,887,576	$ (67,115)	$ 2,207,257	$ 654,096	$ 2,041,898	$ 167,217	$ 6,115,318
$ -	$ -	$ -	$ -	$ -	$ -	$ 113,040

Dangberg Ranch

The historic Dangberg Home Ranch is one of Nevada's first and largest ranches. The ranch was home to German immigrant Heinrich Friedrich Dangberg who founded the site in 1857. A local businessman, rancher and politician, Dangberg started his ranch with just a log cabin. At the time of his death in 1904, he had created a 37,000 acre ranching empire that his children later grew to 58,000 acres.

Photo Credits: Sydney Martinez
TravelNevada

Pension and Other Employee Benefit Trust

Public Employees' Retirement Accounts for the operations of the Public Employees' Retirement System which provides income benefits to qualified public employees (NRS 286.220).

Legislators' Retirement Accounts for the operations of the Legislators' Retirement System (NRS 218.2375).

Judicial Retirement Accounts for the operations of the Judicial Retirement System which provides benefits for justices of the Supreme Court, district judges, municipal court judges, and justices of the peace (NRS 1A.160).

State Retirees' Fund Accounts for the assets accumulated and the payments made for other postemployment benefits provided to current and future State retirees. Administered as a defined benefit Other Postemployment Benefit Plan (OPEB) (NRS 287.0436).

Investment Trust

Local Government Investment Pool Accounts for investment funds received from local governments and pooled to obtain greater interest earnings (NRS 355.167).

Nevada Enhanced Savings Term Accounts for the establishment of one or more separate subaccounts for identified investments that are made for and allocated to specific participating local governments (NRS 355.165).

Retirement Benefits Investment Fund Accounts for investment of contributions made by participating entities to support financing of other post employment benefits at some time in the future (NRS 355.220).

Private Purpose Trust

Prisoners' Personal Property Accounts for personal property held in trust for prisoners pending their release (NRS 209.241).

Nevada College Savings Plan Accounts for participant contributions used to pay for future college expenses (NRS 353B.340).

Agency

Intergovernmental Accounts for taxes and fees, such as sales and use, property tax and motor vehicle privilege tax, collected by the Department of Taxation on behalf of local governments (NRS 353.254).

State Agency Fund for Bonds Accounts for surety bonds and deposits held by the State (NRS 353.251).

Motor Vehicle Accounts for taxes and fees collected by the Department of Motor Vehicles pending distribution to counties (NRS 482.180).

Child Support Disbursement Accounts for the centralized collection and disbursement of child support payments in accordance with 42 U.S.C. Sec. 654b (NRS 425.363).

Child Welfare Trust Accounts for survivor benefits held in trust for children receiving welfare services (NRS 432.037).

Restitution Trust Accounts for money received from parolees making restitution (NRS 213.126).

State Payroll Accounts for payment of payroll and payroll deductions such as income tax withholding, insurance deductions, credit union deductions, etc. (NRS 227.130).

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust, Investment Trust and Private–Purpose Trust Funds

June 30, 2017

	Pension Trust Funds				
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Other Employee Benefit Trust Fund - State Retirees' Fund	Total
Assets					
Cash and pooled investments:					
Cash with treasurer	$ -	$ -	$ -	$ 3,401,325	$ 3,401,325
Cash in custody of other officials	155,681,189	73,040	482,812	-	156,237,041
Investments:					
Investments	-	-	-	1,478,881	1,478,881
Fixed income securities	10,504,305,561	1,200,797	29,053,918	-	10,534,560,276
Marketable equity securities	16,031,517,896	3,374,830	81,575,367	-	16,116,468,093
International securities	8,259,056,692	116,647	2,819,074	-	8,261,992,413
Real estate	1,789,219,998	-	-	-	1,789,219,998
Alternative investments	1,677,291,420	-	-	-	1,677,291,420
Collateral on loaned securities	377,917,975	-	-	-	377,917,975
Receivables:					
Accrued interest and dividends	109,058,611	8,692	206,813	-	109,274,116
Trades pending settlement	198,725,111	17,046	830,503	-	199,572,660
Intergovernmental receivables	130,154,217	-	54,134	9,182	130,217,533
Contributions receivable	-	-	-	-	-
Due from other funds	-	-	-	143,623	143,623
Due from fiduciary funds	32,984,883	-	388,462	20,312	33,393,657
Due from component units	-	-	-	1,371,241	1,371,241
Other assets	3,352,174	-	-	-	3,352,174
Furniture and equipment	43,608,737	-	-	-	43,608,737
Accumulated depreciation	(38,994,666)	-	-	-	(38,994,666)
Total assets	39,273,879,798	4,791,052	115,411,083	6,424,564	39,400,506,497
Liabilities					
Accounts payable and accruals:					
Accounts payable	12,452,193	1,868	26,769	-	12,480,830
Intergovernmental payables	-	-	-	-	-
Redemptions payable	-	-	-	-	-
Trades pending settlement	196,799,074	19,413	885,414	-	197,703,901
Bank overdraft	-	-	-	-	-
Obligations under securities lending	377,917,975	-	-	-	377,917,975
Due to other funds	393,482	-	-	4,948,382	5,341,864
Due to fiduciary funds	63,666	-	-	20	63,686
Other liabilities	-	125,120	-	-	125,120
Total liabilities	587,626,390	146,401	912,183	4,948,402	593,633,376
Net Position					
Held in trust for:					
Employees' pension benefits	38,686,253,408	4,644,651	114,498,900	-	38,805,396,959
OPEB benefits	-	-	-	1,476,162	1,476,162
Pool participants	-	-	-	-	-
Individuals	-	-	-	-	-
Total net position	$ 38,686,253,408	$ 4,644,651	$ 114,498,900	$ 1,476,162	$ 38,806,873,121

Investment Trust Funds				Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Retirement Benefits Investment Fund	Total	Prisoners' Personal Property	Nevada College Savings Plan	Total
$ -	$ -	$ -	$ -	$ 8,535,621	$ -	$ 8,535,621
-	-	4,905,090	4,905,090	-	18,292,074	18,292,074
829,560,936	116,233,462	415,240,828	1,361,035,226	-	20,559,109,760	20,559,109,760
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,417,951	205,911	4,713,384	6,337,246	-	870,370	870,370
-	-	-	-	-	7,191,172	7,191,172
-	-	-	-	166,408	-	166,408
-	-	-	-	-	15,282,620	15,282,620
-	-	-	-	179,848	-	179,848
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	48,222	-	48,222
-	-	-	-	(48,222)	-	(48,222)
830,978,887	116,439,373	424,859,302	1,372,277,562	8,881,877	20,600,745,996	20,609,627,873
-	34,691	32,015	66,706	152,034	3,016,285	3,168,319
42,067	-	-	42,067	7,478	-	7,478
-	-	-	-	-	4,602,784	4,602,784
-	-	7,933,697	7,933,697	-	17,404,152	17,404,152
-	-	-	-	-	607,000	607,000
-	-	-	-	-	-	-
1,731	4,635	-	6,366	1,455,083	-	1,455,083
-	-	-	-	1,648	-	1,648
17,968	-	-	17,968	-	-	-
61,766	39,326	7,965,712	8,066,804	1,616,243	25,630,221	27,246,464
-	-	-	-	-	-	-
-	-	-	-	-	-	-
830,917,121	116,400,047	416,893,590	1,364,210,758	-	-	-
-	-	-	-	7,265,634	20,575,115,775	20,582,381,409
$ 830,917,121	$ 116,400,047	$ 416,893,590	$ 1,364,210,758	$ 7,265,634	$20,575,115,775	$ 20,582,381,409

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust, Investment Trust and Private–Purpose Trust Funds

For the Fiscal Year Ended June 30, 2017

	Pension Trust Funds				
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Other Employee Benefit Trust Fund - State Retirees' Fund	Total
Additions					
Contributions:					
Employer	$ 901,744,209	$ 104,834	$ 6,204,574	$ 38,048,603	$ 946,102,220
Plan members	901,744,209	20,286	13,306	-	901,777,801
Participants	-	-	-	-	-
Repayment and purchase of service	67,230,428	-	242,038	-	67,472,466
Total contributions	1,870,718,846	125,120	6,459,918	38,048,603	1,915,352,487
Investment income:					
Net increase (decrease) in fair value of investments	3,247,916,381	450,246	10,759,816	108,443	3,259,234,886
Interest, dividends	782,501,089	76,722	1,811,994	56,742	784,446,547
Securities lending	5,206,183	-	-	-	5,206,183
Other	120,178,514	-	-	-	120,178,514
	4,155,802,167	526,968	12,571,810	165,185	4,169,066,130
Less investment expense:					
Other	(45,536,108)	(900)	(16,453)	(351)	(45,553,812)
Net investment income	4,110,266,059	526,068	12,555,357	164,834	4,123,512,318
Other:					
Investment from local governments	-	-	-	-	-
Reinvestment from interest income	-	-	-	-	-
Other	2,143,678	68,945	-	-	2,212,623
Total other	2,143,678	68,945	-	-	2,212,623
Total additions	5,983,128,583	720,133	19,015,275	38,213,437	6,041,077,428
Deductions					
Principal redeemed	-	-	-	-	-
Benefit payments	2,258,225,215	477,601	5,523,737	38,069,185	2,302,295,738
Refunds	30,388,174	3,950	-	-	30,392,124
Contribution distributions	418,673	-	-	-	418,673
Dividends to investors	-	-	-	-	-
Administrative expense	9,872,019	67,994	94,578	-	10,034,591
Total deductions	2,298,904,081	549,545	5,618,315	38,069,185	2,343,141,126
Change in net position	3,684,224,502	170,588	13,396,960	144,252	3,697,936,302
Net position, July 1	35,002,028,906	4,474,063	101,101,940	1,331,910	35,108,936,819
Net position, June 30	$ 38,686,253,408	$ 4,644,651	$114,498,900	$ 1,476,162	$ 38,806,873,121

