STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM

JUNE 30, 2007 AND 2006

STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
JUNE 30, 2007 AND 2006

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Casey, Neilon & Associates, LLC
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of the
Public Employees' Benefits Program

We have audited the accompanying financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada as of June 30, 2006, were audited by other auditors whose report dated September 26, 2006 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2007 and 2006, and the changes in its financial position and cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Self Insurance Trust Fund, Public Employees' Benefits Program of the State of Nevada as of June 30, 2007, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Casey, Neilon & Associates, LLC

Carson City, Nevada
November 12, 2007

STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
STATEMENTS OF NET ASSETS
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97,663,525	$ 96,777,244
Collateral on loaned securities	35,065,121	50,422,763
Receivables:		
Accounts receivable	1,087,133	1,215,253
Intergovernmental receivable	4,889,733	354,413
Due from other funds	1,279,070	2,954,637
Due from component units, net	6,084,540	4,769,921
Total Current Assets	146,069,122	156,494,231
Noncurrent assets:		
Receivables:		
Intergovernmental receivable	859,252	400,198
Due from component units	873,149	-
	1,732,401	400,198
Capital assets:		
Property and equipment	366,528	347,935
Less: Accumulated depreciation	(307,161)	(275,945)
Total Capital Assets (net of accumulated depreciation)	59,367	71,990
Total Non Current Assets	1,791,768	472,188
Total Assets	147,860,890	156,966,419
LIABILITIES		
Current liabilities:		
Bank overdraft	5,068,043	4,196,427
Accounts payable	1,959,053	4,382,669
Accrued payroll and related liabilities	64,147	66,036
Obligations under securities lending	35,065,121	50,422,763
Due to other funds	17,600	12,805
Unearned revenue	1,645,914	1,342,686
Compensated absences	75,304	84,447
Total Current Liabilities	43,895,182	60,507,833
Noncurrent liabilities:		
Reserve for losses	25,082,000	21,479,000
Compensated absences	26,247	30,790
Total Noncurrent Liabilities	25,108,247	21,509,790
Total Liabilities	69,003,429	82,017,623
NET ASSETS		
Invested in capital assets	59,367	71,990
Restricted for losses	78,798,094	74,876,806
Unrestricted	-	-
Total Net Assets	$ 78,857,461	$ 74,948,796

See accompanying notes.

STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS (DEFICIT)
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
OPERATING REVENUES:		
Insurance premiums	$ 255,732,241	$ 232,252,644
Other	1,607,220	1,393,058
Total Operating Revenues	257,339,461	233,645,702
OPERATING EXPENSES:		
Salaries and benefits	2,019,495	1,943,964
Operating	3,534,166	2,919,048
Claims expense	181,179,141	152,548,945
Depreciation	31,214	21,331
Insurance premiums and contractual obligations	70,881,051	58,898,416
Total Operating Expenses	257,645,067	216,331,704
Operating Income	(305,606)	17,313,998
NONOPERATING REVENUES (EXPENSES):		
Interest and investment income	6,405,080	4,372,427
Interest expense	(2,190,809)	(1,676,793)
Total Nonoperating Revenues	4,214,271	2,695,634
Change in Net Assets	3,908,665	20,009,632
Net Assets, July 1	74,948,796	54,939,164
Net Assets, June 30	$ 78,857,461	$ 74,948,796

See accompanying notes.

STATE OF NEVADA
SELF INSURANCE TRUST FUND
PUBLIC EMPLOYEES' BENEFITS PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 51,350,777	$ 48,182,615
Receipts for interfund services provided	134,127,948	126,476,343
Receipts from component units	66,538,778	55,396,359
Payments to suppliers, other governments and beneficiaries	(252,330,476)	(210,047,462)
Payments to employees	(2,108,577)	(1,765,981)
Payments for interfund services used	(865,849)	(950,138)
Net Cash Provided (Used) by Operating Activities	(3,287,399)	17,291,736
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(18,588)	(34,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest / dividends on investments	4,192,268	1,844,277
Net Increase in Cash and Cash Equivalents	886,281	19,101,445
Cash and cash equivalents, July 1	96,777,244	77,675,799
Cash and cash equivalents, June 30	$ 97,663,525	$ 96,777,244
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ (305,606)	$ 17,313,998
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	31,214	21,331
Allowance for doubtful accounts	268,731	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(5,625,186)	(4,906,989)
(Increase) decrease in deferred charges and other assets	-	10,185
Increase (decrease) in payables and accruals	2,343,448	4,853,211
Total Adjustments	(2,981,793)	(22,262)
Net Cash Provided by Operating Activities	$ (3,287,399)	$ 17,291,736

See accompanying notes.

