
Nevada System of Higher Education Financial Statements



June 30, 2017 and 2016

University of Nevada, Reno
College of Southern Nevada
Western Nevada College

University of Nevada, Las Vegas
Great Basin College
Desert Research Institute

Nevada State College
Truckee Meadows Community College
System Administration

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Nevada System of Higher Education
Financial Statements and Report of Independent Certified
Public Accountants
As of and for the Years Ended June 30, 2017 and 2016

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Report of Independent Certified Public Accountants

Board of Regents
Nevada System of Higher Education

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units, of the Nevada System of Higher Education (the "System") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the System'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 Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Rebel Football Foundation, University of Nevada, Las Vegas Rebel Soccer Foundation, College of Southern Nevada Foundation and Nevada State College Foundation, which statements collectively reflect total assets constituting 5.1% of the aggregate discretely presented component units total assets as of June 30, 2017 and total operating revenues of 5.8% of the aggregate discretely presented component units total operating revenues for the year then ended as described in note 23 "System Related Organizations." We did not audit the financial statements of Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Western Nevada College Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Alumni Association, College of Southern Nevada Foundation and the Nevada State College Foundation, which statements collectively reflect total assets constituting 5.9% of the aggregate discretely presented component units total assets as of June 30, 2016 and total operating revenues of 10.0% of the aggregate discretely presented component units total operating revenues for the year then ended as described in note 23 "System Related Organizations."

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System'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 System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the schedule of proportionate share of the net pension liability on page 59 and the schedule of system contributions on page 60 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining schedules of net position and the combining schedules of revenues, expenses and changes in net position, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Reno, Nevada
October 31, 2017

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Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada System of Higher Education's (the System) annual financial information presents management's discussion and analysis of the financial standing as of June 30, 2017. This section provides a brief overview of noteworthy financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues that occurred during the year ended June 30, 2017 with comparative information as of June 30, 2016 and June 30, 2015.

Since this discussion provides summary level financial information, it should be read in conjunction with the System's financial statements and accompanying footnotes that follow this section. Responsibility for the financial statements, footnotes and this discussion rests with System management. All amounts included in this discussion are presented in thousands of dollars.

SYSTEM AND SYSTEM RELATED ORGANIZATIONS

The System is a consolidation of the following 8 institutions of public higher education in Nevada and the Nevada System of Higher Education Administration (the System or NSHE) entity:

- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Truckee Meadows Community College (TMCC)
- Western Nevada College (WNC)
- Great Basin College (GBC)
- University of Nevada, Las Vegas (UNLV)
- College of Southern Nevada (CSN)
- Nevada State College (NSC)

This annual financial report and statements include the above institutions of the System as well as certain other organizations, also called component units, that have a significant relationship with the institutions. These component units are related tax exempt organizations primarily founded to foster and promote the growth, progress, and general welfare of the institutions. They exist to solicit, receive and administer gifts and donations for the institutions or, in the case of the Integrated Clinical Services, Inc., to facilitate patient care activities. The System component units are as follows:

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University of Nevada, Reno Foundation
Athletic Association University of Nevada
University of Nevada School of Medicine Practice Plans (Integrated Clinical Services, Inc.)
Desert Research Institute Foundation
Desert Research Institute Research Parks LTD
Truckee Meadows Community College Foundation
Western Nevada College Foundation
Great Basin College Foundation
University of Nevada, Las Vegas Foundation
University of Nevada, Las Vegas Research Foundation
Rebel Golf Foundation
University of Nevada, Las Vegas Alumni Association
University of Nevada, Las Vegas Rebel Football Foundation
University of Nevada, Las Vegas Rebel Soccer Foundation
University of Nevada, Las Vegas Singapore Unlimited
College of Southern Nevada Foundation
Nevada State College Foundation

Component units issue separately audited or reviewed financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS FROM 2016 TO 2017 (in \$1,000's)

- Total net position increased 2.7% from \$2,117,472 to \$2,173,878;
- Capital assets increased 3.4% from \$2,137,601 to \$2,210,842;
- Operating revenues increased 4.7% from \$885,699 to \$927,287;
- Nonoperating revenues increased 16.1% from \$689,407 to \$800,676; and
- Operating expenses increased 4.5% from \$1,618,617 to \$1,691,724.

USING THIS REPORT

This report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements focus on the financial condition of the System, the results of operations, and the cash flows of the System as a whole.

One of the most important questions asked about System finances is whether the System as a whole is better off or worse off as a result of the year's activities. There are three key components to answering this question. They are the Combined Statements of Net Position; the Combined Statements of Revenues, Expenses and Changes in Net Position; and the Combined Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The System's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) is an important gauge of the System's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Combined Statements of Net Position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting,

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whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when a third party provides the services, regardless of when cash is exchanged.

The Combined Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. All things being equal, a public higher education system's dependency on state appropriations will usually result in operating deficits. This is because the financial reporting model classifies state appropriations as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the System's ability to meet financial obligations as they mature and come due. The Combined Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital financing, non-capital financing, and investing activities.

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Combined Statement of Net Position is a point-in-time financial statement presenting the financial position of the System as of June 30, 2017, with a comparison made to June 30, 2016. This Statement presents end-of-year data for Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources).

System Net Position (in \$1,000's)

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets							
Current Assets	\$ 934,171	\$ 863,712	\$70,459	8 %	\$ 878,226	\$(14,514)	(2)%
Capital Assets	2,210,842	2,137,601	73,241	3 %	2,018,603	118,998	6 %
Other Assets	<u>344,388</u>	<u>398,426</u>	<u>(54,038)</u>	(14)%	<u>399,317</u>	<u>(891)</u>	0 %
Total Assets	<u>3,489,401</u>	<u>3,399,739</u>	<u>89,662</u>	3 %	<u>3,296,146</u>	<u>103,593</u>	3 %
Deferred Outflows of Resources	<u>93,132</u>	<u>50,459</u>	<u>42,673</u>	85 %	<u>40,608</u>	<u>9,851</u>	24 %
Liabilities							
Current Liabilities	266,676	259,879	6,797	3 %	261,322	(1,443)	(1)%
Noncurrent Liabilities	<u>1,092,017</u>	<u>1,014,142</u>	<u>77,875</u>	8 %	<u>896,224</u>	<u>117,918</u>	13 %
Total Liabilities	<u>1,358,693</u>	<u>1,274,021</u>	<u>84,672</u>	7 %	<u>1,157,546</u>	<u>116,475</u>	10 %
Deferred Inflows of Resources	<u>49,962</u>	<u>58,705</u>	<u>(8,743)</u>	(15)%	<u>84,282</u>	<u>(25,577)</u>	(30)%
Net Position							
Net investment in capital assets	1,566,621	1,567,163	(542)	0 %	1,507,908	59,255	4 %
Restricted, nonexpendable	87,453	85,853	1,600	2 %	87,351	(1,498)	(2)%
Restricted, expendable	267,647	256,681	10,966	4 %	286,173	(29,492)	(10)%
Unrestricted	<u>252,157</u>	<u>207,775</u>	<u>44,382</u>	21 %	<u>213,494</u>	<u>(5,719)</u>	(3)%
Total Net Position	<u>\$2,173,878</u>	<u>\$2,117,472</u>	<u>\$56,406</u>	3 %	<u>\$2,094,926</u>	<u>\$22,546</u>	1 %

Assets

Total assets of the System are currently showing an increase of \$89.7 million, or 3%. The increase that occurred in current assets and capital assets was offset by a decrease in other assets. The decrease in other assets is primarily due to a decrease in the restricted cash accounts. The increase in capital assets is reflective of the purchase and construction of capital assets less normal depreciation for the year.

Liabilities

Total liabilities for the year increased by \$84.7 million; a \$6.8 million increase in current liabilities and \$77.9 million increase in non-current liabilities. The increase in current liabilities was primarily due to an increase in the current portion of long-term debt. The increase in non-current liabilities was primarily driven by an increase in long-term debt and net pension liability.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a future consumption of net position, increased \$42.7 million. This increase relates to an increase in pension related deferred outflows of resources being presented. Similarly, deferred inflows of resources, a future acquisition of net position, decreased \$8.7 million.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the equity in property, plant, and equipment owned by the System. The next category is restricted net position, which is presented as two subcategories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position are available for expenditure by the System, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is net assets available to the System for any lawful purpose.

Net Investment in Capital Assets

The net investment in capital assets classification of net position represents the System's to the acquisition, construction, or improvement of those assets. The \$1 million decrease reflects the System's expenditures for development and renewal of its capital assets, offset by depreciation expense on capital assets and increased debt associated with capital assets.

Restricted, Nonexpendable/Expendable

The System's endowment funds consist of both permanent endowments and funds functioning as endowments or quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is to be expended for the purposes stipulated by the donor.

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Unrestricted Net Position

Unrestricted net position increased by \$44.4 million in 2017. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the System's unrestricted net position has been designated for various academic and research programs and initiatives, as well as capital projects. Funds functioning as an endowment consist of unrestricted funds that have been allocated by the System for long-term investment purposes, although amounts are not subject to donor restrictions requiring the System to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other important programs and activities.

System Related Organizations

Net Position (in \$1,000's)

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets							
Current Assets	\$421,302	\$350,292	\$71,010	20 %	\$339,552	\$10,740	3 %
Capital Assets	7,558	6,320	1,238	20 %	7,039	(719)	(10)%
Other Assets	<u>344,565</u>	<u>332,354</u>	<u>12,211</u>	4 %	<u>319,356</u>	<u>12,998</u>	4 %
Total Assets	<u>773,425</u>	<u>688,966</u>	<u>84,459</u>	12 %	<u>665,947</u>	<u>23,019</u>	3 %
Liabilities							
Current Liabilities	34,174	31,754	2,420	8 %	31,724	30	0 %
Noncurrent Liabilities	<u>3,140</u>	<u>3,159</u>	<u>(19)</u>	(1)%	<u>5,896</u>	<u>(2,737)</u>	(46)%
Total Liabilities	<u>37,314</u>	<u>34,913</u>	<u>2,401</u>	7 %	<u>37,620</u>	<u>(2,707)</u>	(7)%
Deferred Inflows of Resources	<u>13,218</u>	<u>15,100</u>	<u>(1,882)</u>	(12)%	<u>15,788</u>	<u>(688)</u>	(4)%
Net Position							
Net investment in capital assets	7,080	5,392	1,688	31 %	5,884	(492)	(8)%
Restricted, nonexpendable	345,399	296,141	49,258	17 %	291,435	4,706	2 %
Restricted, expendable	332,723	298,158	34,565	12 %	267,761	30,397	11 %
Unrestricted	<u>37,691</u>	<u>39,262</u>	<u>(1,571)</u>	(4)%	<u>47,459</u>	<u>(8,197)</u>	(17)%
Total Net Position	<u>\$722,893</u>	<u>\$638,953</u>	<u>\$ 83,940</u>	13 %	<u>\$612,539</u>	<u>\$ 26,414</u>	4 %

The seventeen campus, athletic foundations and medical practice plans, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities as well as scholarships and other operating costs. Changes in the above schedule primarily reflect the foundations' increase in investments and other current assets offset by decreased unearned revenue and other current liabilities.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Changes in total net position as presented on the Combined Statement of Net Position are based on the activity presented in the Combined Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the System, both operating and nonoperating, and the expenses paid by the System, operating and nonoperating, as well as any other revenues, expenses, gains and losses received or spent by the System.

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Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

The Combined Statement of Revenues, Expenses, and Changes in Net Position indicates the change in net position at the end of the year increased by approximately \$56.4 million as discussed below.

System Revenues, Expenses and Changes in Net Position (in \$1,000's)

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating Revenues							
Student tuition and fees, net	\$ 417,671	\$ 394,682	\$ 22,989	6 %	\$ 370,886	\$ 23,796	6 %
Grants and contracts, Federal	175,952	165,696	10,256	6 %	161,866	3,830	2 %
Grants and contracts, other	110,982	101,947	9,035	9 %	83,305	18,642	22 %
Sales and services	192,877	192,164	713	0 %	186,893	5,271	3 %
Other	<u>29,805</u>	<u>31,210</u>	<u>(1,405)</u>	-5 %	<u>27,427</u>	<u>3,783</u>	14 %
Total Operating Revenues	<u>927,287</u>	<u>885,699</u>	<u>41,588</u>	5 %	<u>830,377</u>	<u>55,322</u>	7 %
Operating Expenses							
Employee comp/benefits	(1,107,051)	(1,036,212)	(70,839)	7 %	(975,051)	(61,161)	6 %
Utilities	(29,297)	(32,042)	2,745	(9)%	(34,081)	2,039	(6)%
Supplies and services	(368,686)	(363,800)	(4,886)	1 %	(342,721)	(21,079)	6 %
Scholarships and fellowships	(83,503)	(87,596)	4,093	(5)%	(90,015)	2,419	(3)%
Other	(167)	(298)	131	(44)%	(113)	(185)	164 %
Depreciation	<u>(103,020)</u>	<u>(98,669)</u>	<u>(4,351)</u>	4 %	<u>(94,910)</u>	<u>(3,759)</u>	4 %
Total Operating Expenses	<u>(1,691,724)</u>	<u>(1,618,617)</u>	<u>(73,107)</u>	5 %	<u>(1,536,891)</u>	<u>(81,726)</u>	5 %
Nonoperating Revenues (Expenses)							
State appropriations	568,163	539,968	28,195	5 %	486,928	53,040	11 %
Federal grants	115,028	123,160	(8,132)	(7)%	130,181	(7,021)	(5)%
Gifts	58,468	52,591	5,877	11 %	52,029	562	1 %
Investment income (loss), net	79,808	(2,582)	82,390	3,191 %	3,286	(5,868)	(179)%
Disposal of capital assets	1,319	(4,323)	5,642	(131)%	(1,328)	(2,995)	226 %
Interest expense	(25,790)	(24,520)	(1,270)	5 %	(24,427)	(93)	0 %
Other nonoperating revenues	<u>3,680</u>	<u>5,113</u>	<u>(1,433)</u>	(28)%	<u>6,316</u>	<u>(1,203)</u>	(19)%
Total Nonoperating Revenues	<u>800,676</u>	<u>689,407</u>	<u>111,269</u>	16 %	<u>652,985</u>	<u>36,422</u>	6 %
Other Revenues	<u>20,167</u>	<u>66,057</u>	<u>(45,890)</u>	(70)%	<u>86,736</u>	<u>(20,679)</u>	(24)%
Net Position							
Increase in Net Position	<u>56,406</u>	<u>22,546</u>	<u>33,860</u>	150 %	<u>33,207</u>	<u>(10,661)</u>	(32)%
Net position, beginning of year, as previously reported	2,117,472	2,094,926	22,546	1 %	2,402,016	(307,090)	(13)%
Change in accounting principle, GASB 68 adjustments	-	-	-	0 %	<u>(340,297)</u>	<u>340,297</u>	(100)%
Net position, beginning of year, as restated	<u>2,117,472</u>	<u>2,094,926</u>	<u>22,546</u>	1 %	<u>2,061,719</u>	<u>33,207</u>	2 %
Net position, end of year	<u>\$2,173,878</u>	<u>\$2,117,472</u>	<u>\$ 56,406</u>	3 %	<u>\$2,094,926</u>	<u>\$ 22,546</u>	1 %

Operating revenues increased by \$41.6 million (5%) and operating expenses increased by \$73.1 million (5%), resulting in an increase in the operating loss of \$31.5 million (4%).

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Operating Revenue - Student Tuition and Fees increased 6% to \$417.7 million primarily as a result of a 4% increase in tuition. Federal grants and contracts experienced an increase of 6% to \$176.0 million while State, local and other grants and contracts increased 9% to \$111.0 million.

The increase in operating expenses was driven by an increase in Employee Compensation and Benefits. This increase primarily relates to an increase in the number of employees and a 2% cost of living adjustment for all System employees.

Nonoperating net revenues increased by \$111.3 million. This was led by significant increases in State appropriations of \$28.2 million and investment income of \$82.4 million, offset by a decrease in federal grants for financial aid of \$8.1 million.

System Related Organizations (in \$1,000s)

Component entities' ending net position increased from 2016 to 2017, as shown in the following schedule.

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating Revenues							
Patient revenue	\$ 49,420	\$ 52,135	\$(2,715)	(5)%	\$ 51,797	\$ 338	1 %
Contract revenue	9,495	9,718	(223)	(2)%	8,686	1,032	12 %
Contributions	111,272	90,768	20,504	23 %	72,803	17,965	25 %
Campus support	7,522	7,542	(20)	0 %	6,884	658	10 %
Other	<u>10,998</u>	<u>9,155</u>	<u>1,843</u>	20 %	<u>13,362</u>	<u>(4,207)</u>	(31)%
Total Operating Revenues	<u>188,707</u>	<u>169,318</u>	<u>19,389</u>	11 %	<u>153,532</u>	<u>15,786</u>	10 %
Operating Expenses							
Program expenses	(58,807)	(62,714)	3,907	(6)%	(47,854)	(14,860)	31 %
Other operating expenses	(47,601)	(40,667)	(6,934)	17 %	(42,463)	1,796	(4)%
Depreciation	<u>(342)</u>	<u>(486)</u>	<u>144</u>	(30)%	<u>(665)</u>	<u>179</u>	(27)%
Total Operating Expenses	<u>(106,750)</u>	<u>(103,867)</u>	<u>(2,883)</u>	3 %	<u>(90,982)</u>	<u>(12,885)</u>	14 %
Nonoperating Revenues (Expenses)							
Investment income, net	24,279	6,431	17,848	278 %	7,531	(1,100)	(15)%
Payments to the System	(60,809)	(57,285)	(3,524)	6 %	(51,878)	(5,407)	10 %
Other nonoperating revenues (expenses)	<u>27,911</u>	<u>582</u>	<u>27,329</u>	4,696 %	<u>(1,486)</u>	<u>2,068</u>	(139)%
Total Nonoperating Revenues (Expenses)	<u>(8,619)</u>	<u>(50,272)</u>	<u>41,653</u>	(83)%	<u>(45,833)</u>	<u>(4,439)</u>	10 %
Other Revenues (Expenses)	<u>10,602</u>	<u>11,235</u>	<u>(633)</u>	(6)%	<u>29,309</u>	<u>(18,074)</u>	(62)%
Net Position							
Increase (Decrease) in Net Position	<u>83,940</u>	<u>26,414</u>	<u>57,526</u>	218 %	<u>46,026</u>	<u>(19,612)</u>	(43)%
Net position, beginning of year, as previously reported	638,953	612,539	26,414	4 %	566,180	46,359	8 %
Change in accounting principle, Contributions receivable	-	-	-	0 %	333	(333)	(100)%
Net position, beginning of year, as restated	<u>638,953</u>	<u>612,539</u>	<u>26,414</u>	4 %	<u>566,513</u>	<u>46,026</u>	8 %
Net position, end of year	<u>\$722,893</u>	<u>\$638,953</u>	<u>\$83,940</u>	13 %	<u>\$612,539</u>	<u>\$26,414</u>	4 %

Unaudited

CASH FLOWS (in \$1,000's)

Net cash flows decreased slightly when compared to 2017 as discussed further below. Cash flows from operating activities decreased due to payments to employees for compensation and benefits and payments to suppliers, offset by increased revenues from tuition and fees and grants and contracts. Net operating cash flows (amount of cash from operating activities) decreased 4%.