Investment Trust Funds				Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Retirement Benefits Investment Fund	Total	Prisoners' Personal Property	Nevada College Savings Plan	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	24,366,848	11,014,273,984	11,038,640,832
-	-	-	-	-	-	-
-	-	-	-	24,366,848	11,014,273,984	11,038,640,832
(843,112)	(981,717)	35,843,430	34,018,601	-	1,521,710,610	1,521,710,610
535,977	1,483,242	8,905,823	10,925,042	-	446,236,958	446,236,958
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(307,135)	501,525	44,749,253	44,943,643	-	1,967,947,568	1,967,947,568
-	-	(54,938)	(54,938)	-	-	-
(307,135)	501,525	44,694,315	44,888,705	-	1,967,947,568	1,967,947,568
1,387,465,328	455,999	20,507,320	1,408,428,647	-	-	-
5,927,880	-	-	5,927,880	-	-	-
-	-	304	304	-	-	-
1,393,393,208	455,999	20,507,624	1,414,356,831	-	-	-
1,393,086,073	957,524	65,201,939	1,459,245,536	24,366,848	12,982,221,552	13,006,588,400
1,143,606,619	17,059,604	-	1,160,666,223	-	9,636,172,366	9,636,172,366
-	-	-	-	24,454,832	-	24,454,832
-	-	-	-	-	-	-
-	-	6,500,000	6,500,000	-	-	-
375,394	-	-	375,394	-	-	-
160,583	170,784	42,512	373,879	-	32,274,566	32,274,566
1,144,142,596	17,230,388	6,542,512	1,167,915,496	24,454,832	9,668,446,932	9,692,901,764
248,943,477	(16,272,864)	58,659,427	291,330,040	(87,984)	3,313,774,620	3,313,686,636
581,973,644	132,672,911	358,234,163	1,072,880,718	7,353,618	17,261,341,155	17,268,694,773
$ 830,917,121	$ 116,400,047	$416,893,590	$ 1,364,210,758	$ 7,265,634	$20,575,115,775	$ 20,582,381,409

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	Intergovernmental	State Agency Fund for Bonds	Motor Vehicle	Child Support Disbursement
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 14,212,800	$ 29,481,493	$ 46,405,790	$ -
Cash in custody of other officials	-	23,523,295	26,040,300	4,059,416
Investments	-	236,026,738	-	-
Receivables:				
Taxes receivable	11,991,606	-	52,535,098	-
Intergovernmental receivables	-	-	593,263	-
Other receivables	-	-	87,101	-
Due from other funds	561,937,770	32,810,573	447,827	-
Due from fiduciary funds	15,292,802	-	1,648	-
Total assets	$ 603,434,978	$ 321,842,099	$ 126,111,027	$ 4,059,416
Liabilities				
Accounts payable and accruals:				
Accrued payroll and related liabilities	$ -	$ -	$ -	$ -
Intergovernmental payables	603,434,978	-	82,672,764	-
Due to fiduciary funds	-	-	15,292,802	-
Other liabilities:				
Deposits	-	321,842,099	27,989,722	-
Other liabilities	-	-	155,739	4,059,416
Total liabilities	$ 603,434,978	$ 321,842,099	$ 126,111,027	$ 4,059,416

Child Welfare Trust	Restitution Trust	State Payroll	Total
$ 63,062	$ 1,769,170	$ 32,318,700	$ 124,251,015
-	-	-	53,623,011
-	-	-	236,026,738
-	-	-	64,526,704
-	-	31,467	624,730
-	-	-	87,101
381	522	998,860	596,195,933
-	-	43,374	15,337,824
$ 63,443	$ 1,769,692	$ 33,392,401	$ 1,090,673,056

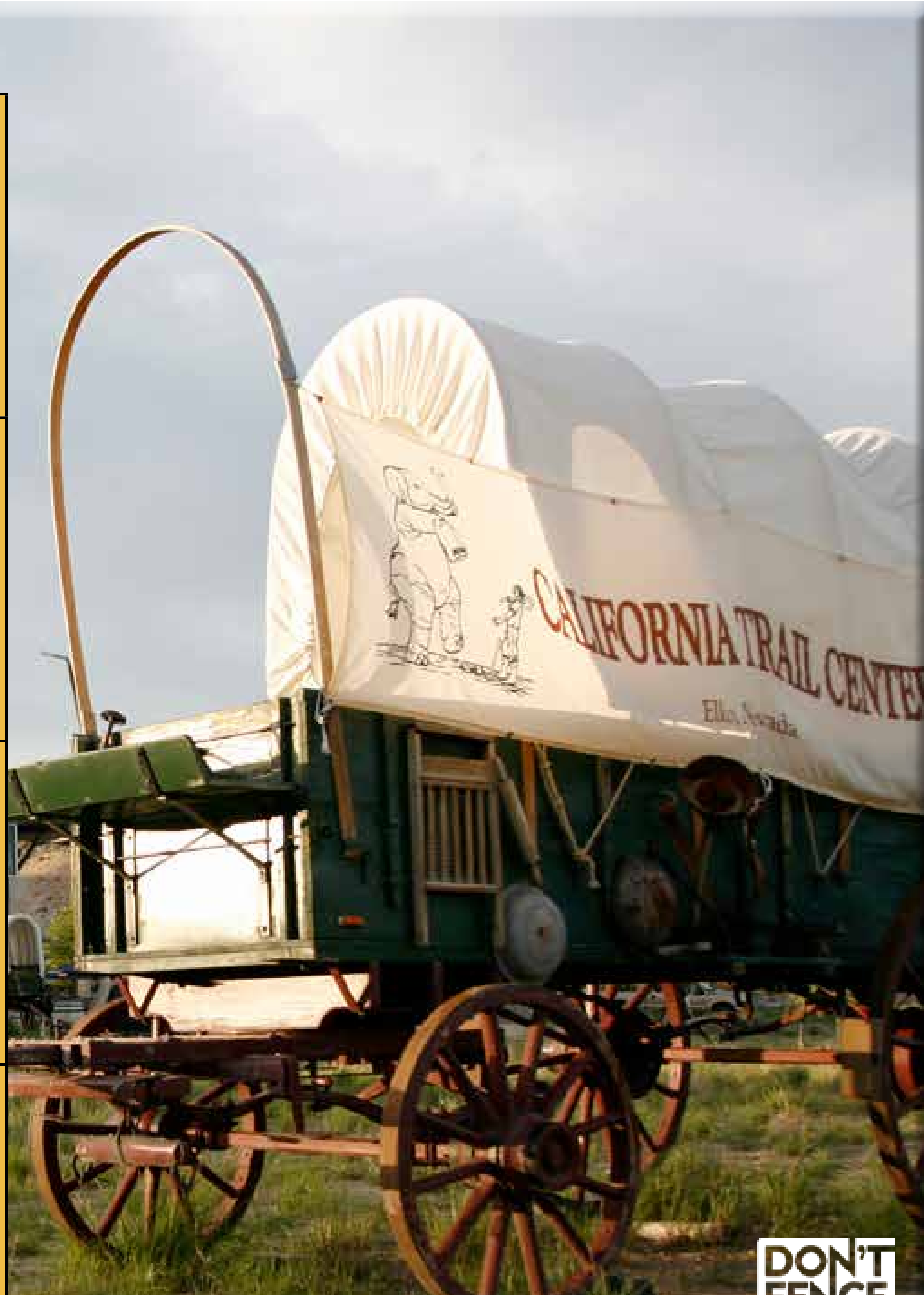
Child Welfare Trust	Restitution Trust	State Payroll	Total
$ -	$ -	$ 19,056	$ 19,056
-	-	-	686,107,742
-	-	33,373,345	48,666,147
-	-	-	349,831,821
63,443	1,769,692	-	6,048,290
$ 63,443	$ 1,769,692	$ 33,392,401	$ 1,090,673,056

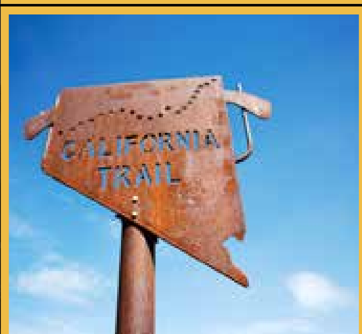
Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Intergovernmental				
Assets				
Cash with treasurer	$ 11,784,261	$ 3,547,930,239	$ 3,545,501,700	$ 14,212,800
Taxes receivable	11,604,564	49,697,249	49,310,207	11,991,606
Due from other funds	512,905,346	561,932,185	512,899,761	561,937,770
Due from fiduciary funds	14,123,063	15,292,802	14,123,063	15,292,802
Total assets	$ 550,417,234	$ 4,174,852,475	$ 4,121,834,731	$ 603,434,978
Liabilities				
Intergovernmental payables	$ 550,417,234	$ 4,173,889,420	$ 4,120,871,676	$ 603,434,978
Total liabilities	$ 550,417,234	$ 4,173,889,420	$ 4,120,871,676	$ 603,434,978
State Agency Fund for Bonds				
Assets				
Cash with treasurer	$ 26,448,498	$ 6,165,727	$ 3,132,732	$ 29,481,493
Cash in custody of other officials	21,968,475	3,992,994	2,438,174	23,523,295
Investments	235,137,238	28,206,500	27,317,000	236,026,738
Due from other funds	32,685,379	1,032,876	907,682	32,810,573
Total assets	$ 316,239,590	$ 39,398,097	$ 33,795,588	$ 321,842,099
Liabilities				
Deposits	$ 316,239,590	$ 39,398,097	$ 33,795,588	$ 321,842,099
Total liabilities	$ 316,239,590	$ 39,398,097	$ 33,795,588	$ 321,842,099
Motor Vehicle				
Assets				
Cash with treasurer	$ 38,019,436	$ 1,421,795,206	$ 1,413,408,852	$ 46,405,790
Cash in custody of other officials	14,205,191	11,895,109	60,000	26,040,300
Taxes receivable	54,911,331	34,206,054	36,582,287	52,535,098
Intergovernmental receivables	-	593,263	-	593,263
Other receivables	88,007	-	906	87,101
Due from other funds	669,019	447,827	669,019	447,827
Due from fiduciary funds	1,339	1,648	1,339	1,648
Total assets	$ 107,894,323	$ 1,468,939,107	$ 1,450,722,403	$ 126,111,027
Liabilities				
Intergovernmental payables	$ 77,776,397	$ 1,444,463,925	$ 1,439,567,558	$ 82,672,764
Due to fiduciary funds	14,123,063	15,292,802	14,123,063	15,292,802
Deposits	15,858,704	13,310,992	1,179,974	27,989,722
Other liabilities	136,159	19,580	-	155,739
Total liabilities	$ 107,894,323	$ 1,473,087,299	$ 1,454,870,595	$ 126,111,027
Child Support Disbursement				
Assets				
Cash in custody of other officials	$ 2,581,524	$ 219,596,811	$ 218,118,919	$ 4,059,416
Total assets	$ 2,581,524	$ 219,596,811	$ 218,118,919	$ 4,059,416
Liabilities				
Other liabilities	$ 2,581,524	$ 220,634,589	$ 219,156,697	$ 4,059,416
Total liabilities	$ 2,581,524	$ 220,634,589	$ 219,156,697	$ 4,059,416
Child Welfare Trust				
Assets				
Cash with treasurer	$ 53,799	$ 230,123	$ 220,860	$ 63,062
Due from other funds	221	383	223	381
Total assets	$ 54,020	$ 230,506	$ 221,083	$ 63,443
Liabilities				
Intergovernmental payables	$ 703	$ -	$ 703	$ -
Other liabilities	53,317	229,347	219,221	63,443
Total liabilities	$ 54,020	$ 229,347	$ 219,924	$ 63,443