NOTE 1 - Summary of Significant Accounting Policies:

The financial statements of the Self Insurance Trust Fund, Public Employees' Benefits Program ("PEBP") of the State of Nevada ("Self Insurance Trust Fund") have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Self Insurance Trust Fund's significant accounting policies applied in the preparation of the accompanying financial statements is presented below.

Plan Description:

The Self Insurance Trust Fund was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State of Nevada. All public employers in the State are eligible to participate in the activities of the Self Insurance Trust Fund and currently, in addition to the State, there are eleven public employers whose employees are covered under the plan. Additionally, all retirees of public employers are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, 112 public employers are billed for retiree subsidies. The Self Insurance Trust Fund provides medical, dental, vision, accidental death and dismemberment, travel accident, long-term disability, mental health, substance abuse, and life insurance benefits. The Self Insurance Trust Fund is overseen by the Public Employees' Benefits Program Board. The Board is composed of nine members, eight members appointed by the Governor, and the Director of the Department of Administration or his designee.

The Self Insurance Trust Fund is self-insured for medical, dental, vision, mental health and substance abuse benefits and also offers fully insured HMO products. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

Reporting Entity:

Governmental accounting and financial reporting principles require that basic financial statements be presented for governmental entities which present financial statements in accordance with generally accepted accounting principles. The accompanying financial statements are not intended to present the combined financial activities of the State of Nevada taken as a whole, but are intended only to present the financial position, results of operations, and cash flows of the Self Insurance Trust Fund.

Fund Accounting:

The operations of the Self Insurance Trust Fund, a proprietary fund (internal service fund), are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The Self Insurance Trust Fund is used to account for the services provided to the employees of the State of Nevada and other governmental units under the programs administered by management.

Basis of Accounting:

The Self Insurance Trust Fund maintains its accounting records on the accrual basis of accounting as defined by the Governmental Accounting Standards Board ("GASB"). Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred regardless of the timing of cash flows. The Self Insurance Trust Fund applies all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") statements and interpretations, APB opinions, and ARB's (unless those pronouncements conflict with or contradict GASB pronouncements) issued on or before November 30, 1989, in accounting and reporting for its proprietary operations. As permitted by GASB Statement No. 20 the State has elected not to apply FASB pronouncements issued after that date.

The Self Insurance Trust Fund is reported using the economic resources measurement focus. The revenues derived from current operations are generally intended to provide those resources necessary to maintain continued delivery of such services in the future. Net assets greater or lesser than those required to support ongoing operations are moderated by adjustments of future charge rates appropriate to accomplish the long-term cost recovery objectives of the Self Insurance Trust Fund.

Internal Service Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with providing group health, life and disability insurance. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents:

For the purpose of presentation in the Self Insurance Trust Fund's financial statements, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Receivables:

Insurance premiums due through June 30 but remitted after that date are recorded as receivables or due from other funds, component units or governments in the financial statements. A non current intergovernmental receivable has been recorded for premiums that are due from two local governments that are currently disputing payment. Management believes that despite their non current nature, these premiums are ultimately collectible, and accordingly, no allowance has been recorded.

Additionally, a non-current due from component units has been recorded for premiums that are due from the Nevada System of Higher Education (NSHE). These funds represent money owed by NSHE to the Self Insurance Trust Fund for premiums owed from September 1, 2002 to July 1, 2006, but which cannot be currently paid due to budgetary limitations. NSHE is expected to request a supplemental appropriation from the Nevada State Legislature in 2009. Management believes these premiums to be ultimately collectible and, accordingly, no allowance has been recorded.

Allowance for Doubtful Accounts:

The Self Insurance Trust Fund considers $268,731 owed by the Nevada System of Higher Education, (NSHE), to be uncollectible. These funds represent receivables recorded on previous year's financial statements for premiums accrued prior to September 1, 2002. At that time, no report was available that clearly stated which employees owed which premiums for each month. In 2005, with a reconciliation report available, the Self Insurance Trust Fund commenced an extensive reconciliation of all accounts. All amounts owed after September 2002 and most amounts owed prior to September 2002 were reconciled. Management believes the remaining uncollectible amount cannot be billed to NSHE due to the unknown nature of the amount. Management has submitted a write-off request to the State of Nevada Board of Examiners for the November 2007 meeting. All other receivables are considered to be collectible.