	<u>2017</u>	<u>2016</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating activities	\$(666,919)	\$(640,430)	\$(26,489)	4 %	\$(606,630)	\$(33,800)	6 %
Noncapital financing	750,788	717,362	33,426	5 %	684,710	32,652	5 %
Capital financing activities	(160,220)	(116,534)	(43,686)	37 %	(53,170)	(63,364)	119 %
Investing activities	<u>14,434</u>	<u>16,546</u>	<u>(2,112)</u>	(13)%	<u>44,181</u>	<u>(27,635)</u>	(63)%
Net increase (decrease) in cash	(61,917)	(23,056)	(38,861)		69,091	(92,147)	
Cash – beginning of year	<u>329,880</u>	<u>352,936</u>	<u>(23,056)</u>		<u>283,845</u>	<u>69,091</u>	
Cash – end of year	<u>\$ 267,963</u>	<u>\$ 329,880</u>	<u>\$(61,917)</u>		<u>\$ 352,936</u>	<u>\$(23,056)</u>	

Cash flows from noncapital financing activities increased \$33.4 million. This increase was primarily related to the increase in cash received from State appropriations. Cash flows from capital financing activities decreased \$43.7 million, due to decreases in proceeds from capital debt offset by decreases in purchases of capital assets and principal payments. Cash flows from investing activities decreased by \$2.1 million as a result of investment activity.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2017, the System had invested \$2,210.8 million in a broad range of capital assets, including equipment, buildings, machinery and equipment, library books and media, art and other valuable collections, intangible assets and land. This represents a net increase (including additions and deletions) of \$73.2 million over June 30, 2016.

During fiscal year 2017, the System issued \$13.6 million of long-term bonds and obligations to finance projects at UNLV and \$34.0 million of notes payable to finance projects at UNR and UNLV. As of June 30, 2017, the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt service) was 6.42 times, above minimum required coverage of 1.50. For statutory purposes, the coverage was 1.64 times, above minimum required coverage of 1.10. Coverage for the System's University Revenue Bonds is based upon two formulas. The statutory coverage ratio is based upon pledged revenues described in Nevada Revised Statutes authorizing the issuance of revenue bonds. The second, comprehensive coverage ratio, is based upon all revenues pledged to the bonds (including the statutory revenues) in the bond resolutions adopted by the Board of Regents. The statutory and comprehensive coverage ratios feature different minimum coverage thresholds that govern the issuance of additional revenue bond debt.

FUTURE FINANCIAL EFFECTS

In recent years the demand for higher education services in Nevada has generally remained flat. In fiscal year 2017, the System realized a net gain of student full time equivalent (FTE) enrollment of 0.2% or 144 FTE students system-wide compared to fiscal year 2016. Student FTE enrollments increased slightly at one university and two community colleges. Student FTE

Unaudited

enrollments decreased slightly at the other university and two community colleges. The State College had increased enrollments. These trends are generally consistent with those seen in other public higher education institutions nationally, and the System anticipates enrollments system-wide in fiscal year 2018 will exceed enrollments in fiscal year 2017 with roughly the same trends.

The Legislatively approved System operating budget includes state appropriations and authorized expenditures (State Supported Operating Budget). The Operating Budget totals \$951.8 million for fiscal year 2018. This compares to the fiscal year 2017 Operating Budget of \$881.3 million and represents an 8.0% increase. General fund revenues of \$662.0 million in fiscal year 2018 will exceed general fund revenues of \$571.0 million in fiscal year 2017 by \$51.1 million or by 8.95% due mainly to legislative actions funding an increase in career technical education student credit hour weights, an increase in caseload based on completed credit hours, continued growth for the new medical school at the University of Nevada, Las Vegas, and a 3% cost of living adjustment. The fiscal year 2018 general fund appropriation includes \$17.0 million for System employee cost of living adjustments appropriated to the State Board of Examiners. The System expects to draw all of the general funds appropriated without reductions or offsets.

Other authorized revenue sources, consisting mainly of student fee revenues, total \$329.8 million in fiscal year 2018, approximately \$19.5 million more than in fiscal year 2017, due mostly to an increase in enrollments and student registration fees. Student fees remain a consistent 35% of the State Supported Operating Budget, and are expected to do so for the foreseeable future.

Student enrollment system-wide is anticipated to exceed projected and budgeted enrollment in fiscal year 2018, as it did in 2017, and therefore pursuant to Senate Bill 545 of the 2015 legislative session, the System may budget and expend, in the State Supported Operating Budget, any additional collections of student fee revenues over budgeted revenues due to increased enrollments or Board of Regent authorized increases in registration or non-resident tuition fees. As before, it is expected that these funds will be expended in direct support of the increased student enrollments through instruction and related support services.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the System, including statements written in this discussion and analysis or made orally by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Other than statements of historical facts, all statements that address activities, events or developments that the System expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The System does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking information.

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2017 and 2016

	<u>System</u>		<u>System Related Organizations</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 203,120	\$ 195,873	\$ 80,449	\$ 53,379
Restricted cash and cash equivalents	134	136	4,181	2,484
Short-term investments	594,387	547,672	286,494	234,312
Accounts receivable, net	69,772	57,014	360	1,074
Receivable from U.S. Government	39,480	38,961	-	-
Receivable from State of Nevada	5,727	5,839	-	-
Pledges receivable, net	-	293	30,250	31,409
Patient accounts receivable, net	-	-	8,618	10,662
Current portion of loans receivable, net	1,813	1,841	9	21
Inventories	7,953	6,743	473	519
Deposits and prepaid expenditures, current	11,785	9,286	589	417
Other current assets	-	54	9,879	16,015
Total Current Assets	<u>934,171</u>	<u>863,712</u>	<u>421,302</u>	<u>350,292</u>
<i>Noncurrent Assets</i>				
Cash held by State Treasurer	2,659	8,664	-	-
Restricted cash and cash equivalents	62,050	125,207	-	-
Receivable from State of Nevada	15,820	24,362	-	-
Restricted investments	-	-	10,063	63,979
Endowment investments	244,616	225,436	245,190	188,227
Deposits and prepaid expenditures	824	387	-	-
Loans receivable, net	8,239	8,809	20,976	30
Capital assets, net	2,210,842	2,137,601	7,558	6,320
Pledges receivable, net	3,413	5,406	47,289	57,303
Other noncurrent assets	6,767	155	21,047	22,815
Total Noncurrent Assets	<u>2,555,230</u>	<u>2,536,027</u>	<u>352,123</u>	<u>338,674</u>
TOTAL ASSETS	<u>3,489,401</u>	<u>3,399,739</u>	<u>773,425</u>	<u>688,966</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension related	79,346	35,756	-	-
Loss on bond refunding	13,786	14,703	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 93,132</u>	<u>\$ 50,459</u>	<u>\$ -</u>	<u>\$ -</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF NET POSITION (in \$1,000's) (CONTINUED)
AS OF JUNE 30, 2017 and 2016

	<u>System</u>		<u>System Related Organizations</u>	
	2017	2016	2017	2016
<u>LIABILITIES</u>				
<i>Current Liabilities</i>				
Accounts payable	\$ 48,115	\$ 56,732	\$ 4,756	\$ 5,684
Accrued payroll and related liabilities	83,817	78,226	1,027	1,717
Unemployment insurance and workers compensation	5,997	5,163	-	-
Due to State of Nevada	202	3,484	-	-
Current portion of compensated absences	34,945	33,283	-	-
Current portion of long-term debt	33,668	22,393	-	63
Current portion of obligations under capital leases	1,234	3,583	-	-
Accrued interest payable	12,685	11,205	1	2
Unearned revenue	40,855	40,950	2,049	4,758
Funds held in trust for others	5,043	4,840	10	20
Due to affiliates	100	-	19,794	15,474
Other current liabilities	15	20	6,537	4,036
Total Current Liabilities	<u>266,676</u>	<u>259,879</u>	<u>34,174</u>	<u>31,754</u>
<i>Noncurrent Liabilities</i>				
Refundable advances under federal loan programs	7,714	8,256	-	-
Compensated absences	14,892	16,522	263	212
Unearned revenue	900	1,150	1,715	1,852
Long-term debt	628,347	614,129	-	136
Obligations under capital leases	49,990	48,358	-	-
Net pension liability	389,352	324,708	-	-
Other noncurrent liabilities	822	1,019	1,162	959
Total Noncurrent Liabilities	<u>1,092,017</u>	<u>1,014,142</u>	<u>3,140</u>	<u>3,159</u>
TOTAL LIABILITIES	<u>1,358,693</u>	<u>1,274,021</u>	<u>37,314</u>	<u>34,913</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension related	49,627	58,290	-	-
Gain on bond refunding	335	415	-	-
Endowment pledge donations, net	-	-	9,183	11,023
Deferred lease revenue	-	-	4,035	4,077
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>49,962</u>	<u>58,705</u>	<u>13,218</u>	<u>15,100</u>
<u>NET POSITION</u>				
Net investment in capital assets	1,566,621	1,567,163	7,080	5,392
Restricted - Nonexpendable	87,453	85,853	345,399	296,141
Restricted - Expendable - Scholarships, research and instruction	168,569	148,910	328,963	287,371
Restricted - Expendable - Loans	6,340	6,172	-	-
Restricted - Expendable - Capital projects	65,154	80,397	138	138
Restricted - Expendable - Debt service	27,584	21,202	-	-
Restricted - Expendable - Other	-	-	3,622	10,649
Unrestricted	252,157	207,775	37,691	39,262
TOTAL NET POSITION	<u>\$ 2,173,878</u>	<u>\$ 2,117,472</u>	<u>\$ 722,893</u>	<u>\$ 638,953</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	<u>System</u>		<u>System Related Organizations</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$144,156 and \$138,976)	\$ 417,671	\$ 394,682	\$ -	\$ 1,133
Federal grants and contracts	175,952	165,696	-	-
State grants and contracts	49,535	47,001	-	-
Local grants and contracts	28,757	29,681	-	-
Other grants and contracts	32,690	25,265	-	-
Campus support	8	8	7,522	7,542
Sales and services of educational departments (including \$28,438 and \$25,875 from System Related Organizations)	101,280	93,098	-	-
Sales and services of auxiliary enterprises (net of scholarship allowance of \$6,973 and \$5,614)	91,597	99,066	-	-
Contributions	-	-	111,272	90,768
Patient revenue	-	-	49,420	52,135
Contract revenue	-	-	9,495	9,718
Special events and fundraising	-	-	1,498	3,511
Interest earned on loans receivable	220	217	-	-
Other operating revenues	29,577	30,985	9,500	4,511
Total Operating Revenues	<u>927,287</u>	<u>885,699</u>	<u>188,707</u>	<u>169,318</u>
Operating Expenses				
Employee compensation and benefits	(1,107,051)	(1,036,212)	(25,541)	(28,719)
Utilities	(29,297)	(32,042)	-	-
Supplies and services	(368,686)	(363,800)	(553)	(6,636)
Scholarships and fellowships	(83,503)	(87,596)	(8,103)	-
Program expenses, System Related Organizations	-	-	(58,807)	(62,714)
Depreciation	(103,020)	(98,669)	(342)	(486)
Other operating expenses	(167)	(298)	(13,404)	(5,312)
Total Operating Expenses	<u>(1,691,724)</u>	<u>(1,618,617)</u>	<u>(106,750)</u>	<u>(103,867)</u>
Operating Income (Loss)	<u>(764,437)</u>	<u>(732,918)</u>	<u>81,957</u>	<u>65,451</u>
Nonoperating Revenues (Expenses)				
State appropriations	568,163	539,968	-	-
Gifts (including \$54,527 and \$47,819 from System Related Organizations)	58,468	52,591	-	-
Investment income (loss), net	79,808	(2,582)	24,279	6,431
Gain/(Loss) on disposal of capital assets	1,319	(4,323)	(57)	186
Interest expense	(25,790)	(24,520)	(13)	(41)
Payments to System campuses and divisions	-	-	(60,809)	(57,285)
Other nonoperating revenues	3,680	5,113	27,981	437
Federal grants and contracts	115,028	123,160	-	-
Total Nonoperating Revenues (Expenses)	<u>800,676</u>	<u>689,407</u>	<u>(8,619)</u>	<u>(50,272)</u>
Income (Loss) Before Other Revenue (Expenses)	<u>36,239</u>	<u>(43,511)</u>	<u>73,338</u>	<u>15,179</u>
Other Revenues				
State appropriations restricted for capital purposes	1	39,061	-	-
Capital grants and gifts (including \$18,902 and \$21,695 from System Related Organizations)	19,383	26,673	-	-
Additions to permanent endowments (including \$715 and \$100 from System Related Organizations)	783	323	10,719	11,244
Other Foundation expenses	-	-	(117)	(9)
Total Other Revenues	<u>20,167</u>	<u>66,057</u>	<u>10,602</u>	<u>11,235</u>
Increase in Net Position	56,406	22,546	83,940	26,414
NET POSITION				
Net position - beginning of year	2,117,472	2,094,926	638,953	612,539
Net position - end of year	<u>\$ 2,173,878</u>	<u>\$ 2,117,472</u>	<u>\$ 722,893</u>	<u>\$ 638,953</u>

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

**NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF CASH FLOWS (in \$1000's)
FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

	<u>System</u>	
	<u>2017</u>	<u>2016</u>
<i>Cash flows from operating activities</i>		
Tuition and fees	\$ 419,763	\$ 396,828
Grants and contracts	283,814	273,284
Payments to suppliers	(384,244)	(373,842)
Payments for utilities	(29,410)	(32,556)
Payments for compensation and benefits	(1,088,168)	(1,032,466)
Payments for scholarships and fellowships	(83,486)	(87,596)
Loans issued to students and employees	(2,472)	(5,783)
Collection of loans to students and employees	2,794	6,086
Sales and services of auxiliary enterprises	92,231	113,621
Sales and services of educational departments	92,618	72,376
Other receipts	29,641	29,618
<i>Cash flows from operating activities</i>	<u>(666,919)</u>	<u>(640,430)</u>
<i>Cash flows from noncapital financing activities</i>		
State appropriations	569,857	539,810
Gifts and grants for other than capital purposes	60,667	50,250
Gift for endowment purposes	638	942
Receipts under federal student loan programs	171,379	176,213
Disbursements under federal student loan programs	(170,369)	(177,123)
Other	3,569	6,394
Agency transactions	231	(2,083)
Federal grants and contracts	114,816	122,959
<i>Cash flows from noncapital financing activities</i>	<u>750,788</u>	<u>717,362</u>
<i>Cash flows from capital and related financing activities</i>		
Proceeds from capital debt	48,561	253,371
Other	(9)	109
Payments for debt issuance costs	(960)	(1,270)
Capital appropriations	8,913	13,856
Capital grants and gifts received	12,193	23,183
Purchases of capital assets	(159,996)	(215,771)
Proceeds from sale of property and equipment	1,609	645
Principal paid on capital debt and leases, including defeasance	(40,375)	(165,764)
Interest paid on capital debt and leases	(24,716)	(24,891)
Deposits for the acquisition of property and equipment	(5,440)	(2)
<i>Cash flows from capital and related financing activities</i>	<u>(160,220)</u>	<u>(116,534)</u>
<i>Cash flows from investing activities</i>		
Proceeds from sales and maturities of investments	220,954	141,638
Purchase of investments	(220,977)	(144,376)
Interest and dividends received on investments	15,644	16,506
Net decrease in cash equivalents, noncurrent investments	(1,187)	2,778
<i>Cash flows from investing activities</i>	<u>14,434</u>	<u>16,546</u>
<i>Net decrease in cash</i>	(61,917)	(23,056)
<i>Cash and cash equivalents, beginning of year</i>	329,880	352,936
<i>Cash and cash equivalents, end of year</i>	<u>\$ 267,963</u>	<u>\$ 329,880</u>

**NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINED STATEMENT OF CASH FLOWS (in \$1000's) (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

	<u>System</u>	
	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to cash flows from operating activities		
Operating loss	\$ (764,437)	\$ (732,918)
Adjustments to reconcile operating loss to cash used in operating activities:		
Supplies expense related to noncash gifts	373	1,017
Depreciation and amortization expense	103,020	98,669
Change in pension related deferred outflows of resources	(43,588)	(5,855)
Change in pension related deferred inflows of resources	(8,663)	(25,862)
Changes in assets and liabilities:		
Accounts receivable, net	(16,424)	(7,324)
Receivable from U.S. Government	(1,710)	4,592
Receivable from State of Nevada	88	(1,943)
Loans receivable, net	537	522
Inventories	(1,210)	(7)
Due to/from related entities	178	-
Deposits and prepaid expenditures	(2,954)	(1,982)
Accounts payable	(1,991)	(4,618)
Accrued payroll and related liabilities	5,591	2,943
Unemployment and workers' compensation insurance liability	834	664
Unearned revenue	(283)	(204)
Refundable advances under federal loan program	(569)	51
Compensated absences	32	(310)
Net pension liability	64,644	31,867
Other	(387)	268
Cash flows from operating activities	<u>\$ (666,919)</u>	<u>\$ (640,430)</u>
Supplemental noncash activities information		
Gain(loss) on disposal of capital assets	<u>\$ 1,319</u>	<u>\$ (4,323)</u>
Capital assets acquired by gifts	<u>\$ 4,216</u>	<u>\$ 2,971</u>
Capital assets acquired by incurring capital lease obligations and accounts payable	<u>\$ 13,507</u>	<u>\$ 32,611</u>
Capital lease for a parking garage	<u>\$ 18,113</u>	<u>\$ -</u>
Unrealized gain (loss) on investments	<u>\$ 36,289</u>	<u>\$ (19,688)</u>
Debt forgiven on capital and non-capital leases	<u>\$ -</u>	<u>\$ 945</u>
Capital assets transferred from other campuses	<u>\$ -</u>	<u>\$ 261</u>
WICHE Student loans receivables moved to state included in state appropriation	<u>\$ 61</u>	<u>\$ 1,531</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 1 – Organization:

The financial statements represent the combined financial statements of the various divisions and campuses of the Nevada System of Higher Education (the System or NSHE) which include:

- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Truckee Meadows Community College (TMCC)
- Western Nevada College (WNC)
- Great Basin College (GBC)
- University of Nevada, Las Vegas (UNLV)
- College of Southern Nevada (CSN)
- Nevada State College (NSC)
- Nevada System of Higher Education Administration (System Admin)

The System is an entity of the State of Nevada (the State) and receives significant support from, and has significant assets held by the State as set forth in the accompanying combined financial statements. The System is a component unit of the State of Nevada in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The System Related Organizations' columns in these combined financial statements are comprised of data from the System's discretely presented campus, athletic foundations and medical school practice plans, which include: University of Nevada, Reno Foundation, Athletic Association University of Nevada, Integrated Clinical Services, Inc., Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Western Nevada College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Alumni Foundation, University of Nevada, Las Vegas Rebel Football Foundation, University of Nevada, Las Vegas Rebel Soccer Foundation, University of Nevada, Las Vegas Singapore Unlimited, College of Southern Nevada Foundation, and Nevada State College Foundation. These System Related Organizations are included as part of the System's combined financial statements because of the nature and the significance of their financial relationship with the System.