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Restitution Trust				
Assets				
Cash with treasurer	$ 1,668,930	$ 3,098,176	$ 2,997,936	$ 1,769,170
Due from other funds	64	522	64	522
Due from fiduciary funds	17,389	-	17,389	-
Total assets	$ 1,686,383	$ 3,098,698	$ 3,015,389	$ 1,769,692
Liabilities				
Other liabilities	$ 1,686,383	$ 3,278,088	$ 3,194,779	$ 1,769,692
Total liabilities	$ 1,686,383	$ 3,278,088	$ 3,194,779	$ 1,769,692
State Payroll				
Assets				
Cash with treasurer	$ 12,531,115	$ 807,154,478	$ 787,366,893	$ 32,318,700
Intergovernmental receivables	42,053	27,958	38,544	31,467
Due from other funds	8,864,783	998,861	8,864,784	998,860
Due from fiduciary funds	44,911	43,374	44,911	43,374
Total assets	$ 21,482,862	$ 808,224,671	$ 796,315,132	$ 33,392,401
Liabilities				
Accrued payroll and related liabilities	$ 2,221	$ 420,809,131	$ 420,792,296	$ 19,056
Due to fiduciary funds	21,480,641	78,815,925	78,815,925	21,480,641
Deposits	-	311,982,130	300,089,426	11,892,704
Total liabilities	$ 21,482,862	$ 811,607,186	$ 799,697,647	$ 33,392,401
Totals - All Agency Funds				
Assets				
Cash with treasurer	$ 90,506,039	$ 5,786,373,949	$ 5,752,628,973	$ 124,251,015
Cash in custody of other officials	38,755,190	235,484,914	220,617,093	53,623,011
Investments	235,137,238	28,206,500	27,317,000	236,026,738
Taxes receivable	66,515,895	83,903,303	85,892,494	64,526,704
Intergovernmental receivables	42,053	621,221	38,544	624,730
Other receivables	88,007	-	906	87,101
Due from other funds	555,124,812	564,412,654	523,341,533	596,195,933
Due from fiduciary funds	14,186,702	15,337,824	14,186,702	15,337,824
Total assets	$ 1,000,355,936	$ 6,714,340,365	$ 6,624,023,245	$ 1,090,673,056
Liabilities				
Accrued payroll and related liabilities	$ 2,221	$ 420,809,131	$ 420,792,296	$ 19,056
Intergovernmental payables	628,194,334	5,618,353,345	5,560,439,937	686,107,742
Due to fiduciary funds	35,603,704	94,108,727	92,938,988	36,773,443
Deposits	332,098,294	364,691,219	335,064,988	361,724,525
Other liabilities	4,457,383	224,161,604	222,570,697	6,048,290
Total liabilities	$ 1,000,355,936	$ 6,722,124,026	$ 6,631,806,906	$ 1,090,673,056





California Trail

The California Trail Interpretive Center is located off I-80, at Hunter Exit 292, 8 miles west of Elko, Nevada.

Gain a greater understanding of the California Trail story through original sculptures, murals, and artwork.

The Annual Trail Days in mid May is a historical reinactment of 1850 with Native Americans and pioneers.

Photos by Kaitlin Godbey/TravelNevada

Statistical Section

This part of the State of Nevada's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report of the relevant year.

NEVADA

Table 1 - Net Position by Component

Last Ten Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)

Governmental Activities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net investment in capital assets	$ 3,522,177	$ 3,492,205	$ 3,622,787	$ 3,875,141	$ 4,017,147	$ 4,357,735	$ 4,672,738	$ 4,895,213	$ 5,588,027	$ 5,623,373
Restricted	697,168	702,743	683,526	749,818	700,341	741,250	866,071	976,650	1,105,037	1,165,363
Unrestricted (deficit)	289,123	(236,912)	(224,799)	(276,924)	(59,069)	(3,135)	(124,344)	(2,223,609)	(1,888,144)	(1,580,030)
Total governmental activities net position	$ 4,508,468	$ 3,958,036	$ 4,081,514	$ 4,348,035	$ 4,658,419	$ 5,095,850	$ 5,414,465	$ 3,648,254	$ 4,804,920	$ 5,208,706
Business-type Activities										
Net investment in capital assets	$ 3,393	$ 3,286	$ 3,615	$ 3,120	$ 3,076	$ 3,422	$ 3,434	$ 3,791	$ 4,310	$ 6,446
Restricted	1,297,613	819,348	464,346	503,090	538,143	560,410	599,806	651,863	1,153,048	1,704,681
Unrestricted (deficit)	10,206	(5,466)	(303,705)	(558,265)	(544,418)	(360,488)	(223,987)	88,253	8,873	13,533
Total business-type activities net position	$ 1,311,212	$ 817,168	$ 164,256	$ (52,055)	$ (3,199)	$ 203,344	$ 379,253	$ 743,907	$ 1,166,231	$ 1,724,660
Primary Government										
Net investment in capital assets	$ 3,525,570	$ 3,495,491	$ 3,626,402	$ 3,878,261	$ 4,020,223	$ 4,361,157	$ 4,676,172	$ 4,899,004	$ 5,592,337	$ 5,629,819
Restricted	1,994,781	1,522,091	1,147,872	1,252,908	1,238,484	1,301,660	1,465,877	1,628,513	2,258,085	2,870,044
Unrestricted (deficit)	299,329	(242,378)	(528,504)	(835,189)	(603,487)	(363,623)	(348,331)	(2,135,356)	(1,879,271)	(1,566,497)
Total primary government net position	$ 5,819,680	$ 4,775,204	$ 4,245,770	$ 4,295,980	$ 4,655,220	$ 5,299,194	$ 5,793,718	$ 4,392,161	$ 5,971,151	$ 6,933,366

Table 2 - Changes in Net Position

Last Ten Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 439,682	$ 389,943	$ 375,219	$ 334,616	$ 240,417	$ 229,136	$ 202,620	$ 280,465	$ 206,620	$ 351,831
Health and social services	2,454,843	2,667,419	3,017,013	3,209,237	3,250,926	3,464,334	3,784,055	4,887,130	-	-
Health services **(c)**	-	-	-	-	-	-	-	-	3,509,058	3,957,042
Social services **(c)**	-	-	-	-	-	-	-	-	1,601,995	1,545,446
Education - K-12 state support **(c)**	-	-	-	-	-	-	-	-	1,460,123	1,478,773
Education - K-12 administrative **(c)**	-	-	-	-	-	-	-	-	524,397	580,719
Education - K-12 **(b)**	1,663,725	1,770,627	1,810,353	1,818,869	1,794,579	1,812,992	1,830,605	1,892,519	-	-
Education - higher education **(b)**	718,006	704,789	620,570	574,667	486,320	477,852	495,893	490,407	577,683	570,398
Law, justice and public safety	650,657	687,410	690,104	667,598	646,701	657,728	662,330	695,023	709,920	750,614
Regulation of business	114,786	118,086	100,380	122,679	101,687	85,688	303,020	259,106	299,093	295,766
Transportation	576,815	762,610	644,976	630,657	801,797	505,354	327,519	462,386	180,224	841,046
Recreation and resource development	167,627	165,741	161,048	153,404	138,599	134,578	139,188	145,000	144,940	161,621
Interest on long-term debt	146,312	138,304	132,238	128,606	122,080	106,126	121,224	94,987	79,527	73,785
Unallocated depreciation	992	976	1,448	1,402	1,755	2,023	2,150	2,137	2,680	2,673
Total governmental activities expenses	6,933,445	7,405,905	7,553,349	7,641,735	7,584,861	7,475,811	7,868,604	9,209,160	9,296,260	10,609,714
Business-type activities:										
Unemployment insurance	439,632	1,336,043	2,233,382	1,767,632	1,286,839	867,600	552,246	380,166	342,279	313,306
Housing	43,953	44,382	57,342	83,467	50,979	34,247	31,954	23,442	27,099	19,316
Water loans	6,836	6,218	14,697	16,476	8,249	8,942	7,837	6,372	4,962	4,802
Workers' compensation and safety	26,258	26,801	26,084	29,642	27,706	28,685	26,715	27,644	31,024	30,011
Higher education tuition	8,109	13,103	14,051	18,959	26,067	25,081	21,325	25,768	25,108	23,383
Other	20,496	16,967	23,175	28,905	26,187	32,107	32,944	30,263	31,471	32,181
Total business-type activities expenses	545,284	1,443,514	2,368,731	1,945,081	1,426,027	996,662	673,021	493,655	461,943	422,999
Total primary government expenses	$ 7,478,729	$ 8,849,419	$ 9,922,080	$ 9,586,816	$ 9,010,888	$ 8,472,473	$ 8,541,625	$ 9,702,815	$ 9,758,203	$ 11,032,713

Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 254,198	$ 281,997	$ 285,927	$ 301,856	$ 183,278	$ 180,169	$ 174,265	$ 172,468	$ 180,648	$ 194,111
Health and social services	147,785	141,473	131,408	156,698	212,730	212,310	172,459	222,917	-	-
Health services **(c)**	-	-	-	-	-	-	-	-	98,107	106,150
Social services **(c)**	-	-	-	-	-	-	-	-	139,256	137,574
Law, justice and public safety	257,355	252,755	236,004	234,385	253,431	267,060	273,895	295,582	301,894	316,046
Other	135,034	118,668	143,689	177,342	145,116	128,126	146,567	138,010	165,741	148,229
Operating grants and contributions	1,982,315	2,544,032	3,141,986	3,050,092	3,091,556	3,116,377	3,416,382	4,337,546	4,791,688	5,076,398
Capital grants and contributions	21,871	19,608	56,719	164,711	73,749	56,003	9,349	10,385	12,503	31,458
Total governmental activities program revenues	2,798,558	3,358,533	3,995,733	4,085,084	3,959,860	3,960,045	4,192,917	5,176,908	5,689,837	6,009,966
Business-type activities:										
Charges for services:										
Unemployment insurance	-	1,460	1,669	1,587	1,544	1,556	1,393	1,753	2,974	975
Housing	30,721	26,604	23,693	21,385	20,105	19,840	16,003	17,058	18,934	19,450
Water loans	8,978	8,648	8,409	8,370	8,371	8,873	8,924	8,233	8,755	8,679
Workers' compensation and safety	35,632	38,955	30,144	35,071	37,946	34,322	40,671	34,804	38,639	43,216
Higher education tuition **(a)**	4,405	6,222	8,222	9,284	14,065	20,074	22,063	18,643	19,369	17,933
Other	31,844	29,504	23,352	30,854	25,856	32,358	32,210	31,394	31,475	32,969
Operating grants and contributions **(a)**	83,982	519,401	1,327,044	1,242,754	848,585	503,960	196,653	75,716	58,795	83,365
Total business-type activities program revenues	195,562	630,794	1,422,533	1,349,305	956,472	620,983	317,917	187,601	178,941	206,587
Total primary government program revenues	$ 2,994,120	$ 3,989,327	$ 5,418,266	$ 5,434,389	$ 4,916,332	$ 4,581,028	$ 4,510,834	$ 5,364,509	$ 5,868,778	$ 6,216,553
Net (Expense)/Revenue										
Governmental activities	$ (4,134,887)	$ (4,047,372)	$ (3,557,616)	$ (3,556,651)	$ (3,625,001)	$ (3,515,766)	$ (3,675,687)	$ (4,032,252)	$ (3,606,423)	$ (4,599,748)
Business-type activities	(349,722)	(812,720)	(946,198)	(595,776)	(469,555)	(375,679)	(355,104)	(306,054)	(283,002)	(216,412)
Total primary government net expense	$ (4,484,609)	$ (4,860,092)	$ (4,503,814)	$ (4,152,427)	$ (4,094,556)	$ (3,891,445)	$ (4,030,791)	$ (4,338,306)	$ (3,889,425)	$ (4,816,160)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sales and use taxes	$ 1,101,741	$ 943,787	$ 870,474	$ 931,911	$ 967,374	$ 1,027,124	$ 1,085,656	$ 1,160,968	$ 1,219,151	$ 1,285,247
Gaming taxes	1,011,506	883,054	844,470	850,021	884,928	901,085	922,999	906,382	910,684	896,571
Modified business taxes	297,161	281,605	381,300	378,971	373,156	386,928	382,976	413,749	562,867	572,873
Insurance premium taxes	256,847	241,252	233,280	233,334	238,083	252,195	256,587	301,226	301,368	358,499
Lodging taxes **(d)**	-	-	-	-	-	-	-	-	167,159	178,846
Cigarette taxes **(d)**	-	-	-	-	-	-	-	-	153,033	180,677
Commerce taxes **(d)**	-	-	-	-	-	-	-	-	143,508	198,322
Property and transfer taxes	280,896	278,881	266,878	231,758	215,649	215,211	209,784	219,188	238,192	247,939
Motor and special fuel taxes	297,087	272,614	268,554	267,649	267,181	269,232	269,544	277,305	289,909	299,426
Other taxes	425,250	407,469	642,979	688,752	696,431	685,650	688,399	833,960	582,331	680,738
Investment earnings	105,075	9,026	(1,246)	(4,182)	(11,543)	2,892	5,462	14,780	10,352	2,646
Other	116,082	148,321	146,879	214,277	300,430	229,733	160,298	231,042	267,350	207,338
Contributions to permanent fund	8,801	7,019	8,165	6,637	6,705	5,376	5,908	9,038	7,480	9,586
Transfers	19,592	23,912	19,361	24,044	(3,009)	(22,229)	6,689	(147,100)	(127,364)	(146,901)
Total governmental activities	3,920,038	3,496,940	3,681,094	3,823,172	3,935,385	3,953,197	3,994,302	4,220,538	4,726,020	4,971,807
Business-type activities:										
Other taxes	374,565	342,588	314,657	403,509	515,402	565,925	537,372	555,187	566,551	624,242
Other	-	-	-	-	-	212	-	-	-	-
Special item	-	-	-	-	-	-	330	5,000	-	-
Transfers	(19,592)	(23,912)	(19,361)	(24,044)	3,009	22,229	(6,689)	147,100	127,364	146,901
Total business-type activities	354,973	318,676	295,296	379,465	518,411	588,366	531,013	707,287	693,915	771,143
Total primary government	$ 4,275,011	$ 3,815,616	$ 3,976,390	$ 4,202,637	$ 4,453,796	$ 4,541,563	$ 4,525,315	$ 4,927,825	$ 5,419,935	$ 5,742,950
Change in Net Position										
Governmental activities	$ (214,849)	$ (550,432)	$ 123,478	$ 266,521	$ 310,384	$ 437,431	$ 318,615	$ 188,286	$ 1,119,597	$ 372,059
Business-type activities	5,251	(494,044)	(650,902)	(216,311)	48,856	212,687	175,909	401,233	410,913	554,731
Total primary government	$ (209,598)	$ (1,044,476)	$ (527,424)	$ 50,210	$ 359,240	$ 650,118	$ 494,524	$ 589,519	$ 1,530,510	$ 926,790

(a) Revised figures for years 2008-2013.
(b) Beginning with fiscal year 2015, educational expenditures are reported separately for K-12 and higher education; accordingly, fiscal years 2008 through 2014 have been revised to report these separately.
(c) Beginninng with fiscal year 2016, health and social services expenditures are reported separately, and educational K-12 expenditures are reported separately for state support and for administrative.
(d) Beginninng with fiscal year 2016, lodging, cigarette and commerce taxes revenues are reported separately (previously included with other taxes).

NEVADA

Table 3 - Fund Balances of Governmental Funds

Last Ten Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ 15,088	$ 13,512	$ 12,463	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	384,663	179,310	222,095	-	-	-	-	-	-	-
Nonspendable	-	-	-	18,456	23,801	33,113	39,255	35,134	26,953	28,248
Restricted	-	-	-	73,687	61,049	59,359	65,342	62,114	78,094	83,172
Committed	-	-	-	270,568	281,751	345,248	306,050	315,131	419,532	542,892
Unassigned	-	-	-	(115,965)	(96,272)	(66,701)	(135,789)	(205,092)	(126,417)	(97,625)
Total General fund	$ 399,751	$ 192,822	$ 234,558	$ 246,746	$ 270,329	$ 371,019	$ 274,858	$ 207,287	$ 398,162	$ 556,687
All Other Governmental Funds										
Reserved	$ 1,311,024	$ 947,719	$ 1,078,045	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	403,715	396,520	203,466	-	-	-	-	-	-	-
Capital projects funds	17,402	73,892	59,944	-	-	-	-	-	-	-
Permanent funds	22	20	20	-	-	-	-	-	-	-
Nonspendable	-	-	-	607,134	614,697	604,111	599,746	578,695	450,349	451,933
Restricted	-	-	-	414,040	276,666	324,473	597,389	544,993	736,953	768,709
Committed	-	-	-	188,796	212,311	245,888	235,265	232,070	278,740	341,572
Unassigned	-	-	-	(191)	-	-	-	-	-	-
Total all other governmental funds	$ 1,732,163	$ 1,418,151	$ 1,341,475	$ 1,209,779	$ 1,103,674	$ 1,174,472	$ 1,432,400	$ 1,355,758	$ 1,466,042	$ 1,562,214

Note: GASB Statement 54 changed the presentation of fund balance categories and classifications beginning in fiscal year 2011.

Table 4 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Gaming taxes, fees, licenses	$ 1,008,516	$ 880,573	$ 842,359	$ 849,733	$ 884,331	$ 896,685	$ 927,824	$ 908,491	$ 910,308	$ 897,965
Sales taxes	1,088,024	953,112	870,539	925,899	965,060	1,024,624	1,081,735	1,161,893	1,214,113	1,282,745
Modified business taxes	284,600	277,516	385,110	381,901	369,661	386,610	384,886	411,914	561,778	575,233
Insurance premium taxes	256,693	238,524	233,906	234,831	236,787	248,512	263,532	292,665	309,113	358,482
Lodging taxes **(e)**	-	-	-	-	-	-	-	-	167,159	178,846
Cigarette taxes **(e)**	-	-	-	-	-	-	-	-	153,033	180,677
Commerce taxes **(e)**	-	-	-	-	-	-	-	-	143,508	197,827
Property and transfer taxes	280,895	278,881	266,878	231,758	215,649	215,211	209,784	219,189	238,192	247,939
Motor and special fuel taxes	297,088	272,614	268,554	267,649	267,181	269,232	269,543	277,305	289,909	299,426
Other taxes	372,652	387,449	620,543	664,427	657,138	685,948	692,192	835,552	584,055	660,972
Intergovernmental	2,058,071	2,672,751	3,273,266	3,372,565	3,335,558	3,340,627	3,552,327	4,518,221	4,996,931	5,224,501
Licenses, fees and permits	432,729	419,514	452,838	497,847	490,240	487,123	508,401	536,486	599,450	609,908
Sales and charges for services	95,407	85,401	84,422	81,923	85,211	87,595	90,322	105,241	109,063	108,994
Interest and investment income	185,006	44,831	37,855	31,853	22,599	23,496	25,397	22,082	24,017	15,372
Settlement income	45,976	50,062	41,963	39,517	40,291	147,071	40,120	39,788	39,370	40,427
Land sales	2,503	663	965	560	397	632	1,933	4,922	3,564	5,823
Other	105,475	141,808	112,728	143,461	160,921	151,708	83,277	112,395	92,587	146,874
Total revenues	6,513,635	6,703,699	7,491,926	7,723,924	7,731,024	7,965,074	8,131,273	9,446,144	10,436,150	11,032,011

