

OFFICIAL STATEMENT

\$125,905,000

State of Nevada

**Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2018**



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In the opinion of Sherman & Howard L.L.C., Bond Counsel for the Series 2018 Bonds, assuming continuous compliance with certain covenants described herein, interest on the Series 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2018 Bonds (the “Tax Code”), and interest on the Series 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS — Federal Tax Matters” in Part I of this Official Statement.

NEW ISSUE – BOOK-ENTRY ONLY

DAC Bond

RATINGS

Fitch: AA+
Moody's: Aa2
Standard & Poor's: AAA
See “RATINGS” in Part I of this
Official Statement

\$125,905,000
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2018

DATED: Date of Delivery

DUE: December 1, on the dates shown on the inside cover

Interest on the above-captioned Series 2018 Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2018. Series 2018 Bonds may be purchased in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. See “APPENDIX C — BOOK-ENTRY ONLY SYSTEM” in Part I of this Official Statement.

The Series 2018 Bonds or portions thereof are subject to optional redemption prior to maturity on and after June 1, 2028, as set forth herein.

The Series 2018 Bonds are issued pursuant to a bond resolution of the State Board of Finance adopted on March 13, 2018 (the “Bond Resolution”). The Bond Resolution provides that the Series 2018 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2018 Bonds and from the proceeds of the motor vehicle fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund as described in greater detail herein (the “Gross Pledged Revenues”).

The Series 2018 Bonds are special obligations of the State, payable and collectible solely out of the Gross Pledged Revenues. Bondholders may not look to any general or other fund for payment except the special funds pledged under the Bond Resolution. The Series 2018 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation, and the Series 2018 Bonds shall not be considered or held to be general obligations of the State. The State does not pledge its full faith and credit for the payment of the Series 2018 Bonds. See “DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds” in Part I of this Official Statement.

For maturity dates, principal amounts, interest rates, yields and CUSIP numbers of the Series 2018 Bonds, see the inside cover of this Official Statement.

The Series 2018 Bonds are offered when, as and if issued by the State and accepted by the underwriter subject to the approval of legality and certain other legal matters by Sherman & Howard L.L.C., Bond Counsel and to certain other conditions. Certain legal matters will be passed upon by Nixon Peabody LLP, as Disclosure Counsel to the State. The Series 2018 Bonds are expected to be available for book-entry delivery on or about June 5, 2018.

This page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Official Statement Dated: May 15, 2018.

\$125,905,000
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2018

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	CUSIP[†] Number
2021	\$ 2,000,000	5.000%	2.000%	641480JH2
2022	2,000,000	5.000	2.090	641480JJ8
2023	2,000,000	5.000	2.180	641480JK5
2024	2,000,000	5.000	2.300	641480JL3
2025	2,000,000	5.000	2.400	641480JM1
2026	2,000,000	5.000	2.510	641480JN9
2027	2,000,000	5.000	2.590	641480JP4
2028	2,000,000	5.000	2.670 ^C	641480JQ2
2029	2,000,000	5.000	2.720 ^C	641480JR0
2030	13,490,000	5.000	2.770 ^C	641480JS8
2031	13,490,000	5.000	2.800 ^C	641480JT6
2032	13,490,000	4.000	3.050 ^C	641480JU3
2033	13,490,000	4.000	3.130 ^C	641480JV1
2034	13,490,000	3.375	3.480	641480JW9
2035	13,485,000	3.500	3.520	641480JX7
2036	13,485,000	3.500	3.550	641480JY5
2037	13,485,000	3.500	3.580	641480JZ2

[†] A registered trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2018 Bonds. The State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Series 2018 Bonds.

^C Priced to June 1, 2028 par call date.

STATE OF NEVADA

Brian Sandoval, Governor
Mark Hutchison, Lieutenant Governor
Barbara K. Cegavske, Secretary of State
Daniel M. Schwartz, State Treasurer
Ronald L. Knecht, State Controller
Adam Paul Laxalt, Attorney General

MUNICIPAL ADVISORS

Hobbs, Ong & Associates, Inc.
3900 Paradise Road, Suite 152
Las Vegas, Nevada 89169
(702) 733-7223

PFM Financial Advisors LLC
50 California Street, Suite 2300
San Francisco, California 94111
(415) 982-5544

BOND COUNSEL

Sherman & Howard L.L.C.
50 West Liberty Street, Suite 1000
Reno, Nevada 89501
(775) 323-1980

DISCLOSURE COUNSEL

Nixon Peabody LLP
300 S. Grand Avenue, Suite 4100
Los Angeles, California 90071
(213) 629-6000

REGISTRAR AND PAYING AGENT

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
(800) 934-6802

No dealer, broker, salesperson or other person has been authorized by the State of Nevada (the "State") to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State or the successful bidders for the Series 2018 Bonds. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Any information, estimates and expressions of opinion herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the State since the date hereof.

The information set forth herein has been furnished by the State and includes information obtained from other sources. Such other sources are believed to be reliable, but the information derived from such sources is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other person.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements". In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the State's financial results could cause actual results to differ materially from those stated in the forward-looking statements. The presentation of information, including tables of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the State. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

In connection with this offering the purchasers may over allot or effect transactions that stabilize or maintain the market prices of the Series 2018 Bonds offered hereby at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SUMMARY

This summary is not a complete description of the Series 2018 Bonds and does not contain all of the information you should consider before making any investment decision with respect to the Series 2018 Bonds. Prospective purchasers of Series 2018 Bonds should read the more detailed information appearing in this Official Statement for a complete understanding about the offering and the terms of security and sources of payment for the Series 2018 Bonds.

THE BONDS

Bonds Offered State of Nevada Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2018 (the “Series 2018 Bonds”)

Interest Payment Dates June 1 and December 1, commencing December 1, 2018

Redemption Provisions..... The Series 2018 Bonds, or portions thereof in Authorized Denominations (as defined under “DESCRIPTION OF THE SERIES 2018 BONDS” in Part I of this Official Statement) will be subject to optional redemption prior to their respective maturities, at the option of the State of Nevada (the “State”), on and after June 1, 2028, in whole or in part at any time, from any maturities selected by the State and by lot within a maturity, at a redemption price equal to 100% of the principal amount of each Series 2018 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

PURPOSE

Purpose..... The Series 2018 Bonds are being issued by the State to fund State highway construction projects and to pay costs of issuance of the Series 2018 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Gross Pledged Revenues..... The Series 2018 Bonds are payable from and secured by Gross Pledged Revenues, which consist of the proceeds of State excise taxes on motor vehicle fuel and special fuel (defined as any combustible gas or liquid used for the generation of power for the propulsion of motor vehicles) credited or transferred to the State Highway Fund pursuant to the Fuel Tax Act (as defined in Part III of this Official Statement) and credited to the State Highway Fund and any federal aid eligible for the payment of the principal of and interest on the Series 2018 Bonds. The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions, any tax proceeds not collected because of the dealers’ collections and handling fee, tax proceeds for making refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds imposed and collected and required to be distributed to the counties in the State, tax proceeds derived from motor vehicle fuel used in aircraft, and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected.

The State also has other bonds secured on a parity with the Series 2018 Bonds outstanding and may issue additional parity bonds in the future.

See “DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds” in Part I of this Official Statement for additional information regarding the security for the Series 2018 Bonds.

**OFFICIAL STATEMENT
OF THE STATE OF NEVADA
RELATING TO THE ISSUE AND SALE OF
\$125,905,000
HIGHWAY IMPROVEMENT REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2018**

INTRODUCTION

General

This Official Statement of the State of Nevada (the “State”), including the cover page, the inside cover pages and appendices, is provided for the purpose of setting forth information in connection with the sale of the State’s Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2018 (the “Series 2018 Bonds”).

This Official Statement consists of the cover pages and all prefatory material prior to this introduction, this introduction, and Part I (including all appendices thereto), Part II and Part III (including the appendices thereto).

Part I – The Series 2018 Bonds

Part I sets forth information concerning the Series 2018 Bonds, including the payment and redemption provisions, the basis of their authorization and their purposes, the security for the Series 2018 Bonds, the federal income tax treatment of the interest on the Series 2018 Bonds, and certain other matters.

Part II – The State of Nevada

Part II sets forth certain information relating to the State, including certain financial information relating to the State, and certain economic and demographic information.

Part III – State Department of Transportation and Pledged Revenues

Part III sets forth certain information relating to the State Department of Transportation (sometimes referred to herein as “NDOT”), the various revenue sources pledged as security for the Series 2018 Bonds, and related matters.

Federal and State Tax Exemption

In the opinion of Sherman & Howard L.L.C., Reno and Las Vegas, Nevada, Bond Counsel with respect to the Series 2018 Bonds, assuming continuous compliance with certain covenants described in the Official Statement, interest on the Series 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2018 Bonds (the “Tax Code”), and interest on the Series 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations.

Furthermore, in the opinion of Bond Counsel, under present law, the Series 2018 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of Nevada Revised Statutes and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of Nevada Revised Statutes.

A copy of the proposed form of bond counsel opinion is attached to the Official Statement as Part I, Appendix A.

Miscellaneous

Potential investors should review this entire Official Statement. The Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the State, the Series 2018 Bonds, the State Department of Transportation, and the State documents authorizing the Series 2018 Bonds (the “Bond Resolution”) are included in this Official Statement. All references herein to the Series 2018 Bonds and the Bond Resolution and other documents referred to herein are qualified in their entirety by reference to such documents and all capitalized terms used herein, which are not defined, have the meanings given such terms as set forth in the Bond Resolution.

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth herein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the purchasers or subsequent owners of the Series 2018 Bonds.

The summaries of certain provisions of the Series 2018 Bonds, the State statutes, the Bond Resolution and other documents referred to in this Official Statement do not purport to be complete and reference is made to each of them for a complete statement of their provisions.

A wide variety of other information, including financial information, concerning the State and the State Department of Transportation is available from State agencies, State agency publications and State agency websites. No such information is a part of or incorporated into this Official Statement.

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PART I
INFORMATION CONCERNING THE BONDS BEING OFFERED

DESCRIPTION OF THE SERIES 2018 BONDS

General

The Series 2018 Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the inside cover of this Official Statement. The Series 2018 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Series 2018 Bonds. Beneficial interests in the Series 2018 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”). Purchasers of Series 2018 Bonds will not receive certificates representing their ownership interest in the Series 2018 Bonds purchased. The record date for the payment of interest on the Series 2018 Bonds (the “Regular Record Date”) is the close of business on the 15th day of the calendar month preceding an interest payment date. Interest will be paid by U.S. Bank National Association, Paying Agent and Registrar (the “Paying Agent” and “Registrar”), on the interest payment date (or if such day is not a business day, on the next succeeding business day) to DTC or its nominee as registered owner of the Series 2018 Bonds. Disbursement of interest, principal and redemption payments is the responsibility of DTC. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2018 Bonds, references in this Official Statement (other than under the heading “TAX MATTERS”) to the registered owners or owners of the Series 2018 Bonds will mean Cede & Co., and will not mean the beneficial owners. See “APPENDIX C — BOOK-ENTRY ONLY SYSTEM” in Part I of this Official Statement.

Interest

Interest on the Series 2018 Bonds is payable on June 1 and December 1, commencing December 1, 2018 at the interest rates shown on the inside cover page of this Official Statement calculated on the basis of a 360-day year of twelve 30-day months.

Redemption of Series 2018 Bonds

Optional Redemption

The Series 2018 Bonds, or portions thereof in Authorized Denominations, will be subject to optional redemption prior to their respective maturities, at the option of the State, on and after June 1, 2028, in whole or in part at any time, from any maturities selected by the State Treasurer (the “Treasurer”) and by lot within a maturity, at a redemption price equal to 100% of the principal amount of each Series 2018 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

Notice of Redemption

Notice of redemption of any Series 2018 Bonds will be given by the Registrar by electronic mail as long as Cede & Co. or a nominee or a successor depository is the owner of the Series 2018 Bonds, and otherwise by first-class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, the registered owner of the Series 2018 Bonds and electronically (1) to the Disclosure Dissemination Agent or (2) if Digital Assurance Certification, L.L.C. no longer serves as the Disclosure Dissemination Agent and the State has not appointed a successor Disclosure Dissemination Agent, to the Municipal Securities Rulemaking Board (“MSRB”) via its Electronic Municipal Market Access system, and as otherwise provided in the Bond Resolution. The notice will identify the Series 2018 Bonds or portions thereof to be redeemed, specify the redemption date, and state that on the redemption date the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the principal office of the Paying Agent, or such other office as may be designated by the Paying Agent, and that after the redemption date, no further interest will accrue on the principal of any Series 2018 Bond called for redemption. Actual receipt of the notice by the Disclosure Dissemination Agent, MSRB or the owners of Series

2018 Bonds shall not be a condition precedent to redemption of such Series 2018 Bonds. Failure to give such notice to the Disclosure Dissemination Agent, MSRB or the owner of any Series 2018 Bond designated for redemption or any defect therein, shall not affect the validity of the proceedings for redemption of any other Series 2018 Bond.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., as the disclosure dissemination agent for the State with respect to the Series 2018 Bonds, or any successor disclosure dissemination agent appointed by the State.

Any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2018 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Series 2018 Bonds called for redemption in the same manner as the original redemption notice was given.

Authorization and Purpose of the Series 2018 Bonds

The Series 2018 Bonds are being issued by the State to fund State highway construction projects and to pay costs of issuance of the Series 2018 Bonds. The Series 2018 Bonds are being issued pursuant to the Constitution and laws of the State, including particularly Chapters 365 and 366, Nevada Revised Statutes (the “Fuel Tax Act”); Chapter 408, Nevada Revised Statutes (the “Project Act”); Sections 349.150 to 349.364, inclusive, Nevada Revised Statutes (the “State Securities Law”); and Chapter 348, Nevada Revised Statutes; and a Bond Resolution titled “2018 Highway Improvement Revenue Bond Resolution” adopted by the State of Nevada Board of Finance (the “Board”) on March 13, 2018 (the “Bond Resolution”). A copy of the Bond Resolution is on file in the office of the secretary of the Board in Carson City, Nevada, for public inspection.

Sources and Uses of Funds

The sources and uses of the proceeds of the Series 2018 Bonds are approximately as follows:

SOURCES	
Principal Amount of Series 2018 Bonds	\$125,905,000.00
Net Premium	9,824,990.00
TOTAL SOURCES	<u>\$135,729,990.00</u>
USES	
Construction Account	\$135,000,000.00
Costs of Issuance ⁽¹⁾	729,990.00
TOTAL USES	<u>\$135,729,990.00</u>

⁽¹⁾ Represents legal and financing fees, printing costs, rating fees, underwriter’s discount and other miscellaneous expenses relating to the issuance of the Series 2018 Bonds.

Security for the Series 2018 Bonds

Gross Pledged Revenues

The Bond Resolution provides that the Series 2018 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2018 Bonds and from the proceeds of the motor vehicle Fuel Taxes (as defined in Part III of this Official Statement) imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund (as defined in Part III of this Official Statement) for the payment of principal of and interest on the Series 2018 Bonds (the “Gross Pledged Revenues”). The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions, any tax proceeds not collected because of the dealers’ collections and handling fee, tax proceeds for making refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds imposed and collected and required to be distributed to the counties in the State, tax proceeds derived from motor vehicle fuel

used in aircraft, and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected (such exclusions being herein the “Direct Distributions and Other Exclusions”). For a more detailed summary of the Gross Pledged Revenues and the Direct Distributions and Other Exclusions, see “REVENUES PLEDGED TO SECURE SERIES 2018 BONDS AND PARITY SECURITIES” in Part III of this Official Statement. Also see “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION” in this Part I of this Official Statement.

Limited Obligation of State

The Series 2018 Bonds are payable and collectible solely out of the Gross Pledged Revenues. The holders of Series 2018 Bonds may not look to any general or other fund for the payment of the Bond Requirements, except the Gross Pledged Revenues. The Series 2018 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Series 2018 Bonds are not general obligations of the State, but constitute its special obligations. The Series 2018 Bonds are not secured by an encumbrance, mortgage or other pledge of property of the State, except the Gross Pledged Revenues and any other moneys pledged for the payment of the Series 2018 Bonds.

Existing Parity Securities

The State currently has five series of highway improvement revenue bonds outstanding in the aggregate principal amount of \$659,180,000, all of which are secured by the Gross Pledged Revenues (the “Existing Parity Securities”). Each series of Existing Parity Securities was authorized and issued pursuant to a bond resolution adopted by the Board that is substantially similar to the Bond Resolution authorizing the Series 2018 Bonds. Existing Parity Securities (and Additional Parity Securities, described below, if and when issued) are secured by the Gross Pledged Revenues on a parity with the Series 2018 Bonds, without priority or preference. For a summary of Existing Parity Securities issued and outstanding see Table 1 in this Part I of this Official Statement.

Additional Parity Securities

The Bond Resolution permits the issuance by the State of additional bonds or other additional securities (“Additional Parity Securities”) payable from the Gross Pledged Revenues and constituting a lien thereon on a parity with, but not prior or superior to, the lien thereon of the Series 2018 Bonds and the Existing Parity Securities. Existing Parity Securities, the Series 2018 Bonds and Additional Parity Securities are referred to herein as “Parity Securities.” The Bond Resolution also permits the issuance of bonds or other securities refunding all or a part of the Series 2018 Bonds, or that are subordinate to the Parity Securities.