The System Related Organizations include campus foundations which are related tax-exempt organizations founded to foster and promote the growth, progress, and general welfare of the System, and are reported in separate columns to emphasize that they are Nevada not-for-profit organizations legally separate from the System. During the year ended June 30, 2017 and 2016, the foundations distributed \$34,828 and \$31,304 to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Chester Burton, Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

The System Related Organizations also include three legally separate non-profit organizations, together known as Integrated Clinical Services, Inc. (ICS). ICS includes the University of Nevada School of Medicine Multispecialty Group Practice North, Inc., University of Nevada School of Medicine Group Practice South, Inc., and Nevada Family Practice Residency Program, Inc. ICS was established for the benefit of the University of Nevada School of Medicine and its faculty physicians who are engaged in patient care activities. During the year ended June 30, 2017 and 2016, ICS distributed \$25,981 each year to the System for restricted purposes for salaries and Dean's support. Complete financial statements for ICS can be obtained from Chester Burton, Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

NOTE 2 – Summary of Significant Accounting Policies:

The significant accounting policies followed by the System are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION

For financial statement reporting purposes, the System is considered a special purpose government engaged only in business-type activities. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

The financial statements required by Statement No. 35 are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. Financial reporting requirements also include Management's Discussion and Analysis of the System's financial position and results of operations.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued):

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred. All significant transactions between various divisions and campuses of the System have been eliminated. The financial statements are presented using the economic resources measurement focus.

CASH AND CASH EQUIVALENTS

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash held by State Treasurer represents the funds from certain state appropriations, which were enacted to provide the System with the funds necessary for the construction of major assets. Such amounts are controlled by the Nevada Public Works Board. These amounts are included in cash and cash equivalents in the Statement of Cash Flows.

INVESTMENTS

Investments are stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships and commingled funds are based upon the latest valuations provided by the general partners or fund managers of the respective partnerships and funds adjusted for cash receipts, cash disbursements and securities distributions through June 30. The System believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the private equity partnerships and private commingled funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investment transactions are recorded on the date the securities are purchased or sold (trade-date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

INVENTORIES

Inventories consist primarily of bookstore and agricultural inventories, and other items held for sale and are stated at lower of estimated cost or market. Cost is calculated primarily on the first-in, first-out method.

PLEDGES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-Exchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the pledge is verifiable, the resources are measurable and collection is probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on collection history and is netted against the gross pledges receivable.

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of \$5 in the year ended June 30, 2017 and 2016 and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Interest in the amount of \$3,065 and \$4,274 was capitalized during the year ended June 30, 2017 and 2016, respectively. Depreciation is computed on a straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Year</u>
Buildings and improvements	40
Land improvements	10 to 15
Machinery and equipment	3 to 18
Library books	5
Leasehold improvements	shorter of useful life or lease term
Intangible assets	10

Collections are capitalized at the acquisition value at the date of donation. The System's collections are protected, preserved and held for public exhibition, education or research and include art and rare book collections which are considered inexhaustible and are therefore not depreciated.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued):

UNEARNED REVENUE

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees and fees for housing and dining services, and advanced ticket sales for athletic and other events.

COMPENSATED ABSENCES

The System accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked. Such accrued expenses have been classified as a component of employee compensation and benefits in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

FEDERAL REFUNDABLE LOANS

Certain loans to students are administered by the System campuses, with funding primarily supported by the federal government. The System's Statement of Net Position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

PENSIONS

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 the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The System has pension related and loss on bond refunding balances of \$79,346 and \$13,786, respectively, at June 30, 2017 and \$35,756 and \$14,703, respectively, at June 30, 2016 that qualify for reporting in this category. Pension related deferred outflows of resources are discussed in depth in Note 17. A loss on bond refunding 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 includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. The System has pension related and gain on bond refunding balances of \$49,627 and \$335, respectively, at June 30, 2017 and \$58,290 and \$415, respectively, at June 30, 2016 while the System Related Organizations have endowment pledge donations, net, and unearned lease revenue of \$9,183 and \$4,035, respectively, at June 30, 2017 and \$11,023 and \$4,077, respectively, at June 30, 2016 that qualify for reporting in this category. Pension related deferred inflows of resources are discussed in depth in Note 17. A gain on bond refunding results from the difference in the reacquisition price and the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Endowment pledge donations, net, consist of future commitments to donate funds to support an endowment. Unearned lease revenue represents lease revenue that will be recognized in future periods.

NET POSITION

Net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position – nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued):

inviolate and in perpetuity, and invested for the purposes of producing present and future income, which may either be expended or added to principal.

Restricted net position – expendable: Restricted expendable net position includes resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources that are not subject to externally imposed restrictions. These resources are used for transactions relating to educational and general operations and may be used to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are applied first.

FAIR VALUE

The System follows the provisions of the fair value measurement standard which defines the fair value of assets, establishes a framework for measuring the fair value of assets, and outlines the required disclosures related to fair market value measurements. The standard defines fair value 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.”

The standard established a fair value hierarchy for disclosure that classifies inputs for valuation techniques into three levels as follow:

Level 1 – Observable inputs are readily available quoted prices (unadjusted) for *identical* assets or liabilities in active markets that a government can access at the measurement date. In the table below, the System’s Level 1 assets consist of cash and cash equivalents, bonds, mutual funds and commingled funds with observable market prices. The System does not adjust quoted prices for these investments.

Level 2 – Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs are unobservable inputs for an asset or liability in which there is little or no market data. Assets in this category generally include investments where independent pricing information was not obtainable for a significant portion of the underlying assets.

Net Asset Value (“NAV”) – The amount of net assets attributable to each share of capital stock or partnership interest (other than senior equity securities, that is, preferred stock) outstanding at the close of the period.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

OPERATING AND NONOPERATING REVENUES AND EXPENSES

SYSTEM

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grants and contracts representing an exchange transaction are considered operating revenues.

Revenues and expenses are classified as nonoperating if they result from capital and related financing, noncapital financing, or investing activities. Appropriations received to finance operating deficits are classified as noncapital financing activities; therefore, they are reported as nonoperating revenues. Grants and contracts representing nonexchange receipts are treated as nonoperating revenues.

Functional classification of expenses is determined when an account is established and is assigned based on the functional definitions by the National Association of College and University Business Officers’ Financial Accounting and Reporting Manual.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued):

INTEGRATED CLINICAL SERVICES, INC.

Net patient service revenue is reported when services are provided to patients at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net professional revenues. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Normal differences between final reimbursements and estimated amounts accrued in previous year are recorded as adjustments of the current year's contractual and bad debt adjustments. Substantially all of the operating expenses are directly or indirectly related to patient care.

FOUNDATIONS

Donations, gifts and pledges are recognized as income when all eligibility requirements are met, provided that the promise to give is verifiable, the resources are measurable and collection is probable.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the institutions and the amount that is paid by students and/or third parties making payments on the students' behalf. Payments of financial aid made directly to students are classified as scholarships and fellowships expenses.

GRANTS-IN-AID

Student tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for the year ended June 30, 2017 and 2016 were \$10,027 and \$9,658, respectively.

TAX EXEMPTION

The System is an affiliate of a government unit in accordance with the Internal Revenue Service's Revenue Procedure 95-48 and is exempt from federal taxes. The discretely presented System Related Organizations are qualified tax-exempt organizations under the provisions of Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

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 for 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 January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80), which improves financial reporting by clarifying the financial statement requirements for certain component units. The Statement amends the blending requirements for the financial statement presentation of component units of all statement and local governments. GASB 80 is effective for fiscal years beginning after June 15, 2016. The pronouncement did not impact the financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* which addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are*

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 2 – Summary of Significant Accounting Policies (continued):

Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68 (GASB 82). Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities or all state and local governments. GASB 84 is effective for fiscal years beginning after December 15, 2018. The anticipated impact of this pronouncement is uncertain at this time.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB Statements. 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*, 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 extinguishment of debt. The 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.

In June 2017, the GASB issued Statement No. 87, *Leases*, which addresses information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 is effective for fiscal years beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

NOTE 3 – System Cash and Cash Equivalents:

Cash and cash equivalents of the System are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2017 and 2016, the System's deposits in money market funds totaled \$220,439 and \$206,200, respectively, and cash in bank was \$6,279 and \$8,848, respectively. Of these balances, \$250 each year are covered by the Federal Depository Insurance Corporation (FDIC), the remaining deposits are uncollateralized and uninsured. Restricted cash represents the unexpended bond proceeds held for construction of major assets.

NOTE 4 – Disclosures About Fair Value of Financial Instruments:

Investments at Fair Value

The System's investment holdings as of June 30, 2017 categorized in accordance with the fair value hierarchy are summarized in the following table:

	Level 1 <u>fair value</u>	Level 2 <u>fair value</u>	Level 3 <u>fair value</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$228,246	\$ -	\$ -	\$ -	\$ 228,246
Charitable trusts	4,264	-	-	-	4,264
Domestic equity	201,528	-	-	20,117	221,645
Emerging market equity	1,748	-	-	6,262	8,010
Fixed income	122,221	-	-	126,531	248,752
International equity	162,859	-	-	18,656	181,515
Marketable alternatives	-	-	-	36,809	36,809
Multi-strategy	26,541	-	-	74,313	100,854
Private growth	-	-	-	27,105	27,105
Real assets	<u>7,085</u>	<u>-</u>	<u>-</u>	<u>8,028</u>	<u>15,113</u>
	754,492	-	-	317,821	1,072,313
Less: GBC Foundation Endowments	<u>(1,089)</u>	<u>-</u>	<u>-</u>	<u>(5,503)</u>	<u>(6,592)</u>
	<u>\$753,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$312,318</u>	<u>\$1,065,721</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 4 – Disclosures About Fair Value of Financial Instruments (continued):

The System's investment holdings as of June 30, 2016 categorized in accordance with the fair value hierarchy are summarized in the following table:

	Level 1 <u>fair value</u>	Level 2 <u>fair value</u>	Level 3 <u>fair value</u>	NAV	Total
Bonds	\$145,678	\$ -	\$ -	\$133,652	\$279,330
Cash and cash equivalents	196,139	-	-	-	196,139
Domestic equity	192,281	-	-	30,795	223,076
Emerging market equity	18,212	-	-	-	18,212
Global ex US equity	143,152	-	-	-	143,152
Marketable alternatives	-	-	-	36,048	36,048
Opportunistic	27,874	-	-	-	27,874
Private equity/venture capital	-	-	-	24,103	24,103
Real assets	12,541	-	-	4,579	17,120
Charitable trusts	4,063	-	-	-	4,063
	<u>\$739,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$229,177</u>	<u>\$969,117</u>

Disclosure of investments valued at NAV:

Assets included in the net asset value column in the above table represent assets held in the System's Operating and Endowment Fund and are classified as either private partnerships or marketable alternatives. Investment strategies within these classifications can be broken down into eight major investment categories:

- *Private Growth* – Strategies consist of private equity, private venture capital and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of \$22,613 to private equity/venture capital funds are outstanding as of June 30, 2017.
- *Marketable Alternatives* – Assets in the marketable alternative category have a broad mandate and/or incorporate hedging strategies and have significant redemptions restrictions.
- *Real Assets* – The System's holding in the real assets valued at NAV consists of funds which primarily invests in securities of publicly traded C-corporations, Master Limited Partnerships and certain private placement transactions.
- *Fixed Income* – The System's fixed income holdings valued at NAV consist of private and commingled funds with core fixed and short duration strategies.
- *Domestic Equity* – The System's holdings valued at NAV within the domestic equity category consists of one commingled fund with a broad mandate which seeks to outperform the S&P 500 index.
- *Multi-Strategy* – Assets in the multi-strategy valued at NAV consist of one fund which seeks to provide long-term capital growth by investing in domestic and foreign stocks, real assets, and bonds.
- *International Equity* – The System's holdings at NAV within the International equity category consist of private commingled funds primarily focused on value.
- *Emerging Market Equity* – The System's holdings at NAV within Emerging Market category consist of private commingled funds which look to achieve long-term capital appreciation while investing in equity securities or equity-linked instruments of companies located in emerging market countries.

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NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 4 – Disclosures About Fair Value of Financial Instruments (continued):

The table below summarizes redemption restrictions for investments valued at NAV:

	<u>Redemption Frequency</u>	<u>Days' Notice (if applicable)</u>	<u>Remaining Life for Partnership</u>
	Daily, Monthly, Quarterly, Semi-Annually, Annually		
Marketable Alternatives	Annually, Annually	90	N/A
Private equity/venture capital	Illiquid	N/A	7 to 12 years
Domestic Equity	Daily, Monthly, Quarterly	0-3	N/A
Fixed income	Daily, Monthly	Same Day	N/A
Emerging Market Equity	Daily, Weekly, Monthly	N/A	N/A
International Equity	Daily, Monthly	N/A	N/A
Real Assets	Daily, Monthly, Quarterly	0-110 days	N/A
Multi-Strategy	Daily	N/A	N/A

NOTE 5 – System Investments:

Board of Regents policies include the Statement of Investment Objectives and Policies for the Endowment and Operating Funds of the System. This policy governs the investment management of both funds. The Board of Regents is responsible for establishing the investment policies; accordingly, the Board of Regents has promulgated these guidelines in which they have established permitted asset classes and ranges. There was a significant change of policy and the System implemented outsourced chief investment officers this year. The System sold most of the assets in the endowment fund and purchased different assets. The asset allocation categories may change from year to year.

Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2017 and 2016 is as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds publicly traded	\$413,909	\$520,193	\$458,971	\$527,735
Partnerships	33,478	47,932	67,758	95,524
Endowment cash and cash equivalents	1,528	1,528	130	130
Trusts	3,318	4,247	3,285	4,063
Private commingled funds	<u>262,688</u>	<u>271,695</u>	<u>148,052</u>	<u>145,656</u>
	714,921	845,595	678,196	773,108
Less: GBC Foundation Endowments	<u>(6,592)</u>	<u>(6,592)</u>	<u>-</u>	<u>-</u>
	<u>\$708,329</u>	<u>\$839,003</u>	<u>\$678,196</u>	<u>\$773,108</u>

As of June 30, 2017, the System had entered into various investment agreements with private equity partnerships and private commingled funds. Under the terms of certain of these investment agreements, the System is obligated to make additional investments as requested by these partnerships. Generally, partnership investments do not have a ready market and ownership interests in some of these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risks generally associated with equities with additional risks due to leverage and the lack of a ready market for acquisition or disposition of ownership interests.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Combined Statements of Net Position.

Credit risk and interest rate risk

Certain securities with fixed income are subject to credit risk which is the risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, for example Moody's Investors Service or Standard and Poor's. For the types of investments that are subject to rating, the System'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

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 5 – System Investments (continued):

investment pools. With regard to the trusts included in endowment investments, the System 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 the System's operating and endowment investments at June 30, 2017 and 2016 is as follows:

	2017		2016	
	Fair Value	Not Rated	Fair Value	Not Rated
Mutual funds publicly traded	\$520,193	\$520,193	\$527,735	\$527,735
Partnerships	47,932	47,932	95,524	95,524
Endowment cash and cash equivalents	1,528	1,528	130	130
Trusts	4,247	4,247	4,063	4,063
Private commingled funds	<u>271,695</u>	<u>271,695</u>	<u>145,656</u>	<u>145,656</u>
	845,595	845,595	773,108	773,108
Less: GBC Foundation Endowments	<u>(6,592)</u>	<u>(6,592)</u>	<u>-</u>	<u>-</u>
	<u>\$839,003</u>	<u>\$839,003</u>	<u>\$773,108</u>	<u>\$773,108</u>

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer investment lives. The System's 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, the System is not the trustee of these investments and; therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds and private commingled funds. The segmented time distribution for these investments at June 30, 2017 and 2016 is as follows:

	2017	2016
Less than 1 year	\$227,707	\$206,331
1 to 5 year	116,048	135,424
5 to 10 year	<u>150,748</u>	<u>159,292</u>
	<u>\$494,503</u>	<u>\$501,047</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of the custodian, the System may not be able to recover the value of the investments held by the custodian as these investments are uninsured. This risk typically occurs in repurchase agreements where one transfers cash to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. The System does not have a specific policy with regard to custodial credit risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. For the fixed income portion of the endowment pool, the System's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The System does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2017 and 2016, there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

Foreign currency risk

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is, therefore, not subject to foreign currency risk. However, the System has \$189,524 and \$176,008 in mutual funds and commingled funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2017 and 2016, respectively.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 6 – System Endowment Pool:

At June 30, 2017 and 2016, respectively, \$246,959 and \$221,372 of endowment fund investments were pooled on a unit market value basis. As of June 30, 2017, the endowment pool was comprised of investments in mutual funds (16%), partnerships (17%), private commingled (66%), and cash (1%). Each individual endowment fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2017 and 2016 was \$772.97 and \$687.55, respectively. The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with respect to prudent investing and spending of donor-restricted endowments.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the year ended June 30, 2017 and 2016, respectively, the endowment spending policy, as approved by the Board of Regents, authorized a distribution maximum of 4.75% and 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of these spending rules, during 2017 and 2016, respectively, \$22.90 and \$26.77 was distributed to each time-weighted eligible unit for a total spending rule distribution of \$9,412. The 2017 and 2016 distributions were made from investment income of \$1,515 and \$3,844, respectively, and from cumulative gains of pooled investments of \$7,897 and \$6,814, respectively.

The System's policy is to retain the endowments' realized and unrealized appreciation with the endowment after the annual income distribution has been made. Such realized and unrealized appreciation retained in endowment investments was \$163,836 and \$145,202 at June 30, 2017 and 2016, respectively, is reflected within the restricted expendable for scholarships, research and instruction net position category and is available to meet future spending needs subject to the approval of the Board of Regents.