Expenditures										
General government	212,659	166,909	137,994	141,366	134,889	143,135	112,757	153,682	158,394	172,687
Health and social services **(d)**	2,298,239	2,510,530	2,833,205	3,009,386	3,096,457	3,264,884	3,593,828	4,862,598	-	-
Health services **(d)**	-	-	-	-	-	-	-	-	3,535,984	3,948,549
Social services **(d)**	-	-	-	-	-	-	-	-	1,603,233	1,633,745
Education and support services **(c)**	45,240	57,815	57,196	53,796	53,959	53,119	30,845	-	-	-
Education - K-12 **(c)**	-	-	-	-	-	-	-	1,891,259	-	-
Education - K-12 state support **(d)**	-	-	-	-	-	-	-	-	1,460,123	1,478,773
Education - K-12 administrative **(d)**	-	-	-	-	-	-	-	-	524,747	589,012
Education - higher education **(c)**	-	-	-	-	-	-	-	610,543	562,901	594,760
Law, justice and public safety	617,151	628,500	633,890	609,230	604,364	595,649	622,066	633,559	688,616	712,895
Regulation of business	104,844	105,631	107,145	109,928	91,792	80,594	293,438	253,132	298,624	295,719
Transportation	612,493	747,425	691,931	751,647	846,335	578,231	452,821	635,049	816,275	946,857
Recreation and resource development	166,347	135,272	130,800	129,770	125,809	121,330	132,682	141,177	144,003	161,992
Intergovernmental **(b)**	2,634,976	2,706,025	2,704,690	2,716,157	2,569,693	2,592,985	2,638,028	-	-	-
Capital outlay	167,959	176,599	59,520	41,105	34,222	61,330	29,741	39,564	43,534	49,295
Debt service:										
Principal	424,971	183,976	176,982	194,920	171,004	163,889	166,021	199,845	383,842	165,543
Interest, fiscal charges	143,181	145,169	140,495	135,842	125,978	116,183	106,871	103,998	90,953	99,510
Debt issuance costs	2,440	2,080	1,734	1,300	1,795	1,901	2,282	1,941	3,584	1,761
Arbitrage payment	-	-	-	-	22	180	730	24	-	-
Total expenditures	7,430,500	7,565,931	7,675,582	7,894,447	7,856,319	7,773,410	8,182,110	9,526,371	10,314,813	10,851,098
Excess (deficiency) of revenues over (under) expenditures	(916,865)	(862,232)	(183,656)	(170,523)	(125,295)	191,664	(50,837)	(80,227)	121,337	180,913
Other Financing Sources (Uses)										
Capital leases	2,926	20	18,209	408	-	-	-	-	-	-
Sale of general obligation bonds	448,379	300,384	109,244	22,655	42,020	-	141,045	78,335	272,070	205,371
Sale of general obligation refunding bonds	-	-	33,746	117,415	243,080	353,470	4,125	213,270	347,253	12,107
Premium on general obligation bonds	17,861	18,494	3,928	13,172	40,530	52,780	21,012	54,686	114,212	24,749
Payment to refunded bond agent	-	-	(35,677)	(128,529)	(279,916)	(404,178)	(4,425)	(261,893)	(419,993)	(14,697)
Sale of certificates of participation	-	-	-	-	-	-	50,445	-	-	-
Sale of refunding certificates of participation	-	-	7,900	-	-	-	35,785	-	-	3,730
Premium (discount) on certificates of participation	-	-	743	-	-	-	2,794	-	-	-
Payment to refunded certificates of participation agent	-	-	(8,466)	-	-	-	(42,799)	-	-	(4,071)
Sale of capital assets	11,489	684	92	89	103	99	335	365	641	201
Transfers in	763,988	476,147	358,113	221,167	156,037	194,136	192,193	160,472	322,645	240,486
Transfers out	(744,350)	(454,439)	(339,116)	(195,362)	(159,081)	(216,483)	(187,907)	(309,220)	(457,006)	(389,318)
Total other financing sources (uses)	500,293	341,290	148,716	51,015	42,773	(20,176)	212,603	(63,985)	179,822	78,558
Net change in fund balances	$ (416,572)	$ (520,942)	$ (34,940)	$ (119,508)	$ (82,522)	$ 171,488	$ 161,766	$ (144,212)	$ 301,159	$ 259,471
Total expenditures	$ 7,430,500	$ 7,565,931	$ 7,675,582	$ 7,894,447	$ 7,856,319	$ 7,773,410	$ 8,182,110	$ 9,526,371	$10,314,813	$10,851,098
Less: Capitalized assets included in the functional categories	295,926	227,812	209,123	245,790	221,991	232,772	271,655	252,136	735,171	172,824
Total noncapital expenditures	$ 7,134,574	$ 7,338,119	$ 7,466,459	$ 7,648,657	$ 7,634,328	$ 7,540,638	$ 7,910,455	$ 9,274,235	$ 9,579,642	$10,678,274
Debt service (principal and interest) as a percentage of noncapital expenditures (a)	7.96%	4.49%	4.25%	4.32%	3.89%	3.71%	3.45%	3.28%	4.96%	2.48%

(a) The percentages have been revised for fiscal years 2008 through 2010 to only include debt service prinicipal and interest in the calculation.
(b) Beginninng with fiscal year 2015, intergovernmental expenditures are classified by functional expenditures.
(c) Beginninng with fiscal year 2015, educational expenditures are reported separately for K-12 and higher education.
(d) Beginninng with fiscal year 2016, health and social services expenditures are reported separately, and educational K-12 expenditures are reported separately for state support and for administrative.
(e) Beginninng with fiscal year 2016, lodging, cigarette and commerce taxes revenues are reported separately (previously included with other taxes).

Table 5 - Taxable Sales by County

Last Ten Fiscal Years, (Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Taxable Sales by County:										
Carson City	$ 919,266	$ 761,379	$ 678,626	$ 735,161	$ 756,079	$ 779,297	$ 804,368	$ 892,530	$ 961,717	$ 1,055,090
Churchill	294,411	321,713	251,257	249,112	320,188	387,570	252,675	283,497	282,998	309,285
Clark	35,930,374	31,378,242	27,969,288	29,046,720	31,080,881	32,566,665	35,040,892	37,497,074	39,242,730	40,888,477
Douglas	691,609	584,679	537,187	532,984	557,660	592,823	599,623	653,187	663,490	709,590
Elko	1,148,379	1,101,164	1,093,158	1,477,347	1,545,691	1,595,351	1,426,133	1,437,625	1,483,842	1,450,175
Esmeralda	12,645	9,226	6,551	11,832	20,399	19,806	16,826	18,193	15,315	14,461
Eureka	328,505	285,942	266,356	304,276	367,340	370,492	315,756	260,130	235,117	292,067
Humboldt	508,713	498,791	533,667	748,153	740,656	921,112	780,774	577,537	486,077	449,981
Lander	228,213	264,109	220,348	249,321	443,458	440,677	302,691	308,198	274,632	283,334
Lincoln	26,967	25,257	25,871	33,116	50,417	30,055	29,501	28,955	28,159	30,639
Lyon	385,591	340,284	290,241	300,843	346,511	305,525	356,890	396,525	380,805	456,071
Mineral	38,843	37,247	36,280	42,181	57,696	66,463	62,661	74,178	83,582	73,195
Nye	473,291	427,505	397,570	466,836	498,130	832,077	624,761	497,920	547,020	583,443
Pershing	67,279	62,892	65,681	78,096	106,443	96,442	94,633	82,473	91,181	113,424
Storey	121,244	59,578	48,299	61,863	70,859	77,729	108,434	246,041	240,804	1,609,711
Washoe	6,823,701	5,707,791	5,176,982	5,282,935	5,522,605	5,824,726	6,370,685	6,817,589	7,550,466	7,989,009
White Pine	197,818	220,815	174,705	314,235	469,737	296,598	253,042	275,884	220,360	239,789
Total	$ 48,196,849	$ 42,086,614	$ 37,772,067	$ 39,935,011	$ 42,954,750	$ 45,203,408	$ 47,440,345	$ 50,347,536	$ 52,788,295	$ 56,547,741

The State receives a portion of sales taxes at a rate of 2% on taxable sales.

Source: Department of Taxation

Table 6 - Principal Sales Tax Payers by Business Type

Current Year and Nine Years Ago, (Expressed in Thousands)

	Fiscal Year 2008			Fiscal Year 2017		
	Taxable Sales	Percentage of Total Taxable Sales	Tax Liability	Taxable Sales	Percentage of Total Taxable Sales	Tax Liability
Business Type:						
Food services and drinking places	$ 7,209,818	15.0%	$ 144,196	$ 12,342,147	21.8%	$ 246,843
Motor vehicle and parts dealers	5,142,865	10.7%	102,857	6,699,274	11.8%	133,985
General merchandise stores	4,319,937	9.0%	86,399	4,743,663	8.4%	94,873
Merchant wholesalers, durable goods	3,699,777	7.7%	73,996	4,547,248	8.0%	90,945
Clothing and clothing accessories stores	3,111,201	6.5%	62,224	3,720,727	6.6%	74,415
Building material, garden equipment, supplies	2,212,801	4.6%	44,256	2,442,035	4.3%	48,841
Rental and leasing services	1,731,255	3.6%	34,625	1,906,793	3.4%	38,136
Food and beverage stores	1,739,557	3.6%	34,791	1,807,145	3.2%	36,143
Electronics and appliance stores	-	-	-	1,359,559	2.4%	27,191
Professional scientific, and technical services	-	-	-	1,318,355	2.3%	26,367
Health and personal care stores	2,132,010	4.4%	42,640	-	-	-
Accommodation	1,713,997	3.6%	34,280	-	-	-
Total	$ 33,013,218	68.7%	$ 660,264	$ 40,886,946	72.2%	$ 817,739

Source: Department of Taxation

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the source of the State's revenue.

Table 7 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years, (Expressed in Thousands, Except for Per Capita)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
General obligation bonds	$ 1,909,725	$ 2,079,805	$2,067,615	$ 1,952,885	$ 1,870,455	$ 1,754,520	$1,703,840	$1,607,930	$1,358,430	$1,284,172
Special obligation bonds	774,300	722,880	668,840	612,045	557,735	497,650	527,450	486,140	587,095	706,165
Premiums (discounts)	100,771	109,407	103,270	104,921	118,509	143,968	146,792	176,725	221,726	210,383
Total bonds payable	2,784,796	2,912,092	2,839,725	2,669,851	2,546,699	2,396,138	2,378,082	2,270,795	2,167,251	2,200,720
Certificates of participation	59,320	58,030	56,080	55,475	53,815	52,000	94,455	91,935	89,225	84,994
Premiums (discounts)	-	-	690	591	492	339	2,956	2,720	1,491	1,048
Total certficates of participation	59,320	58,030	56,770	56,066	54,307	52,339	97,411	94,655	90,716	86,042
Obligations under capital leases	19,891	17,916	33,846	30,970	28,395	25,096	25,094	22,826	20,177	17,364
Total governmental activities	2,864,007	2,988,038	2,930,341	2,756,887	2,629,401	2,473,573	2,500,587	2,388,276	2,278,144	2,304,126
Business-type Activities										
General obligation bonds	115,805	113,055	105,060	108,975	101,680	90,720	83,025	73,370	69,480	60,103
Special obligation bonds	886,195	911,783	994,044	920,508	810,892	739,797	1,156,634	1,008,858	823,288	641,830
Premiums (discounts)	2,090	1,987	1,971	2,465	4,984	5,942	55,914	42,691	15,688	5,502
Total business-type activities	1,004,090	1,026,825	1,101,075	1,031,948	917,556	836,459	1,295,573	1,124,919	908,456	707,435
Total primary government	$ 3,868,097	$ 4,014,863	$4,031,416	$ 3,788,835	$ 3,546,957	$ 3,310,032	$3,796,160	$3,513,195	$3,186,600	$3,011,561
Debt as a Percentage of Personal Income (a)	3.72%	3.79%	4.18%	3.82%	3.46%	3.07%	3.50%	3.06%	2.63%	2.35%
Amount of Debt per Capita (b)	$ 1,508	$ 1,513	$ 1,501	$ 1,402	$ 1,305	$ 1,201	$ 1,361	$ 1,238	$ 1,102	$ 1,024

Notes: Details regarding the State's debt can be found in the notes to the financial statements.
See table 11 for personal income and population data.
Debt as a Percentage of Personal Income is based on prior year Personal Income.
Amount of Debt per Capita is based on prior year Population.
(a) Revised percentages for 2013 through 2015.
(b) Revised amounts for 2014 and 2015.