The State is currently considering issuing approximately \$160 million of Additional Parity Securities for three consecutive years beginning no sooner than 2020; however, the timing and amount of Additional Parity Securities to be issued may change, or such issuances may not occur.

Prior to the issuance of Additional Parity Securities (other than refunding securities, which are summarized below), the following conditions must be satisfied:

- (i) Absence of Default. At the time of the adoption of the resolution authorizing the issuance of the Additional Parity Securities, the State shall not be in default in making any required payments with respect to any Parity Securities or subordinate securities payable from Gross Pledged Revenues.
- (ii) Historic Earnings Test. The Gross Pledged Revenues (but excluding any federal aid included as Gross Pledged Revenues) derived for the last fiscal year for which audited Gross Pledged Revenues are available immediately preceding the date of the issuance of the Additional Parity Securities proposed to be issued shall have been sufficient to pay an amount at least equal to 300% of the combined maximum annual principal and interest requirements to be paid during any one fiscal year of the Outstanding Series 2018 Bonds, any Existing Parity Securities and the

Additional Parity Securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution.

- (iii) Adjustment of Gross Pledged Revenues. In any computation of such earnings tests as to whether or not Additional Parity Securities may be issued as provided in the preceding paragraph, the amount of the Gross Pledged Revenues for the next preceding fiscal year shall be decreased and may be increased by the amount of loss or gain estimated by the Treasurer, the State Controller or an Independent Accountant resulting from any change in the Fuel Tax proceeds and constituting all or a part of the Gross Pledged Revenues, whether a change in the amount periodically paid per gallon, or the portions of the collections thereof credited to the Gross Pledged Revenues, or modifications to the Direct Distributions and Other Exclusions, or otherwise, during the next preceding fiscal year, as if the schedule of such modified Fuel Tax proceeds had been in effect during the entire next preceding fiscal year, if such change shall have been made by the State prior to such computation of the designated earnings test but made in the same fiscal year in which such computation is made or in the next preceding fiscal year.
- (iv) Reduction of Annual Requirements. The respective annual Bond Requirements (including the amount of any prior redemption premiums due on any prior redemption date as of which the State shall have called or shall have obligated itself to call for prior redemption by a call of securities for payment if the securities are subject to call for prior redemption) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective fiscal years with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

As used in the Bond Resolution, the following terms have the meanings set forth below:

“Bond Requirements” means the principal of, the interest on and any prior redemption premiums due in connection with the Series 2018 Bonds and any other additional bonds or other additional securities payable from the Gross Pledged Revenues, or such part of such other bonds or other securities pertaining to those revenues as may be designated, as such principal, any such premiums, and such interest become due.

“Direct Distributions and Other Exclusions” means the distributions and other exclusions of revenues from the Gross Pledged Proceeds resulting from exempt sales and other exempt transactions, allowances for the dealers’ collections and handling fee, refunds, exemption of proceeds pertaining to fuel used in watercraft for recreational purposes or in aircraft, Fuel Taxes imposed and collected for the benefit of counties and certain political subdivisions therein, and administration costs of collecting certain Fuel Taxes, as more specifically delineated in the Bond Resolution.

“Federal Government” means the United States, or any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States, or securities which are direct obligations of, or the principal and interest of which securities are conditionally or unconditionally guaranteed by the Federal Government, or other securities of the Federal Government, or other obligations the payment of which is fully secured by a pledge of any such securities.

Issuance of Refunding Securities

Parity Securities (including the Series 2018 Bonds) may be refunded only if such Parity Securities at the time or times of their required surrender for their payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the State’s option upon proper call, unless the owner or owners of all Parity Securities of the issue consent to such surrender and payment, regardless of whether the priority of the lien for the payment of any refunding securities on the Gross Pledged Revenues is changed (except as otherwise provided in the Bond Resolution). If only a part of the Outstanding Parity Securities of any issue or issues payable

from the Gross Pledged Revenues is refunded, then such securities must not be refunded without the consent of the owner or owners of the unrefunded portion of such securities unless:

- (i) Requirements Not Increased. The refunding bonds or other refunding securities do not increase for any fiscal year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date or last redemption date, if any, whichever time is earlier, of such unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Gross Pledged Revenues is not raised to a higher priority than the lien thereon of the Series 2018 Bonds or other securities thereby refunded; or
- (ii) Subordinate Lien. The lien on any Gross Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or
- (iii) Historic Earnings Test. The refunding bonds are issued in compliance with the requirements summarized under the heading “*Additional Parity Securities*” above, but excluding from any computation thereunder the bonds or other securities to be refunded and redeemed and which shall forthwith upon the issuance of the refunding bonds be no longer Outstanding.

Subordinate Securities Permitted

The Bond Resolution permits the State to issue additional bonds or other additional securities payable from the Gross Pledged Revenues and having a lien on the Gross Pledged Revenues that is junior to the lien thereon securing the Series 2018 Bonds and other Parity Securities. There are no such subordinate securities outstanding.

Priority of Application of Gross Pledged Revenues

As long as any of the Series 2018 Bonds remain Outstanding, the Bond Resolution requires that during each fiscal year the Gross Pledged Revenues shall be administered, the money pertaining thereto shall be applied in the order of priority, and payments shall be made from the Gross Pledged Revenues as follows:

First, from the Gross Pledged Revenues, there shall be credited to the Bond Fund and any bond funds created by resolutions authorizing the issuance of any Parity Securities, monthly, commencing on the first day of the month immediately succeeding the delivery of the Parity Securities, an amount in equal monthly installments necessary, together with any other money from time to time available therefor from whatever source, to pay the next maturing installments of principal and interest due on the Outstanding Parity Securities. The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Outstanding Parity Securities.

Second, after payment of the amounts required to be made first as set forth above, amounts required to be transferred to the rebate account for the Series 2018 Bonds and similar accounts for other Parity Securities for purposes of compliance with the Internal Revenue Code shall be so transferred.

Third, after payment of the amounts required to be made first and second as set forth above, amounts may be used for payments required to be made with respect to subordinate securities payable from the Gross Pledged Revenues.

After the transfers described above are made, any remaining Gross Pledged Revenues may be used in any fiscal year for any one or any combination of lawful purposes, as the Board or the Director of the State Department of Transportation may from time to time determine.

Pledge of the State

Pursuant to State law, the faith of the State is pledged that the Project Act, the Fuel Tax Act, the State Securities Law, any other law supplemental or otherwise pertaining to the Bond Act, and any other act concerning the Series 2018 Bonds or other State securities, Fuel Taxes or the Gross Pledged Revenues, or any combination of such securities, such taxes and such revenues, shall not be repealed nor amended or otherwise directly or indirectly modified in such manner as to impair adversely the Series 2018 Bonds or any other outstanding State securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

State Make-Up for Reduction in Federal Fuel Tax

Under current State law, if the tax collected by the Federal Government relating to motor vehicle fuel is reduced or discontinued in whole or in part, the State's motor vehicle fuel tax will increase in an amount equal to the amount by which the federal tax is reduced. This provision, if triggered by federal reductions in the fuel tax, would provide an additional source of revenues to the State Highway Fund comprising Gross Pledged Revenues securing the Series 2018 Bonds.

Continuing Disclosure Undertakings

The State has agreed to certain covenants relating to compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended ("SEC Rule 15c2-12"). The State has designated Digital Assurance Certification, L.L.C. ("DAC") as its dissemination agent. See Appendix B of this Part I for the form of Disclosure Dissemination Agent Agreement to be entered into by the State with respect to the Bonds.

In connection with other bonds issued by the State, the State has entered into similar continuous disclosure undertakings pursuant to which the State agrees to provide and file annual financial information and notices of specified material events with respect to the applicable bonds. In addition, in connection with various current and advance refundings, the State has designated the applicable paying agent for the bonds to be defeased or redeemed as its representative for purposes of filing notices of defeasance or redemption with the MSRB.

The State became aware that an annual report filing for the fiscal year ended June 30, 2009, due by March 31, 2010, for Nevada Municipal Bond Bank Project Nos. 57-64 Series June 1, 1997B was not on file with the MSRB (the annual report filings for the prior and subsequent fiscal years were properly filed). The State made a supplemental filing to remedy the omission. The State believes that the omission of the filing in 2010 was due to either a clerical error in the filing process or the result of a change in CUSIP number that was not properly recorded.

The State generally offers multiple series of bonds through a single official statement and enters into continuing disclosure arrangements through a single agreement that is applicable to all series of bonds offered under the applicable official statement. In certain instances, one or more series of bonds is secured by revenues that are not available as security for the other series of bonds offered pursuant to the same offering document. It has come to the State's attention that in several financings a continuing disclosure obligation may be applicable to an issue of bonds for which it is not intended, and that is not secured by the revenues with respect to which continuing disclosure information is required. The State has become aware of a limited number of instances of failure to update certain tables, none of which the State believes to be material because the tables update revenue sources that are not available for payment of the issue of bonds for which an update was not provided.

With respect to the State's Motor Vehicle Fuel Tax Revenue Bonds, the State learned that while annual reports were filed for fiscal years ended June 30, 2008 and 2009, updates of certain tables¹ were omitted from the annual report. The affected bonds are no longer outstanding.

¹ These tables were regarding the Public Employees' Retirement System of Nevada ("PERS"). Such information is currently included in State general obligation bond offering documents, but not in offering documents for Highway Revenue (Motor Vehicle Fuel Tax) Bonds, which are not secured by a State general obligation pledge.

With respect to the State's General Obligation (Limited Tax) Bonds (Nevada Municipal Bond Bank Project Nos. R-9A, R-9B, R-9C, R-10, R-11 and R-12) Series 2005F and General Obligation (Limited Tax) (Revenue Supported) Water Refunding Bonds, Series 2005H, notices of redemption of bonds to occur on July 1, 2015 were not on file with the MSRB until June 24, 2015 and July 9, 2015, respectively.

The Office of the State Treasurer believes that, except as set forth above, during the past five years the State has complied in all material respects with any prior written continuing disclosure undertaking pursuant to SEC Rule 15c2-12.

PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS

Existing Parity Securities

As listed in Table 1 below, the State has five issues of Existing Parity Securities pursuant to the Fuel Tax Act.

Table 1
Existing Parity Securities

Existing Parity Securities	Original Principal Amount	Principal Balance Outstanding*
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012	\$66,490,000	\$25,030,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013	131,245,000	100,360,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014	86,020,000	79,430,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016	292,600,000	286,695,000
State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017	167,665,000	167,665,000
Total	\$744,020,000	\$659,180,000

* As of April 1, 2018; prior to issuance of the Series 2018 Bonds.

Source: NDOT.

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Debt Service Requirements

The following table lists the debt service requirements for the \$659,180,000 outstanding principal amount of Existing Parity Securities.

Table 2
Annual Debt Service Requirements
(For Existing Parity Securities)

Year Ended ⁽¹⁾	Fiscal Year (Ended June 30) Principal of and Interest on Existing Parity Securities ⁽¹⁾⁽²⁾	Bond Year (Ended December 1) Principal of and Interest on Existing Parity Securities ⁽¹⁾⁽³⁾
2018	\$78,480,375	\$70,189,000
2019	69,275,725	69,407,450
2020	68,386,575	69,405,700
2021	68,333,825	57,931,950
2022	57,093,325	57,934,700
2023	57,118,425	57,932,150
2024	57,023,525	57,934,900
2025	56,968,025	57,931,150
2026	56,916,025	57,930,900
2027	56,969,825	57,933,750
2028	56,819,750	57,935,750
2029	56,766,000	57,931,250
2030	57,194,375	37,862,500
2031	37,099,250	37,866,000
2032	37,064,500	37,863,000
2033	37,189,800	37,861,600
2034	37,161,500	37,866,400
2035	37,138,200	0
Total	\$982,999,025	\$919,718,150

(1) Fiscal year ended June 30, bond year ended December 1. Does not give effect to issuance of the Series 2018 Bonds.

(2) The historical earnings test for the issuance of Additional Parity Securities in the Bond Resolution for the Series 2018 Bonds is calculated based on maximum annual debt service on a fiscal year basis. See "DESCRIPTION OF THE SERIES 2018 BONDS – Security for the Series 2018 Bonds – *Additional Parity Securities*."

(3) The historical earnings test for the issuance of the Series 2018 Bonds and Additional Parity Securities in the bond resolutions pursuant to which Existing Parity Securities were issued is calculated based on maximum annual debt service on a bond year basis.

Source: NDOT.

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The following Table 3 reports Fuel Taxes included in Gross Pledged Revenues for the five fiscal years ended June 30, 2017, and debt service coverage on Existing Parity Securities Outstanding.

Table 3

Fuel Taxes and Debt Service Coverage⁽¹⁾
(000 omitted)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gas Tax	\$185,651	\$187,784	\$193,392	\$200,076	\$205,670
Special Fuel Tax	<u>80,913</u>	<u>79,094</u>	<u>81,120</u>	<u>84,723</u>	<u>88,445</u>
Total Fuel Taxes ⁽²⁾⁽³⁾	\$266,564	\$266,878	\$274,512	\$284,799	294,115
Maximum Annual Debt Service, Fiscal Year Basis ⁽⁴⁾	N/A	N/A	N/A	N/A	\$78,480
Coverage of Maximum Annual Debt Service, Fiscal Year Basis ⁽⁴⁾⁽⁶⁾	N/A	N/A	N/A	N/A	3.75
Maximum Annual Debt Service, Bond Year Basis ⁽⁵⁾	<u>\$62,657</u>	<u>\$68,782</u>	<u>\$68,782</u>	<u>\$72,264</u>	<u>\$77,805</u>
Coverage of Maximum Annual Debt Service, Bond Year Basis ⁽⁵⁾⁽⁶⁾	4.25	3.88	3.99	3.94	3.78

⁽¹⁾ Calculated using Fuel Taxes only. Does not include any debt service coverage from federal aid funds discussed under “FEDERAL TRANSPORTATION FUNDING” in Part III of this Official Statement. Fuel Taxes are for fiscal years ended June 30.

⁽²⁾ Fuel Taxes constituting Gross Pledged Revenues do not include “Direct Distributions and Other Exclusions” consisting of tax proceeds that are not collected because of exempt sales and other exempt transactions, dealers’ collection and handling fees, tax proceeds to be used for refunds, motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes, tax proceeds distributed to counties, tax proceeds derived from motor vehicle fuel used in aircraft; and the costs of administration for the collection of excise taxes on gasoline or other motor vehicle fuel (subject to a limitation of not exceeding 1% of the total proceeds so collected).

⁽³⁾ Appendix A to Part III of this Official Statement consists of a State of Nevada History of State Highway Fund Revenues, Expenditures and Changes in Fund Balances for the five fiscal years ended June 30, 2017. The line item “Other Taxes” in that presentation includes the Fuel Taxes. “Other Taxes” also includes debits that reduce the total amounts reported as “Other Taxes” in some years to amounts less than the amounts of Fuel Taxes reported in this table.

⁽⁴⁾ Reflects maximum annual debt service based on fiscal years ending June 30, calculated as of the applicable Fiscal Year. The historical earnings test for the issuance of Additional Parity Securities in the Bond Resolution for the Series 2018 Bonds is calculated based on maximum annual debt service on a fiscal year basis. See “DESCRIPTION OF THE SERIES 2018 BONDS – Security for the Series 2018 Bonds – *Additional Parity Securities*.”

⁽⁵⁾ Reflects maximum annual debt service based on bond years ending December 1, calculated as of the applicable fiscal year. The historical earnings test for the issuance of the Series 2018 Bonds and Additional Parity Securities in the bond resolutions pursuant to which Existing Parity Securities were issued is calculated based on maximum annual debt service on a bond year basis. The historical earnings test for the issuance of Additional Parity Securities in the Bond Resolution for the Series 2018 Bonds is calculated based on maximum annual debt service on a fiscal year basis. See “DESCRIPTION OF THE SERIES 2018 BONDS – Security for the Series 2018 Bonds – *Additional Parity Securities*.”

⁽⁶⁾ Table 10 of the State of Nevada Comprehensive Annual Financial Report for Fiscal Year 2017 titled “Pledged Revenue Coverage” is an unaudited table which contains different coverage ratios than are included in this Table 3. The difference in the amount of fuel taxes is primarily because Table 10 includes the Special Fuel Tax deposited to Nevada Department of Motor Vehicles, which is not included in Gross Pledged Revenues (and therefore is not included in this Table 3). The State Controller’s office has been notified of the discrepancy and has advised that the deposit to the Department of Motor Vehicles will not be included in the Comprehensive Annual Financial Report for fiscal year 2018. In addition, Table 10 includes actual debt service paid in the particular fiscal year, while this Table 3 includes Maximum Annual Debt Service.

Source: NDOT.

Gross Pledged Revenues include federal aid eligible for the payment of the principal of and interest on the Parity Securities. Receipts by the State of federal aid revenues eligible for debt service from fiscal years 2013 through 2017 were as follows:

<u>Fiscal Year</u>	<u>Federal Aid Eligible for Debt Service (in millions)</u>
2013	\$50.60
2014	53.40
2015	28.95
2016	43.32
2017	45.04

Source: NDOT.

The amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities decreased in 2015 for two reasons. First, the principal debt service payment was lower than the previous years as a result of refundings in fiscal years 2012 and 2013. Second, the State had used bond proceeds to pay the State's portion of a project and thus the debt service on such bonds was not eligible for federal reimbursement. NDOT's federal participation percentage is typically 95% due to the high percentage of federally owned land in the State (i.e., more than 80% of the State). Prior to fiscal year 2018, the amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities has been based on the annual principal debt service payment and federal reimbursement percentage. Beginning in fiscal year 2018, the amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities is based on the allocated bond proceeds (the annual principal repayments plus the allocated bond premiums and interest earnings on the bond proceeds using the straight-line method over the life of the bonds) and the federal reimbursement percentage.