Effective July 1, 2009 the Board of Regents has suspended distribution on all underwater accounts. At June 30, 2017, there were no accounts underwater.

NOTE 7 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local and private sources for grant and contract agreements. System accounts receivable are presented on the accompanying Statement of Net Position net of allowances for uncollectible amounts of \$42,563 and \$40,070 as of June 30, 2017 and 2016, respectively.

Accounts receivable:	<u>2017</u>	<u>2016</u>
Student tuition and fees	\$52,485	\$51,250
Sales and services	19,270	11,692
Local and private grants and contracts	37,257	27,141
Other	<u>3,323</u>	<u>7,001</u>
	112,335	97,084
Less: Allowance for doubtful accounts	<u>(42,563)</u>	<u>(40,070)</u>
Net accounts receivable	<u>\$69,772</u>	<u>\$57,014</u>

NOTE 8 – System Loans Receivable:

Loans receivable from students bear interest primarily between 3% and 15% per annum and are generally repayable in installments to the various campuses over a five to ten year period commencing nine months from the date of separation from the institution. Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2017. A provision for possible uncollectible amounts is recorded on the basis of the various institutions' estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2017 and 2016 are as follows:

Loans receivable	<u>2017</u>	<u>2016</u>
	\$11,932	\$12,299
Less: Allowance for doubtful loans	<u>(1,880)</u>	<u>(1,649)</u>
Net loans receivable	10,052	10,650
Less current portion	<u>(1,813)</u>	<u>(1,841)</u>
Noncurrent loans receivable	<u>\$ 8,239</u>	<u>\$ 8,809</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 9 – System Capital Assets:

System capital asset activity for the year ended June 30, 2017 and 2016 is as follows:

	Beginning Balance	2017		Ending Balance
		Increases	Decreases	
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	<u>11,502</u>	<u>283</u>	<u>(10)</u>	<u>11,775</u>
Total capital assets not being depreciated	<u>304,302</u>	<u>123,504</u>	<u>(168,781)</u>	<u>259,025</u>
Capital assets being depreciated:				
Buildings	2,551,539	181,362	(171)	2,732,730
Land 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	<u>120,804</u>	<u>2,266</u>	<u>(853)</u>	<u>122,217</u>
Total	<u>3,220,895</u>	<u>222,279</u>	<u>(13,729)</u>	<u>3,429,445</u>
Less accumulated depreciation for:				
Buildings	(877,705)	(65,243)	1,657	(941,291)
Land 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	<u>(115,248)</u>	<u>(2,521)</u>	<u>864</u>	<u>(116,905)</u>
Total accumulated depreciation	<u>(1,387,596)</u>	<u>(103,020)</u>	<u>12,988</u>	<u>(1,477,628)</u>
Total capital assets being depreciated, net	<u>1,833,299</u>	<u>119,259</u>	<u>(741)</u>	<u>1,951,817</u>
Capital assets, net	<u>\$2,137,601</u>	<u>\$242,763</u>	<u>\$(169,522)</u>	<u>\$2,210,842</u>
	Beginning Balance	2016		Ending Balance
		Increases	Decreases	
Capital assets not being depreciated:				
Construction in progress	\$ 172,724	\$136,385	\$(169,374)	\$ 139,735
Land	100,201	51,029	-	151,230
Land improvements	1,835	-	-	1,835
Collections	<u>11,346</u>	<u>191</u>	<u>(35)</u>	<u>11,502</u>
Total capital assets not being depreciated	<u>286,106</u>	<u>187,605</u>	<u>(169,409)</u>	<u>304,302</u>
Capital assets being depreciated:				
Buildings	2,393,388	159,837	(1,686)	2,551,539
Land improvements	131,568	9,575	-	141,143
Machinery and equipment	355,790	30,035	(21,375)	364,450
Intangibles	43,944	1,371	(2,356)	42,959
Library books and media	<u>120,476</u>	<u>2,173</u>	<u>(1,845)</u>	<u>120,804</u>
Total	<u>3,045,166</u>	<u>202,991</u>	<u>(27,262)</u>	<u>3,220,895</u>
Less accumulated depreciation for:				
Buildings	(816,316)	(61,580)	191	(877,705)
Land improvements	(95,308)	(5,130)	-	(100,438)
Machinery and equipment	(263,047)	(25,070)	19,365	(268,752)
Intangibles	(23,457)	(4,352)	2,356	(25,453)
Library books and media	<u>(114,541)</u>	<u>(2,537)</u>	<u>1,830</u>	<u>(115,248)</u>
Total accumulated depreciation	<u>(1,312,669)</u>	<u>(98,669)</u>	<u>23,742</u>	<u>(1,387,596)</u>
Total capital assets being depreciated, net	<u>1,732,497</u>	<u>104,322</u>	<u>(3,520)</u>	<u>1,833,299</u>
Capital assets, net	<u>\$2,018,603</u>	<u>\$291,927</u>	<u>\$(172,929)</u>	<u>\$2,137,601</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 9 – System Capital Assets:

In 2016, UNLV realized a loss on disposal of assets of \$3,598. This represents planning funds of \$2,079 expended for a building that is no longer being considered for construction and demolition costs of \$1,519 on a piece of property to be developed by a private developer.

NOTE 10 – System Long-Term Debt:

The long-term debt of the System consists of revenue bonds payable, certificates of participation, capital lease obligations, notes payable and other minor obligations.

The Board of Regents issues revenue bonds to provide funds for the construction and renovation of major capital facilities. In addition, revenue bonds have been issued to refund other revenue bonds. In general, the long-term debt is issued to fund projects that would not be funded through State appropriations, such as dormitories, dining halls and parking garages.

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NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

NOTE 10 – System Long-Term Debt (continued):

System long-term debt activity for the year ended June 30, 2017 and 2016 is as follows:

	Annual Interest Rate	Fiscal Year Final Payment Date	2017		Beginning Balance	Additions	Reductions	Ending Balance	Current
			Original Amount	2017					
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	\$60,135	\$	\$ 5,545	\$ (1,300)	\$ 4,245	\$ 1,355	
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	18,140	-	3,410	(640)	2,770	660	
Universities Revenue Bonds, Series 2010A	2.00% to 7.90%	2041	29,455	-	28,860	-	28,860	-	
Universities Revenue Bonds, Series 2010B	4.00%	2018	3,275	-	1,385	(680)	705	705	
Universities Revenue Bonds, Series 2011A	3.00% to 5.00%	2025	50,470	-	32,880	(5,745)	27,135	5,455	
Universities Revenue Bonds, Series 2012A	2.00% to 5.00%	2033	27,375	-	25,965	-	25,965	-	
Universities Revenue Bonds, Series 2012B	2.00% to 2.75%	2023	5,010	-	3,340	(580)	2,760	590	
Universities Revenue Bonds, Series 2013A	2.00% to 5.00%	2033	40,035	-	35,065	(1,650)	33,415	650	
Universities Revenue Bonds, Series 2013B	3.00% to 5.00%	2035	105,300	-	105,300	(960)	104,340	5,215	
Universities Revenue Bonds, Series 2014A	4.00% to 5.00%	2044	49,995	-	49,170	(1,275)	47,895	1,325	
Universities Revenue Bonds, Series 2015A	3.00% to 5.00%	2036	61,455	-	61,455	-	61,455	-	
Universities Revenue Bonds, Series 2015B	2.00% to 3.00%	2027	7,480	-	7,480	-	7,480	680	
Universities Revenue Bonds, Series 2016A	3.125% to 5.00%	2039	57,750	-	57,750	-	57,750	100	
Universities Revenue Bonds, Series 2016b	2.50% to 5.00%	2036	13,580	-	-	-	13,580	-	
Certificates of Participation, Series 2006A	4.00% to 5.00%	2026	11,015	-	690	(690)	-	-	
Certificates of Participation, Series 2014A	2.00% to 5.00%	2045	34,220	-	33,425	(670)	32,755	680	
Certificates of Participation, Series 2016A	2.00% to 5.00%	2047	63,095	-	63,095	-	63,095	1,535	
Certificates of Participation, Series 2016B	1.65% to 4.72%	2047	50,405	-	50,405	-	50,405	990	
SNSC Phase II Lease Revenue Bonds	7.58%	2023	8,460	-	4,460	(505)	3,955	545	
Discounts				(1)			(8)	(2)	
Premiums				41,227			1,063	2,991	
Total Bonds Payable				610,906			607,865	23,474	
Notes Payable				25,616			54,150	10,194	
Total				<u>\$636,522</u>			<u>\$662,015</u>	<u>\$662,015</u>	

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

	Annual Interest Rate	Fiscal Year Final Payment Date	2016		Beginning Balance	Additions	Reductions	Ending Balance	Current
			Original Amount	2016					
Universities Revenue Bonds, Series 2005A	3.00% to 5.00%	2016	\$ 31,010	\$ 830	\$ -	\$ (830)	\$ -	\$ -	
Universities Revenue Bonds, Series 2005B	3.25% to 5.00%	2030	170,360	24,980	-	(24,980)	-	-	
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	60,135	53,400	-	(47,855)	5,545	1,300	
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	18,140	15,245	-	(11,835)	3,410	640	
Universities Revenue Bonds, Series 2010A	2.00% to 7.90%	2041	29,455	28,860	-	-	28,860	-	
Universities Revenue Bonds, Series 2010B	4.00%	2018	3,275	2,040	-	(655)	1,385	680	
Universities Revenue Bonds, Series 2011A	3.00% to 5.00%	2025	50,470	37,170	-	(4,290)	32,880	5,745	
Universities Revenue Bonds, Series 2012A	2.00% to 5.00%	2033	27,375	27,375	-	(1,410)	25,965	-	
Universities Revenue Bonds, Series 2012B	2.00% to 2.75%	2023	5,010	3,905	-	(565)	3,340	580	
Universities Revenue Bonds, Series 2013A	2.00% to 5.00%	2033	40,035	37,410	-	(2,345)	35,065	1,650	
Universities Revenue Bonds, Series 2013B	3.00% to 5.00%	2035	105,300	105,300	-	-	105,300	960	
Universities Revenue Bonds, Series 2014A	4.00% to 5.00%	2044	49,995	49,995	-	(825)	49,170	1,275	
Universities Revenue Bonds, Series 2015A	3.00% to 5.00%	2036	61,455	61,455	-	-	61,455	-	
Universities Revenue Bonds, Series 2015B	2.00% to 3.00%	2027	7,480	7,480	-	-	7,480	-	
Universities Revenue Bonds, Series 2016A	3.125% to 5.00%	2039	57,750	-	57,750	-	57,750	-	
Certificates of Participation, Series 2006A	4.00% to 5.00%	2026	11,015	1,985	-	(1,295)	690	-	
Certificates of Participation, Series 2014A	2.00% to 5.00%	2045	34,220	34,220	-	(795)	33,425	670	
Certificates of Participation, Series 2016A	2.00% to 5.00%	2047	63,095	-	63,095	-	63,095	-	
Certificates of Participation, Series 2016B	1.65% to 4.72%	2047	50,405	-	50,405	-	50,405	-	
SNSC Phase II Lease Revenue Bonds	7.58%	2023	8,460	4,930	-	(470)	4,460	505	
Discounts				(32)	-	31	(1)	(1)	
Premiums				35,737	9,183	(3,693)	41,227	2,945	
Total Bonds Payable				532,285	180,433	(101,812)	610,906	16,949	
Notes Payable				23,065	63,396	(60,845)	25,616	5,444	
Total				\$555,350	\$243,829	\$(162,657)	\$636,522	\$22,393	

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

NOTE 10 – System Long-Term Debt (continued):

System notes payable activity for the year ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>					<u>2016</u>				
	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
Bank of America, CSN Promissory Note	1.88%	01/03/13	06/01/23	10,000	\$ 6,223	1.74%	08/07/13	06/01/17	\$ 6,250	\$ 1,603
JP Morgan Chase, UNR Achievement Center	Variable*	02/26/14	07/01/19	Maximum 12,000	1,950	1.88%	01/03/13	06/01/23	10,000	7,194
JP Morgan Chase, UNR Fitness Center	Variable**	08/14/14	01/01/20	Maximum 16,000	7,200	Variable*	02/26/14	07/01/19	Maximum 2,700	2,700
Wells Fargo Bank, UNLV Hotel College Academic Bldg	Variable***	12/15/15	01/03/23	Maximum 19,900	15,561	Variable**	08/14/14	01/01/20	Maximum 16,000	100
Wells Fargo Bank, UNR MEB Refunding	1.80%	04/21/16	01/02/26	7,570	7,486	1.80%	04/21/16	01/02/26	7,570	7,570
Wells Fargo Bank, UNR Scoreboard	2.01%	05/05/16	03/01/21	3,305	3,305	2.01%	05/05/16	03/01/21	3,305	3,305
Key Government Finance, Inc., UNR Fine Arts Building	2.02%	04/20/17	07/01/22	11,326	11,326	1.60% - 6.30%	Various	Various	Various	3,144
Other notes payable	1.74% - 5.16%	Various	Various	Various	1,099					<u>\$25,616</u>
					<u>\$54,150</u>					

* The variable interest rate is calculated based on 67% of one-month LIBOR plus a spread of 0.96%. The rate is reset daily, and interest only accrues based on the outstanding principal.

** The variable interest rate is calculated based on 72% of one month LIBOR plus a spread of 1.23%. The rate is reset daily, and interest only accrues based on the outstanding principal. Excludes other fees paid to JP Morgan Chase associated with this financing.

***The variable interest rate is calculated based on 70% of one-month LIBOR plus a spread of 0.75%. The rate is reset monthly, and interest only accrues based on the outstanding principal.

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NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 10 – System Long-Term Debt (continued):

The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures. The Certificates of Participation are secured by any and all available revenues as defined in the bond indentures. There are a number of limitations and restrictions contained in the various bond indentures. The most restrictive covenants of the various bond indentures require the various divisions and campuses of the System to maintain minimum levels of revenues, as defined in the indentures. The System is in compliance with all covenants.

Scheduled maturities of long-term debt for the years ending June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 33,668	\$ 26,031	\$ 59,699
2019	37,169	24,929	62,098
2020	36,362	23,647	60,009
2021	34,130	22,367	56,497
2022	34,479	21,086	55,565
2023-2027	145,493	86,011	231,504
2028-2032	130,891	57,709	188,600
2033-2037	116,635	30,833	147,468
2038-2042	56,643	13,076	69,719
2043-2047	<u>36,545</u>	<u>2,991</u>	<u>39,536</u>
Total	<u>\$662,015</u>	<u>\$308,680</u>	<u>\$970,695</u>

NOTE 11 – System Obligations Under Capital Leases:

The System has entered into various non-cancellable lease agreements of land, buildings and improvements, and machinery and equipment expiring at various dates from fiscal year 2018 to 2056.

System obligations under capital leases were as follows for the year ended June 30, 2017 and 2016:

	<u>2017</u>			<u>Ending Balance</u>	<u>Current</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>		
Capital lease obligations	<u>\$51,941</u>	<u>\$18,627</u>	<u>\$(19,344)</u>	<u>\$51,224</u>	<u>\$1,234</u>
	<u>2016</u>			<u>Ending Balance</u>	<u>Current</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>		
Capital lease obligations	<u>\$46,276</u>	<u>\$7,360</u>	<u>\$(1,695)</u>	<u>\$51,941</u>	<u>\$3,583</u>

The following System property included in the accompanying combined financial statements was leased under capital leases as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$47,252	\$47,425
Machinery and equipment	<u>3,672</u>	<u>5,455</u>
Total	50,924	52,880
Less accumulated depreciation	<u>(2,195)</u>	<u>(3,526)</u>
Total	<u>\$48,729</u>	<u>\$49,354</u>

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 11 – System Obligations Under Capital Leases (continued):

Future net minimum rental payments, which are required under the System leases for the years ending June 30, are as follows:

2018	\$ 3,710
2019	3,712
2020	3,704
2021	3,577
2022	3,517
2023-2027	17,589
Thereafter	<u>54,121</u>
Total minimum lease payments	89,930
Less amount representing interest	<u>(38,706)</u>
Obligations under capital leases	<u>\$51,224</u>

Total interest expense under the System capital leases and included in the accompanying combined financial statements was \$2,600 and \$2,497 during the year ended June 30, 2017 and 2016, respectively. Depreciation of the capital lease assets is included in depreciation expense of the Statement of Revenues, Expenses and Changes in Net Position. Included in the capital lease obligations is a building lease for NSC with the State of Nevada.

NOTE 12 – Operating Leases:

The System has entered into various noncancellable operating lease agreements covering certain buildings and equipment. The lease terms range from one to ten years. The expense for operating leases was \$6,183 and \$6,362 for year ended June 30, 2017 and 2016, respectively.

Future minimum lease payments on noncancellable operating leases for the years ending June 30 are as follows:

2018	\$ 5,256
2019	4,045
2020	2,516
2021	2,419
2022	2,127
2023-2027	<u>2,042</u>
Total future minimum obligation	<u>\$18,405</u>

NOTE 13 – Unemployment Insurance and Workers Compensation:

The System is self-insured for unemployment insurance and workers compensation. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments.

Changes in unemployment and workers compensation for the year ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Unemployment insurance	\$2,163	\$1,834	\$(1,000)	\$2,997
Workers compensation	<u>3,000</u>	<u>3,000</u>	<u>(3,000)</u>	<u>3,000</u>
Total	<u>\$5,163</u>	<u>\$4,834</u>	<u>\$(4,000)</u>	<u>\$5,997</u>
	<u>2016</u>			
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Unemployment insurance	\$1,596	\$1,510	\$ (943)	\$2,163
Workers compensation	<u>2,903</u>	<u>3,000</u>	<u>(2,903)</u>	<u>3,000</u>
Total	<u>\$4,499</u>	<u>\$4,510</u>	<u>\$(3,846)</u>	<u>\$5,163</u>

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

NOTE 14 – System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the year ended June 30, 2017 and 2016 was as follows:

	Beginning Balance	2017		Ending Balance	Current
		Additions	Reductions		
Refundable advances under federal loans program	\$ 8,256	\$ 344	\$ (886)	\$ 7,714	\$ -
Compensated absences	49,805	33,732	(33,700)	49,837	34,945
Unearned revenue	42,100	41,654	(41,999)	41,755	40,855
Other noncurrent liabilities	1,019	-	(197)	822	-
Total	<u>\$101,180</u>	<u>\$ 75,730</u>	<u>\$(76,782)</u>	<u>\$100,128</u>	<u>\$75,800</u>

	Beginning Balance	2016		Ending Balance	Current
		Additions	Reductions		
Refundable advances under federal loans program	\$ 8,205	\$ 762	\$ (711)	\$ 8,256	\$ -
Compensated absences	50,116	32,665	(32,976)	49,805	33,283
Unearned revenue	42,380	41,792	(42,072)	42,100	40,950
Other noncurrent liabilities	729	669	(379)	1,019	-
Total	<u>\$101,430</u>	<u>\$ 75,888</u>	<u>\$(76,138)</u>	<u>\$101,180</u>	<u>\$74,233</u>

NOTE 15 – Extinguishment of Debt:

In prior years, the System defeased outstanding bonds and obligations by placing the proceeds of new bonds into an irrevocable escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the System's financial statements. At June 30, 2017 and 2016, \$59,935 and \$60,220, respectively, of bonds outstanding were considered defeased.