Table 8 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years, (Expressed in Thousands, Except for Per Capita)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General obligation bonds	$ 1,909,725	$ 2,079,805	$ 2,067,615	$ 1,952,885	$ 1,870,455	$ 1,754,520	$ 1,703,840	$ 1,607,930	$ 1,358,430	$ 1,284,172
Premiums (discounts)	56,770	69,950	68,356	74,551	86,292	96,909	92,714	129,441	132,082	116,221
Subtotal	1,966,495	2,149,755	2,135,971	2,027,436	1,956,747	1,851,429	1,796,554	1,737,371	1,490,512	1,400,393
Certificates of participation	10,155	9,335	7,900	7,900	6,935	5,920	4,855	3,730	2,550	1,305
Premiums (discounts)	-	-	689	591	492	394	295	197	36	9
Subtotal	10,155	9,335	8,589	8,491	7,427	6,314	5,150	3,927	2,586	1,314
Business-type activities:										
General obligation bonds	115,805	113,055	105,060	108,975	101,680	90,720	83,025	73,370	69,480	60,103
Premiums (discounts)	2,090	1,987	1,822	2,338	4,870	5,853	5,091	4,209	2,671	1,837
Subtotal	117,895	115,042	106,882	111,313	106,550	96,573	88,116	77,579	72,151	61,940
Total general bonded debt	$ 2,094,545	$ 2,274,132	$ 2,251,442	$ 2,147,240	$ 2,070,724	$ 1,954,316	$ 1,889,820	$ 1,818,877	$ 1,565,249	$ 1,463,647
Actual Taxable Property Value	$ 383,571,013	$ 410,130,698	$ 341,886,423	$ 264,840,276	$ 246,391,220	$ 234,900,598	$ 239,048,328	$ 260,130,702	$ 283,624,300	$ 302,376,818
Percentage of Actual Taxable Value of Property (b)	0.55%	0.55%	0.66%	0.81%	0.84%	0.83%	0.79%	0.70%	0.55%	0.48%
Debt Per Capita (a) (b)	$ 817	$ 857	$ 839	$ 794	$ 762	$ 709	$ 677	$ 641	$ 541	$ 498

Note: Details regarding the State's outstanding debt can be found in the notes to the financial statements.

Only the general obligation certificates of participation subject to the debt limitation are included above.

(a) See Table 11 for population data.

(b) Revised for fiscal years 2008 through 2014 to exclude special obligation bonds.

Table 9 - Legal Debt Margin Information

Last Ten Fiscal Years, (Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	$ 2,963,124	$ 2,482,138	$ 1,900,366	$ 1,756,111	$ 1,671,513	$ 1,701,164	$ 1,854,550	$ 2,028,293	$ 2,166,631	$ 2,294,555
Total debt applicable to limit	1,214,991	1,405,781	1,410,211	1,342,660	1,293,386	1,178,185	1,151,010	1,127,220	1,082,845	1,034,015
Legal debt margin	$ 1,748,133	$ 1,076,357	$ 490,155	$ 413,451	$ 378,127	$ 522,979	$ 703,540	$ 901,073	$ 1,083,786	$ 1,260,540
Legal debt margin as a percentage of the debt limit	59.00%	43.36%	25.79%	23.54%	22.62%	30.74%	37.94%	44.43%	50.02%	54.94%

Computation of Legal Debt Margin at June 30, 2017:

Assessed value of taxable property at June 30, 2017 (a)		$ 114,727,737
Debt limitation (2% of assessed value)		$ 2,294,555
General Obligation Bonds subject to limit	$ 1,032,710	
Certificates of participation	84,994	
Less obligations exempt from debt margin:		
Lease revenue certificates of participation	(83,689)	
Debt subject to debt limitation		(1,034,015)
Legal debt margin at June 30, 2017		$ 1,260,540

Note:

(a) On June 30 of each year, the most current assessed value available is the assessed value used for calculating and assessing taxes for the following fiscal year. Therefore, the debt limitation as of June 30 of each year is calculated using the assessed value for the following fiscal year. For purposes of this computation, assessed valuation includes 35% of actual taxable property value, plus statewide redevelopment agency assessed values.

NEVADA

Table 10 - Pledged Revenue Coverage

Last Ten Fiscal Years, (Expressed in Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highway Improvement Revenue Bonds										
Revenue - fuel taxes	$ 293,941	$ 269,479	$ 265,487	$ 264,699	$ 264,369	$ 266,564	$ 266,872	$ 274,838	$ 287,571	$ 294,091
Debt service										
Principal **(f)**	$ 48,955	$ 51,420	$ 54,040	$ 56,795	$ 50,835	$ 53,300	$ 56,220	$ 41,310	$ 45,600	$ 48,595
Interest	32,727	37,157	33,876	31,136	28,450	25,011	22,422	24,345	20,252	31,325
Total	$ 81,682	$ 88,577	$ 87,916	$ 87,931	$ 79,285	$ 78,311	$ 78,642	$ 65,655	$ 65,852	$ 79,920
Coverage **(c)**	3.60	3.04	3.02	3.01	3.33	3.40	3.39	4.19	4.37	3.68
Unemployment Compensation Bonds										
Revenue - special bond contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,003	$ 191,548	$ 152,837	$ 197,230
Debt service										
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 138,590	$ 131,165	$ 151,100
Interest	-	-	-	-	-	-	13,644	23,360	18,881	12,381
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,644	$ 161,950	$ 150,046	$ 163,481
Coverage **(c)**	N/A	N/A	N/A	N/A	N/A	N/A	4.25	1.18	1.02	1.21
Mortgage Revenue Bonds										
Revenue **(a)**	$ 129,286	$ 70,051	$ 42,123	$ 126,957	$ 109,194	$ 83,366	$ 100,729	$ 58,737	$ 78,571	$ 72,727
Expenses **(b)**	4,368	5,277	6,548	7,610	15,751	8,867	9,481	4,043	9,674	3,471
Net available revenues	$ 124,918	$ 64,774	$ 35,575	$ 119,347	$ 93,443	$ 74,499	$ 91,248	$ 54,694	$ 68,897	$ 69,256
Debt service										
Principal **(d)**	$ 37,897	$ 33,592	$ 67,079	$ 132,536	$ 157,962	$ 71,095	$ 151,432	$ 80,745	$ 71,337	$ 101,485
Interest	38,051	36,354	33,236	29,111	26,444	23,226	17,882	15,149	13,298	13,258
Total	$ 75,948	$ 69,946	$ 100,315	$ 161,647	$ 184,406	$ 94,321	$ 169,314	$ 95,894	$ 84,635	$ 114,743
Coverage **(c)**	1.64	0.93	0.36	0.74	0.51	0.79	0.54	0.57	0.81	0.60
Lease Revenue Certificates of Participation										
Revenue - lease rent (net)	$ 2,867	$ 1,614	$ 2,961	$ 3,045	$ 2,878	$ 2,972	$ 4,098	$ 2,996	$ 4,335	$ 5,190
Assets - held by the trustee **(e)**	4,948	4,779	4,837	4,643	4,709	4,558	46,902	12,442	1,736	35
Total	$ 7,815	$ 6,393	$ 7,798	$ 7,688	$ 7,587	$ 7,530	$ 51,000	$ 15,438	$ 6,071	$ 5,225
Debt service										
Principal	$ 350	$ 470	$ 515	$ 605	$ 695	$ 800	$ 1,795	$ 1,395	$ 1,530	$ 2,721
Interest	2,256	2,245	2,229	2,212	2,188	2,163	3,418	4,128	4,084	3,915
Total	$ 2,606	$ 2,715	$ 2,744	$ 2,817	$ 2,883	$ 2,963	$ 5,213	$ 5,523	$ 5,614	$ 6,636
Coverage **(c)**	3.00	2.35	2.84	2.73	2.63	2.54	9.78	2.80	1.08	0.79

Notes: Details regarding the State's outstanding debt can be found in the notes to the financial statements.
(a) Consists of interest and investment income and principal collections of the Housing Division Enterprise Fund.
(b) Consists of operating expenses less interest expense and depreciation.
(c) Coverage equals net available revenues divided by total debt service.
(d) Principal paid on mortgage revenue bonds is updated for years 2010 and 2011. There is no change to coverage ratio.
(e) Assets - held by the trustee are the combination of additional lease rent, investment income, and bond proceeds.
(f) Principal paid on highway improvement revenue bonds is updated for years 2012 and 2013 to exclude the par amount of bonds refunded.

Table 11 - Demographic and Economic Statistics

Last Ten Calendar Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Population										
Nevada **(a)**	2,565,382	2,653,630	2,684,665	2,703,230	2,718,586	2,754,874	2,790,366	2,838,281	2,890,845	2,940,058
Percentage change	-12.7%	3.4%	1.2%	0.7%	0.6%	1.3%	1.3%	1.7%	1.9%	1.7%
United States **(a)**	301,621,157	304,093,966	306,771,529	309,326,295	311,721,632	314,102,623	316,427,395	318,907,401	321,418,820	323,127,513
Percentage change	-6.7%	0.8%	0.9%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.5%
Total Personal Income										
Nevada *(in millions)* **(a)**	$ 103,847	$ 105,824	$ 96,430	$ 99,092	$ 102,612	$ 107,930	$ 108,504	$ 114,923	$ 121,096	$ 128,090
Percentage change	-18.9%	1.9%	-8.9%	2.8%	3.6%	5.2%	0.5%	5.9%	5.4%	5.8%
United States *(in millions)* **(a)**	$11,645,882	$12,451,660	$11,852,715	$12,417,659	$13,233,436	$13,904,485	$14,068,960	$14,801,624	$15,463,981	$15,912,777
Percentage change	-26.8%	6.9%	-4.8%	4.8%	6.6%	5.1%	1.2%	5.2%	4.5%	2.9%
Per Capita Personal Income										
Nevada **(a)**	$ 40,480	$ 39,879	$ 35,919	$ 36,657	$ 37,745	$ 39,178	$ 38,885	$ 40,490	$ 41,889	$ 43,567
Percentage change	-7.1%	-1.5%	-9.9%	2.1%	3.0%	3.8%	-0.7%	4.1%	3.5%	4.0%
United States **(a)**	$ 38,611	$ 40,947	$ 38,637	$ 40,144	$ 42,453	$ 44,267	$ 44,462	$ 46,414	$ 48,112	$ 49,246
Percentage change	-21.6%	6.1%	-5.6%	3.9%	5.8%	4.3%	0.4%	4.4%	3.7%	2.4%
Labor Force and Employment										
Nevada Labor Force	1,335,852	1,373,462	1,369,891	1,350,309	1,385,872	1,378,876	1,372,862	1,393,639	1,425,711	1,427,114
Unemployed	64,380	91,450	161,270	200,772	187,732	152,468	135,071	107,856	96,159	81,106
Unemployment Rate **(b)**	4.8%	6.7%	11.8%	14.9%	13.5%	11.1%	9.8%	7.7%	6.7%	5.7%
United States Labor Force	153,124,000	154,287,000	154,142,000	153,889,000	153,617,000	154,975,000	155,389,000	155,922,000	157,130,000	159,187,000
Unemployed	7,078,000	8,924,000	14,265,000	14,825,000	13,747,000	12,506,000	11,460,000	9,617,000	8,296,000	7,751,000
Unemployment Rate **(b)**	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Nevada Department of Employment, Training, and Rehabilitation

Note: Total personal income is composed of wages and salaries, proprietors' income, personal interest and dividend income, rental income, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated by dividing total personal income by population.