It should be noted that the portion of federal aid revenues that is eligible to be used to pay debt service, while being included within Gross Pledged Revenues, is not included when performing the debt service coverage calculation required by the Bond Resolution as a condition of the issuance of Additional Parity Securities.

Gross Pledged Revenues consist of the proceeds of motor vehicle Fuel Taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund and any federal aid eligible for the payment of the principal of and interest on the Series 2018 Bonds. The table below shows Gross Pledged Revenues for the five fiscal years ended June 30, 2017:

Gross Pledged Revenues
(000 omitted)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gas Tax	\$185,651	\$187,784	\$193,392	\$200,076	\$205,670
Special Fuel Tax	80,913	79,094	81,120	84,723	88,445
Federal Aid Eligible for Debt Service	<u>50,600</u>	<u>53,400</u>	<u>28,949</u>	<u>43,320</u>	<u>45,043</u>
Total	<u>\$317,164</u>	<u>\$320,278</u>	<u>\$303,461</u>	<u>\$328,119</u>	<u>\$339,158</u>

Source: NDOT.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution. The Bond Resolution includes the form, terms and conditions of the Series 2018 Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor and other matters.

The Bond Fund. The Board has created a separate account to be held in trust by the State and designated as the “State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund” (the “Bond Fund”). The Bond Resolution requires that monthly deposits be made to the Bond Fund from Gross Pledged Revenues in equal installments as necessary to pay the next maturing installments of principal and interest on the Series 2018 Bonds and any Parity Securities. Money in the Bond Fund is required to be transferred to the Paying Agent to pay debt service on the Series 2018 Bonds and any Parity Securities as debt service becomes due.

Gross Pledged Revenues each month in excess of the amounts required to be deposited in the Bond Fund that month are required by the Bond Resolution to be applied as described under the heading “DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds — *Priority of Application of Gross Pledged Revenues*” in Part I of this Official Statement.

Amounts held in the Bond Fund will be accounted for in the State Treasury as a separate trust account in one or more bank accounts as determined by the State Board of Finance or the State Treasurer. Any moneys therein not needed for immediate use may be invested by the State Treasurer in investments permitted under State law. Investment earnings on the Bond Fund will be credited to the State Highway Fund.

Bonds Outstanding. In the Bond Resolution, the term “Outstanding” means, when used with reference to the Series 2018 Bonds or any other designated securities and as of any particular date, all the Series 2018 Bonds or any such other securities payable from the Gross Pledged Revenues, in any manner theretofore and thereupon being executed and delivered:

- (i) Except any Series 2018 Bond or other security canceled by the State, or otherwise on the State’s behalf, at or before such date;
- (ii) Except any Series 2018 Bond or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of its maturity or any redemption date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in the Bond Resolution hereof or any similar section of the resolution pursuant to which such other securities were issued (see “*Defeasance*” below); and
- (iii) Except any Series 2018 Bond or other security in lieu of or in substitution for which another Series 2018 Bond or other security shall have been executed and delivered pursuant to the sections of the Bond Resolution relating to bond transfers and redemption.

Covenants of the State; Amendment of the Bond Resolution. The Bond Resolution sets forth covenants of the State, including a promise to impose and collect the Fuel Tax Proceeds and, to the extent permitted by law, to preserve and protect the pledge of the Gross Pledged Revenues. The covenants also include a promise not to repeal or amend or modify Nevada law so as to impair adversely the Series 2018 Bonds.

Amendments to the Bond Resolution. The Bond Resolution can be amended with the written consent of the insurer of the Series 2018 Bonds, if any, or the owners of record of at least 51% in aggregate principal amount of the Outstanding Series 2018 Bonds, but no amendment may, without the consent of all Series 2018 Bond owners of record adversely affected thereby, change Series 2018 Bond maturity or redemption provisions, reduce the principal amount of any Series 2018 Bond or the rate of interest thereon, create a lien upon or a pledge of revenues ranking prior to the lien of or to the pledge created by the Bond Resolution, reduce the bondholder consent requirements of the Bond Resolution, establish priorities as between Series 2018 Bonds or materially and prejudicially modify or

otherwise materially and prejudicially affect the rights or privileges of the record owners of less than all of the Outstanding Series 2018 Bonds.

Defeasance. When all Bond Requirements of a Series 2018 Bond or any other securities of any other issue payable from the Gross Pledged Revenues have been duly paid, the pledge and lien and all obligations under the Bond Resolution as to that Series 2018 Bond or other security shall thereby be discharged and the Series 2018 Bond or other security shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment if the State, acting by and through the Board, has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Series 2018 Bond or other security as such requirements become due to the fixed maturity of the Series 2018 Bond or other security or to any redemption date or redemption dates as of which the State shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Series 2018 Bond or security for payment if the securities are subject to a call for prior redemption. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the State and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owner thereof to assure such availability as so needed to meet such schedule. If at any time the State has so placed in escrow or trust an amount sufficient to pay designated Bond Requirements of the Series 2018 Bond or security constituting less than all of the Bond Requirements of the Series 2018 Bond or security becoming due on and before their respective due dates, whether the fixed maturity dates of the Series 2018 Bonds or security or any such redemption date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under the Bond Resolution. The term “Federal Securities” shall include only bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal of and interest on which securities are unconditionally guaranteed by, the United States which are not callable at the option of the issuer thereof.

Events of Default; Remedies. The Bond Resolution includes various events of default, including nonpayment of debt service (subject to a 30 day cure period for interest payments). No provision is made for acceleration of maturity of the Series 2018 Bonds upon default. Upon the happening and continuance of any of the events of default set forth in the Bond Resolution, the owner or owners of not less than 10% in aggregate principal amount of the Series 2018 Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the State and its agents, officers and employees to protect and to enforce the rights of any owner of Series 2018 Bonds under the Bond Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement set forth in the Bond Resolution or in an award of execution of any power granted in the Bond Resolution for the enforcement of any proper, legal or equitable remedy as such owner or owners may deem most effectual to protect and to enforce their rights, or to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Series 2018 Bond, or to require the State to act as if it were the trustee of an express trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Series 2018 Bonds then Outstanding.

OPINION OF BOND COUNSEL

The validity of the Series 2018 Bonds is to be approved by Bond Counsel, whose approving opinion will be delivered with the Series 2018 Bonds. A copy of the proposed text of the approving opinion of Bond Counsel is set forth in Appendix A to Part I of this Official Statement.

LITIGATION RELATING TO THE SERIES 2018 BONDS

No litigation is pending against the State (with service of process on the State having been accomplished) in any federal or state court, nor is the State a party in any administrative proceeding pending before any administrative body, that seeks to restrain or enjoin the sale or delivery of the Series 2018 Bonds or challenges the constitutionality, validity or enforceability of any document or approval necessary to the issuance of the Series 2018 Bonds.

The staff attorneys of the Nevada Attorney General's Office reported that the State or its officers and employees were parties to numerous lawsuits. In view of the financial condition of the State and based on the information provided by the staff attorneys, the State Attorney General is of the opinion that the State's ability to pay the Series 2018 Bonds will not be materially affected by this litigation, based on information known at the time this Official Statement was prepared. See "STATE LITIGATION" in Part II of this Official Statement for additional information concerning litigation affecting the State.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2018 Bonds (the "Tax Code"), and such interest is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing corporate alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Series 2018 Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the Series 2018 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2018 Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2018 Bonds; (b) limitations on the extent to which proceeds of the Series 2018 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2018 Bonds above the yield on the Series 2018 Bonds to be paid to the United States Treasury. The State will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2018 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Series 2018 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Series 2018 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the State to comply with these requirements could cause the interest on the Series 2018 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the State and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2018 Bonds. The alternative minimum tax on corporations described in this paragraph has been repealed effective for taxable years beginning after December 31, 2017, but continues to apply for taxable years of corporations that begin before January 1, 2018. Corporations with taxable years that do not coincide with the calendar year should consult their tax advisors about inclusion of interest on the Series 2018 Bonds in alternative minimum taxable income of the corporation as described in this paragraph during the corporation's taxable year that begins during calendar year 2017.

With respect to the Series 2018 Bonds that were sold in the initial offering at a discount (the "Discount Series 2018 Bonds"), the difference between the stated redemption price of the Discount Series 2018 Bonds at maturity and the initial offering price of those Series 2018 Bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued

as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Series 2018 Bonds is treated as accruing over the respective terms of such Discount Series 2018 Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 for the Series 2018 Bonds, with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Series 2018 Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Series 2018 Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Series 2018 Bonds.

Owners who purchase Discount Series 2018 Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Series 2018 Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Series 2018 Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Series 2018 Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2018 Bonds. Owners of the Series 2018 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2018 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2018 Bonds were sold at a premium, representing a difference between the original offering price of those bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2018 Bonds (and, to the extent described above for the Discount Series 2018 Bonds, original issue discount) on the Series 2018 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2018 Bonds. Owners of the Series 2018 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2018 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2018 Bonds, the exclusion of interest on the Series 2018 Bonds (and, to the extent described above for the Discount Series 2018 Bonds, original issue discount) on the Series 2018 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2018 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2018 Bonds. Owners of the Series 2018 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2018 Bonds. If an audit is commenced, the market value of the Series 2018 Bonds may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Series 2018 Bond owners may have no right to participate in such procedures. The State has covenanted not to take any action that would cause the interest on the Series 2018 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the State, the municipal advisors, any initial purchaser, Bond Counsel or Disclosure Counsel is responsible for paying or reimbursing any Series 2018 Bond owner with respect to any audit or litigation costs relating to the Series 2018 Bonds.

State Tax Exemption

The Series 2018 Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

FINANCIAL STATEMENTS

The Series 2018 Bonds are not general obligations of the State. The State financial information that is discussed in this paragraph is provided to investors solely as background information concerning the State. The Comprehensive Annual Financial Report of the State of Nevada for the fiscal year ended June 30, 2017, excluding the Introductory Section and the Statistical Section, is included as Appendix B to Part III of this Official Statement. Eide Bailly, LLP, certified public accountants and independent auditors for the State, has consented to the inclusion of such Comprehensive Annual Financial Report in this Official Statement.

RATINGS

Fitch Ratings, Inc., doing business as Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned ratings of “AA+,” “Aa2,” and “AAA,” respectively, to the Series 2018 Bonds. An explanation of the significance of these ratings may be obtained from Fitch at One State Street Plaza, New York, New York 10004; from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and from S&P at 55 Water Street, New York, New York 10041. Such ratings reflect only the views of the rating agencies.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if, in their opinion, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the marketability and market price of the Series 2018 Bonds to which such ratings are applicable.

UNDERWRITING

The successful bidder for the Series 2018 Bonds was Merrill Lynch, Pierce, Fenner & Smith Incorporated. The aggregate purchase price of the Series 2018 Bonds is \$135,488,448.81, being the par amount of the Series 2018 Bonds plus a net reoffering premium of \$9,824,990.00 and less underwriter’s discount of \$241,541.19.

MUNICIPAL ADVISORS

Hobbs, Ong & Associates, Inc. (“Hobbs, Ong”) and PFM Financial Advisors LLC (“PFM”) are serving as municipal advisors to the State in connection with the Series 2018 Bonds. PFM is acting as a subcontractor to Hobbs, Ong. The municipal advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the municipal advisors respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

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AUTHORIZATION

This Official Statement and its use in connection with the offering and sale of the Series 2018 Bonds have been duly authorized by the State.

STATE OF NEVADA

/s/ Daniel M. Schwartz
State Treasurer

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APPENDIX A

FORM OF APPROVING OPINION OF BOND COUNSEL

FORM OF APPROVING OPINION OF BOND COUNSEL

State of Nevada
Capitol Building
101 N. Carson, No. 4
Carson City, Nevada 89701

\$125,905,000
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2018

Ladies and Gentlemen:

We have acted as bond counsel to the State of Nevada (the "State") in connection with the issuance of its "State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2018" in the aggregate principal amount of \$125,905,000 (the "Bonds") pursuant to an authorizing resolution adopted and approved by the State Board of Finance on March 13, 2018 (the "Bond Resolution"). In such capacity, we have examined the State's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the State's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding, special, limited obligations of the State payable solely from the Gross Pledged Revenues and from funds and accounts pledged therefor under the Bond Resolution.
2. The Bond Resolution creates a valid lien on the Gross Pledged Revenues and on the Bond Fund pledged therein for the security of the Bonds on a parity with the lien thereon of any Parity Securities heretofore and hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Gross Pledged Revenues or on the Bond Fund created by the Bond Resolution.
3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that for taxable years of corporations beginning before January 1, 2018, such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the State's certified proceedings and in certain other documents and certain other certifications furnished to us.
4. Under laws of the State in effect as of the date hereof, the Bonds, their transfer and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the State pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX B

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (this “Disclosure Agreement”), dated as of June 5, 2018, is executed and delivered by the State of Nevada (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice required to be, or the Voluntary Event Disclosure or Voluntary Financial Disclosure elected by the Issuer to be, submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the CUSIP numbers for all Bonds to which the document applies.

“CUSIP number” means, with respect to any Bonds, the 9-character CUSIP number (the nine characters comprising a combination of digits and letters) relating to such Bonds.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means the Treasurer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities) and who, if other than the Issuer, is identified in this Disclosure Agreement as an Obligated Person.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds listed on Exhibit A.

“Paying Agent” means the paying agent for the Bonds designated by the Issuer, and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than March 31 after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B (with the appropriate CUSIP numbers for the affected Bonds).

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 3:00 p.m. Pacific time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B (with the appropriate CUSIP numbers for the affected Bonds), without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”

4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 6. “Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.”
 7. “Modifications to rights of securities holders, if material;”
 8. “Bond calls, if material;”
 9. “Defeasances;”
 10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 11. “Rating changes;”
 12. “Tender offers;”
 13. “Bankruptcy, insolvency, receivership or similar event of an Obligated Person;”
 14. “Merger, consolidation, or acquisition of an Obligated Person, if material;” and
 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement (with the appropriate CUSIP numbers for the affected Bonds) with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in Obligated Person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”

8. "litigation/enforcement action;"
 9. "change of tender agent, remarketing agent, or other on-going party;"
 10. "derivative or other similar transaction;" and
 11. "other event-based disclosures;"
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. "quarterly/monthly financial information;"
 2. "change in fiscal year/timing of annual disclosure;"
 3. "change in accounting standard;"
 4. "interim/additional financial information/operating data;"
 5. "budget;"
 6. "investment/debt/financial policy;"
 7. "information provided to rating agency, credit/liquidity provider or other third party;"
 8. "consultant reports;" and
 9. "other financial/operating data."
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(h) The Paying Agent may deliver notices of redemption or defeasance of Bonds to the Disclosure Dissemination Agent on behalf of the Issuer for filing pursuant to Section 4. Upon receipt of any such notice, the Disclosure Dissemination Agent shall promptly file the text of such notice with the MSRB in accordance with this Disclosure Agreement.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including Audited Financial Statements, if available, and information of the type included in the tables marked with an asterisk in the lists of tables set forth in the Table of Contents pages of the Official Statement, excluding the column in Table 2 and the rows in Table 3 in Part I of the Official Statement that provide information calculated on a bond year basis, which are not required to be updated.

(b) Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles ("GAAP"). If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer (or the Paying Agent on behalf of the Issuer pursuant to Section 2(h)) shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer (or by the Paying Agent on behalf of the Issuer pursuant to Section 2(h)) as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof. The Disclosure Dissemination Agent shall promptly deliver to the Disclosure Representative (and Paying Agent with respect to notices filed at the Paying Agent's direction pursuant to Section 2(h)) evidence of confirmation of such filing with the MSRB.

SECTION 5. CUSIP Numbers.

(a) Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the CUSIP numbers for the Bonds as to which the provided information relates.

(b) The Issuer shall provide timely notification to the Disclosure Dissemination Agent of any new CUSIP numbers in the event new CUSIP numbers are assigned to all or a portion of the Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filings.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to an issue of the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, when the Issuer is no longer an Obligated Person, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of

counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The Disclosure Dissemination Agent consents to the jurisdiction of the Nevada district courts for enforcement of this Disclosure Agreement.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

STATE OF NEVADA
as Issuer

By: _____
Name: Daniel M. Schwartz
Title: State Treasurer

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

\$125,905,000
STATE OF NEVADA
HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2018

Base CUSIP: 641480

Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP Suffix
2021	\$ 2,000,000	5.000%	JH2
2022	2,000,000	5.000	JJ8
2023	2,000,000	5.000	JK5
2024	2,000,000	5.000	JL3
2025	2,000,000	5.000	JM1
2026	2,000,000	5.000	JN9
2027	2,000,000	5.000	JP4
2028	2,000,000	5.000	JQ2
2029	2,000,000	5.000	JR0
2030	13,490,000	5.000	JS8
2031	13,490,000	5.000	JT6
2032	13,490,000	4.000	JU3
2033	13,490,000	4.000	JV1
2034	13,490,000	3.375	JW9
2035	13,485,000	3.500	JX7
2036	13,485,000	3.500	JY5
2037	13,485,000	3.500	JZ2

EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: **State of Nevada**

Name of Bond Issue: **Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2018**

Date of Issuance: **June 5, 2018**

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Dissemination Agent Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____.