Property and Equipment:

Fixed assets are capitalized and depreciated using the straight line method of depreciation over the assets' estimated useful lives ranging from three to ten years. Capital acquisitions for the years ended June 30, 2007 and 2006 were $18,588 and $34,568, respectively.

Estimated Claims:

The Self Insurance Trust Fund contracted with Aon Consulting, a provider of consulting and actuarial services, to estimate its liability for incurred but not reported claims, claims reported but not yet paid and administrative expenses expected to be incurred in conjunction with processing incurred but not reported claims as of June 30, 2007 and 2006, respectively. This liability is estimated by the actuary based on industry trends and claims lag information reported by the third party administrator. Such liabilities are necessarily based on estimates, and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are reviewed on an annual basis and any adjustments are currently reflected in net income from operations.

Compensated Absences:

Compensated absences are accounted for in accordance with GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Annual and sick leave benefits not used as earned accumulate to be carried over to the next year, except that annual leave in excess of 240 hours (30 days) per employee is forfeited each December 31. Accumulated annual leave and compensatory time are payable upon termination, retirement, or death. Unused sick leave may be partially compensated at that time according to formulas established by the Department of Personnel. The Self Insurance Trust Fund reports accrued compensated absences as a liability.

Unearned Revenue:

The Self Insurance Trust Fund has been given responsibility for two additional budget accounts. One of these budget accounts is utilized for recording the payments received for active employees. Agencies contribute a fixed dollar amount per employee into this budget account; however, insurance premiums are earned by the main operating budget account in accordance with the number of covered employees multiplied by the state approved rate for insurance coverage. The difference between cash contributions and revenue recognition has resulted in an excess of contributions over premium allocations of $1,169,245 and $1,288,820

Unearned Revenue (continued):

for the years ended June 30, 2007 and 2006, respectively, and accordingly, these amounts have been recorded as unearned. Additional amounts included in unearned revenue include amounts paid in advance of the period in which they are earned.

Net Assets:

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation. In the current year, management determined that all of the net assets at year end should be restricted for future claims payments due to legal restrictions on the use of the funds.

Reinsurance:

The Self Insurance Trust Fund does not carry any reinsurance policies.

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 the liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Compliance with Nevada Revised Statutes and the Nevada Administrative Code:

The Self Insurance Trust Fund conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 - Cash and Deposits with the State Treasurer:

	2007	2006
Cash:		
Operating checking account:		
Bank of America	$ (5,068,043)	$ (4,196,427)
Deposits with State Treasurer:		
State Treasurer's Investment Pool	97,225,613	96,853,843
GASB 31 adjustment	437,912	(76,599)
	97,663,525	96,777,244
Total Cash and Deposits	$92,595,482	$92,580,817

NOTE 3 - Cash and Deposits with the State Treasurer (Continued):

Both of the Bank of America checking accounts are funded only when checks are presented for payment. One account is a zero balance account and the other is a controlled disbursement account. The negative balance represents outstanding checks issued that have not been presented for payment. For insurance and collateral purposes, the account is commingled with all of the cash accounts of the State of Nevada. All cash and deposits are recorded at fair value.

NOTE 4 - Pension Plan:

Plan Description. The Self Insurance Trust Fund contributes to the Public Employees' Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees' Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees' Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees' Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Funding Policy. Plan members' benefits are funded under one of two methods. Under the employer paid contribution plan, the Self Insurance Trust Fund is required to contribute all amounts due under the plan. The rate for those contributions was 19.75%, 19.75% and 20.25% for regular members on all covered payroll for the years ended June 30, 2007, 2006 and 2005, respectively. The second funding mechanism for providing benefits is the employer/employee paid contribution plan. Under this method, employees are required to contribute a percentage of their compensation to the plan, while the Self Insurance Trust Fund is required to match that contribution. The rate for regular employees under this plan was 10.5%, 10.5% and 10.5% for the years ended June 30, 2007, 2006 and 2005, respectively. The contribution requirements of plan members and the Self Insurance Trust Fund are established by NRS Chapter 286. The funding mechanism may only be amended through legislation. The Self Insurance Trust Fund's contributions to PERS for the years ended June 30, 2007, 2006 and 2005 were $217,129, $219,899 and $190,216, respectively, equal to the required contributions for the year.

NOTE 5 - Post-Retirement Insurance Benefits:

Employees of the State, 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. NAC 287.530 establishes this benefit upon the retiree. NRS 287.046 establishes a subsidy to pay an amount toward the cost of the premium or contribution for persons retired from state service. Retirees assume any portion of the premium not covered by the State. The State allocates funds for payment of post retirement insurance benefits as a percentage of budgeted payroll to all State agencies. The cost of the employer contribution is recognized in the year the costs are charged. No unused funds are carried forward to the next fiscal year.