(a) Revised estimates for 2012 through 2014.

(b) Revised percentage for 2015.

Table 12 - Principal Employers

Current Year and Nine Years Ago

	Calendar Year 2007			Calendar Year 2016		
Employer:	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Clark County School District	30,000 - 39,999	1	2.62%	30,000 - 39,999	1	2.45%
State of Nevada	30,000 - 39,999	2	2.62%	30,000 - 39,999	2	2.45%
Washoe County School District	8,500 - 8,999	7	0.65%	8,500 - 8,999	3	0.61%
Clark County	10,000 - 19,999	3	1.12%	8,500 - 8,999	4	0.61%
Wynn Las Vegas	8,500 - 8,999	6	0.65%	8,000 - 8,499	5	0.58%
Bellagio, LLC	9,000 - 9,499	4	0.69%	7,500 - 7,999	6	0.54%
MGM Grand Hotel/Casino	8,500 - 8,999	5	0.65%	7,500 - 7,999	7	0.54%
Aria Resort & Casino, LLC	-	-	-	7,000 - 7,499	8	0.51%
Mandalay Bay Resort & Casino	6,500 - 6,999	8	0.51%	7,000 - 7,499	9	0.51%
Venetian/Palazzo Casino Resort	-	-	-	6,000 - 6,499	10	0.44%
Caesar's Palace	5,500 - 5,999	9	0.43%	-		-
Las Vegas Metropolitan Police	5,500 - 5,999	10	0.43%	-		-
Total	122,000 - 155,490		10.37%	120,000 - 143,990		9.24%

Sources: Nevada Department of Employment, Training, and Rehabilitation and Nevada Department of Administration

Note: Percentage of total state employment is based on the midpoints in the ranges given.

Table 13 - School Enrollment

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public School Enrollment										
Primary (Pre-K - 6)	240,453	235,295	239,723	240,774	243,668	244,425	253,230	258,617	261,450	269,370
Secondary (7 - 12)	196,325	196,014	196,921	198,092	200,335	200,095	205,922	208,910	212,245	223,046
Total	436,778	431,309	436,644	438,866	444,003	444,520	459,152	467,527	473,695	492,416
Public Higher Education Enrollment										
University of Nevada, Reno	12,709	12,889	13,601	14,025	14,330	14,830	16,240	17,380	18,018	18,077
University of Nevada, Las Vegas	20,297	20,670	20,160	19,217	19,142	19,848	21,012	21,724	22,687	23,466
Nevada State College	1,340	1,622	1,867	1,963	2,045	2,061	2,218	2,248	2,368	2,660
College of Southern Nevada	20,906	21,751	22,286	20,231	19,536	18,904	19,141	18,445	18,626	18,626
Great Basin College	1,781	2,002	1,996	1,826	1,743	1,796	1,753	1,853	1,934	1,843
Truckee Meadows Community College	6,800	7,312	7,143	6,262	6,499	6,249	6,144	6,350	6,104	5,970
Western Nevada College	2,438	2,908	2,960	2,380	2,283	2,248	2,353	2,375	2,199	2,255
Total	66,271	69,154	70,013	65,904	65,578	65,936	68,861	70,375	71,936	72,897

Sources: Nevada Department of Education and Nevada System of Higher Education

Note: Public higher education enrollment represents full-time equivalent students at fall enrollment.

Table 14 - Full-time Equivalent State Government Employees by Function

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	1,570	1,539	1,487	1,443	1,445	1,548	1,539	1,633	1,624	1,753
Health and social services **(a)**	6,145	5,823	6,151	6,061	5,937	5,925	6,239	6,394	-	-
Health services	-	-	-	-	-	-	-	-	1,786	1,720
Social services	-	-	-	-	-	-	-	-	4,805	4,856
Education - K-12 administrative	9,030	8,930	8,670	8,383	8,015	7,663	8,380	8,647	9,096	10,593
Law, justice and public safety	5,924	5,815	5,812	5,707	5,760	5,838	5,831	5,846	5,993	6,030
Regulation of business	1,390	1,363	1,374	1,309	1,284	1,289	1,363	1,338	1,440	1,480
Transportation	1,829	1,810	1,776	1,769	1,797	1,776	1,770	1,793	1,759	1,795
Recreation and resource development	1,186	1,172	1,172	1,142	1,134	1,145	1,181	1,169	1,213	1,203
Total	27,074	26,452	26,442	25,814	25,372	25,184	26,303	26,820	27,716	29,430

Sources: Nevada Department of Administration, Nevada System of Higher Education and Legislative Counsel Bureau

(a) Beginning in 2016, health and social services are presented separately, as health services and social services.

Table 15 - Operating Indicators by Function

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Department of Taxation										
Number of sales and use tax audits	1,346	1,397	1,254	1,066	950	1,461	1,198	1,176	1,279	N/A
Public Employees Benefits Program										
Number of plan participants	42,049	44,232	43,943	42,830	40,615	40,176	40,635	41,449	42,259	43,158
Generic drug utilization **(b)**	65%	72%	72%	78%	78%	80%	81%	82%	81%	81%
Department of Administration										
Square feet of non-state owned space leased (major urban areas) **(i)**	1,547,467	1,393,872	1,393,872	1,466,102	1,408,617	1,511,207	1,526,579	1,606,012	1,614,381	1,713,599
Job applications processed	66,041	68,552	76,129	77,428	88,394	101,062	81,916	85,578	98,104	73,001
Nevada State Library and Archives										
Volumes (excludes documents and microfilm)	82,913	81,368	82,848	84,460	86,231	87,942	89,785	91,497	93,429	95,611
Government publications (U.S., Nevada and California)	827,697	833,705	849,112	851,855	854,727	862,764	864,898	869,670	871,764	877,330
Health and Social Services										
Aging and Disability Services Division										
Average monthly number of Developmental Services clients	4,672	4,876	5,086	5,346	5,550	5,694	5,865	6,184	6,433	6,643
Health Care Financing & Policy										
Nevada Medicaid - average monthly eligibles	180,369	197,313	240,528	279,840	303,214	315,434	392,315	558,787	608,246	637,780
NV Check-Up Program - average monthly enrollment **(i)**	29,075	21,713	21,713	21,193	21,296	21,132	21,771	22,606	22,630	25,699
Division of Public and Behavioral Health										
Women, Infants and Children Program participants (FFY)	711,018	793,166	870,398	887,796	896,465	884,946	874,462	860,468	839,845	793,782
Average monthly number of Mental Health clients	14,582	15,575	15,160	15,138	14,058	14,414	14,238	13,585	11,281	9,866
Average monthly number of Mental Health inpatients	265	253	225	211	209	221	277	301	498	517
Division of Welfare and Supportive Services										
Average monthly number of TANF recipients	21,022	22,556	29,084	30,854	29,331	28,837	32,239	31,928	26,717	24,537
Average monthly number of SNAP (Food Stamp) recipients	137,589	179,790	260,417	323,290	352,156	358,611	375,506	411,447	438,330	440,485
Percent of current child support owed that is collected (FFY) **(f)**	48%	48%	49%	51%	56%	58%	60%	62%	64%	N/A
TANF recipient children receiving child care	24,705	19,119	17,407	20,269	19,883	18,742	20,122	23,346	19,434	25,408
Non-TANF children receiving child care	113,426	84,517	69,541	83,399	67,955	43,215	39,309	44,725	59,739	67,825
Applications for energy assistance received	27,515	38,674	38,674	42,611	38,643	36,764	41,190	40,726	41,448	36,186
Households served with energy assistance	16,846	25,458	25,458	32,544	20,484	26,008	24,348	27,370	26,936	26,452
Education and Support Services										
Nevada Department of Education **(a)**										
Percent of occupational education students receiving a diploma	93%	95%	88%	85%	75%	70%	85%	74%	84%	85%
Number of special education students receiving a high school diploma	437	703	560	747	725	677	745	799	884	1,849
Law, Justice and Public Safety										
The Supreme Court of Nevada										
Cases filed **(c)**	2,212	2,169	2,267	2,514	2,406	2,362	2,426	2,351	2,533	N/A
Cases disposed **(c)**	2,058	2,238	2,468	2,217	2,248	2,392	2,582	2,663	2,387	N/A
Number of opinions written **(c)**	103	63	57	87	71	104	99	105	97	N/A
Nevada Department of Corrections										
Total admissions **(e)**	N/A	5,781	5,801	5,971	5,818	5,666	5,749	5,937	6,286	6,413
Total releases **(e)**	N/A	6,120	6,056	6,098	5,678	5,614	5,672	5,750	5,576	6,285
In-house population at year-end **(e)**	12,853	12,742	12,591	12,458	12,564	12,665	12,824	12,999	13,685	13,768
Department of Public Safety, Highway Patrol Division										
Total number of DUI arrests **(g)**	4,720	4,676	3,981	3,846	3,286	3,177	2,977	3,156	3,095	2,825
Total number of safety inspections **(g)**	22,669	26,478	26,056	25,491	27,492	28,737	25,923	33,570	31,752	31,473
Department of Motor Vehicles										
Motor vehicle registrations	2,345,500	2,335,778	2,284,437	2,153,918	2,119,167	2,190,660	2,259,552	2,326,319	2,398,762	2,469,307