Dated: _____

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the Issuer

cc: Issuer
Obligated Person

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information contained in this Appendix has been extracted from a document prepared by DTC, entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.”

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2018 Bonds (referred to in this Appendix as the “Bonds”). The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of

significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof. The information contained in the website referred to in the preceding material or in any other website referred to therein is not incorporated by reference in this Official Statement.

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PART II

INFORMATION CONCERNING THE STATE OF NEVADA

Part II of this Official Statement contains information concerning the State, and supplements the information contained in the other parts of this Official Statement. This Official Statement, including the cover, the inside cover pages, Part I and the appendices thereto, this Part II, Part III and the appendices thereto, and any financial statements expressly incorporated herein by reference, should be read in its entirety.

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GOVERNMENT STRUCTURE

Nevada's Constitution was approved in 1864 and has been amended from time to time. The Constitution provides for three branches of government: legislative, executive and judicial. The legislative branch is made up of a Senate and an Assembly. State Senators are elected for four-year terms, and members of the State Assembly are elected for two-year terms.

The State Legislature convenes biennially in odd-numbered years. The most recent regular (79th) biennial legislative session convened on February 6, 2017 and adjourned on June 6, 2017. Special sessions of the State Legislature may be convened by the Governor by proclamation or by the State Legislature by a petition specifying the business to be transacted in the session and signed by two-thirds of the legislators of each house.

There are 21 Senators and 42 members of the Assembly. Nevada's elected Constitutional officers are the Governor, Lieutenant Governor, Secretary of State, Treasurer, Controller, and Attorney General, all of whom are elected for four-year terms. All Constitutional officers are limited to two terms. Supreme Court justices are elected on a non-partisan ballot for six-year terms.

Following are the State's Constitutional officers:

<u>Office</u>	<u>Name</u>	<u>Political Party Affiliation</u>	<u>Term First Commenced</u>	<u>Term Expires</u>
Governor	Brian Sandoval	Republican	2011	2019
Lieutenant Governor	Mark Hutchison	Republican	2015	2019
Secretary of State	Barbara K. Cegavske	Republican	2015	2019
Treasurer	Daniel M. Schwartz	Republican	2015	2019
Controller	Ronald L. Knecht	Republican	2015	2019
Attorney General	Adam Paul Laxalt	Republican	2015	2019

The Board of Finance, consisting of the Governor, the Treasurer, the Controller, and two additional members appointed by the Governor, may issue and redeem securities on behalf of the State, when authorized by law, as provided in NRS Sections 349.150 through 349.364.

County governments in Nevada are managed by boards of county commissioners or the equivalent. There are 17 counties in the State (including Carson City, which is an independent city). Cities are governed by general acts, and 13 of the cities are also governed by special charters granted by the State Legislature.

Representation in the United States Congress is by two Senators and four Representatives.

As of February 1, 2018, there were approximately 18,344 permanent and non-permanent (emergency, provisional and temporary) full-time equivalent State employees excluding employees of the Nevada System of Higher Education, courts and legislature. The State does not have collective bargaining agreements with employee unions. As of January 1, 2018, approximately 3,263 State employees were members of voluntary employee/labor organizations that represent the interests of their members. The State considers its relations with its employees to be satisfactory.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

This portion of Part II of this Official Statement contains general information concerning the economic and demographic conditions in the State. It is provided so that prospective investors will be aware of factors that may affect future development and growth within the State. The information presented was obtained from the sources indicated, and the State does not guarantee or make any representation as to the accuracy or completeness of the data presented.

Population and Age Distribution

Nevada's population increased from 1,201,833 residents in 1990 to 1,998,257 residents in 2000 and to 2,700,551 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 125% between 1990 and 2010. In 2017, Nevada's population increased by 1.1% from the previous year. Historical and estimated State population figures, by county, are shown in the following table:

Table 1
Nevada Population by County

	1990	2000	2010	2014	2015	2016	2017
Carson City	40,443	52,457	55,274	53,969	54,273	55,182	55,438
Churchill	17,938	23,982	24,877	25,103	25,126	25,266	25,387
Clark	741,459	1,375,765	1,951,269	2,069,450	2,118,353	2,166,181	2,193,818
Douglas	27,637	41,259	46,997	48,553	48,223	48,235	48,300
Elko	33,530	45,291	48,818	53,358	53,551	53,997	53,287
Esmeralda	1,344	971	783	926	923	964	970
Eureka	1,547	1,651	1,987	1,903	1,862	1,959	1,932
Humboldt	12,844	16,106	16,528	17,388	17,057	16,853	16,978
Lander	6,266	5,794	5,775	6,560	6,247	6,257	6,200
Lincoln	3,775	4,165	5,345	5,004	5,088	5,057	5,170
Lyon	20,001	34,501	51,980	53,344	53,277	53,644	54,657
Mineral	6,475	5,071	4,772	4,584	4,539	4,578	4,674
Nye	17,781	32,485	43,946	45,456	46,050	45,737	46,390
Pershing	4,336	6,693	6,753	6,714	6,750	6,693	6,743
Storey	2,526	3,399	4,010	3,974	3,984	4,043	4,084
Washoe	254,667	339,486	421,407	436,797	441,946	448,316	451,923
White Pine	9,264	9,181	10,030	10,218	10,336	10,413	10,705
Nevada Total	1,201,833	1,998,257	2,700,551	2,843,301	2,897,584	2,953,375	2,986,656

Source: 1990, 2000 and 2010: U.S. Bureau of the Census; 2014-2017: Nevada State Demographer.

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The following table sets forth a comparative age distribution profile for Clark County, Washoe County, the State and the United States in 2016:

Table 2
Age Distribution

Age	Percent of Population			
	Clark County	Washoe County	State	United States
14 and under	19.5%	18.4%	19.1%	18.8%
15-24	12.5	12.8	12.4	13.6
25-34	14.8	14.8	14.4	13.7
35-54	27.3	25.3	26.6	25.9
55 and older	25.8	28.9	27.3	28.0

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates.

Income

The following table sets forth annual per capita personal income levels of the Las Vegas-Paradise MSA (which consists of Clark County), the Reno-Sparks MSA (which consists of Washoe County and Storey County), the State and the United States:

Table 3
Per Capita Personal Income Groups

Year	Las Vegas-Paradise MSA	Reno-Sparks MSA	State	United States
2012	\$38,562	\$42,724	\$39,213	\$44,283
2013	38,028	43,082	38,938	44,489
2014	39,860	44,995	40,737	46,486
2015	41,915	48,912	43,128	48,429
2016	42,284	49,653	43,579	49,204
2017	-- ⁽¹⁾	-- ⁽¹⁾	44,626	50,392

⁽¹⁾ Not yet available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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The following tables depict Median Household Income and Percent of Households by Income Groups for Clark County, Washoe County, the State and the United States.

Table 4
Median Household Income

Year	Clark County	Washoe County	State	United States
2012	\$49,546	\$49,026	\$49,760	\$51,371
2013	51,057	53,588	51,230	52,250
2014	51,214	52,618	51,450	53,657
2015	51,552	56,382	52,431	55,775
2016	54,384	58,175	55,180	57,617

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates.

Table 5
Percent of Households by Income Groups

Income Group	Clark County Households	Washoe County Households	State Households	United States Households
Under \$25,000	20.7%	19.1%	20.6%	21.2%
\$25,000 - \$49,999	25.5	24.0	24.9	22.5
\$50,000 - \$99,999	32.1	31.2	32.2	30.1
\$100,000 and Over	21.6	25.7	22.2	26.2

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates.

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Employment

The following tables set forth labor force and employment statistics for the State. The State experienced high rates of unemployment beginning in 2008, which continued through 2012. In January 2011, the State's unemployment rate reached a high of 13.9%. As of December 2017, the State's unemployment rate was 4.9% (seasonally adjusted).

Table 6⁽¹⁾
Average Annual Labor Force Summary

Calendar Year	2013	2014	2015	2016	2017	2018 YTD ⁽⁴⁾
Total Labor Force	1,381,157	1,394,758	1,413,739	1,430,344	1,462,955	1,483,906
Unemployed	133,035	110,466	95,715	82,079	73,583	76,274
Unemployment Rate ⁽²⁾	9.6%	7.9%	6.8%	5.7%	5.0%	5.1%
Total Employment ⁽³⁾	1,248,122	1,284,292	1,318,024	1,348,265	1,389,372	1,407,632

(1) Subject to revision as additional information becomes available.

(2) According to the U.S. Department of Labor, Bureau of Labor Statistics, the U.S. average unemployment rates for the years 2013 through 2017 were 7.4%, 6.2%, 5.3%, 4.9%, and 4.4%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

(4) Through February 2018.

Source: State of Nevada - Department of Employment, Training and Rehabilitation.

Table 7⁽¹⁾
Average Establishment-Based Industrial Employment by Calendar Year
(Estimates in Thousands)

Industry Classification ⁽²⁾	2013	2014	2015	2016	2017	2018 YTD ⁽³⁾
Natural Resources and Mining	15.2	14.4	14.2	13.7	14.2	14.2
Construction	56.8	63.3	70.2	75.8	83.4	86.0
Manufacturing	40.5	41.5	42.1	43.7	47.8	51.1
Trade (wholesale and retail)	167.2	172.4	177.7	178.7	181.8	180.9
Transportation, Warehousing and Utilities	54.9	58.0	60.8	63.7	67.3	69.8
Information	12.9	13.7	13.9	14.3	14.7	14.2
Financial Activities	56.6	57.1	60.1	62.8	65.1	65.0
Professional and Business Services	149.9	156.5	166.8	176.0	181.3	181.8
Education and Health Services	111.5	115.7	120.9	127.4	133.4	136.6
Leisure and Hospitality (casinos excluded)	137.5	144.5	151.4	159.1	164.8	164.4
Casino Hotels and Gaming	186.4	191.1	189.5	186.2	184.7	181.8
Other Services	33.7	35.5	36.6	40.0	41.1	41.4
Government	151.0	152.5	154.7	157.5	161.4	164.6
Total all industries	1,174.3	1,216.2	1,258.9	1,298.9	1,341.0	1,351.6

(1) Based on non-seasonally adjusted CES information as of February, 2018. Subject to revision as additional information becomes available. Totals may not add due to rounding.

(2) Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple jobholders.

(3) Through February 2018.

Source: State of Nevada - Department of Employment, Training and Rehabilitation.

Educational Attainment

The following table sets forth educational attainment statistics for the State.

Table 8
Educational Attainment
(Civilian Labor Force Aged 25 and Older)

	<u>Male</u>	<u>Female</u>	<u>Total⁽¹⁾</u>
Total population	49.7%	50.3%	100.0%
<u>Educational Attainment Level</u>			
Not a high school graduate	14.3	13.6	14.0
High school graduate (including equivalency)	30.2	28.0	29.1
Some college or associate degree	32.8	34.2	33.5
Bachelor's degree	14.6	16.0	15.3
Graduate or Professional Degree	8.1	8.2	8.1

⁽¹⁾ Totals may not add exactly due to rounding.

Source: U.S. Census, 2016 American Community Survey 1-Year Estimates.

Sales and Use Tax

Aggregate sales and use taxes imposed in Nevada's counties currently range from 6.85% to 8.265% (Elko County and Washoe County respectively). The State General Fund's share (2%) is a major source of revenue for the State's General Fund. Clark County and Washoe County are the major sources of taxable sales revenue in the State. The following table presents a record of taxable sales in the State:

Table 9⁽¹⁾
Transactions Taxable Under the Nevada Sales and Use Tax Laws

Fiscal Year Ended June 30	Taxable Sales	Percentage Change
2013	\$45,203,408,413	--
2014	47,440,345,167	4.95%
2015	50,347,535,951	6.13
2016	52,788,295,421	4.85
2017	56,547,741,530	7.12
July 2016 - Jan 2017	32,444,642,448	--
July 2017 - Jan 2018 ⁽²⁾	33,863,803,208	4.37

⁽¹⁾ Subject to change.

⁽²⁾ Amount of total sales tax revenues for fiscal year 2018 will be impacted by a refund in the amount of approximately \$27 million, of which approximately \$2 million will come from the State.

Source: State of Nevada - Department of Taxation.

Gaming and Tourism

The economy of Nevada is largely dependent upon a tourism industry based upon legalized gaming and related forms of entertainment. The industry represents a significant source of revenues to the State, county and local jurisdictions in which gaming companies operate. For three consecutive fiscal years (2015 through 2017), gross taxable gaming revenue has increased. During fiscal years 2015 and 2016, the increases in gaming were driven by markets outside of the Las Vegas Strip. However, in fiscal year 2017 the increase to gaming was driven primarily by increased convention attendance and record visitation on the Las Vegas Strip. Gaming collections from all sources have decreased the past three fiscal years (2015 through 2017). It should be noted that the primary reason for the decrease in gaming collections during fiscal years 2016 and 2017 were tax credits applied against percentage fees totaling \$24.7 and \$42.1 million respectively. Additionally, through the first eight months of fiscal year 2018, another \$57.1 million in tax credits have been applied against percentage fee collections. Furthermore, legislative changes made during the 2015 session to the Live Entertainment Tax further reduced collections during fiscal years 2016 and 2017. The following table represents a record of gross taxable gaming revenues in the State and total State gaming taxes and fees collected.

Table 10⁽¹⁾
Gross Taxable Gaming Revenues and Total Gaming Taxes

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue⁽²⁾		State Gaming Collection⁽³⁾	
	State Total	% Change	State Total	% Change
2013	\$10,208,528,371	--	\$892,106,457	--
2014	10,208,187,598	-0.003%	912,371,316	2.27%
2015	10,511,495,144	2.97	909,857,085	-0.28
2016	10,612,521,986	0.96	876,040,147	-3.72
2017	10,964,422,186	3.32	874,777,727	-0.14
Jul 16 - Feb 17	7,262,431,464		546,491,101	
Jul 17 – Feb 18	7,492,001,307	3.16	525,806,368	-3.79

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Based upon the taxable revenues generated in the previous month. Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Is a Highly Regulated Industry. The five-member Nevada Gaming Commission and the three-member Nevada Gaming Control Board, both appointed by the Governor, investigate and approve all licenses, establish operating rules, monitor the activities of licensed establishments and collect State gaming fees and taxes. In addition to the State, local governments also license, levy taxes and regulate gaming establishments and licensees. The laws, regulations and ordinances of both state and local governments regulate the licensing, operations and financial stability of the businesses as well as the background and character of the owners, managers, and persons with financial interests in the gaming industry.

The Gaming Industry Is Highly Competitive. Prior to the 1980s, Nevada was the only state with legalized casino gaming, although some forms of gaming, such as pari-mutuel horse, dog and jai alai betting, existed in other states. A significant proliferation of casino and other forms of gaming has occurred outside of Nevada, both nationally and internationally, in recent years. According to the American Gaming Association, there are currently 42 states with some form of legalized commercial or tribal gaming, including land-based casinos, riverboats, racetrack casinos ("racinos") and electronic gaming devices at bars, restaurants or other licensed establishments. In many of these states, there are multiple forms of gaming in operation. Overall, 24 states have commercial (land-based or riverboat) casinos, including 14 with racetrack casinos; 28 states have tribal casinos; and seven states have legal electronic gaming devices in non-casino/racino locations. While Nevada continues to be the largest

commercial casino market in the U.S., the State of California generates the most gaming revenue for Native American gaming facilities.

Gaming continues to expand in foreign countries as well. Nevada no longer enjoys a near-monopoly on the United States gaming market as it did historically. Competition from casino gaming, state-run lotteries and other forms of gaming will likely continue to increase in the future. The impact of such expansion and proliferation upon Nevada's gaming economy is uncertain.

Information relating to the occupancy rates of hotels is not available on a state-wide basis. This information is generally only available for Clark County (Las Vegas) and for Washoe County (Reno and Sparks) as provided in the following tables:

Table 11
Visitor Volume and Room Occupancy Rate
Las Vegas Metropolitan Area, Nevada

Calendar Year	Total Visitor Volume	Average Nightly Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate⁽¹⁾	National Occupancy Rate⁽²⁾
2013	39,668,221	150,593	84.3%	62.3%
2014	41,126,512	150,544	86.8	63.9
2015	42,312,216	149,213	87.7	65.6
2016	42,936,100	149,339	89.1	65.5
2017	42,208,200	148,896	88.6	65.9
2017 YTD ⁽³⁾	6,659,300	148,280	85.7	--
2018 YTD ⁽³⁾	6,524,300	146,694	84.6	--

(1) The sample size for this survey represents approximately 75% of the total hotel/motel rooms available.

(2) Source: STR (formerly Smith Travel Research, Inc.).

(3) Through February.

Source: Las Vegas Convention and Visitors Authority.

Table 12
Visitor Volume and Room Occupancy Rate
Washoe County, Nevada

Calendar Year	Total Visitor Volume	Average Nightly Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate⁽¹⁾	National Occupancy Rate⁽²⁾
2013	4,664,514	24,024	62.1%	62.3%
2014	4,631,195	23,642	63.5	63.9
2015	4,746,207	23,597	65.7	65.6
2016	4,893,105	23,875	67.7	65.5
2017	5,145,829	23,713	71.3	65.9
2017 YTD ⁽³⁾	690,662	23,472	62.7	--
2018 YTD ⁽³⁾	702,525	23,212	63.6	--

(1) The rooms and units in all types of accommodation (with three or more rooms/units) licensed with the Reno-Sparks Convention and Visitors Authority to rent rooms/units on a short-term basis.

(2) Source: STR (formerly Smith Travel Research, Inc.)