In prior years, the System refinanced or defeased existing bonds for net cash flow savings or economic gain (present value of cash flow savings). There were no new refinancing activities for the year ended June 30, 2017.

NOTE 16 – Irrevocable Letter of Credit:

In connection with its worker's compensation liability coverage, the System is required to maintain a \$200 standby letter of credit. An additional letter of credit was established in April 2004 in connection with the System's self-insured workers' compensation liability; the amount as of June 30, 2017 and 2016 was \$1,995 and \$1,798, respectively. A letter of credit was established in July 2003 in connection with the SNSC Phase II Lease Revenue Bonds in the amount of \$2,100. No advances were made under the letters of credit during the year ended June 30, 2017 and 2016.

NOTE 17 – System Pension Plans:

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the PERS, a cost-sharing multiple-employer public employee retirement system. Professional employees are covered under PERS or the System Retirement Plan Alternative, a defined contribution retirement plan qualified under Internal Revenue Code Section 401(a).

Under the System Retirement Plan Alternative, the System and participants have the option to make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

System employees may elect to participate in the System Supplemental Retirement Plan, a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code, subject to maximum contribution limits established annually by the Internal Revenue Service. The employee contributions are not matched by the System.

The System's contribution to all retirement plans for the year ended June 30, 2017 and 2016, respectively, was approximately \$103,762 and \$101,014, equal to the required contribution for the year.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 17 – System Pension Plans (continued):

General Information about the PERS Cost Sharing Pension Plan

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system, and was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at 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. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

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 PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows 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.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS basic funding policy provides for periodic contributions at 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.

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.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2017 and 2016, respectively, the Statutory Employer/employee matching rate was 14.5% and 13.25%. The Employer-pay contribution (EPC) rate was 28% and 25.75%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017 and 2016, the System reported a liability of \$389,352 and \$324,708, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2016 and 2015. The System's proportionate share is approximately 2.83%.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 17 – System Pension Plans (continued):

For the year ended June 30, 2017 and 2016, the System recognized pension expense of \$46,791 and \$33,266, respectively. At June 30, 2017 and 2016 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2017</u>		<u>2016</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$26,072	\$ -	\$24,423
Net difference between projected and actual earnings on investments	36,195	-	-	17,588
Changes in proportion and differences between actual contributions and proportionate share of contributions	8,696	23,555	2,632	16,279
System contributions subsequent to the measurement date	<u>34,455</u>	<u>-</u>	<u>33,124</u>	<u>-</u>
	<u>\$79,346</u>	<u>\$49,627</u>	<u>\$35,756</u>	<u>\$58,290</u>

In 2017 and 2016, \$34,455 and \$33,124, respectively, reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows for the years ended June 30:

2018	\$(1,404)
2019	(1,404)
2020	6,005
2021	2,905
2022	(1,118)
Thereafter	<u>(248)</u>
	<u>\$ 4,736</u>

Actuarial Assumptions

The PERS net pension liability was measured as of June 30, 2017 and 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	4.60% to 9.75%, depending on service
	Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2015 funding Actuarial valuation

Mortality rates for healthy participants 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 disabled participants, mortality rates were based on the RP-2000 Disabled Retiree Table projected to 2013 with Scale AA, set forward three years.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

The PERS policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the PERS.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 17 – System Pension Plans (continued):

The following was the PERS Board adopted policy target asset allocation as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2016, PERS' long-term inflation assumption was 3.5%

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. 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

Pension Liability Discount Rate Sensitivity

The following represents the System's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
NSHE's proportional share of the net pension liability	\$570,715	\$389,352	\$238,461

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS comprehensive annual financial report that includes financial statements and required supplementary information. The report is available online at www.nvpers.org or may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

NOTE 18 – System Postemployment Benefits Other than Pensions:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' year of service, along with the related liability, net of any plan assets.

The State Retirees' Health and Welfare Benefits 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. The Retirees' Fund is a multiple employer cost sharing defined postemployment benefit plan run by the State of Nevada Public Employees' Benefits Program (PEBP) Board. The Retirees' Fund provides benefits other than pensions to eligible retirees and their dependents through the payment of subsidies to PEBP which administers a group health and life insurance program.

Pursuant to NRS 287.023 and NRS 287.046, public employees who meet the eligibility requirements for retirement and at the time of retirement are participants in the program, have the option upon retirement to continue group insurance including medical, dental, vision, accidental death and dismemberment, travel accident, long-term disability, mental health, substance abuse and life insurance benefits. Nevada Administrative Code 287.530 established this benefit upon the retiree. Monthly contributions are deducted from pension checks. The cost varies depending on which health plan the retiree chooses, as well as the amount of the State subsidy they receive.

Contributions to the fund are paid by the State of Nevada through an assessment of actual payroll paid by each State entity. The assessment is set by the Department of Administration based on an amount provided by the Legislature each biennium in session law. The assessment was 2.350%, 2.126% and 2.663% of actual payroll for the years ending June 30, 2017, 2016 and 2015, respectively. Benefits are paid to the PEBP Self Insurance Trust Fund as necessary to offset retiree premiums pursuant to NRS 287.046.

The unfunded actuarial accrued liability for the trust, as of the most recent valuation on July 1, 2015, is \$1,445. This is recorded on the financial statements of the trust and the State as a fiduciary fund, but not on the financial statements of the System.

Complete financial statements for the State of Nevada State Retirees' Health & Welfare Benefits Fund can be obtained from the Accounting Department at the Public Employees' Benefit Program, 901 S. Stewart St., Carson City, NV 89701.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 18 – System Postemployment Benefits Other than Pensions (continued):

The System's contribution for the retired employee group insurance assessment for the year ended June 30, 2017 and 2016 was \$11,021 and \$12,178, equal to the required contribution for the year.

NOTE 19 – System Commitments and Contingent Liabilities:

The System is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, System management believes that, except as provided below, any liability in those legal actions, in excess of insurance coverage, will not materially adversely affect the System's net financial position, changes in net position or cash flows of the System. The System 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 UNR. Embers from the fire escaped and burned 23 structures. The System 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 placed on notice of these cases.

The System 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 year and projects the rates needed for the coming year. The System uses a third party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment insurance liability. The System is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the System budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the System cannot be reasonably determined as of June 30, 2017 but no significant reduction in force or staffing cuts are anticipated.

The System 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 System.

The estimated cost to complete property authorized or under construction at June 30, 2017 and 2016 is \$94,936 and \$122,494, respectively. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NOTE 20 – Risk Management:

The System is an entity created by the Constitution of the State of Nevada. The System transfers its tort liabilities to the Tort Claims Fund of the State of Nevada (State). The State purchases an excess liability policy in the amount of \$15,000 excess of a \$2,000 self-insured retention (SIR).

The System purchases the following commercial insurance:

Coverage for direct physical loss or damage to the System's property with limits of \$500,000 per occurrence and a \$500 per occurrence deductible with an aggregate deductible of \$1,000.

Worker's compensation (foreign and domestic) with statutory limits excess of a \$750 SIR.
Crime & Fidelity (employee dishonesty) with limits of \$1,250 and a deductible of \$100.

Medical malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.
Allied health malpractice with limits of \$1,000 per occurrence and \$3,000 aggregate.

The System purchases other commercial insurance for incidental exposures where prudent. The amount of claim settlements did not exceed the insurance coverage for any of the past three years. The System is charged an assessment to cover its portion of the State's cost of the Tort Claims fund.

NOTE 21 – Subsequent Events:

The Board of Regents, at its September 8, 2017 meeting, approved a resolution authorizing the issuance of up to \$29,000 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 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 up to \$75,000 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 to fund the construction of a football complex at UNLV.

The University of Nevada, Las Vegas School of Medicine has formed a Practice Plan, UNLV School of Medicine Faculty Practice Plan (UNLV MED). The not-for-profit organization will commence operations during the year ending June 30, 2018.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 22– Functional Classification of System Expenses:

The following is the functional classifications of expenses as reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Instruction	\$ 619,598	\$ 574,121
Research	132,332	113,307
Public service	73,458	60,401
Academic support	153,790	149,450
Institutional support	146,777	175,920
Student services	162,178	142,799
Operation and maintenance of plant	123,058	123,610
Scholarships and fellowships	87,808	91,220
Auxiliary enterprises	89,704	89,120
Depreciation	<u>103,021</u>	<u>98,669</u>
Total	<u>\$1,691,724</u>	<u>\$1,618,617</u>

NOTE 23 – System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements include the financial data of the System's discretely presented campus foundations and ICS. Due to the condensed nature of this information, the individual line items may not necessarily agree with the financial statements of the System Related Organization, although the totals agree with the financial statements. Condensed combining financial data of the System Related Organizations is as follows:

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NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2017

	UNR Foundation	UNR AAUN	Integrated Clinical Services, Inc.	DRI Foundation	DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation
ASSETS								
<i>Current Assets</i>								
Cash and cash equivalents	\$ 27,686	\$ 423	\$ 6,591	\$ 386	\$ 1	\$ 2,238	\$ 2,970	\$ 1,028
Short-term investments	214,323	7,281	3,595	-	-	-	-	180
Other current assets	18,794	443	12,072	66	-	130	13	164
Total Current Assets	260,803	8,147	22,258	452	1	2,368	2,983	1,372
<i>Noncurrent Assets</i>								
Restricted investments	-	-	-	-	-	-	1,618	7,313
Endowment investments	14,919	-	-	-	-	506	-	-
Capital assets, net	36	50	633	486	-	-	-	-
Other noncurrent assets	26,175	277	-	-	-	-	1	418
Total Noncurrent Assets	41,130	327	633	486	-	506	1,619	7,731
TOTAL ASSETS	301,933	8,474	22,891	938	1	2,874	4,602	9,103
LIABILITIES								
<i>Current Liabilities</i>								
Due to affiliates	4,144	283	15,659	104	-	-	-	43
Current portion of long-term debt	-	-	-	-	-	-	-	-
Other current liabilities	2,411	-	6,903	114	3	1,956	-	-
Total Current Liabilities	6,555	283	22,562	218	3	1,956	-	43
<i>Noncurrent Liabilities</i>								
Long-term debt	-	-	-	-	-	-	-	-
Other noncurrent liabilities	1,978	-	-	-	108	-	-	-
Total Noncurrent Liabilities	1,978	-	-	-	108	-	-	-
TOTAL LIABILITIES	8,533	283	22,562	218	111	1,956	-	43
DEFERRED INFLOWS OF RESOURCES								
Endowment pledge donations, net	1,075	-	-	-	-	-	-	-
Deferred lease revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,075	-	-	-	-	-	-	-
NET POSITION								
Net investment in capital assets	36	50	633	486	-	-	-	-
Restricted - Nonexpendable	153,893	2,438	-	-	-	510	-	4,383
Restricted - Expendable	125,161	4,857	-	103	-	-	4,547	3,540
Unrestricted	13,235	846	(304)	131	(110)	408	55	1,137
TOTAL NET POSITION	\$ 292,325	\$ 8,191	\$ 329	\$ 720	\$ (110)	\$ 918	\$ 4,602	\$ 9,060

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2017 (continued)

	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association	UNLV Football Foundation	UNLV Soccer Foundation	UNLV Singapore Unlimited	CSN Foundation	NSC Foundation	Total System Related Organizations
ASSETS										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 35,001	\$ 611	\$ 21	\$ 277	\$ 135	\$ 508	\$ 5,930	\$ 454	\$ 370	\$ 84,630
Short-term investments	43,478	2,046	5,680	2,077	1,233	-	-	3,169	3,432	286,494
Other current assets	17,223	126	-	99	5	-	6	86	951	50,178
Total Current Assets	95,702	2,783	5,701	2,453	1,373	508	5,936	3,709	4,753	421,302
<i>Noncurrent Assets</i>										
Restricted investments	-	-	-	-	-	-	-	-	1,132	10,063
Endowment investments	227,146	-	-	-	-	-	-	2,619	-	245,190
Capital assets, net	338	4,251	-	82	1,682	-	-	-	-	7,558
Other noncurrent assets	58,949	-	-	58	-	-	-	44	3,390	89,312
Total Noncurrent Assets	286,433	4,251	-	140	1,682	-	-	2,663	4,522	352,123
TOTAL ASSETS	382,135	7,034	5,701	2,593	3,055	508	5,936	6,372	9,275	773,425
LIABILITIES										
<i>Current Liabilities</i>										
Due to affiliates	(439)	-	-	-	-	-	-	-	-	19,794
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-
Other current liabilities	2,556	353	-	4	1	-	9	70	-	14,380
Total Current Liabilities	2,117	353	-	4	1	-	9	70	-	34,174
<i>Noncurrent Liabilities</i>										
Long-term debt	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	892	162	-	-	-	-	-	-	-	3,140
Total Noncurrent Liabilities	892	162	-	-	-	-	-	-	-	3,140
TOTAL LIABILITIES	3,009	515	-	4	1	-	9	70	-	37,314
DEFERRED INFLOWS OF RESOURCES										
Endowment pledge donations, net	8,108	-	-	-	-	-	-	-	-	9,183
Deferred lease revenue	-	4,035	-	-	-	-	-	-	-	4,035
TOTAL DEFERRED INFLOWS OF RESOURCES	8,108	4,035	-	-	-	-	-	-	-	13,218
NET POSITION										
Net investment in capital assets	184	3,927	-	82	1,682	-	-	-	-	7,080
Restricted - Nonexpendable	180,279	-	-	14	66	-	-	2,648	1,168	345,399
Restricted - Expendable	184,828	-	-	1,040	47	-	-	2,533	6,067	332,723
Unrestricted	5,727	(1,443)	5,701	1,453	1,259	508	5,927	1,121	2,040	37,691
TOTAL NET POSITION	\$ 371,018	\$ 2,484	\$ 5,701	\$ 2,589	\$ 3,054	\$ 508	\$ 5,927	\$ 6,302	\$ 9,275	\$ 722,893

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2016

	UNR Foundation	UNR AAUN	Integrated Clinical Services, Inc.	DRI Foundation	DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation
ASSETS								
<i>Current Assets</i>								
Cash and cash equivalents	\$ 25,908	\$ 232	\$ 4,577	\$ 403	\$ 1	\$ 3,822	\$ 653	\$ 1,436
Short-term investments	174,866	6,606	3,191	-	-	-	-	271
Other current assets	22,996	871	12,453	17	-	1,168	15	358
Total Current Assets	223,770	7,709	20,221	420	1	4,990	668	2,065
<i>Noncurrent Assets</i>								
Restricted investments	-	-	-	-	-	397	2,245	5,901
Endowment investments	28,953	-	-	-	-	-	-	-
Capital assets, net	55	52	806	486	-	-	-	-
Other noncurrent assets	17,801	-	-	-	-	10	3	451
Total Noncurrent Assets	46,809	52	806	486	-	407	2,248	6,352
TOTAL ASSETS	270,579	7,761	21,027	906	1	5,397	2,916	8,417
LIABILITIES								
<i>Current Liabilities</i>								
Due to affiliates	2,838	550	11,950	-	-	-	-	8
Current portion of long-term debt	-	-	63	-	-	-	-	-
Other current liabilities	2,520	5	6,082	2	3	4,663	-	30
Total Current Liabilities	5,358	555	18,095	2	3	4,663	-	38
<i>Noncurrent Liabilities</i>								
Long-term debt	-	-	136	-	-	-	-	-
Other noncurrent liabilities	1,953	-	-	-	111	-	-	-
Total Noncurrent Liabilities	1,953	-	136	-	111	-	-	-
TOTAL LIABILITIES	7,311	555	18,231	2	114	4,663	-	38
DEFERRED INFLOWS OF RESOURCES								
Endowment pledge donations, net	6,968	-	-	-	-	-	-	-
Deferred lease revenue	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	6,968	-	-	-	-	-	-	-
NET POSITION								
Net investment in capital assets	55	52	608	486	-	-	-	-
Restricted - Nonexpendable	136,259	2,330	-	-	-	399	-	4,227
Restricted - Expendable	105,397	4,038	-	-	-	-	2,853	3,147
Unrestricted	14,589	786	2,188	418	(113)	335	63	1,005
TOTAL NET POSITION	\$ 256,300	\$ 7,206	\$ 2,796	\$ 904	\$ (113)	\$ 734	\$ 2,916	\$ 8,379

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2016 (continued)

	UNLV Foundation	UNLV Research Foundation	UNLV Rebel Golf Foundation	UNLV Alumni Association	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	CSN Foundation	NSC Foundation	Total System Related Organizations
ASSETS										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 10,255	\$ 209	\$ 471	\$ 340	\$ 18	\$ 131	\$ 6,274	\$ 313	\$ 820	\$ 55,863
Short-term investments	36,009	2,042	4,813	1,897	1,023	-	-	2,960	634	234,312
Other current assets	19,885	921	122	74	-	-	57	90	1,090	60,117
Total Current Assets	66,149	3,172	5,406	2,311	1,041	131	6,331	3,363	2,544	350,292
<i>Noncurrent Assets</i>										
Restricted investments	54,398	-	-	-	-	-	-	-	1,038	63,979
Endowment investments	156,556	-	-	-	105	-	-	2,613	-	188,227
Capital assets, net	445	4,377	-	99	-	-	-	-	-	6,320
Other noncurrent assets	55,700	-	-	146	-	-	-	39	5,998	80,148
Total Noncurrent Assets	267,099	4,377	-	245	105	-	-	2,652	7,036	338,674
TOTAL ASSETS	333,248	7,549	5,406	2,556	1,146	131	6,331	6,015	9,580	688,966
LIABILITIES										
<i>Current Liabilities</i>										
Due to affiliates	106	-	-	-	-	-	-	22	-	15,474
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	63
Other current liabilities	2,464	299	49	2	-	-	21	60	17	16,217
Total Current Liabilities	2,570	299	49	2	-	-	21	82	17	31,754
<i>Noncurrent Liabilities</i>										
Long-term debt	-	-	-	-	-	-	-	-	-	136
Other noncurrent liabilities	622	323	14	-	-	-	-	-	-	3,023
Total Noncurrent Liabilities	622	323	14	-	-	-	-	-	-	3,159
TOTAL LIABILITIES	3,192	622	63	2	-	-	21	82	17	34,913
DEFERRED INFLOWS OF RESOURCES										
Endowment pledge donations, net	4,055	-	-	-	-	-	-	-	-	11,023
Deferred lease revenue	-	4,077	-	-	-	-	-	-	-	4,077
TOTAL DEFERRED INFLOWS OF RESOURCES	4,055	4,077	-	-	-	-	-	-	-	15,100
NET POSITION										
Net investment in capital assets	201	3,891	-	99	-	-	-	-	-	5,392
Restricted - Nonexpendable	149,190	-	-	-	47	-	-	2,643	1,046	296,141
Restricted - Expendable	172,358	-	-	21	58	-	-	2,120	8,166	298,158
Unrestricted	4,252	(1,041)	5,343	2,434	1,041	131	6,310	1,170	351	39,262
TOTAL NET POSITION	\$ 326,001	\$ 2,850	\$ 5,343	\$ 2,554	\$ 1,146	\$ 131	\$ 6,310	\$ 5,933	\$ 9,563	\$ 638,953