Regulation of Business										
Nevada Department of Agriculture										
Number of meals served in the Children & Adult Food Care Program **(i)**	3,093,889	4,330,289	4,330,289	4,063,461	4,592,266	4,724,529	4,800,386	4,527,435	4,600,171	5,864,600
Percent of K-12 students participating in the Nat'l School Lunch Program **(b) (j)**	43%	42%	42%	47%	52%	54%	54%	54%	58%	56%
Nevada Gaming Commission										
Licenses issued & active at fiscal year-end	2,933	2,882	2,827	2,875	2,859	2,933	2,981	2,961	2,929	2,921
Licensed devices at fiscal year-end:										
Table and counter games **(n)**	6,135	6,019	5,985	5,948	5,887	5,676	5,731	5,818	5,700	5,643
Card games **(n)**	1,001	1,063	1,132	1,070	1,016	902	848	871	799	772
Slots **(l)**	198,080	194,180	190,135	190,217	184,150	179,776	176,073	174,548	169,723	165,880
Department of Business and Industry										
Units of affordable housing produced **(b) (i)**	403	792	792	773	592	727	1,117	848	1,019	946
Taxicab Authority notices of violation issued	4,066	4,292	3,474	3,453	3,128	4,419	3,306	3,672	4,385	3,124
Taxicab Authority vehicle inspections made	7,025	7,507	7,471	7,165	7,693	6,849	7,374	9,210	9,589	6,343
Number of worksite safety & health inspections	2,566	2,835	2,040	1,223	1,322	1,272	1,659	1,131	1,424	1,211
Number of boiler and elevator inspections	19,233	21,200	16,382	19,701	14,890	14,564	13,061	12,306	15,884	18,049
Insurance license and renewal applications processed **(b) (i)**	44,765	39,065	39,065	42,506	42,748	41,382	66,763	51,006	53,652	72,421
Governor's Office of Economic Development ***(k)***										
Number of projects requesting Community Development Block Grants **(k)**	37	21	46	28	42	35	40	36	32	40
Number of projects funded **(k)**	26	20	38	24	31	27	24	20	14	19
Transportation										
Nevada Department of Transportation										
Miles of highways - rural **(e)**	4,736	4,802	4,782	4,782	4,750	4,726	4,726	4,735	4,735	4,419
Miles of highways - urban **(e)**	662	618	618	618	633	654	667	662	663	715
Recreation and Resource Development										
Commission on Tourism										
Inquiries from advertising campaign **(d)**	417,269	363,677	196,058	199,471	222,197	162,117	31,998	23,542	42,913	39,804
Tourism web site visitors **(d)**	3,459,745	1,685,237	2,056,349	2,424,567	2,422,893	1,249,030	1,226,380	708,795	864,412	1,001,634
Department of Conservation and Natural Resources										
Percent of human caused wildland fires in NDF's jurisdiction investigated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of State Park users **(h, l)**	3,004,037	3,150,693	3,008,942	3,030,364	3,093,257	3,046,049	2,999,315	3,028,859	3,408,821	3,533,396

N/A = not available

Sources: Nevada Departments of Taxation, Administration, Health and Human Services, Education, Agriculture, Corrections, Motor Vehicles, Public Safety, Transportation, Business and Industry, Conservation and Natural Resources; Supreme Court of Nevada; Nevada Gaming Commission and Control Board; Public Employees Benefit Program; State of Nevada Executive Budgets.

Notes:

(a) See table 13 for public school enrollment.
(b) The Executive Budget is prepared biennially, and actual figures are only available for the base year (even numbered years). Base year figures have been used for odd numbered years in this table.
(c) Data based on calendar year.
(d) Revised figures provided by Commission on Tourism for 2009.
(e) Data prior to 2009 was based on calendar year.
(f) Revised figures for 2008, 2010, 2011.
(g) Revised figures for 2011, 2012.
(h) Data for 2008 through 2011 based on calendar year. Data for 2012 and thereafter based on fiscal year.
(i) Data from Executive Budget prior to 2011.
(j) Data from Executive Budget prior to 2012.
(k) Governor's Office Of Economic Development moved under Regulation of Business in 2017.
(l) Revised figure for 2016.
(m) Revised description beginning in 2017.

Table 16 - Capital Asset Statistics by Function

Last Ten Fiscal Years

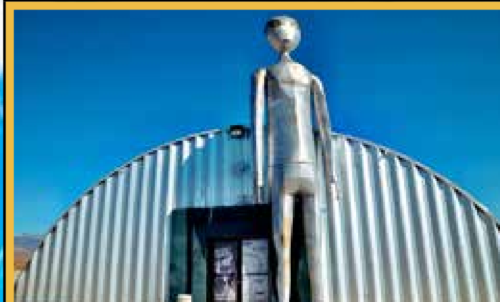
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
State owned office space (square feet)	201,688	201,688	202,229	214,611	219,927	215,416	213,896	213,896	213,896	216,731
Vehicles (motor pool)	849	851	828	798	775	777	865	909	1,046	1,059
Health and Social Services										
State owned office space (square feet)	33,093	33,344	70,939	70,770	64,506	68,648	68,648	68,648	68,648	65,880
Mental health centers	5	5	5	5	5	5	5	5	5	4
Veterans' home	1	1	1	1	1	1	1	1	1	2
Youth correctional centers	3	3	2	2	2	2	3	3	3	3
Vehicles	225	232	219	193	183	167	155	147	145	133
Education and Support Services										
State owned office space (square feet)	28,200	27,949	28,031	28,200	28,200	28,200	28,200	28,200	28,200	28,200
Number of State museums	7	7	7	7	7	7	7	7	7	7
State library	1	1	1	1	1	1	1	1	1	1
Law, Justice and Public Safety										
State owned office space (square feet)	596,564	596,564	646,446	646,223	645,775	645,322	645,322	645,322	645,322	643,134
Supreme Court building	1	1	1	1	1	1	1	1	1	1
Department of Corrections facilities	19	20	20	20	19	19	19	19	19	19
Vehicles	1,172	1,217	1,199	1,161	1,191	1,118	1,128	1,088	1,066	931
Regulation of Business										
State owned office space (square feet)	107,547	107,547	106,027	102,038	102,478	102,245	103,765	103,765	103,765	109,710
Vehicles	292	293	323	263	253	242	259	249	262	251
Transportation										
State owned office space (square feet)	251,658	251,658	258,056	280,728	273,327	308,532	308,532	337,094	337,094	339,190
NDOT lane miles	13,137	13,055	13,055	13,055	13,368	13,613	13,622	13,628	13,708	13,083
NDOT bridges	1,092	1,092	1,092	1,109	1,116	1,101	1,154	1,164	1,164	1,165
NDOT vehicles	901	826	625	538	628	633	631	639	639	674
NDOT heavy equipment	1,913	1,886	2,033	2,058	1,943	1,931	1,918	1,926	1,926	1,926
NDOT maintenance stations (staffed)	48	45	45	42	42	42	44	44	44	44
Recreation and Resource Development										
State owned office space (square feet)	139,874	139,874	140,998	142,638	142,140	143,150	143,150	143,150	143,150	139,326
Number of State Parks	25	24	24	24	24	24	23	23	23	23
Acres of State Parks	132,117	145,750	145,750	145,750	145,745	145,760	146,225	146,225	148,625	148,625
Number of Fish Hatcheries	4	4	4	4	4	4	4	4	4	4
Wildlife Management Areas	11	11	11	11	11	11	11	11	11	11
Acres of Wildlife Management Areas	117,959	116,888	118,993	118,993	120,254	121,086	119,212	119,212	119,212	119,212
Vehicles	811	854	919	805	797	790	826	850	810	779

Sources: Nevada Attorney General's Office; Nevada Departments of Administration, Conservation and Natural Resources, Tourism and Cultural Affairs, Health & Human Services, Transportation and Wildlife

ET Highway

The ET Highway runs east-west between Highways 93 and 95 and borders the mysterious Nevada Test Site and Area 51. This might explain the eerie sightings in the sky, but residents of Rachel prefer to think of them as aliens. Visitors to Rachel can visit the Little A'Le'Inn for a juicy hamburger, cold drink, and a side of UFO lore.

Photo credits: Chris Moran and Sydney Martinez TravelNevada



EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Ronald Knecht, MS, JD & PE
State Controller
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Nevada's basic financial statements, and have issued our report thereon dated March 14, 2018. Our report includes a reference to other auditors who audited the financial statements of the Nevada System of Higher Education, a discretely presented component unit; the Housing Division Enterprise Fund, the Self Insurance and Insurance Premiums Internal Service Funds, the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees' Fund, the Nevada College Savings Plan – Private Purpose Trust Fund, the Retirement Benefits Investment Fund – Investment Trust Fund, and the Division of Museums and History Dedicated Trust Fund – Special Revenue Fund, as described in our report on the State of Nevada's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nevada's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2017-A and 2017-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiency described in the accompanying schedule of findings and responses as finding 2017-C to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the State of Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Nevada's Response to Findings
The State of Nevada's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The State of Nevada's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
March 14, 2018

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2017-A Prior Period Adjustment of Payroll Expense
Material Weakness

Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating payroll accruals and expenditures/expenses are key components of effective internal control over financial reporting.
Condition:	A prior period adjustment of approximately $4,774,900 was required to correct 2016 payroll expense which was incorrectly recorded in 2017.
Cause:	Internal controls in place did not ensure that accrued payroll at year end was calculated and reported accurately.
Effect:	In the prior year, fund balance in the Highway Fund was overstated by approximately $4,774,900.
Recommendation:	We recommend the State of Nevada enhance internal controls to ensure accrued payroll is calculated and reported accurately.
Views of Responsible Officials:	Management agrees with this finding.

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2017-B Prior Period Adjustment of Interest and Investment Earnings
Material Weakness

Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reporting interest and investment earnings is a key component of effective internal control over financial reporting.
Condition:	A prior period adjustment of approximately $3,022,000 was required to remove interest and investment income that was reported in the year ended June 30, 2017, but should have been reported in the year ended June 30, 2016.
Cause:	Internal controls in place did not ensure that interest and investment earnings were reported in the proper period.
Effect:	In the prior year, net position in the Unemployment Compensation Fund was understated by approximately $3,022,000.
Recommendation:	We recommend the State of Nevada enhance internal controls to ensure that interest and investment earnings are reported in the proper period.
Views of Responsible Officials:	Management agrees with this finding.

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2017-C **Monthly Bank Reconciliation**
Significant Deficiency

Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts is a key component of effective internal control over financial reporting.
Condition:	The June 30, 2017 bank reconciliation for the outside bank accounts includes an unexplained variance of more than $19,000,000 between the book balance and the bank balance.
Cause:	The Controller's office did not have adequate internal controls to ensure bank reconciliation variances were researched and resolved in a timely manner.
Effect:	The cash balance recorded in the State of Nevada's general ledger may be incorrect.
Recommendation:	We recommend the Controller's office enhance internal controls to ensure that bank reconciliation variances are researched and resolved in a timely manner.
Views of Responsible Officials:	Management agrees with this finding.