(3) Through February.

Source: Reno-Sparks Convention and Visitors Authority.

Table 13
Convention and Visitors Authority Room Tax Revenue

Las Vegas Convention and Visitors Authority			Reno Sparks Convention and Visitors Authority		
<u>Fiscal Year</u>	<u>Revenue⁽¹⁾</u>	<u>% Change</u>	<u>Fiscal Year</u>	<u>Revenue⁽¹⁾</u>	<u>% Change</u>
2013	\$203,602,271	1.45%	2013	\$16,724,281	8.75%
2014	223,709,496	9.88	2014	16,954,518	1.38
2015	240,140,940	7.34	2015	18,060,419	6.52
2016	263,207,145	9.61	2016	21,029,848	16.44
2017	295,000,969	12.08	2017	23,055,518	9.63
2017 YTD ⁽²⁾	135,006,690	--	2017 YTD ⁽²⁾	12,095,884	--
2018 YTD ⁽²⁾	136,093,375	0.80	2018 YTD ⁽²⁾	13,795,926	14.05

(1) The Room Tax Revenue is retained locally and is not part of the State's room tax revenue.

(2) Through February.

Source: Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority.

Transportation

Las Vegas and Reno, the State's two major population centers, are 400 miles apart. Both cities have airports designated as international ports of entry and are served by scheduled airlines and supplemental charter carriers.

McCarran International Airport in Las Vegas reported having a total of 48.5 million commercial and charter passengers enplaned and deplaned in 2017, making it the busiest year in the airport's nearly 70-year history based on a 12-month rolling average. This reflects an increase from 46.53 million in 2016 (an increase of 1.04 million passengers or 2.2 percent over the period).

The Reno/Tahoe International Airport reported having a total of 3.82 million commercial and charter passengers enplaned and deplaned in fiscal year 2017, an increase of 7.2% from the prior fiscal year.

Two major railroads cross Nevada, while short lines serve as feeders. Several national bus lines and trucking lines serve the State.

The State highway system consists of approximately 5,400 centerline miles, which includes the federal-aid highway system and other improved roads. There are nine federal highways in Nevada, three of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects with the San Francisco Bay area and the Reno-Sparks area. Interstate 580 connects Reno and Carson City. The first officially signed segment of Interstate 11 in the United States opened near Henderson, Nevada in August 2017 when NDOT opened a 2.5 mile section of the new freeway. This is the first interstate segment of Interstate 11 that will ultimately link Las Vegas to Phoenix. For more information regarding Interstate 11, see "SUPPORT FOR STATE HIGHWAY SYSTEM – Federal Aid Highway System" in Part III of this Official Statement.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Fallon and Ely, Nevada, respectively. South of Las Vegas, U.S. Highway 95 extends to the Mexican border, generally following the Colorado River, and U.S. Highway 93 crosses into Arizona. U.S. Highway 395 connects Nevada with Washington, Oregon and California, as well as Canada, and U.S. Highway 6 connects California, Nevada, Utah all the way out to at least Iowa.

Nevada is less than one day's drive to more than 40 million consumers and five major U.S. ports serving the Pacific Rim. Northern Nevada is at the center of the western region, with 11 states and 53 million people only one day's drive away. Southern Nevada is just hours away from the Southern California markets and within 2-day delivery of nearly every state west of the Mississippi River.

Economic Development

The Nevada Governor's Office of Economic Development ("GOED") promotes a robust, diversified and prosperous economy in Nevada, stimulates business expansion and retention, encourages entrepreneurial enterprise, attracts new businesses, and facilitates community development. GOED is assisted by Regional Development Authorities across the State when a business chooses to locate or expand within their respective region.

GOED has seven industry focal areas:

- Aerospace & Defense
- Health & Medical Services
- Information Technology
- Manufacturing & Logistics
- Mining
- Natural Resource Technologies
- Tourism, Hospitality & Gaming

Additionally, GOED is advancing the development of emerging industry clusters that center on water technology, unmanned aerial systems, and advanced manufacturing. Nevada's ability to grow its industries is dependent upon a trained workforce, and GOED plays an important role in ensuring that industry demand is matched with an educated, skilled, and available workforce.

GOED is able to offer incentives to qualifying companies, following GOED Board approval, to create jobs and alleviate some costs associated with expanding or relocating in the State. GOED's incentives include: Sales and Use Tax Abatement; Modified Business Tax Abatement; Personal Property Tax Abatement; Real Property Tax Abatement for Recycling; Data Center Abatement and Aviation Parts Abatement.

GOED's International Trade Division facilitates export growth, increases foreign direct investment, recruits foreign expansion, and expands higher education partnerships. Nevada has established high-level partnerships with government officials and industry associations in the People's Republic of China, the Republic of Korea, Mexico, Brazil, Canada, Israel, Poland, Germany, United Kingdom, Ireland, Italy, Australia, South Africa, and South America.

The Nevada Film Office is also housed within GOED and provides assistance to the local and national television and film production community.

The Procurement Technical Assistance Center Procurement Outreach Program is a division of GOED and works to simplify the process of contracting with all levels of government.

The Nevada Local Emerging Small Business Certification is administered by GOED and seeks to assist small businesses in obtaining work with state and local government agencies.

The Rural Community and Economic Development Division in GOED promotes and facilitates community development throughout rural Nevada. The Division administers the State and Small Cities Community Development Block Grant Program which aids in the development of suitable living conditions, increases the supply of decent housing, and helps create economic opportunities in the rural parts of the State.

In 2017, the State's economic development efforts resulted in approximately \$400.7 million of recent or anticipated business investment in the State, 9,681 new jobs, and the arrival or expansion of 74 companies.

The Tesla Gigafactory is currently under construction, at a cost of approximately \$5 billion. The factory is being built to construct the lithium-ion batteries that are used to power Tesla electric motor cars at reduced production costs. Employment is estimated to reach approximately 6,500 employees when the facility is in full operation.

Among its other economic development activities, GOED created and oversees the Battle Born Growth Escalator Venture Program, Nevada's State venture capital program (under the auspices of State Small Business Credit Initiative). This program invests in early stage, high-growth Nevada enterprises in the following sectors: aerospace and defense, agriculture, energy, health care, IT, logistics and operations, manufacturing, mining, tourism and gaming and water.

GOED oversees the Knowledge Fund. The Knowledge Fund is a \$5 million annual / \$10 million biennial budget allocation intended to spur research, innovation and commercialization in Nevada. To obtain this funding, the Nevada System of Higher Education (NSHE) submits applications to GOED for projects that could benefit from Knowledge Fund support. GOED, together with the Knowledge Fund Advisory Council, selects the projects that are best suited for funding.

GOED also administers the Workforce Innovations for a New Nevada (WINN) Program. Through WINN, GOED partners with companies and Nevadan higher learning institutions to develop training programs enabling companies to develop a pipeline of qualified employees. WINN also allows Nevadans to receive the training necessary to work in Nevada's most promising and emerging industries.

The State was selected by the FAA as one of six test site locations for flying Unmanned Aerial Systems.

Federal Activities

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930s, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada National Security Site (formerly the Nevada Test Site). Currently, the following major federal activities are located in the State.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is one of the world's largest hydroelectric installations with a capacity of more than 2,000 megawatts. Hoover Dam also is a major tourist attraction in Clark County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of North Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site ("NNSS") was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years, under the direction of the Nevada Site Office of the U.S. Department of Energy ("DOE"), NNSS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles north of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. NNSS comprises approximately 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of approximately 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

Yucca Mountain. The federal government previously planned to use Yucca Mountain (located approximately 90 miles northwest of Las Vegas in Nye County) as a national repository for high-level radioactive waste and spent nuclear fuel from civilian nuclear power plants around the country. The U.S. Department of Energy (the “DOE”) submitted in 2008 a license application to the U.S. Nuclear Regulatory Commission (the “NRC”) seeking authorization to construct the nuclear waste and spent fuel repository, but the NRC suspended its review. Following various challenges, in 2013 the U.S. Court of Appeals for the District of Columbia Circuit ordered the NRC to resume the statutory license review process unless Congress declares otherwise through legislation or until appropriated funds are depleted. While NRC review of the Yucca Mountain application continues, there are significant hurdles to its approval, strong opposition to the project, and a current lack of federal funding (no new funds appropriated since September 2010). President Donald Trump’s Administration (the “Administration”) sought an appropriation in his federal fiscal year 2018 budget proposal for the DOE and the NRC to continue the licensing process, but Congress did not appropriate the requested funds. No new funds will be available for federal fiscal year 2018, which ends on September 30, 2018. The Administration has again requested \$120 million for DOE and \$48 million for NRC, for federal fiscal year 2019, which begins October 1, 2018. Congress will be considering these requests over the next few months. There is opposition to these requests in the U.S. Senate. At present there is no way of knowing whether or not Congress will provide new Yucca Mountain funding. Congress is also considering authorizing legislation which could revive the DOE repository program and speed-up the NRC licensing process. But there are significant differences in the legislative approaches being considered in the U.S. House of Representatives and in the U.S. Senate. Therefore, the status of the proposed high-level nuclear waste repository at Yucca Mountain remains uncertain as of April 2018.

Mining

Nevada is called the “Silver State” because of the vast quantities of silver mined from the Comstock Lode in the 19th Century. Today, Nevada’s mining industry production consists of metals, industrial minerals, oil and gas, and geothermal energy. The total value of mineral production (excluding oil, gas and geothermal) in Nevada reached \$7.9 billion in 2016. Gold is the primary source of mining revenue which reached \$6.8 billion in 2016. Nevada leads the nation in gold production and has the only operating lithium mine in the U.S.

Oil and natural gas exploration activity continues in Nevada. During 2016, the total net oil produced was 276,328 barrels. There are no commercial sales of natural gas in Nevada; however, small quantities are produced and used to fuel oil production facilities on leased sites.

Gross geothermal energy production totaled 3.3 million megawatt-hours in 2016 from 24 electrical generating plants.

According to the Nevada Department of Employment, Training and Rehabilitation, in 2016, there was an average of 12,474 people employed in the minerals industry at an average annual salary of \$94,744.

According to the Division of Minerals, gold and silver currently account for 89% of total value of metal and non-metal mine production in the Nevada mining industry. The following table compares the calculated value of mineral production for the periods indicated:

Table 14⁽¹⁾
Mineral Production

Calendar Year Ending	Millions of Dollars	% Change
2012	\$10,244	--
2013	8,820	-13.9%
2014	7,126	-19.2
2015	7,118	-0.1
2016	7,868	10.5

⁽¹⁾ Estimates. Does not include oil, gas and geothermal energy.

Source: State of Nevada - Commission on Mineral Resources-Division of Minerals.

The following table presents the amount of selected mineral commodities produced in the State during the periods indicated:

Table 15
Mineral Production
(By Weight)
(In Thousands)

	2012	2013	2014	2015	2016
Gold	5,615 oz	5,441 oz	4,941 oz	5,339 oz	5,468 oz
Copper	145,319 lbs	137,715 lbs	132,616 lbs	177,638 lbs	160,218 lbs
Silver	8,527 oz	8,679 oz	10,934 oz	9,498 oz	8,886 oz
Gypsum	1,482 tons	1,804 tons	2,804 tons	3,398 tons	1,389 tons
Lithium Compounds	3,951 tons	4,606 tons	4,715 tons	5,858 tons	4,667 tons

Source: State of Nevada - Commission on Mineral Resources-Division of Minerals.

Electric Utilities

NV Energy, Inc. (“NV Energy”), formerly Sierra Pacific Resources, was acquired by Berkshire Hathaway Energy in 2013. Through its subsidiaries, which include Sierra Pacific Power Company and Nevada Power Company (each doing business as NV Energy), NV Energy supplies electric service to Las Vegas and surrounding Clark County, and to northern Nevada. NV Energy through its subsidiaries provides electric and natural gas services to a range of over one million residential, commercial, industrial and public sector customers.

Under current Nevada law, a single electric company may be the only authorized electricity provider within a particular region within the State. On November 8, 2016, the voters of the State of Nevada approved Ballot Question 3: The Energy Choice Initiative, which would amend the Nevada Constitution if voters approve the initiative again in the 2018 general election. If the Energy Choice Initiative is again approved by the voters in November 2018, it will require the State legislature to enact laws allowing for competition among electricity providers within regions. In addition, a petition is circulating that would, if it gains sufficient signatures, add an initiative to require that providers of electric utility service generate or acquire specified percentages of their electricity from renewable resources.

Water

Nevada is one of the eight mountain states, and is bordered by California, Oregon, Idaho, Utah, and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where annual rainfall averages less than ten inches. The availability of water is important to continued growth and development in the State, particularly in its two most populous counties, Clark County and Washoe County. The water providers for those two counties are briefly discussed below.

On January 16, 2014, the U.S. Department of Agriculture (“USDA”) announced the designation of nine counties in Nevada, including Clark County and Washoe County, as primary natural disaster areas due to ongoing drought conditions. Qualified farm operators in these areas and certain contiguous areas may be eligible for low-interest emergency loans from the USDA. The State cannot predict the duration of the drought or the effects of the drought on the State.

Clark County. The major water purveyors in Clark County are the Big Bend Water District; the cities of Boulder City, Henderson, and North Las Vegas; the Las Vegas Valley Water District (“LVVWD”); and Nellis Air Force Base. The LVVWD provides water service to the City of Las Vegas and almost all of the unincorporated urban areas of Clark County. Jean, Kyle Canyon, Blue Diamond, and Searchlight have their own water systems, but the LVVWD serves as operating agent for them. The Big Bend Water District, operated by the LVVWD, serves the Town of Laughlin, and the Coyote Springs Water Resources District, operated by the LVVWD, serves the community within the Coyote Spring valley. In addition, the Virgin Valley Water District serves the City of

Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

The Southern Nevada Water Authority (“SNWA”) was established to address water issues on a regional basis rather than an individual purveyor basis. The members of the SNWA include the cities of Boulder City, Henderson, Las Vegas, North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District, and the LVVWD. The SNWA works collaboratively with its member agencies to manage regional water facilities; address water resource management and water conservation on a regional basis; manage and develop additional water supplies for Southern Nevada; and expand and enhance regional treatment and delivery capabilities. The LVVWD provides the management and staff for the SNWA. The SNWA has no employees of its own.

In addition to aggressive water conservation measures, the SNWA developed and maintains a comprehensive Water Resource Plan to manage current and future resources available to Southern Nevada. The plan, which was first adopted in 1996, is reviewed annually and updated as needed. The Water Resource Plan provides a demand projection for Southern Nevada and outlines a portfolio of water resource options to meet projected water demands over a 50-year planning horizon. This portfolio approach enables the SNWA to quickly respond to changing conditions. The portfolio of resources as described in the SNWA Water Resource Plan includes Nevada’s 300,000 acre-foot per year (“AFY”) Colorado River apportionment and associated return-flow credits; Las Vegas Valley and in-state groundwater; flood control, domestic and intentionally created surplus water (intentionally created surplus water is divided into five categories: tributary, imported, system efficiency, extraordinary conservation, and Bi-National); water resources banked in the Las Vegas Valley and the states of Arizona and California; wastewater reuse; and other current and future supplies.

While the Colorado River Basin continues to experience drought conditions, the SNWA has acquired and is developing new water resources that will be managed in tandem with Colorado River supplies. These resources, paired with expected conservation gains, are designed to enable the SNWA to meet current and projected water demands over the long-term planning horizon. In 2015, the SNWA updated its Water Resource Plan to outline the SNWA’s approach to meeting demands during declared shortages in light of new rules and agreements. Response measures include the use of intentionally created surplus, banked resources, shortage-sharing agreements and heightened conservation measures. The SNWA also continues to work with the other Colorado River Basin states and Mexico to identify and explore options for long-term augmentation of Colorado River resources.

Washoe County. The primary source of water for Washoe County is the Truckee River, which flows from Lake Tahoe to Pyramid Lake (approximately 120 miles). Underground water and individual private wells augment the river water supply, particularly in the unincorporated areas of Washoe County. The Washoe County water system is susceptible to certain risks posed by flooding, drought, and seismic activity. Certain of these risks may be mitigated by the purchase of insurance, however it is not possible to predict whether insurance coverage will be sufficient to pay off the costs associated with a natural disaster.

Regional planning of water resources in certain portions of Washoe County is the responsibility of the Northern Nevada Water Planning Commission (the “Planning Commission”) and the Western Regional Water Commission (the “Regional Commission”). The Regional Commission is governed by a Board of Trustees comprising representatives of the City of Reno, the City of Sparks, Washoe County, the Truckee Meadows Water Authority, the Truckee Meadows Water Reclamation Facility, and the Sun Valley General Improvement District. The Planning Commission is comprised of members from Public Works for the City of Reno, Public Works for the City of Sparks, Community Services Department for Washoe County, Truckee Meadows Water Reclamation Facility, Pyramid Lake Paiute Tribe, The Nature Conservancy and Truckee Meadows Flood Management, the General Manager of the Sun Valley General Improvement District, two representatives from the Truckee Meadows Water Authority, and various other members.

On January 14, 2011, the Regional Commission adopted the 2011-2030 Comprehensive Regional Water Management Plan (the “Comprehensive Plan”) developed by the Planning Commission for the relevant planning area, covering such matters as supply of municipal and industrial water; quality of water; sanitary sewerage; treatment of sewage; drainage of storm waters and control of floods. The Comprehensive Plan addresses such matters as the problems and needs of the planning area; the providers of service; alternatives to reduce demand or increase water supply; identifying and providing for existing and future sources of water needed to meet present and

future needs; priorities and general location for additional major facilities needed to provide services; programs to mitigate drought, conserve water and otherwise manage water; and other matters related to water supply, planning and conservation. Any facility of “regional significance” associated with water supply, wastewater treatment and stormwater drainage must be recognized in the Comprehensive Plan or presented for review by the Planning Commission and possible amendment to the Comprehensive Plan by approval of the Regional Commission.