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000s)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	UNR Foundation	UNR AAUN	Integrated Clinical Services, Inc.	DRI Foundation	DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation
Operating Revenues								
Patient revenue	\$ -	\$ -	49,420	\$ -	\$ -	\$ -	\$ -	\$ -
Contract revenue	-	-	9,495	-	-	-	-	-
Contributions	39,461	500	-	846	-	4,811	1,842	350
Campus support	3,836	-	-	168	14	253	168	55
Other operating revenues	1,230	-	5,083	16	3	142	82	10
Total Operating Revenues	44,527	500	63,998	1,030	17	5,206	2,092	415
Operating Expenses								
Program expenses, System Related Organizations	(284)	(422)	(20,752)	-	-	(4,799)	(365)	(51)
Depreciation	(36)	(2)	(178)	-	-	-	-	-
Other operating expenses	(4,601)	(22)	(20,891)	(246)	(14)	(335)	(221)	(197)
Total Operating Expenses	(4,921)	(446)	(41,821)	(246)	(14)	(5,134)	(586)	(248)
Operating Income (Loss)	39,606	54	22,177	784	3	72	1,506	167
Nonoperating Revenues (Expenses)								
Payments to System campuses and divisions	(32,744)	-	(25,981)	(969)	-	-	-	(682)
Other nonoperating revenues (expenses)	18,848	823	1,337	-	-	112	180	1,027
Total Nonoperating Revenues (Expenses)	(13,896)	823	(24,644)	(969)	-	112	180	345
Income (Loss) before other revenue (expenses)	25,710	877	(2,467)	(185)	3	184	1,686	512
Other Revenues (Expenses)								
Additions to permanent endowments	10,315	108	-	-	-	-	-	169
Other Foundation expenses	-	-	-	1	-	-	-	-
Total Other Revenues (Expenses)	10,315	108	-	1	-	-	-	169
Increase (Decrease) in Net Position	36,025	985	(2,467)	(184)	3	184	1,686	681
NET POSITION								
Net position - beginning of year	256,300	7,206	2,796	904	(113)	734	2,916	8,379
Net position - end of year	\$ 292,325	\$ 8,191	\$ 329	\$ 720	\$ (110)	\$ 918	\$ 4,602	\$ 9,060

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000s)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association	UNLV Football Foundation	UNLV Soccer Foundation	UNLV Singapore Unlimited	CSN Foundation	NSC Foundation	Total System Related Organizations
Operating Revenues										
Patient revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,420
Contract revenue	-	-	-	-	-	-	-	-	-	9,495
Contributions	61,034	187	211	137	-	429	-	750	714	111,272
Campus support	3,028	-	-	-	-	-	-	-	-	7,522
Other operating revenues	941	72	125	1,104	1,876	-	46	113	155	10,998
Total Operating Revenues	65,003	259	336	1,241	1,876	429	46	863	869	188,707
Operating Expenses										
Program expenses, System Related Organizations	(29,924)	-	(403)	(882)	(54)	(50)	-	-	(821)	(58,807)
Depreciation	-	(126)	-	-	-	-	-	-	-	(342)
Other operating expenses	(18,462)	(481)	(139)	(599)	(64)	(2)	(302)	(567)	(458)	(47,601)
Total Operating Expenses	(48,386)	(607)	(542)	(1,481)	(118)	(52)	(302)	(567)	(1,279)	(106,750)
Operating Income (Loss)	16,617	(348)	(206)	(240)	1,758	377	(256)	296	(410)	81,957
Nonoperating Revenues (Expenses)										
Payments to System campuses and divisions	-	-	-	-	-	-	-	(433)	-	(60,809)
Other nonoperating revenues (expenses)	28,400	(18)	564	275	141	-	-	501	-	52,190
Total Nonoperating Revenues (Expenses)	28,400	(18)	564	275	141	-	-	68	-	(8,619)
Income (Loss) before other revenue (expenses)	45,017	(366)	358	35	1,899	377	(256)	364	(410)	73,338
Other Revenues (Expenses)										
Additions to permanent endowments	-	-	-	-	-	-	-	5	122	10,719
Other Foundation expenses	-	-	-	-	9	-	(127)	-	-	(117)
Total Other Revenues (Expenses)	-	-	-	-	9	-	(127)	5	122	10,602
Increase (Decrease) in Net Position	45,017	(366)	358	35	1,908	377	(383)	369	(288)	83,940
NET POSITION										
Net position - beginning of year	326,001	2,850	5,343	2,554	1,146	131	6,310	5,933	9,563	638,953
Net position - end of year	\$ 371,018	\$ 2,484	\$ 5,701	\$ 2,589	\$ 3,054	\$ 508	\$ 5,927	\$ 6,302	\$ 9,275	\$ 722,893

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000s)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	UNR Foundation	UNR AAUN	Integrated		DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation
			UNR AAUN	Clinical Services, Inc.				
Operating Revenues								
Patient revenue	\$ -	\$ -	\$ 52,135	\$ -	\$ -	\$ -	\$ -	\$ -
Contract revenue	-	-	9,718	-	-	-	-	-
Contributions	34,468	-	-	1,195	-	4,703	318	331
Campus support	3,804	-	-	149	53	193	189	15
Other operating revenues	3,200	-	2,908	110	3	122	22	107
Total Operating Revenues	41,472	-	64,761	1,454	56	5,018	529	453
Operating Expenses								
Program expenses, System Related Organizations	(38,715)	(419)	(21,766)	-	-	-	(462)	(129)
Depreciation	-	(28)	(234)	-	-	-	-	-
Other operating expenses	(4,619)	-	(22,561)	(468)	(53)	(345)	(217)	(184)
Total Operating Expenses	(43,334)	(447)	(44,561)	(468)	(53)	(345)	(679)	(313)
Operating Income (Loss)	(1,862)	(447)	20,200	986	3	4,673	(150)	140
Nonoperating Revenues (Expenses)								
Payments to System campuses and divisions	-	-	(25,981)	(936)	-	(4,724)	-	(540)
Other nonoperating revenues (expenses)	5,003	(1)	148	(2)	-	(91)	46	44
Total Nonoperating Revenues (Expenses)	5,003	(1)	(25,833)	(938)	-	(4,815)	46	(496)
Income (Loss) before other revenue (expenses)	3,141	(448)	(5,633)	48	3	(142)	(104)	(356)
Other Revenues (Expenses)								
Additions to permanent endowments	5,938	-	-	-	-	-	-	114
Other Foundation expenses	-	-	-	-	-	-	-	-
Total Other Revenues (Expenses)	5,938	-	-	-	-	-	-	114
Increase (Decrease) in Net Position	9,079	(448)	(5,633)	48	3	(142)	(104)	(242)
NET POSITION								
Net position - beginning of year	247,221	7,654	8,429	856	(116)	876	3,020	8,621
Net position - end of year	\$ 256,300	\$ 7,206	\$ 2,796	\$ 904	\$ (113)	\$ 734	\$ 2,916	\$ 8,379

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000s)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016 (continued)

	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	CSN Foundation	NSC Foundation	Total System Related Organizations
Operating Revenues										
Patient revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,135
Contract revenue	-	-	-	-	-	-	-	-	-	9,718
Contributions	40,181	169	30	1,126	1	133	-	899	7,214	90,768
Campus support	3,139	-	-	-	-	-	-	-	-	7,542
Other operating revenues	885	42	181	171	108	-	1,187	94	15	9,155
Total Operating Revenues	44,205	211	211	1,297	109	133	1,187	993	7,229	169,318
Operating Expenses										
Program expenses, System Related Organizations	-	-	(298)	(774)	(151)	-	-	-	-	(62,714)
Depreciation	(56)	(126)	-	(42)	-	-	-	-	-	(486)
Other operating expenses	(9,202)	(703)	(112)	(557)	(16)	(2)	(704)	(535)	(389)	(40,667)
Total Operating Expenses	(9,258)	(829)	(410)	(1,373)	(167)	(2)	(704)	(535)	(389)	(103,867)
Operating Income (Loss)	34,947	(618)	(199)	(76)	(58)	131	483	458	6,840	65,451
Nonoperating Revenues (Expenses)										
Payments to System campuses and divisions	(23,846)	-	-	-	-	-	-	(723)	(535)	(57,285)
Other nonoperating revenues (expenses)	2,179	24	(170)	(14)	(21)	-	-	(132)	-	7,013
Total Nonoperating Revenues (Expenses)	(21,667)	24	(170)	(14)	(21)	-	-	(855)	(535)	(50,272)
Income (Loss) before other revenue (expenses)	13,280	(594)	(369)	(90)	(79)	131	483	(397)	6,305	15,179
Other Revenues (Expenses)										
Additions to permanent endowments	5,147	-	-	-	-	-	-	27	18	11,244
Other Foundation expenses	-	-	-	-	-	-	(9)	-	-	(9)
Total Other Revenues (Expenses)	5,147	-	-	-	-	-	(9)	27	18	11,235
Increase (Decrease) in Net Position	18,427	(594)	(369)	(90)	(79)	131	474	(370)	6,323	26,414
NET POSITION										
Net position - beginning of year	307,574	3,444	5,712	2,644	1,225	-	5,836	6,303	3,240	612,539
Net position - end of year	\$ 326,001	\$ 2,850	\$ 5,343	\$ 2,554	\$ 1,146	\$ 131	\$ 6,310	\$ 5,933	\$ 9,563	\$ 638,953

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents at June 30, 2017 and 2016, consists of:

	<u>2017</u>	<u>2016</u>
Cash	\$ 3,085	\$ 2,133
Treasury bill	1,600	-
Money market funds	<u>23,001</u>	<u>23,775</u>
	<u>\$27,686</u>	<u>\$25,908</u>

The fair value of investments at June 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Equity Investments	\$ 1,006	\$ 779
Commingled funds	192,053	175,479
Certificates of deposit	13,738	12,064
Corporate bonds	6,488	-
U.S. Government Securities	<u>15,957</u>	<u>15,497</u>
	<u>\$229,242</u>	<u>\$203,819</u>

At June 30, 2017 and 2016, the Foundation investments had the following maturities:

	<u>2017</u>			
	Investment Maturities (in Year)			
	Fair Value	Less than 1	1 – 5	6 – 10
Equity investments	\$ 1,006	\$ 1,006	\$ -	\$ -
Commingled funds	192,053	192,053	-	-
Certificates of deposit	13,738	5,710	8,028	-
Corporate bonds	6,488	-	6,488	-
U.S. Government securities	<u>15,957</u>	<u>15,554</u>	<u>403</u>	<u>-</u>
	<u>\$229,242</u>	<u>\$214,323</u>	<u>\$14,919</u>	<u>\$ -</u>

	<u>2016</u>			
	Investment Maturities (in Year)			
	Fair Value	Less than 1	1 – 5	6 – 10
Equity investments	\$ 779	\$ 779	\$ -	\$ -
Commingled funds	175,479	153,581	11,610	10,288
Certificates of deposit	12,064	5,116	6,948	-
U.S. Government securities	<u>15,497</u>	<u>15,390</u>	<u>107</u>	<u>-</u>
	<u>\$203,819</u>	<u>\$174,866</u>	<u>\$18,665</u>	<u>\$10,288</u>

The Foundation's investment policy for cash and cash equivalents is to exercise sufficient due diligence to minimize investing cash and cash equivalents in instruments that will lack liquidity. The Foundation, through its Investment Managers considers the operating funds to be two discrete pools of funds: a short-term pool and an intermediate-term pool. The short-term pool shall be funded in an amount sufficient to meet the expected daily cash requirements of the Foundation. The goals of the investments are to maintain the principal in the account while maximizing the return on the investments. The short-term pool is staggered in 30, 60, and 90 day investments. Appropriate types of investments are money market funds, certificates of deposit, commercial paper, U.S. Treasury bills and notes, mortgage backed securities (U.S. Government) and internal loans to the University of Nevada, Reno secured by a promissory note with an appropriate interest rate. The intermediate-term pool is invested in fixed income securities generally having an average maturity of three year or less in order to take advantage of higher yields.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

It is the policy of the investment program to invest according to an asset allocation strategy that is designed to meet the goals of the Endowment Investment Objective. The strategy will be based on a number of factors, including:

- The projected spending needs;
- The maintenance of sufficient liquidity to meet spending payments;
- Historical and expected long-term capital market risk and return behaviors;
- The relationship between current and projected assets of the Endowment and its spending requirements.

This policy provides for diversification of assets in an effort to maximize the investment return and manage the risk of the Endowment consistent with market conditions. Asset allocation modeling identifies asset classes the Endowment will use and the percentage each class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur.

Investment Program Strategy

As a result of the above process, the Board has adopted the following assets allocation targets and ranges, exclusive of amounts transferred to the Endowment's operating accounts:

Asset Allocation Targets and Ranges

	<i>Min Wt.</i>	<i>Target Wt.</i>	<i>Max Wt.</i>
<i>Equities</i>	30%	40%	50%
<i>Global Equities</i>	25%	30%	35%
<i>Private Markets</i>	5%	10%	15%
<i>Fixed Income</i>	32%	40%	48%
<i>Core US Fixed Income</i>	12%	15%	18%
<i>High Yield Fixed Income</i>	10%	15%	20%
<i>Alternative Debt</i>	5%	10%	15%
<i>Alternatives</i>	12%	20%	28%
<i>Real Estate</i>	0%	10%	15%
<i>Real Assets</i>	7%	10%	13%
<i>Cash</i>	0%	0%	5%

Investment Risk Factors

There are many factors that can affect the value of investments. Some factors, such as credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates. The Investment Committee of the Foundation has policies regarding acceptable levels of risk. The committee meets quarterly to review the investments and has policies regarding acceptable levels of risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing, and the Foundation currently purchases certificates of deposit of less than \$250 per bank or institution. Commercial paper is limited to a maximum of 10% of the total cash and cash equivalents available. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the investments held by the Foundation are rated by a nationally recognized statistical rating organization.

Fixed income securities to obligations of the U.S. Government are not considered to have credit risk.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits the maturities of U.S. Treasury instruments and certificates of deposit to no more than 90 days unless the rate justifies the return and the current liquidity requirements are met.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Foreign investments are managed by the Investment Manager, and the Foundation has policies in place to address foreign currency risk.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits exceed FDIC limits and as a result may not be insured and returned to the Foundation. All cash deposits are primarily on deposit with two financial institutions and several investment companies. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2017, the Foundation's bank balances totaled \$25,513. Of this balance, \$1,250 was covered by depository insurance and/or collateralized and \$18,122 is held by State Street Government Securities and subject to their investment policies. The remaining \$6,141 was uninsured and uncollateralized and, as a result, was subject to custodial credit risk at June 30, 2017.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments consist primarily of commingled funds. Debt and equity securities other than open-end mutual funds are uncollateralized.

Redemption Notice

Certain commingled investments classified as current have notice requirements before the investment can be redeemed; these requirements range from 1-30 days. Other commingled investments have set dates upon which they can be redeemed; these investments have been classified as long-term based on these dates.

Commitments

As of June 30, 2017 and 2016, the Foundation has committed to acquire approximately \$14.7 million and \$11.9 million in commingled funds.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and derivative contracts.

Level 3 - Unobservable inputs are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("NAV") - The amount of net assets attributable to each unit outstanding at the close of the period.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measure at fair value.

- *Commingled funds* – Valued at NAV.
- *Residual interest in irrevocable trust* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation's beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Equity investments, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2017 and 2016 are:

	Level 1	Level 3	NAV	Total
<u>2017</u>				
<u>Investments</u>				
Commingled funds	\$61,395	\$ -	\$130,658	\$192,053
Equity Securities	1,006	-	-	1,006
Certificates of deposit	13,738	-	-	13,738
Corporate bonds	6,488	-	-	6,488
U.S. Government Securities	15,957	-	-	15,957
	<u>\$98,584</u>	<u>\$ -</u>	<u>\$130,658</u>	<u>\$229,242</u>
<u>Residual interest in trusts</u>				
Commingled funds	\$ -	\$ -	\$ 775	\$ 775
Real estate	-	-	1,397	1,397
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,172</u>	<u>\$ 2,172</u>
<u>2016</u>				
<u>Investments</u>				
Commingled funds	\$55,166	\$ -	\$120,313	\$175,479
Equity Securities	779	-	-	779
Certificates of deposit	12,064	-	-	12,064
U.S. Government Securities	15,497	-	-	15,497
	<u>\$83,506</u>	<u>\$ -</u>	<u>\$120,313</u>	<u>\$203,819</u>
<u>Residual interest in trusts</u>				
Commingled funds	\$ -	\$ -	\$ 724	\$ 724
Real estate	-	1,417	-	1,417
	<u>\$ -</u>	<u>\$1,417</u>	<u>\$ 724</u>	<u>\$ 2,141</u>

The Foundation does not hold any investments using Level 2 inputs.

UNLV Foundation:

The UNLV Foundation discloses its deposits with financial institutions, investments, and reverse repurchase agreements in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$716 and \$661 for the years ended June 30, 2017 and 2016, respectively, were netted against interest and dividends on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position. Investments are recorded on the date of the trade.