NOTE 6 - Commitments:

The Self Insurance Trust Fund is committed to the following contracts or policies at June 30, 2007:

Contractor	Contract Rate	Expiration Date
American International Group	$0.19 per employee per month	6/30/10
Anthem HMO Nevada (HMO)	Varies	6/30/08
Aon Consulting	Hourly Rate	6/30/08
APS Healthcare	$5.78 per PPO participant per month	6/30/11
Beech Street Corporation	$2.40 per out-of-state participant per month $16,667 monthly fee	6/30/08
Capital Reporters	Hourly Rate	1/31/09
Casey, Neilon & Associates, LLC	Hourly Rate	12/31/09
Catalyst RX	$0.95 per paper claim $2.30 per PPO participant per month	6/30/08
Diversified Dental Services	$0.67 per participant per month	6/30/09
Fiserv Health Benefit Planners	$13.65 per PPO participant per month (medical, vision) $1.90 per participant per month (dental)	6/30/10
Health Claims Auditors	$23,800 per quarterly audit of TPA $17,500 per annual audit of PBM	9/30/10
Health Plan of Nevada (HMO)	Varies	6/30/08
Hometown Health Partners	$3.66 per PPO participant per month	6/30/10
Morneau Sobeco	$2.13 per participant per month	6/30/10
The Standard Insurance	Varies	6/30/10
Xerox Corporation	$692.12 monthly base charge plus 0.006 per copy	1/11/10

NOTE 7 - Risk Management:

Estimated Claims Liabilities:

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

Table of Unpaid Claims Liabilities:

As discussed above, management established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following presents changes in those aggregate liabilities for the Self Insurance Trust Fund during the past two years.

Table of Unpaid Claims Liabilities (Continued):

	2007	2006
Beginning balance	$ 21,479,000	$ 23,864,347
Claims and changes in estimates	181,280,944	151,616,425
Claim payments	(177,677,944)	(154,001,772)
Ending Balance	$ 25,082,000	$ 21,479,000

These unpaid claims liabilities are all for the self-funded medical, dental, vision and prescription drug benefits.

NOTE 8 - Securities Lending Transactions:

NRS 355.135 authorizes the State Treasurer to participate in securities lending transactions, where the State's U.S. Government securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

Securities on loan as of June 30, 2007 for cash collateral are unclassified as to custodial credit risk. At June 30, 2007 and 2006, the State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the State for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are no restrictions on the amount of securities that can be loaned. Either the State or the borrower can terminate all open securities loans on demand. All term securities loans can be terminated with five days notice by either the State or the borrower. Cash collateral is invested in accordance with the investment guidelines approved by the Board of Finance. The maturities of the investments made with cash collateral generally match the maturities of the securities loans.

For purposes of valuing the underlying securities invested in the collateral investment pool, they are commingled with all of the securities invested by the State. Securities loaned consist of U.S. Government securities. The collateral received consists of cash, commercial paper, repurchase agreements, asset backed securities, negotiable CDs and fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. Costs related to securities lending transactions are included as interest expense for the Self Insurance Trust Fund.

The fair value of the underlying securities at June 30, 2007 and 2006 is as follows:

	2007	2006
Self Insurance Trust Fund Participation in State Treasurer's Securities Lending Pool	$37,957,232	$53,108,011

NOTE 9 - Contingent Liabilities:

In accordance with the requirements of NRS 353.140, the Self Insurance Trust Fund honors outstanding stale warrants presented for payment for six years from the date of origination. Management has estimated the total amount of outstanding stale warrants less then six years old to be $574,000 and $1,259,000 as of June 30, 2007 and June 30, 2006, respectively. Management has assessed that it is not probable that these warrants will be presented for payment during the statutory time frame, and accordingly has not recorded a liability as of June 30, 2007 and 2006, respectively.

NOTE 10 – Subsequent Events:

A judgment was filed on September 13, 2007 in the case of Las Vegas Metropolitan Police Department (Metro) vs. Public Employees Benefits Program in favor of Metro. The judgment states that Metro is not required to pay NRS 287.03 subsidies on behalf of local government employees who retired and enrolled in PEBP prior to October 1, 2003. The Self Insurance Trust Fund has filed an appeal and expects these premiums to be ultimately collectible and, accordingly, no allowance has been recorded; however, the entire balance of $813,801 is shown as a non current receivable.