The Truckee Meadows Water Authority (“TMWA”), a joint powers authority composed of the City of Reno, the City of Sparks and Washoe County, provides water service to the cities of Reno and Sparks, and Washoe County. On December 31, 2014, TMWA merged with the Washoe County water utility and the South Truckee Meadows General Improvement District. Total services increased from approximately 94,000 to 120,000 service connections. Portions of Washoe County are served either by special districts, private companies and/or private wells. TMWA has developed a Water Resource Plan through 2035 and a Water Facility Plan through 2030 to address the water needs of its service area.

STATE LITIGATION

The staff attorneys of the State Attorney General’s Office reported that the State or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of the State and based on the information provided by the staff attorneys, the State Attorney General is of the opinion that the State’s ability to pay the Series 2018 Bonds will not be materially affected by this litigation, based on information known at the time this Official Statement was prepared.

Several of the actions pending against the State are based upon the State’s (or its agents’) negligence or tort liability in which the State must be named as a party defendant. However, there is a statutory limit to the State’s liability of \$50,000 per claim for causes of action arising before October 1, 2007, which has increased to \$75,000 per claim effective for causes of action arising on or after October 1, 2007 and to \$100,000 for causes of action arising on or after October 1, 2011. Buildings and contents are self-insured to \$100,000 for property loss with commercial insurance purchased to cover excess above this amount.

The State and/or its officers and employees are parties to a number of lawsuits that have been filed under the federal civil rights statutes. The State is statutorily required to indemnify its officers and employees held liable for damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several causes of action may be filed against the State based on alleged civil rights violations by its officers and employees. The statutory limit of tort liability (discussed above) does not apply in federal civil rights, federal discrimination and certain employment cases. Accordingly, the potential liability of the State is unascertainable at the present time.

Non-Participating Manufacturers Adjustment relating to nationwide Tobacco Master Settlement Agreement (MSA). In 1998, the State, with 46 other states, and a group of tobacco companies, the Participating Manufacturers, signed the tobacco Master Settlement Agreement (“MSA”). As a signatory to the MSA, the State’s diligent enforcement of the provisions of NRS 370A (Qualifying Statute) can be challenged each year by the Participating Manufacturers and may result in arbitration. The State’s potential liability is up to the total amount of the MSA payment for every calendar year, which is approximately \$40 million per year. As there is no end date to the MSA, the State must prove diligent enforcement every year and its potential liability remains in perpetuity.

K-Kel, Inc., dba Spearmint Rhino Gentlemen’s Club, et al. v. Dept. of Taxation, et al., Case No. A648894, is a State district court action, through a petition for judicial review, challenging application of the statute imposing Nevada’s Live Entertainment statute on grounds of constitutionality and seeking a refund of taxes paid, plus interest. In prior proceedings, the Nevada Supreme Court affirmed district court’s rulings finding Nevada’s Live Entertainment Tax facially valid and determining that an as-applied challenge could only be brought through a petition for judicial review. Taxpayers’ petition for certiorari to the United States Supreme Court of this decision was denied. What remains is Taxpayers’ petition for judicial review of the denial of its as-applied challenge by the Nevada Tax Commission. That petition was denied by the Eighth Judicial District Court of the State of Nevada and was appealed to the Nevada Supreme Court, which affirmed on appeal. The possibility remains open that taxpayers could petition to the United States Supreme Court for review (certiorari) on the as-applied challenge. It is estimated that, if the taxpayers prevail, the refund claim alone could exceed \$87 million.

Morrison v. Quest et al. The widow of deceased former boxer Tommy Morrison is suing the Nevada State Athletic Commission, the former Executive Director Marc Ratner and the former Chairman of the Medical Advisory Board, Dr. Margaret Goodman (along with a lab and its director who are represented by a private attorney) for \$110 million for alleged negligence surrounding a lab test performed in order for him to participate in a 1996 bout, and alleged statements made in 2007. This matter was filed in July 2014 in the Federal District Court in Las Vegas, Nevada. An initial motion to dismiss was granted in part and denied in part. Plaintiff then filed an amended complaint. The State moved to dismiss and then filed a motion for summary judgment, the latter on statute of limitations grounds. Summary judgment has been granted, and an appeal to the 9th Circuit Court of Appeals has been denied by a panel of judges. The plaintiff is seeking a rehearing by the 9th Circuit.

Walden et al. v. Nevada Department of Corrections. This is a class action and Fair Labor Standards Act collective action on behalf of all State of Nevada Department of Corrections' correctional officers alleging the Department of Corrections failed to pay overtime for the officers' preliminary and postliminary duties. It also includes a contract and Nevada Constitution claim for the same. The preliminary and postliminary activities alleged to be non-compensated include checking in with the shift supervisor, obtaining keys or handcuffs, walking to the post within the prison, relieving the employee already at the post including exchange of pertinent information, and then the reverse at the end of the shift. The collective class has been conditionally certified, with approximately 3,075 eligible members, and approximately 502 joining the lawsuit. As of March 2016, Plaintiffs calculate their damages to be approximately \$58,345,050, not including interest, costs, and attorneys' fees. Plaintiffs estimate costs to be approximately \$90,000. The litigation is currently stayed, pending the court's decision on the Nevada Department of Corrections' motion for judgment on the pleadings.

Little Valley Fire – Scott et al. v. Nevada Div. of Forestry. The Nevada Division of Forestry performed a controlled burn from October 4-7, 2016. A fire erupted on October 14, 2016, destroying more than twenty homes in the Franktown Road area. Several property owners and insurance carriers have brought several suits, which have been consolidated, in District Court alleging that that Nevada Division of Forestry negligently, willfully or recklessly caused the destruction of their property due to the spread of the fire. An estimate puts total damage at more than \$80 million. While the State of Nevada has a tort damage cap of \$100,000 per claim, the insurance carriers are pursuing a theory of liability—inverse condemnation—that is exempt from the cap. The Nevada Division of Forestry's motion to dismiss was denied by the Court, which ruled that the complaint stated a claim for relief. Trial has been scheduled for August 6, 2018.

There are a number of other actions affecting the State, but the State estimates that its potential liability for any single action not described above will not exceed \$10 million.

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PART III

INFORMATION CONCERNING THE STATE DEPARTMENT OF TRANSPORTATION, REVENUES PLEDGED TO SECURE THE BONDS AND RELATED MATTERS

Part III of this Official Statement contains information concerning the State Department of Transportation, revenues pledged to secure the Series 2018 Bonds, Parity Securities issued and outstanding, and related information. This Part III supplements the information contained in the other parts of this Official Statement. This Official Statement, including the cover, the inside cover pages, Part I and the schedules and appendices thereto, Part II, this Part III and the appendices hereto, and any financial statements expressly incorporated herein by reference, should be read in its entirety.

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NEVADA DEPARTMENT OF TRANSPORTATION

NDOT Responsibilities

The Nevada Department of Transportation (“NDOT”) supervises the planning, construction, improvement and maintenance of the State’s highway system. NDOT is responsible for the planning, construction, operation and maintenance of approximately 5,400 miles of highway and over 1,100 bridges.

NDOT Governance

NDOT is administered by a seven-member Board of Directors (the “State Transportation Board”), consisting of the Governor, the Lieutenant Governor and the State Controller, each of whom serves ex officio, and four members who are appointed by the Governor. The appointed members serve four-year terms. The Governor serves as Chairman of the State Transportation Board. NDOT is headed by a Director who is appointed by the State Transportation Board. NDOT currently has an annual operating budget of approximately \$800 million and manages approximately 1,825 employees.

NDOT Staff

The State Transportation Board appoints the Director of NDOT. The Director in turn appoints subordinate officers and employees of NDOT. Following are the key executives of NDOT:

Rudy Malfabon, P.E. is the Director of NDOT. He has worked for NDOT for more than 29 years. As Director, he is responsible for the daily operations of NDOT. Previously, Mr. Malfabon was NDOT’s Deputy Director for Southern Nevada. Mr. Malfabon is a graduate civil engineer from the University of Nevada, Reno, and is a registered professional engineer in the states of Nevada and Washington.

Bill Hoffman, P.E. is the Deputy Director of NDOT. He is responsible for assisting the Director in the daily operations of NDOT. Mr. Hoffman began his employment with NDOT in 1991 as an Engineering Technician in District 2. Since then, he has served in a variety of positions within NDOT, including the roles of Chief of the Maintenance and Operations Division and Assistant Director, Engineering. Mr. Hoffman holds a bachelor’s degree in sports marketing from the University of Wyoming and a bachelor’s degree in civil engineering from the University of Nevada, Reno and is a registered professional engineer in the State.

Tracy Larkin-Thomason is the Deputy Director for Southern Nevada. Ms. Larkin-Thomason has more than 27 years of transportation experience and has held positions in the areas of planning, operations, maintenance engineering, traffic engineering, structural design, and roadway civil engineering. As Deputy Director for Southern Nevada, Ms. Larkin-Thomason seeks to improve communication, coordination and customer service with local agency partners, elected officials and the general public. Ms. Larkin-Thomason has a Bachelor of Science degree in civil engineering from the University of Nevada, Reno, and is a licensed civil engineer in the State. She is also certified as an ITE Professional Traffic Operations Engineer and a Nevada Certified Public Manager.

David Gaskin, P.E. is the Deputy Director of NDOT’s statewide Stormwater Management Program. Mr. Gaskin oversees environmental programs, including policy, regulatory and education efforts to manage stormwater involving state roads and transportation facilities in accordance with state and federal laws. He also works closely with other agencies to help preserve clarity and reduce pollution in the stormwater and other water runoff from roads and road projects. Mr. Gaskin has more than 22 years of experience managing environmental programs at the Nevada Division of Environmental Protection. He also worked to construct and operate large solar power plants in the Mojave Desert and was an officer in the U.S. Navy. Mr. Gaskin is a registered professional mechanical engineer and holds a degree in astronautics from the Massachusetts Institute of Technology (MIT).

Cole Mortensen, P.E. is the Assistant Director of Engineering/Chief Engineer. He is in charge of NDOT’s pre-construction engineering sections including Project Management, Design, Bridge, Environmental, Location, and Right-of-Way. Mr. Mortensen supervises six groups within NDOT, representing more than 300 engineering and right-of-way professionals responsible for developing all engineering work necessary in delivering design plans and

specifications used in the construction of NDOT projects. Starting with NDOT in 2002, Mr. Mortensen has worked in the Roadway Design, Structures, and Project Management Divisions. Mr. Mortensen holds a bachelor's degree and a master's degree in Civil Engineering from the University of Nevada, Reno, and is a registered professional engineer in Nevada and California.

Reid Kaiser, P.E. is the Assistant Director of Operations and is responsible for the Construction, Materials, Equipment, Traffic Operations and Maintenance and Asset Management divisions. He is responsible for administering the construction program, implementing strategies for pavement preservation, keeping the NDOT fleet mobile and managing traffic operations. Mr. Kaiser holds a Bachelor's degree in Construction Engineering Management from Oregon State University and is a registered professional engineer in Nevada and California. He began his career with NDOT as a rotational engineer and has served as Assistant Resident Engineer, Resident Engineer, Assistant District Engineer, Assistant Chief Construction Engineer and Chief Materials Engineer. Having worked 25 years in construction and materials at Headquarters and District 2, Mr. Kaiser has constructed over \$100 million in construction projects, implemented asphalt pavement specifications for NDOT, and served on AASHTO's sub-committee on Materials.

Sondra Rosenberg, PTP is the Assistant Director of Planning and is responsible for the Program Development, Multimodal Planning, Performance Analysis, Research, Roadway Systems, Safety Engineering, Traffic Information and Southern Nevada Planning Divisions within NDOT. Ms. Rosenberg has a Bachelor's of Science degree in Physics from the University of Rochester and a Master of Science degree in Transportation Technology and Policy from the University of California, Davis. She is a certified Professional Transportation Planner and is active in the Northern Nevada Section of the American Planning Association. Ms. Rosenberg has worked at NDOT since 2008 and prior to that she was a transportation planner for Fehr & Peers, a consulting firm. As the Federal Programs Manager in NDOT Planning, Sondra managed the 1-15 Mobility Alliance and the 1-11 & Intermountain West Corridor Study. She effectively built coalitions that consisted of neighboring state DOTs Metropolitan Planning Organizations, economic development councils, chambers of commerce, businesses and various other stakeholders.

Robert Nellis, MBA, CPM is the Assistant Director of Administration and is responsible for the Financial Management, Accounting, Administrative Services, Flight Operations and Information Services Divisions within NDOT. Mr. Nellis has 20 years of experience in private sector real estate development, business management, public land management, and energy program management. He has been with the State since 2004 and served in the Department of Conservation and Natural Resources as well as the Governor's Energy Office prior to joining the Department of Transportation in 2013. Mr. Nellis has a Bachelor of Science in Business Administration, a Master of Arts in Communication and Masters of Business Administration from the University of Nevada, Reno. He is also a Certified Public Manager.

THE STATE HIGHWAY SYSTEM

Overview

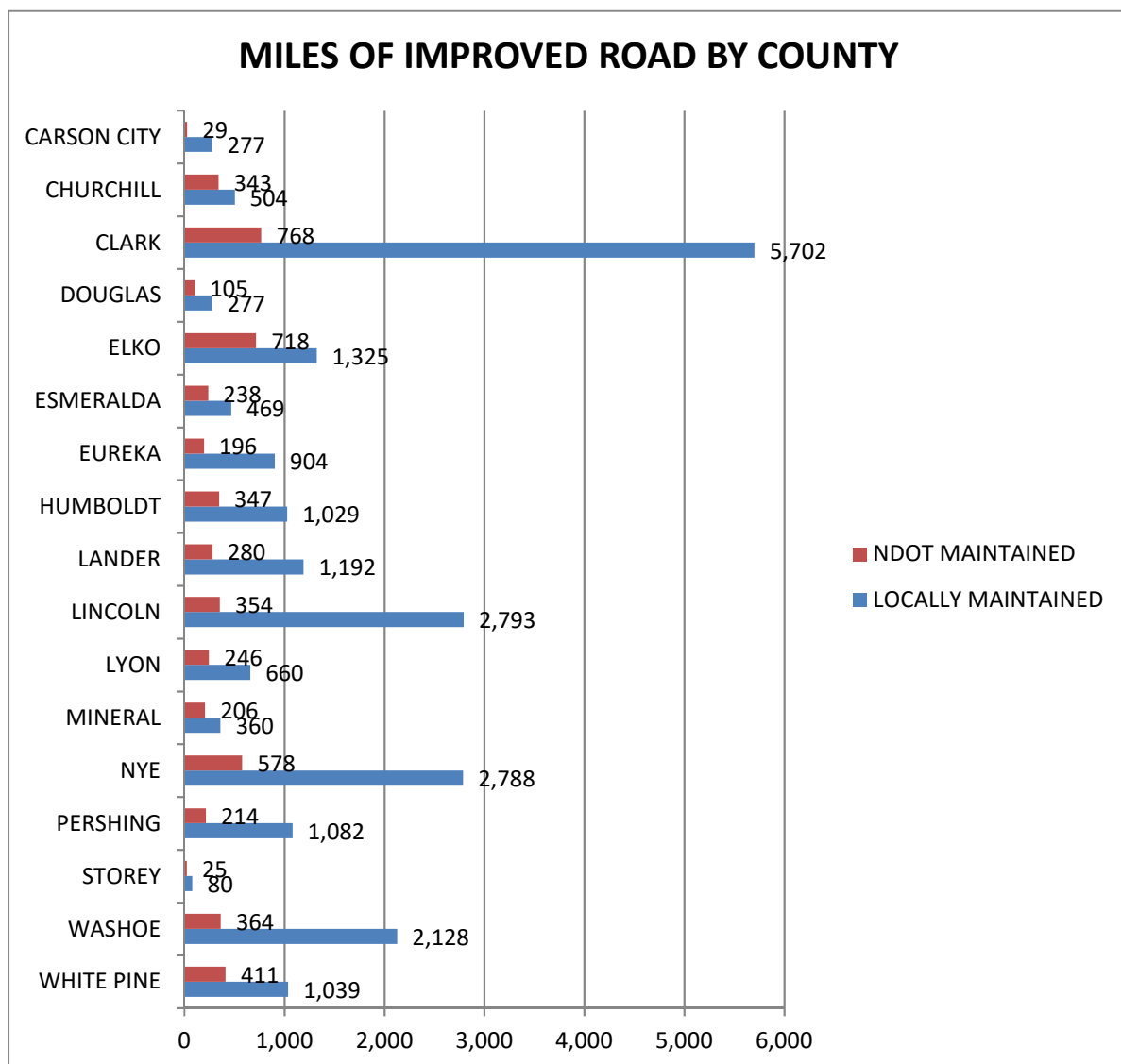
The State highway system consists of approximately 5,400 centerline miles, which includes the federal-aid highway system and other improved roads. The federal-aid highway system is more fully described below under the heading "SUPPORT FOR STATE HIGHWAY SYSTEM — Federal Aid Highway System" in this Part III. A well-functioning State highway system is key to the State's economy, and improvements to the system will be needed to support future economic development and diversification efforts. The State's population increased from approximately 1.2 million residents in 1990 to approximately 2.7 million residents in 2010 and approximately 3.0 million residents in 2017, an increase of approximately 149% between 1990 and 2017. This growth has resulted in significantly increased highway usage during that period. The State's location results in a large proportion of commercial truck use, including high usage by trucks having an origin and destination outside the State. NDOT projects significant growth in both commercial and non-commercial road usage.