NEVADA SYSTEM OF HIGHER EDUCATION

**NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017 and 2016**

NOTE 23 - System Related Organizations (continued):

Investments include the following at June 30,:

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ 30,793	\$ 28,036
Certificates of deposit	2,477	2,037
Equities	12,890	11,288
Collateralized securities	20,672	21,942
U.S. government obligations	40,211	35,097
U.S. corporate bonds	30,341	28,153
Alternative investments	125,747	114,405
Non-U.S. corporate bonds	<u>7,494</u>	<u>6,005</u>
Total marketable securities at fair value	<u>\$270,625</u>	<u>\$246,963</u>

As of June 30, 2017, the UNLV Foundation is committed to acquire approximately \$89 in additional alternative investments in future periods related to the UNLV Foundation's investment in Special Situation Partners.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2017, the total balance for the UNLV Foundations cash and money market funds was \$35,001. Of this balance, \$821 was covered by the Federal Deposit Insurance Corporation, and \$34,180 was uninsured. At June 30, 2016, the total balance for the UNLV Foundation's cash and money market funds was \$10,255. Of this balance, \$816 was covered by the Federal Deposit Insurance Corporation, and \$9,438 was uninsured.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The UNLV Foundation reduces its exposure to credit risk with policy guidelines that instruct money managers to purchase securities rated investment grade or better. However, up to 25% of the fixed-income portfolios may be allocated to below investment grade. The credit ratings of fixed income investments at June 30, 2017 and 2016 follow:

	<u>2017</u>					Below Investment Grade
	Total	AAA	AA	A	BBB	-
Collateralized securities	\$20,672	\$18,305	\$2,049	\$ 318	\$ -	\$ -
U.S. corporate bonds	30,341	333	1,160	4,884	20,336	3,627
Non-U.S. corporate bonds	<u>7,494</u>	<u>497</u>	<u>584</u>	<u>2,561</u>	<u>2,973</u>	<u>880</u>
	<u>\$58,507</u>	<u>\$19,135</u>	<u>\$3,793</u>	<u>\$7,763</u>	<u>\$23,309</u>	<u>\$4,507</u>
	<u>2016</u>					Below Investment Grade
	Total	AAA	AA	A	BBB	-
Collateralized securities	\$21,942	\$17,482	\$2,927	\$ 822	\$ 711	\$ -
U.S. corporate bonds	28,153	100	1,823	3,816	16,842	5,572
Non-U.S. corporate bonds	<u>6,005</u>	<u>505</u>	<u>773</u>	<u>1,884</u>	<u>2,317</u>	<u>526</u>
	<u>\$56,100</u>	<u>\$18,087</u>	<u>\$5,523</u>	<u>\$6,522</u>	<u>\$19,870</u>	<u>\$6,098</u>

Fixed income securities or obligations of the U.S. government are not considered to have credit risk.

In accordance with GASB Statement No. 40, U.S. government obligations, mortgage-backed securities, cash, and money market funds backed by the full faith and credit of the federal government are not included in the above table. Alternative investments are not rated by industry rating agencies.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The UNLV Foundation's policy guidelines on maturity parameters state that the fixed-income portfolio's average weighted duration is to remain within 20% of the benchmark duration.

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Barclays Aggregate Bond Index average as the benchmark; maturity as of June 30, 2017, was 7.86 years. The fixed-income portfolio's average maturity was 7.93 years. Interest rates range from 2.10% to 3.21%.

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Barclays Aggregate Index average as the benchmark; maturity as of June 30, 2017, was 8.2 years. The fixed income-portfolio's average maturity was 7.9 years. Interest rates range from 0.00% to 9.80%.

	Maturity <u>Under 1 Year</u>	Maturity <u>1 – 5 Years</u>	Maturity <u>5 – 10 Years</u>	Maturity <u>Over 10 Years</u>	<u>Total</u>
Mutual funds	\$26,901	\$ 3,892	\$ -	\$ -	\$ 30,793
Certificates of deposit	800	1,677	-	-	2,477
Collateralized securities	548	5,033	147	14,944	20,672
U.S. government obligations	11,656	17,095	6,524	4,936	40,211
U.S. corporate bonds	3,073	16,960	5,869	4,439	30,341
Non-U.S. corporate bonds	<u>500</u>	<u>4,600</u>	<u>1,298</u>	<u>1,096</u>	<u>7,494</u>
Investment in securities at fair value	<u>\$43,478</u>	<u>\$49,257</u>	<u>\$13,838</u>	<u>\$25,415</u>	<u>\$131,988</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All non-U.S. corporate bonds are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

In accordance with GASB Statement No. 40, U.S. government obligations, mortgage-backed securities, cash, and money market funds backed by the full faith and credit of the federal government are not included in the above table. Alternative investments are not rated by industry rating agencies.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and assets held in charitable remainder trusts.

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using price models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value (“NAV”) - The amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of observable inputs.

NEVADA SYSTEM OF HIGHER EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's) FOR THE YEAR ENDED JUNE 30, 2017 and 2016

NOTE 23 - System Related Organizations (continued):

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Alternative investments* – Valued at NAV.
- *Real estate* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation's beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Mutual funds, U.S. corporate bonds, non-U.S. corporate bonds, equities, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.
- *Assets held in charitable remainder trusts* – Assets held in trust represents the Foundation's beneficial interest in equities held in the trusts, fair value of the equities is based on closing prices reported on the active market on which the security is traded. The Foundation's interest in those assets is estimated based on models using various estimates from management, including date assets will be received.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2017 are:

	Level 1	Level 2	Level 3	NAV	Total
<u>Investments</u>					
Alternative investment	\$ -	\$ -	\$ -	\$125,747	\$125,747
Mutual funds	30,794	-	-	-	30,794
Collateralized securities	-	20,672	-	-	20,672
U.S. corporate bonds	30,341	-	-	-	30,341
Non-U.S. corporate bonds	7,494	-	-	-	7,494
Equities	12,890	-	-	-	12,890
Certificate of deposit	2,477	-	-	-	2,477
U.S. Government obligations	40,210	-	-	-	40,210
	<u>\$124,206</u>	<u>\$20,672</u>	<u>\$ -</u>	<u>\$125,747</u>	<u>\$270,625</u>
<u>Investment in real estate</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,600</u>	<u>\$ -</u>	<u>\$ 7,600</u>
<u>Assets held in charitable remainder trusts</u>					
Equities	<u>\$ -</u>	<u>\$ -</u>	<u>\$6,132</u>	<u>\$ -</u>	<u>\$ 6,132</u>

Assets measured at fair value on a recurring basis at June 30, 2016 are:

	Level 1	Level 2	Level 3	NAV	Total
<u>Investments</u>					
Alternative investment	\$ -	\$ -	\$ -	\$114,405	\$114,405
Mutual funds	28,036	-	-	-	28,036
Collateralized securities	-	21,942	-	-	21,942
U.S. corporate bonds	28,153	-	-	-	28,153
Non-U.S. corporate bonds	6,006	-	-	-	6,006
Equities	11,288	-	-	-	11,288
Certificate of deposit	2,036	-	-	-	2,036
U.S. Government obligations	35,097	-	-	-	35,097
	<u>\$110,616</u>	<u>\$21,942</u>	<u>\$ -</u>	<u>\$114,405</u>	<u>\$246,963</u>
<u>Investment in real estate</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,600</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Assets held in charitable Remainder trusts</u>					
Equities	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,223</u>	<u>\$ -</u>	<u>\$ 7,223</u>

REQUIRED SUPPLEMENTARY INFORMATION

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NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (in \$1,000's)
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
System's proportion of the net pension liability	2.89%	2.83%	2.81%	(Historical information prior to the implementation of GASB 67/68 is not required)						
System's proportionate share of the net pension liability	\$389,352	\$324,708	\$292,841							
System's covered-employee payroll	\$171,007	\$165,653	\$162,250							
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.68%	196.02%	180.49%							
PERS fiduciary net position as a percentage of the total pension liability	260.10%	302.03%	322.16%							

* The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEM CONTRIBUTIONS (in \$1,000's)
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 34,456	\$ 33,124	\$ 29,901	(Historical information prior to the implementation of GASB 67/68 is not required)						
Contributions in relation to the contractually required contribution	(43,152)	(35,756)	(29,901)							
Contribution deficiency (excess)	<u>\$ (8,696)</u>	<u>\$ (2,632)</u>	<u>\$ -</u>							
System's covered-employee payroll	\$ 179,694	\$ 171,007	\$ 165,653							
Contributions as a percentage of covered-employee payroll	19.17%	19.37%	18.05%							

SUPPLEMENTAL INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
 COMBINING SCHEDULE OF NET POSITION (in \$1,000's)
 AS OF JUNE 30, 2017

	<u>UNR</u>	<u>System Admin</u>	<u>DRI</u>	<u>TMCC</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 17,824	\$ 97,559	\$ 5,209	\$ 4,363
Restricted cash and cash equivalents	-	-	134	-
Short-term investments	114,445	29,183	24,129	24,613
Accounts receivable, net	52,555	692	3,570	1,711
Receivable from U.S. Government	18,798	1,211	3,611	1,858
Receivable from State of Nevada	2,121	-	524	397
Pledges receivable, net	-	-	-	-
Current portion of loans receivable, net	1,479	-	-	10
Due from related institutions	-	2,712	78	-
Inventories	5,501	-	-	14
Deposits and prepaid expenditures, current	825	332	67	74
Other current assets	-	-	-	-
Total Current Assets	<u>213,548</u>	<u>131,689</u>	<u>37,322</u>	<u>33,040</u>
<i>Noncurrent Assets</i>				
Cash held by State Treasurer	-	300	-	843
Restricted cash and cash equivalents	54,608	-	-	-
Due from related institutions	420	-	(420)	-
Receivable from State of Nevada	-	-	-	-
Endowment investments	130,882	11,806	30,796	10,573
Deposits and prepaid expenditures	-	-	-	-
Loans receivable, net	5,805	-	-	-
Capital assets, net	828,668	18,755	62,687	66,207
Pledges receivable, net	3,413	-	-	-
Other noncurrent assets	-	117	-	-
Total Noncurrent Assets	<u>1,023,796</u>	<u>30,978</u>	<u>93,063</u>	<u>77,623</u>
TOTAL ASSETS	<u>1,237,344</u>	<u>162,667</u>	<u>130,385</u>	<u>110,663</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	28,630	2,550	2,459	4,171
Loss on bond refunding	8,614	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>37,244</u>	<u>2,550</u>	<u>2,459</u>	<u>4,171</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	26,617	1,789	769	893
Accrued payroll and related liabilities	29,492	1,775	2,303	3,093
Unemployment insurance and workers' compensation	2,359	57	113	343
Due to State of Nevada	2	-	200	-
Due to related entities	2,295	3,181	182	245
Current portion of compensated absences	13,847	1,293	3,277	1,158
Current portion of long-term debt	16,669	-	854	191
Current portion of obligations under capital leases	91	-	193	-
Accrued interest payable	7,404	-	48	98
Unearned revenue	11,596	14	2,178	864
Funds held in trust for others	2,465	-	373	54
Other current liabilities	15	-	-	-
Total Current Liabilities	<u>112,852</u>	<u>8,109</u>	<u>10,490</u>	<u>6,939</u>
<i>Noncurrent Liabilities</i>				
Refundable advances under federal loan programs	4,940	-	-	-
Compensated absences	5,215	265	568	321
Long-term debt	359,578	-	4,396	4,454
Obligations under capital leases	1,009	-	436	-
Due to State of Nevada	-	-	-	-
Unearned revenue	-	-	-	-
Net pension liability	142,437	11,747	12,378	19,729
Other noncurrent liabilities	-	-	-	-
Total Noncurrent Liabilities	<u>513,179</u>	<u>12,012</u>	<u>17,778</u>	<u>24,504</u>
TOTAL LIABILITIES	<u>626,031</u>	<u>20,121</u>	<u>28,268</u>	<u>31,443</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	16,884	1,392	1,467	2,338
Gain on bond refunding	335	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,219</u>	<u>1,392</u>	<u>1,467</u>	<u>2,338</u>
NET POSITION				
Net investment in capital assets	513,140	15,577	55,740	61,562
Restricted - Nonexpendable	38,810	7,297	20,916	5,067
Restricted - Expendable - Scholarships, research and instruction	81,737	5,625	15,008	6,197
Restricted - Expendable - Loans	5,514	-	-	53
Restricted - Expendable - Capital projects	38,844	307	168	2,827
Restricted - Expendable - Debt service	12,371	-	-	155
Unrestricted	(59,078)	114,898	11,277	5,192
TOTAL NET POSITION	<u>\$ 631,338</u>	<u>\$ 143,704</u>	<u>\$ 103,109</u>	<u>\$ 81,053</u>

<u>WNC</u>	<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>TOTAL</u>
\$ 2,348	\$ 1,674	\$ 64,470	\$ 7,156	\$ 2,517	\$ -	\$ 203,120
-	-	-	-	-	-	134
6,133	7,148	329,226	48,686	10,824	-	594,387
896	543	3,956	5,476	400	(27)	69,772
819	807	10,137	1,916	323	-	39,480
130	97	2,105	332	21	-	5,727
-	-	-	-	-	-	-
7	3	314	-	-	-	1,813
-	-	-	-	-	(2,790)	-
-	-	2,045	393	-	-	7,953
-	8	9,304	1,128	47	-	11,785
-	-	-	-	-	-	-
<u>10,333</u>	<u>10,280</u>	<u>421,557</u>	<u>65,087</u>	<u>14,132</u>	<u>(2,817)</u>	<u>934,171</u>
86	-	1,403	27	-	-	2,659
-	-	5,476	1,966	-	-	62,050
-	-	15,820	-	-	-	15,820
256	608	53,531	6,164	-	-	244,616
-	-	632	192	-	-	824
3	-	2,431	-	-	-	8,239
30,247	36,165	912,887	187,053	68,173	-	2,210,842
-	-	-	-	-	-	3,413
-	-	9,831	-	-	(3,181)	6,767
<u>30,592</u>	<u>36,773</u>	<u>1,002,011</u>	<u>195,402</u>	<u>68,173</u>	<u>(3,181)</u>	<u>2,555,230</u>
<u>40,925</u>	<u>47,053</u>	<u>1,423,568</u>	<u>260,489</u>	<u>82,305</u>	<u>(5,998)</u>	<u>3,489,401</u>
2,170	1,907	25,050	11,317	1,092	-	79,346
-	-	5,172	-	-	-	13,786
<u>2,170</u>	<u>1,907</u>	<u>30,222</u>	<u>11,317</u>	<u>1,092</u>	<u>-</u>	<u>93,132</u>
879	443	13,495	2,767	472	(9)	48,115
1,132	1,077	33,801	9,257	1,887	-	83,817
104	172	2,145	611	93	-	5,997
-	-	-	-	-	-	202
96	90	-	-	-	(5,989)	100
559	206	11,134	2,822	649	-	34,945
-	120	14,845	989	-	-	33,668
-	-	-	-	950	-	1,234
-	1	5,124	10	-	-	12,685
-	425	20,479	4,097	1,202	-	40,855
157	33	1,727	205	29	-	5,043
-	-	-	-	-	-	15
<u>2,927</u>	<u>2,567</u>	<u>102,750</u>	<u>20,758</u>	<u>5,282</u>	<u>(5,998)</u>	<u>266,676</u>
-	-	2,774	-	-	-	7,714
175	393	6,084	1,389	482	-	14,892
-	599	254,086	5,234	-	-	628,347
-	-	-	-	48,545	-	49,990
-	-	-	-	-	-	-
-	-	900	-	-	-	900
10,327	9,071	123,625	54,529	5,509	-	389,352
-	-	175	-	647	-	822
<u>10,502</u>	<u>10,063</u>	<u>387,644</u>	<u>61,152</u>	<u>55,183</u>	<u>-</u>	<u>1,092,017</u>
<u>13,429</u>	<u>12,630</u>	<u>490,394</u>	<u>81,910</u>	<u>60,465</u>	<u>(5,998)</u>	<u>1,358,693</u>
1,224	1,075	16,994	7,496	757	-	49,627
-	-	-	-	-	-	335
<u>1,224</u>	<u>1,075</u>	<u>16,994</u>	<u>7,496</u>	<u>757</u>	<u>-</u>	<u>49,962</u>
30,247	35,446	649,178	187,053	18,678	-	1,566,621
256	608	12,051	2,448	-	-	87,453
(14)	509	51,483	7,482	542	-	168,569
-	13	760	-	-	-	6,340
86	1,623	19,306	1,993	-	-	65,154
-	(4)	9,985	-	5,077	-	27,584
<u>(2,133)</u>	<u>(2,940)</u>	<u>203,639</u>	<u>(16,576)</u>	<u>(2,122)</u>	<u>-</u>	<u>252,157</u>
<u>\$ 28,442</u>	<u>\$ 35,255</u>	<u>\$ 946,402</u>	<u>\$ 182,400</u>	<u>\$ 22,175</u>	<u>-</u>	<u>\$ 2,173,878</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2016

	<u>UNR</u>	<u>System Admin</u>	<u>DRI</u>	<u>TMCC</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 11,283	\$ 79,329	\$ 6,210	\$ 6,342
Restricted cash and cash equivalents	-	-	136	-
Short-term investments	111,756	26,604	22,945	24,635
Accounts receivable, net	37,269	1,000	2,739	3,159
Receivable from U.S. Government	19,794	1,767	3,094	1,081
Receivable from State of Nevada	1,085	-	1,146	374
Pledges receivable, net	293	-	-	-
Current portion of loans receivable, net	1,475	-	-	10
Due from related institutions	-	2,585	-	-
Inventories	4,387	-	-	12
Deposits and prepaid expenditures, current	1,681	368	140	15
Other current assets	-	-	-	54
Total Current Assets	<u>189,023</u>	<u>111,653</u>	<u>36,410</u>	<u>35,682</u>
<i>Noncurrent Assets</i>				
Cash held by State Treasurer	3,284	439	46	531
Restricted cash and cash equivalents	102,364	-	-	-
Receivable from State of Nevada	-	-	-	-
Endowment investments	120,765	10,908	28,335	9,428
Deposits and prepaid expenditures	-	-	-	-
Loans receivable, net	5,971	61	-	-
Capital assets, net	779,781	20,787	65,317	63,066
Pledges receivable, net	5,406	-	-	-
Other noncurrent assets	-	155	-	-
Total Noncurrent Assets	<u>1,017,571</u>	<u>32,350</u>	<u>93,698</u>	<u>73,025</u>
TOTAL ASSETS	<u>1,206,594</u>	<u>144,003</u>	<u>130,108</u>	<u>108,707</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	12,460	1,369	1,097	2,232
Loss on bond refunding	9,099	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>21,559</u>	<u>1,369</u>	<u>1,097</u>	<u>2,232</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	29,019	2,929	802	968
Accrued payroll and related liabilities	27,505	2,662	2,356	3,130
Unemployment insurance and workers' compensation	2,028	49	101	277
Due to State of Nevada	1,288	-	-	-
Due to related institutions	1,978	3,258	154	243
Current portion of compensated absences	12,638	1,317	3,443	1,109
Current portion of long-term debt	11,314	-	801	192
Current portion of obligations under capital leases	137	-	63	-
Accrued interest payable	6,703	-	55	100
Unearned revenue	11,562	92	2,117	967
Funds held in trust for others	2,124	-	392	147
Other current liabilities	20	-	-	-
Total Current Liabilities	<u>106,316</u>	<u>10,307</u>	<u>10,284</u>	<u>7,133</u>
<i>Noncurrent Liabilities</i>				
Refundable advances under federal loan programs	4,913	-	-	-
Compensated absences	7,037	271	554	307
Long-term debt	357,829	-	5,250	4,644
Obligations under capital leases	1,050	-	246	-
Due to State of Nevada	-	-	-	-
Unearned revenue	-	-	-	-
Net pension liability	115,438	10,732	10,656	18,364
Other noncurrent liabilities	-	-	-	-
Total Noncurrent Liabilities	<u>486,267</u>	<u>11,003</u>	<u>16,706</u>	<u>23,315</u>
TOTAL LIABILITIES	<u>592,583</u>	<u>21,310</u>	<u>26,990</u>	<u>30,448</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	19,829	1,843	1,830	3,154
Gain on bond refunding	415	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>20,244</u>	<u>1,843</u>	<u>1,830</u>	<u>3,154</u>
NET POSITION				
Net investment in capital assets	517,785	17,546	59,093	58,230
Restricted - Nonexpendable	37,893	7,249	20,789	4,785
Restricted - Expendable - Scholarships, research and instruction	75,566	5,319	12,337	5,416
Restricted - Expendable - Loans	5,242	-	-	53
Restricted - Expendable - Capital projects	29,929	556	692	5,492
Restricted - Expendable - Debt service	9,059	-	-	155
Unrestricted	(60,148)	91,549	9,474	3,206
TOTAL NET POSITION	<u>\$ 615,326</u>	<u>\$ 122,219</u>	<u>\$ 102,385</u>	<u>\$ 77,337</u>

<u>WNC</u>	<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>TOTAL</u>
\$ 2,611	\$ 1,716	\$ 76,770	\$ 8,936	\$ 2,676	\$ -	\$ 195,873
-	-	-	-	-	-	136
4,204	6,467	296,355	45,181	9,525	-	547,672
1,168	527	4,561	4,829	1,762	-	57,014
516	402	10,134	1,847	326	-	38,961
500	474	1,873	278	109	-	5,839
-	-	-	-	-	-	293
4	2	350	-	-	-	1,841
-	-	3,258	-	-	(5,843)	-
-	-	1,955	389	-	-	6,743
-	14	5,515	1,414	139	-	9,286
-	-	-	-	-	-	54
<u>9,003</u>	<u>9,602</u>	<u>400,771</u>	<u>62,874</u>	<u>14,537</u>	<u>(5,843)</u>	<u>863,712</u>
305	232	3,560	247	20	-	8,664
-	-	19,272	3,571	-	-	125,207
-	-	24,217	145	-	-	24,362
236	413	49,715	5,636	-	-	225,436
-	-	343	44	-	-	387
1	-	2,776	-	-	-	8,809
31,095	37,019	874,252	195,280	71,004	-	2,137,601
-	-	-	-	-	-	5,406
-	-	-	-	-	-	155
<u>31,637</u>	<u>37,664</u>	<u>974,135</u>	<u>204,923</u>	<u>71,024</u>	<u>-</u>	<u>2,536,027</u>
<u>40,640</u>	<u>47,266</u>	<u>1,374,906</u>	<u>267,797</u>	<u>85,561</u>	<u>(5,843)</u>	<u>3,399,739</u>
1,064	889	10,969	5,232	444	-	35,756
-	-	5,604	-	-	-	14,703
<u>1,064</u>	<u>889</u>	<u>16,573</u>	<u>5,232</u>	<u>444</u>	<u>-</u>	<u>50,459</u>
599	200	18,044	3,465	706	-	56,732
1,106	1,056	29,605	9,068	1,738	-	78,226
100	185	1,760	584	79	-	5,163
-	-	2,196	-	-	-	3,484
104	97	9	-	-	(5,843)	-
604	395	10,593	2,634	550	-	33,283
-	153	8,962	971	-	-	22,393
-	-	-	-	3,383	-	3,583
-	2	4,334	11	-	-	11,205
-	101	20,454	4,577	1,080	-	40,950
168	50	1,519	415	25	-	4,840
-	-	-	-	-	-	20
<u>2,681</u>	<u>2,239</u>	<u>97,476</u>	<u>21,725</u>	<u>7,561</u>	<u>(5,843)</u>	<u>259,879</u>
-	-	3,343	-	-	-	8,256
93	228	6,005	1,449	578	-	16,522
-	719	239,464	6,223	-	-	614,129
-	-	-	-	47,062	-	48,358
-	-	-	-	-	-	-
-	-	1,150	-	-	-	1,150
8,837	7,485	102,608	46,142	4,446	-	324,708
-	-	350	-	669	-	1,019
<u>8,930</u>	<u>8,432</u>	<u>352,920</u>	<u>53,814</u>	<u>52,755</u>	<u>-</u>	<u>1,014,142</u>
<u>11,611</u>	<u>10,671</u>	<u>450,396</u>	<u>75,539</u>	<u>60,316</u>	<u>(5,843)</u>	<u>1,274,021</u>
1,518	1,286	19,310	8,683	837	-	58,290
-	-	-	-	-	-	415
<u>1,518</u>	<u>1,286</u>	<u>19,310</u>	<u>8,683</u>	<u>837</u>	<u>-</u>	<u>58,705</u>
31,095	36,146	631,430	195,280	20,558	-	1,567,163
236	418	12,038	2,445	-	-	85,853
(20)	452	42,741	6,799	300	-	148,910
-	35	842	-	-	-	6,172
485	1,857	37,390	3,963	33	-	80,397
-	(2)	6,909	-	5,081	-	21,202
(3,221)	(2,708)	190,423	(19,680)	(1,120)	-	207,775
<u>\$ 28,575</u>	<u>\$ 36,198</u>	<u>\$ 921,773</u>	<u>\$ 188,807</u>	<u>\$ 24,852</u>	<u>-</u>	<u>\$ 2,117,472</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>UNR</u>	<u>System Admin</u>	<u>DRI</u>	<u>TMCC</u>
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$144,156)	\$ 135,936	\$ -	\$ -	\$ 16,836
Federal grants and contracts	91,823	1,014	25,965	5,739
State grants and contracts	20,723	53	3,409	1,928
Local grants and contracts	27,582	-	619	28
Other grants and contracts	23,282	183	5,854	-
Campus support	-	-	-	-
Sales and services of educational departments (including \$28,438 from System Related Organizations)	65,981	2,492	-	892
Sales and services of auxiliary enterprises (net of scholarship allowance of \$6,973)	40,107	-	-	1,288
Interest earned on loans receivable	152	-	-	-
Other operating revenues	6,994	8,162	1,397	277
Total Operating Revenues	<u>412,580</u>	<u>11,904</u>	<u>37,244</u>	<u>26,988</u>
Operating Expenses				
Employee compensation and benefits	(422,891)	(16,133)	(31,885)	(45,405)
Utilities	(10,623)	(1,175)	(736)	(815)
Supplies and services	(151,957)	(23,824)	(10,959)	(10,031)
Scholarships and fellowships	(11,543)	(177)	-	(8,084)
Depreciation	(34,611)	(3,648)	(4,660)	(3,542)
Other operating expenses	-	-	-	-
Total Operating Expenses	<u>(631,625)</u>	<u>(44,957)</u>	<u>(48,240)</u>	<u>(67,877)</u>
Operating Income (Loss)	<u>(219,045)</u>	<u>(33,053)</u>	<u>(10,996)</u>	<u>(40,889)</u>
Nonoperating Revenues (Expenses)				
State appropriations	172,436	23,345	7,461	30,441
Transfers to/from System Administration	(3,444)	25,088	(1,911)	(1,202)
Gifts (including \$54,527 from System Related Organizations)	27,864	-	682	770
Investment income (loss), net	22,122	6,314	5,615	3,169
Gain (loss) on disposal of capital assets	1,675	100	126	(14)
Interest expense	(14,157)	(119)	(374)	(159)
Other nonoperating revenues	1,417	-	-	77
Federal grants and contracts	20,356	-	-	8,463
Total Nonoperating Revenues	<u>228,269</u>	<u>54,728</u>	<u>11,599</u>	<u>41,545</u>
Income (Loss) Before Other Revenue (Expenses)	<u>9,224</u>	<u>21,675</u>	<u>603</u>	<u>656</u>
Other Revenues (Expenses)				
State appropriations restricted for capital purposes	-	(197)	-	-
Capital grants and gifts (including \$18,902 from System Related Organizations)	6,755	-	-	2,645
Additions to permanent endowments (including \$715 from System Related Organizations)	33	7	121	415
Total Other Revenues	<u>6,788</u>	<u>(190)</u>	<u>121</u>	<u>3,060</u>
Increase (Decrease) in Net Position	<u>16,012</u>	<u>21,485</u>	<u>724</u>	<u>3,716</u>
NET POSITION				
Net position - beginning of year	615,326	122,219	102,385	77,337
Net position - end of year	<u>\$ 631,338</u>	<u>\$ 143,704</u>	<u>\$ 103,109</u>	<u>\$ 81,053</u>

<u>WNC</u>	<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>TOTAL</u>
\$ 4,667	\$ 5,283	\$ 194,288	\$ 49,688	\$ 10,973	\$ -	\$ 417,671
3,506	2,333	47,697	4,633	1,899	(8,657)	175,952
1,349	452	18,821	3,054	741	(995)	49,535
10	-	497	-	21	-	28,757
-	1,010	2,305	-	56	-	32,690
8	-	-	-	-	-	8
277	394	28,889	2,336	19	-	101,280
893	387	47,054	1,762	106	-	91,597
-	-	68	-	-	-	220
366	97	11,131	731	422	-	29,577
<u>11,076</u>	<u>9,956</u>	<u>350,750</u>	<u>62,204</u>	<u>14,237</u>	<u>(9,652)</u>	<u>927,287</u>
(20,084)	(18,469)	(407,026)	(123,081)	(22,077)	-	(1,107,051)
(488)	(658)	(11,423)	(2,940)	(439)	-	(29,297)
(5,951)	(3,292)	(125,873)	(38,537)	(7,914)	9,652	(368,686)
(2,696)	(2,259)	(29,755)	(26,014)	(2,975)	-	(83,503)
(1,438)	(1,980)	(38,503)	(11,705)	(2,933)	-	(103,020)
(321)	-	-	-	154	-	(167)
<u>(30,978)</u>	<u>(26,658)</u>	<u>(612,580)</u>	<u>(202,277)</u>	<u>(36,184)</u>	<u>9,652</u>	<u>(1,691,724)</u>
<u>(19,902)</u>	<u>(16,702)</u>	<u>(261,830)</u>	<u>(140,073)</u>	<u>(21,947)</u>	<u>-</u>	<u>(764,437)</u>
13,079	12,451	201,282	92,668	15,000	-	568,163
(164)	(247)	(15,690)	(2,078)	(352)	-	-
341	495	27,049	446	821	-	58,468
605	648	35,528	4,924	883	-	79,808
(1)	-	(568)	1	-	-	1,319
-	(10)	(8,432)	(129)	(2,410)	-	(25,790)
2,057	49	(82)	-	162	-	3,680
3,852	2,227	37,404	37,589	5,137	-	115,028
<u>19,769</u>	<u>15,613</u>	<u>276,491</u>	<u>133,421</u>	<u>19,241</u>	<u>-</u>	<u>800,676</u>
<u>(133)</u>	<u>(1,089)</u>	<u>14,661</u>	<u>(6,652)</u>	<u>(2,706)</u>	<u>-</u>	<u>36,239</u>
-	-	-	169	29	-	1
-	-	9,968	15	-	-	19,383
-	146	-	61	-	-	783
-	146	9,968	245	29	-	20,167
<u>(133)</u>	<u>(943)</u>	<u>24,629</u>	<u>(6,407)</u>	<u>(2,677)</u>	<u>-</u>	<u>56,406</u>
28,575	36,198	921,773	188,807	24,852	-	2,117,472
<u>\$ 28,442</u>	<u>\$ 35,255</u>	<u>\$ 946,402</u>	<u>\$ 182,400</u>	<u>\$ 22,175</u>	<u>\$ -</u>	<u>\$ 2,173,878</u>

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>UNR</u>	<u>System Admin</u>	<u>DRI</u>	<u>TMCC</u>
Operating Revenues				
Student tuition and fees (net of scholarship allowance of \$138,976)	\$ 126,160	\$ -	\$ -	\$ 16,345
Federal grants and contracts	87,760	629	24,178	5,433
State grants and contracts	18,816	60	4,099	1,533
Local grants and contracts	28,652	-	577	-
Other grants and contracts	16,461	176	4,892	179
Campus support	-	-	-	-
Sales and services of educational departments (including \$25,875 from System Related Organizations)	60,775	2,448	-	994
Sales and services of auxiliary enterprises (net of scholarship allowance of \$5,614)	43,891	-	-	1,295
Interest earned on loans receivable	150	-	-	2
Other operating revenues	9,687	7,910	1,404	277
Total Operating Revenues	<u>392,352</u>	<u>11,223</u>	<u>35,150</u>	<u>26,058</u>
Operating Expenses				
Employee compensation and benefits	(390,789)	(18,113)	(30,296)	(46,024)
Utilities	(12,236)	(827)	(843)	(923)
Supplies and services	(148,946)	(23,789)	(10,891)	(13,090)
Scholarships and fellowships	(12,123)	(238)	-	(8,310)
Depreciation	(32,334)	(3,916)	(5,067)	(3,470)
Other operating expenses	-	-	-	-
Total Operating Expenses	<u>(596,428)</u>	<u>(46,883)</u>	<u>(47,097)</u>	<u>(71,817)</u>
Operating Income (Loss)	<u>(204,076)</u>	<u>(35,660)</u>	<u>(11,947)</u>	<u>(45,759)</u>
Nonoperating Revenues (Expenses)				
State appropriations	166,473	21,258	7,369	30,535
Transfers to/from System Administration	3,342	(10,724)	543	458
Gifts (including \$47,818 from System Related Organizations)	28,105	-	825	794
Investment income (loss), net	(2,797)	(240)	(770)	(131)
Gain (loss) on disposal of capital assets	204	(202)	(75)	(148)
Interest expense	(14,152)	(99)	(447)	(162)
Other nonoperating revenues	5,927	(127)	-	(123)
Federal grants and contracts	21,110	-	-	10,547
Total Nonoperating Revenues	<u>208,212</u>	<u>9,866</u>	<u>7,445</u>	<u>41,770</u>
Income (Loss) Before Other Revenue (Expenses)	<u>4,136</u>	<u>(25,794)</u>	<u>(4,502)</u>	<u>(3,989)</u>
Other Revenues (Expenses)				
State appropriations restricted for capital purposes	4,956	300	415	843
Capital grants and gifts (including \$21,695 from System Related Organizations)	15,540	-	136	6,314
Additions to permanent endowments (including \$100 from System Related Organizations)	46	-	1	84
Total Other Revenues	<u>20,542</u>	<u>300</u>	<u>552</u>	<u>7,241</u>
Increase (Decrease) in Net Position	<u>24,678</u>	<u>(25,494)</u>	<u>(3,950)</u>	<u>3,252</u>
NET POSITION				
Net position - beginning of year	590,648	147,713	106,335	74,085
Net position - end of year	<u>\$ 615,326</u>	<u>\$ 122,219</u>	<u>\$ 102,385</u>	<u>\$ 77,337</u>

<u>WNC</u>	<u>GBC</u>	<u>UNLV</u>	<u>CSN</u>	<u>NSC</u>	<u>Eliminations</u>	<u>TOTAL</u>
\$ 4,358	\$ 5,234	\$ 187,211	\$ 45,753	\$ 9,621	\$ -	\$ 394,682
3,482	2,749	43,869	5,534	1,296	(9,234)	165,696
1,426	414	17,433	2,569	687	(36)	47,001
48	-	394	-	10	-	29,681
-	1,301	2,137	5	114	-	25,265
8	-	-	-	-	-	8
156	416	26,791	1,493	25	-	93,098
957	547	50,242	2,022	112	-	99,066
-	-	65	-	-	-	217
257	5	10,571	486	388	-	30,985
<u>10,692</u>	<u>10,666</u>	<u>338,713</u>	<u>57,862</u>	<u>12,253</u>	<u>(9,270)</u>	<u>885,699</u>
(19,387)	(17,536)	(374,600)	(118,880)	(20,587)	-	(1,036,212)
(564)	(685)	(12,241)	(3,241)	(482)	-	(32,042)
(6,409)	(3,715)	(119,279)	(38,892)	(8,059)	9,270	(363,800)
(3,593)	(2,334)	(28,501)	(29,672)	(2,825)	-	(87,596)
(1,414)	(1,957)	(36,179)	(11,905)	(2,427)	-	(98,669)
(298)	-	-	-	-	-	(298)
<u>(31,665)</u>	<u>(26,227)</u>	<u>(570,800)</u>	<u>(202,590)</u>	<u>(34,380)</u>	<u>9,270</u>	<u>(1,618,617)</u>
<u>(20,973)</u>	<u>(15,561)</u>	<u>(232,087)</u>	<u>(144,728)</u>	<u>(22,127)</u>	<u>-</u>	<u>(732,918)</u>
13,050	12,230	183,693	90,479	14,881	-	539,968
351	131	4,670	1,103	126	-	-
423	619	20,785	527	513	-	52,591
15	18	1,260	10	53	-	(2,582)
(35)	(96)	(3,961)	(10)	-	-	(4,323)
-	(15)	(7,128)	(107)	(2,410)	-	(24,520)
-	10	(578)	-	4	-	5,113
5,173	2,298	36,991	41,750	5,291	-	123,160
<u>18,977</u>	<u>15,195</u>	<u>235,732</u>	<u>133,752</u>	<u>18,458</u>	<u>-</u>	<u>689,407</u>
<u>(1,996)</u>	<u>(366)</u>	<u>3,645</u>	<u>(10,976)</u>	<u>(3,669)</u>	<u>-</u>	<u>(43,511)</u>
485	295	29,318	2,271	178	-	39,061
-	-	4,413	236	34	-	26,673
-	-	5	187	-	-	323
<u>485</u>	<u>295</u>	<u>33,736</u>	<u>2,694</u>	<u>212</u>	<u>-</u>	<u>66,057</u>
<u>(1,511)</u>	<u>(71)</u>	<u>37,381</u>	<u>(8,282)</u>	<u>(3,457)</u>	<u>-</u>	<u>22,546</u>
<u>30,086</u>	<u>36,269</u>	<u>884,392</u>	<u>197,089</u>	<u>28,309</u>	<u>-</u>	<u>2,094,926</u>
<u>\$ 28,575</u>	<u>\$ 36,198</u>	<u>\$ 921,773</u>	<u>\$ 188,807</u>	<u>\$ 24,852</u>	<u>\$ -</u>	<u>\$ 2,117,472</u>