NDOT-Maintained Roads

NDOT is responsible for constructing, operating and maintaining approximately 20 percent of all roads (measured in miles) in the State. These roads are referred to herein as the state-maintained system (the “State-Maintained System”). The State-Maintained System carries approximately 51 percent of the total vehicle miles of travel. The remaining 49 percent of vehicle miles traveled is on systems maintained by county, city or other governmental agencies. While the State-Maintained System represents only 20 percent of total road miles, the State-Maintained System also carries approximately 70 percent of all truck traffic and 68 percent of the heavy truck traffic. Vehicle miles of travel on all roads in the State increased from 14 billion in 1995 to 28.2 billion in 2016.

Table 1 illustrates the number of miles of improved roads in the State by county, within and outside the State-Maintained System, based on the most recent data available (2016).

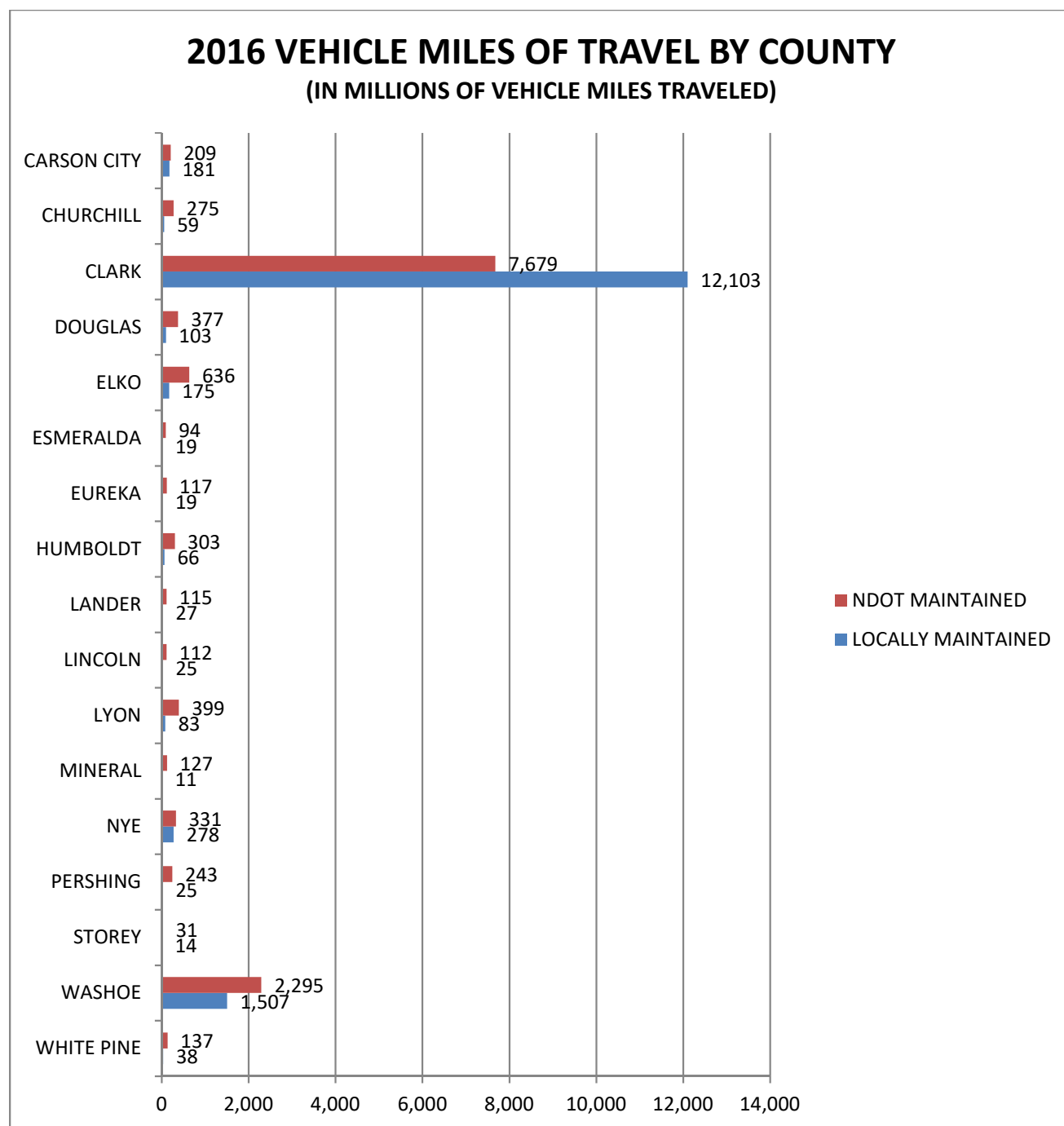
Table 1
Miles of Improved Roads by County



Source: NDOT.

Table 2 illustrates the number of vehicle miles traveled in the State by county, within and outside the State-Maintained System, based on the most recent data available (2016).

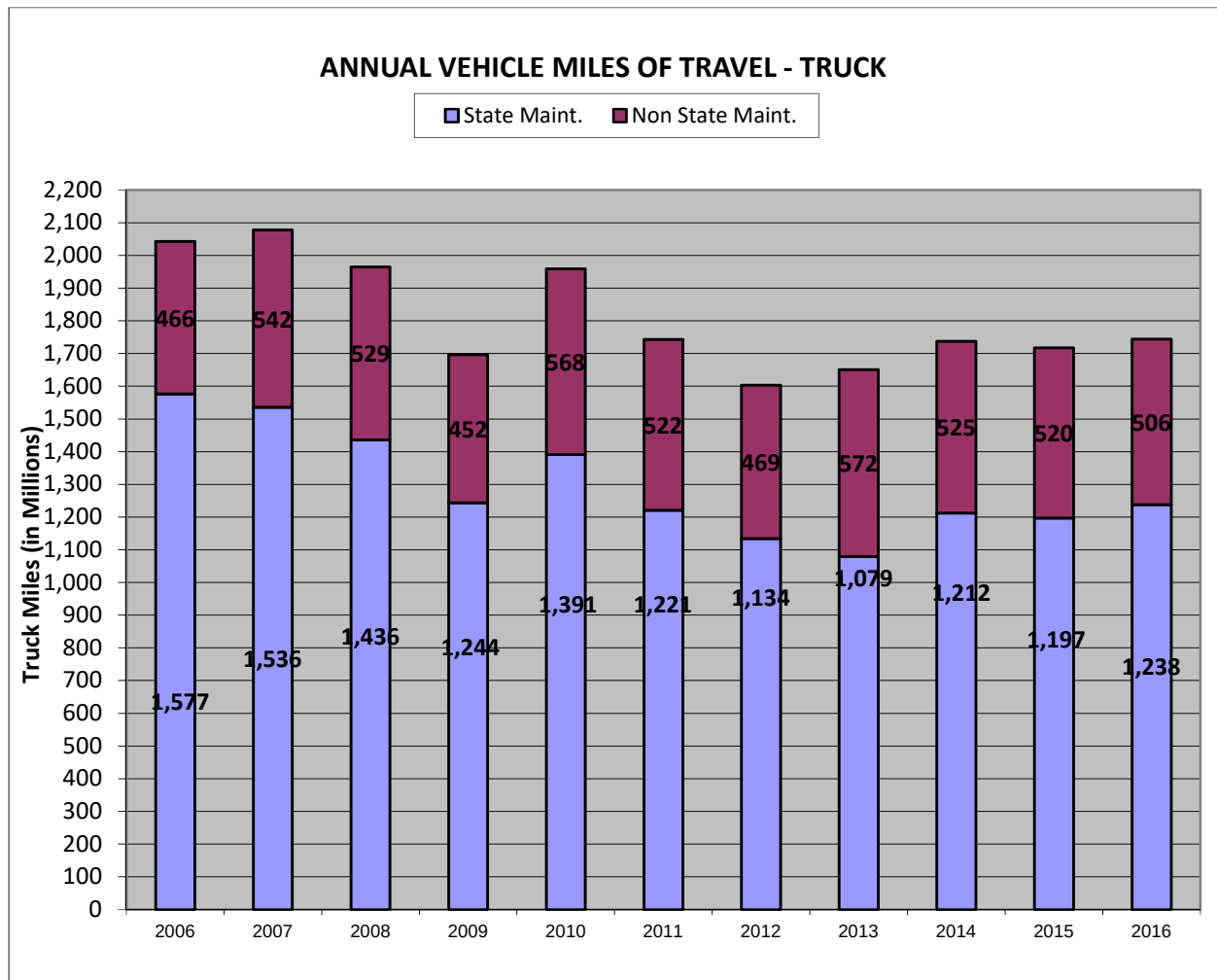
Table 2
Vehicle Miles of Travel by County
(million miles traveled)



Source: NDOT.

Table 3 illustrates the numbers of truck miles traveled in the State.

Table 3
Truck Miles of Travel



Source: NDOT.

SUPPORT FOR STATE HIGHWAY SYSTEM

Federal Aid Highway System

The federal-aid highway system is classified as the National Highway System (the “NHS”) routes and the Surface Transportation Program (the “STP”) roads. The NHS within the State consists of all interstate routes, most principal arterials, the defense strategic highway network, and strategic connectors, including 597 miles of interstate highways (I-15 and I-80) and 1,816 miles of other NHS routes (US 95, US 50, US 395, US 6, US 93, McCarran Boulevard in Reno and Tropicana Avenue in Las Vegas), as of June 30, 2017. The STP within the State consists of 2,452 miles of roads that are functionally classified as principal arterials, minor arterials, major collectors, and urban collectors, as of June 30, 2017. See “FEDERAL TRANSPORTATION FUNDING” in this Part III for a discussion of various programs of federal assistance for highways in general, and “REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES” in this Part III for amounts of federal assistance for the State Highway Fund.

The first officially signed segment of Interstate 11 in the United States opened near Henderson, Nevada in August 2017 when NDOT opened a 2.5 mile section of the new freeway. The southbound lanes opened in August and the northbound lanes opened in December 2017. This is the first interstate segment of Interstate 11 that will ultimately link Las Vegas to Phoenix. This segment is expected to be completed by mid-May 2018. While some roadway alignments are opened to traffic, the contractor is still doing work on the railroad connection, the frontage roadway, landscape and aesthetics, clean-up and punch list completion before the project is approved by NDOT. A second 12.5 mile stretch of new Interstate 11 adjacent to the initial 2.5 mile section is expected to be completed by October 2018.

Other Improved Roads

There are 556 miles of other improved roads on the State highway system, including local and rural collectors, access frontage and state park roads. Approximately 20,000 miles of other improved roads that are not part of the NHS or STP are classified mainly as local or rural minor collectors. These roads serve as access roads to the NHS and STP and do not qualify for federal aid but receive support from the State's gas tax distribution. Responsibility for maintaining these roads is divided among NDOT, cities and counties.

Unimproved Roads

The balance of the roads in the State is classified as unimproved roads. Unimproved roads are local roads and are not regularly maintained. Unimproved roads do not qualify for federal aid, are not maintained by NDOT, and are not entitled to receive gas tax receipts to fund costs of their construction, operation or maintenance.

The following table sets forth the aggregate mileage of highways in the State by responsibility for maintaining and eligibility for federal funding.

Table 4
State Highway System Mileage

	NDOT Maintained	Locally Maintained	Statewide Total
Federal Aid			
NHS	2,413	147	2,560
STP	<u>2,452</u>	<u>2,497</u>	<u>4,949</u>
Subtotal	4,865	2,644	7,509
Non-Federal Aid			
Other Improved	556	19,965	20,521
Unimproved	<u>0</u>	<u>14,868</u>	<u>14,868</u>
Subtotal	556	34,833	35,389
Total	5,421	37,477	42,898

Source: NDOT.

NDOT PLANNING AND CURRENT PROGRAMS

Statewide Transportation Planning (Annual Work Program)

The Annual Work Program ("AWP") is a compilation of NDOT's short range (two to three years) and long range (four to ten years) elements of various transportation projects and includes projects pursued during each fiscal year. Pursuant to Nevada Revised Statutes ("NRS") Section 408.203, the Director of NDOT is required to submit a comprehensive report of highway construction and maintenance projects for the next ten years to the State Legislative Counsel Bureau, a projects report for the next three years to the Legislative Counsel Bureau in every even-numbered year, and a progress report regarding NDOT's 12-year plan for highway resurfacing to the State Legislature in every odd-numbered year.

The One Nevada Transportation Plan is being developed to update to Nevada's Long Range Transportation Plan (LRTP). State Departments of Transportation are required by the federal government to prepare LRTPs to ensure the continued movement of people and goods over a 20-year horizon.

Statewide Transportation Improvement Program

The Statewide Transportation Improvement Program (the "STIP") consists of capital and non-capital transportation projects supported by United States Code Title 23 (Highways) and the Federal Transit Act funding. The STIP is administered by NDOT. Annually, NDOT develops a STIP, including a four-year list of federally funded and regionally significant non-federally funded transportation projects and programs consistent with the goals and strategies of the statewide transportation plan. Projects in non-attainment areas must conform with the State Implementation Plan prior to being included in a STIP.

The STIP is developed in cooperation with the State's Metropolitan Planning Organizations (the "MPO") and local government agencies. An MPO is designated for each urbanized area with a population of more than 50,000. The Regional Transportation Commission (the "RTC") of Southern Nevada, the RTC of Washoe County, the Carson Area MPO (each designated by the US Census Bureau) and the Tahoe MPO (designated through Congressional actions) are the State's MPOs. The STIP also includes all regionally significant transportation projects in the Transportation Management Areas (the "TMAs") regardless of funding sources. TMAs are urbanized areas with a population of more than 200,000 and are certified at least once every three years.

Highway Safety Improvement Program (the "HSIP")

The HSIP was established in fiscal year 2006 as a core program with separate funding to significantly reduce traffic fatalities and serious injuries on all public roads. Each year NDOT utilizes a percentage of the Federal Safety Program funding to upgrade and maintain the statewide crash database, develop and implement safety management systems, develop strategic plans, evaluate safety engineering software and receive training in new and effective methods of traffic safety engineering. Up to \$21 million annually is allocated for HSIP programs.

For information regarding the effects of the FAST Act (as defined below) on the HSIP, see "FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act" in this Part III.

State Highway Preservation

NDOT maintains approximately 5,400 miles of highways, which carry approximately 70 percent of the State's truck traffic and 68 percent of the heavy trucks. NDOT's goal is to continue to maintain the State's interstate system and high volume roads at a high level of serviceability by applying timely overlays and reconstructing inferior segments; continue to maintain the State's non-interstate principal arterials, minor arterials, and other moderate volume roads at a modest to high level of serviceability by applying timely overlays and reconstructing inferior segments; and improve low volume roads and maintain them at a limited, but acceptable, level of serviceability. In Fiscal Year 2017, NDOT spent \$104 million on maintenance.

Interstate Maintenance Program

The Interstate Maintenance Program was initiated to ensure that the Interstate Highway System is maintained on an ongoing basis. The purpose of the program is to maintain a reasonably high level of serviceability on the roads, while optimizing available funding and minimizing risks to the traveling public. Unobligated Interstate Construction authorization balances are used to fund these projects.

Nevada Bridge Program

In 2012, President Obama signed into law the Moving Ahead for Progress in the 21st Century Act ("MAP-21"). MAP-21 eliminated the Federal Highway Bridge Program (HBP) funding category. Without a specific funding category for bridges, NDOT has targeted \$10,000,000 annually in funding for the Nevada Bridge Program.

Bridge Inspection operations cost about \$2,000,000 annually and MAP-21 requires NDOT to allocate \$2.1 million to replacement and rehabilitation for bridges on locally maintained roads.

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation Act (the "FAST Act"). The FAST Act increases overall funding for the STP, which has been converted to a block grant program known as the Surface Transportation Block Grant Program ("STBGP").

For more information regarding MAP-21 and the FAST Act, see "FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act" in this Part III.

Transportation Enhancement Program

The Transportation Enhancement Program (the "TEP") was established by Congress as part of the International Surface Transportation Efficiency Act of 1991 ("ISTEA") and was continued under the Transportation Equity Act for the 21st Century Act ("TEA-21"). In 2005, TEP was included in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU"). MAP-21 created the Transportation Alternatives program encompassing most activities funded under the TEP. The TEP includes projects such as pedestrian and bicycle facilities, landscaping and other scenic beautification, historic preservation, and rehabilitation and operation of historic transportation structures. FAST Act modifications to the TEP include changing how the TEP will be funded from a percentage of annual apportionments to a set annual amount. The FAST Act also expands eligible recipients for funds to include nonprofits responsible for administration of local transportation safety programs and requires annual reports from state and local planning organizations on the number of project applications and awards.

For more information regarding MAP-21 and the FAST Act, see "FEDERAL TRANSPORTATION FUNDING – MAP-21 and the FAST Act" in this Part III.

Pioneer Program

A modern transportation system is essential to the State's ability to attract visitors, move people and goods, improve quality of life for its residents, and provide beneficial family-wage jobs. The State is committed to searching for innovative delivery and funding strategies to keep up with the transportation needs of the State's expanded population. In 2011, the State Transportation Board authorized NDOT to explore innovative financing and construction methods to help solve the State's growing transportation and congestion problems. In response, NDOT created the Pioneer Program to assess and implement public-private partnerships designed to ensure prompt delivery of needed projects and to provide a more efficient transportation system.

Public-private partnerships allow the state to leverage limited public funds and utilize private capital to finance, design, build, operate, and/or maintain needed transportation improvements that could not otherwise be funded. These partnerships usually include the greater assumption of risk by the private partner, rather than taxpayers, along with specified responsibilities, performance and quality assurances to the taxpayer. While each entity shares in the risks and rewards, the involved government partner maintains control and ownership of the project and sets the standards under which the private partner must build, maintain and possibly operate the facility.

The goals of the Pioneer Program are as follows: (1) keep the State competitive and moving; (2) enhance the State's standard of living and economic vitality by increasing mobility for commuters, visitors, transit, and economic commerce; (3) reduce congestion on heavily-traveled State transportation corridors; (4) deliver projects faster and with greater cost certainty throughout the state, thus promoting rural economies and job-boosting development; (5) improve safety by unlocking gridlocked roadways; (6) improve air quality by reducing the number of idling vehicles stuck in traffic; (7) enhance express transit, vanpool, and rideshare opportunities in applicable areas; and (8) generate revenue and leverage limited public funds to potentially fund other needed transportation improvements in the State.

Project NEON

Project NEON is a significant project in Las Vegas consisting of improving the capacity, operations and safety of a section of Interstate 15 (I-15) and major street connections from south of the Sahara Avenue/I-15 interchange to the I-15/US 95/I-515 interchange known as the Spaghetti Bowl. Project NEON is underway and is expected to be completed by summer 2019. NDOT elected to procure the construction of Project NEON pursuant to a Design Build Contract with Kiewit Infrastructure West Co. Project Neon is being financed in part with the proceeds of Parity Securities and the Series 2018 Bonds. The Series 2018 Bonds are being issued primarily for this purpose.

OVERVIEW OF FUNDING FOR STATE HIGHWAYS

State highways maintained by NDOT are financed with dedicated highway-user revenue and federal funds. No State General Fund (general tax) revenue is normally used. Under the State's Constitution, the proceeds from the imposition of any license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway in the State and the proceeds from the imposition of any excise tax on gasoline or other vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of the State. The provisions of that section of the State Constitution do not apply to the proceeds of any tax imposed upon motor vehicles by the State Legislature in lieu of an ad valorem tax.

State Highway Fund

The State Highway Fund was created by State law as a special revenue fund to account for the receipt and expenditure of dedicated highway-user revenues. State law requires that, subject to certain exceptions, the proceeds from the imposition of any (1) license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway or city, town or county road in the State and (2) excise tax on gasoline or other motor vehicle fuel must be deposited in the State Highway Fund. Amounts in the State Highway Fund must be used, except for costs of administering the collection thereof, exclusively for the administration, construction, reconstruction, improvement and maintenance of the highways provided for under State law. Cost of administration for the collection of the excise tax on gasoline or other motor vehicle fuel may not exceed 1% of the proceeds collected. Costs of administration for the collection of license or registration fees for motor vehicles may not exceed 22% of the proceeds collected. The cap on costs of administration was modified with the passage of Senate Bill 502 during the 2015 legislative session. This bill temporarily modifies the cap to 27% during the implementation, upgrade, and maintenance of a new information technology platform used by the Department of Motor Vehicles ("DMV") through fiscal year 2020. The impact of this change is estimated to be approximately \$13 million per fiscal year in terms of revenues available for NDOT use. Amounts received by the State from the federal government for acquiring, constructing, repairing or improving any highway in the State are also deposited in the State Highway Fund.

Transportation Funding in General

Funding for highways within the State is derived from a number of sources, including federal, state and local sources. State and federal highway funds are derived from motor vehicle license and registration fees, drivers' license fees, and motor vehicle fuel taxes, which are deposited in the State Highway Fund. NDOT is the major recipient of amounts in the State Highway Fund. See Appendix A to this Part III for historical financial information about the State Highway Fund. The bonds described in this Official Statement are payable out of Gross Pledged Revenues that are accounted for in the State Highway Fund. See "DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds — *Gross Pledged Revenues*" in Part I of this Official Statement.

Federal Highway Funding in General

A significant amount of funding for State highway purposes is received from the federal government. Federal highway funds are derived from fuel tax and highway-user fees and are allocated by Congress to the states under federal transportation statutes enacted from time to time and annual appropriations bills. The federal tax on fuel was last raised in 1993 and is not indexed for inflation. Federal funds are available only for reimbursement of

expenditures on approved projects and are normally paid to the State bi-weekly. Federal aid is not available for routine maintenance, administration, or other non-project related costs. To be eligible for federal funds, the State must, among other requirements, pay five to twenty-five percent of the project's costs. Federal funds received by the State for highway projects are required to be deposited in the State Highway Fund and a portion of such funds are included in Gross Pledged Revenues available to be transferred to the Bond Fund. See "DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds — *Gross Pledged Revenues*" and "PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Debt Service Requirements" in Part I of this Official Statement.

Federal funding for State surface transportation programs is currently authorized by the FAST Act, which provides authorization for federal funding of the surface transportation programs through September 30, 2020. See "FEDERAL TRANSPORTATION FUNDING — MAP-21 and the FAST Act" in this Part III. There is no authorization beyond September 30, 2020. No assurances can be made that the level of future federal funding will be maintained at levels of historical federal funding, or that the State will be eligible to receive all of those funds that have been appropriated by Congress and are available for the State. Federal highway funds that have been allocated to states but have not been obligated by a state, and which are subject to lapse in the current federal fiscal year, are available for redistribution to other states. NDOT has consistently obligated all of the Federal Highway Funds that have been allocated to it in each federal fiscal year, and become eligible for and received additional federal funds through this reallocation process. See "DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds — *Gross Pledged Revenues*" in Part I of this Official Statement.

State Transportation Funding in General

Under State law, the proceeds from the imposition of any license or registration fee and other charges with respect to the operation of any motor vehicle upon any public highway in the State and the proceeds from the imposition of any excise tax on gasoline or other vehicle fuel shall, except costs of administration, be deposited in the State Highway Fund and be used exclusively for the construction, maintenance, and repair of the public highways of the State. For summaries of the various fuel taxes and other fees and charges that are collected and deposited in the State Highway Fund, see "STATE FUNDING — Fuel Taxes" and "STATE FUNDING — Other Taxes and Fees" in this Part III.

State Make-Up for Reduction in Federal Fuel Tax

Under current State law, if the tax collected by the federal government relating to motor vehicle fuel is reduced or discontinued in whole or in part, the State's motor vehicle fuel tax will increase in an amount equal to the amount by which the federal tax is reduced.

STATE FUNDING

Fuel Taxes

The primary source of funds to pay the Parity Securities, including the Series 2018 Bonds, is State excise taxes on motor vehicle fuel and special fuel (defined as any combustible gas or liquid used for the generation of power for the propulsion of motor vehicles) credited or transferred to the State Highway Fund (collectively, the "Fuel Taxes") pursuant to various State statutes imposing such taxes (the "Fuel Tax Act"). The State Board of Finance has determined in the Bond Resolution that the net proceeds of the Fuel Taxes are sufficient to pay debt service on the Series 2018 Bonds.

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The State's Fuel Taxes are imposed pursuant to various sections of State law. A portion of the receipts from the Fuel Taxes are earmarked for NDOT purposes, and certain receipts are earmarked for apportionment to the counties and for other purposes. The Statewide (State and county mandatory) tax on gasoline is 24.75 cents per gallon (not including the 0.055 cents per gallon tax on imported gasoline). Receipts from these Fuel Taxes are allocated as follows:

- (1) 17.65 cents per gallon is deposited to the State Highway Fund for NDOT purposes;
- (2) 6.35 cents per gallon is allocated to the counties; and
- (3) 0.75 cents is deposited in the Cleaning Up Petroleum Discharges Fund.

In addition to the foregoing, the State imposes a 0.055 cents per gallon inspection fee for imported gasoline, which is deposited in the General Fund.

The State imposes a diesel fuel tax of 27.0 cents per gallon (not including the 0.75 cents allocated for petroleum clean-up). Fuel taxes are also imposed on compressed natural gas, liquefied petroleum gas and water-phased hydrocarbon fuel for motor vehicles, but nearly all of the State's Fuel Tax proceeds are derived from the taxes on gasoline and diesel fuel. The following table sets forth the tax distribution for diesel fuel and for propane gas and methane gas used as motor fuels.

Table 5
Special Fuel Tax Distribution
(Cents per Gallon)

Fuel	State Highway Fund	Petroleum Clean-up
Diesel	27.0	0.75
Propane	22.0	
Methane	21.0	

Source: NDOT.

State law specifies that additional Fuel Taxes will be imposed to the extent federal taxes on these motor vehicle fuels are reduced or discontinued in whole or in part. See "OVERVIEW OF FUNDING FOR STATE HIGHWAYS — State Make-Up for Reduction in Federal Fuel Tax" in this Part III.

Counties are permitted by State law to impose an additional fuel tax up to a maximum of 9.0 cents per gallon. These amounts are permitted to be indexed for inflation. This discretionary tax has been imposed at the rate of 9.0 cents per gallon by the counties of Carson City, Churchill, Clark, Douglas, Elko, Humboldt, Lander, Lyon, Mineral, Nye, Pershing, Washoe and White Pine; and at the rate of 4.0 cents per gallon by the counties of Esmeralda, Lincoln, Storey and Eureka. The 2015 State Legislature approved AB 191 allowing counties to index fuel tax to inflation. Each county, except Washoe (which already had indexing authority), asked its voters to decide at the November 2016 election whether to impose indexing in their county. Only the voters of Clark County approved indexing. As a result of the indexing imposed by Clark County, NDOT receives additional revenue to fund highway projects in that county. However, additional revenue is not included in Gross Pledged Revenues.

Dealers are required by State law to collect the Fuel Taxes and report and pay at the end of the calendar month the tax liability incurred on fuel sales during the preceding calendar month.

The following table sets forth the State fuel tax revenues by source for the fiscal years ending June 30, 2013 through 2017.

Table 6
State Gasoline Tax Revenue
(Administered by the Department of Motor Vehicles)
(Millions of Dollars)

Fiscal Year	State Gas Tax (to Highway Fund)	Mandatory County Gas Tax	Optional County Gas Tax	County Index on Motor Fuel Tax	Jet Fuel Tax	Petroleum Clean Up Fees	Other⁽¹⁾	Total⁽²⁾
2013	\$185.7	\$66.8	\$92.5	\$25.6	\$15.1	\$12.7	\$4.7	\$403.0
2014	187.8	67.5	94.0	44.1	14.2	12.9	4.3	424.8
2015	193.4	69.5	96.6	89.9	14.4	13.0	5.3	482.1
2016	200.1	72.0	100.9	123.1	15.5	13.3	5.6	530.5
2017	205.7	74.0	104.9	129.4	16.5	13.6	5.4	549.5

⁽¹⁾ Includes Petroleum Inspection Fees, Aviation Fuel Tax, and other Gasoline Tax distributions.

⁽²⁾ Totals may not add up due to rounding.

Source: NDOT and DMV.

Factors over which the State has no control which might adversely affect Fuel Tax receipts include, but are not limited to, reduction in supplies of motor vehicle fuels, government restrictions on the sale or use of motor vehicle fuels, voluntary conservation, increased cost, reduced fuel consumption of certain vehicles, utilization of vehicles not propelled by such fuels (including, but not limited to, electric vehicles), restrictions on the use of motor vehicles because of environmental concerns and societal changes regarding car ownership and use.

Other Taxes and Fees

The State Highway Fund receives revenues from a number of other State sources, which are summarized below. These revenues are not included in Gross Pledged Revenues, but are generally available for NDOT purposes.

Governmental Services Tax

A governmental services tax is imposed on motorists for the privilege of operating any vehicle on the public highways of the State. Such tax is imposed in lieu of all taxes based on value and levied for state or local purpose on such vehicles. The annual amount of the basic governmental services tax throughout the State is 4.0 cents on each \$1 of valuation of the vehicle as determined by the DMV. An optional supplemental rate of 1% of a vehicle's depreciated assessed valuation is taxed in Clark, Churchill, and White Pine counties.

The distribution of the governmental services tax is dependent on where the taxes are paid or collected. For vehicles registered at a DMV office, 94% is distributed to local governments and 6% to the State Highway Fund as a collection commission. For vehicles registered at a County Assessor's office, 99% is distributed to local governments and the State Highway Fund receives 1%. Local governments use the funds primarily for schools and current debt service. Supplemental Governmental Services Tax is an additional fee for vehicles in Clark, Churchill and White Pine counties. The funds are returned to those counties to be used for road construction and other governmental functions of such county.

As a result of passage of SB483 by the 2015 State Legislature, the State Highway Fund receives an additional tax on the registration of vehicles. This tax brought an additional \$39 million into the State Highway Fund in Fiscal Year 2017 and is expected to bring an additional \$61 million per year thereafter.

Driver's License Fees

Driver's licenses issued by the State are renewable every four years. The current rates for obtaining a driver's license are as follows: \$23.25 for operating passenger cars (\$42.00 for initial license); \$18.25 for persons 65 years old or older; \$9.25 for a motorcycle endorsement; and \$142.25 for an initial license to operate commercial vehicles (lower rates apply to renewals of license to operate commercial vehicles).

Title Fees

The State charges a one-time title fee of \$36.00 for vehicles not previously physically present in or registered in the State.

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Vehicle Registration

The following table shows the current annual registration rates for vehicles by type and weight.

Table 7
Vehicle Registration Rates

Type of Vehicle	Registration Cost
Automobiles, RV's and Motor Homes	\$33
Motorcycles	\$39
Travel Trailers	\$27
Trucks, Truck Tractors, or Buses less than 6,000 lbs. DGVW*	\$33
Trucks, Truck Tractors, or Buses between 6,000 and 8,499 lbs. DGVW*	\$38
Trucks, Truck Tractors, or Buses between 8,500 and 10,000 lbs. DGVW*	\$48
Per 1,000 lbs. for units between 10,001 and 26,000 lbs. DGVW*	\$12
Per 1,000 lbs. for motor-carrier units between 26,001 and 80,000 lbs. DGVW* (maximum fee is \$1,360). Interstate motor-carriers prorate this fee and pay only on the percentage of miles driven in the State.	\$17

* Declared Gross Vehicle Weight.

Source: NDOT.

Permit Fees

The following table shows the current annual permit fee for various types of vehicles by weight.

Table 8
Vehicle Permit Fees

Vehicle Type/Size of Load	Permit Fees
Per 1,000 lbs. exceeding 80,000 lbs. for reducible-load units between 80,000 and 129,000 lbs. DGVW* (maximum fee is \$2,940)	\$60
For overlength vehicles (longer than 70 feet) carrying reducible loads not exceeding 80,000 lbs. DGVW*	\$10
For non-reducible loads carried on over legal-size or weight vehicles.	\$60

* Declared Gross Vehicle Weight.

Source: NDOT.

Table 9
State Motor Vehicle Fund Taxes, Licenses, and Fees Revenue
 (Administered by the Department of Motor Vehicles)
 (Millions of Dollars)

Fiscal Year	State Motor Vehicle Taxes (to Highway Fund)	County Taxes Licenses and Fees	Sales Tax Collections	General Fund Allocation	Other Revenue⁽¹⁾	Total⁽²⁾
2013	\$238.5	\$266.8	\$27.7	\$63.5	\$47.7	\$644.1
2014	246.0	287.0	29.5	62.3	93.8	718.5
2015	257.8	314.6	35.4	62.9	106.1	776.8
2016	266.5	341.0	40.3	66.7	127.1	841.6
2017	272.6	359.9	43.9	38.6	172.5	887.5

⁽¹⁾ Other revenue includes special fuel inflation index and DMV fees and commissions.

⁽²⁾ Totals may not add up due to rounding.

Source: NDOT.

Table 10
State Motor Vehicle Taxes Deposited to State Highway Fund Derived from the Motor Vehicle Fund
 (Millions of Dollars)

Fiscal Year	Special Fuel Taxes⁽¹⁾	Motor-Carrier Fees	Registration Fees	Driver's License Fees	Total⁽²⁾
2013	\$80.9	\$36.7	\$102.1	\$18.7	\$238.4
2014	79.1	39.0	104.7	23.1	245.9
2015	81.1	40.2	110.3	26.2	257.8
2016	84.7	40.9	113.9	27.0	266.5
2017	88.4	41.4	116.1	26.7	272.6

⁽¹⁾ Special fuel includes diesel fuel, propane, natural gas, and water-phased hydrocarbon emulsions.

⁽²⁾ Totals may not add up due to rounding.

Source: NDOT.

Additional Excise Tax

The 2015 State Legislature approved AB 175 imposing an excise tax on the use of a digital network or software application to connect a passenger with a driver. The first \$5 million collected each biennium is credited to the State Highway Fund.

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Revenue Source Derived From Counties

Prior to the adoption of Assembly Bill 595 ("A.B. 595") during the 2007 Legislative Session, counties were permitted to impose, in addition to other permissible property taxes, an ad valorem tax on all taxable property in the county at a rate not to exceed 5.0 cents per \$100 of the assessed valuation of the county. A.B. 595 requires, within counties with a population of 100,000 or more, that proceeds of this tax be distributed among the county, cities and towns based on a specified formula, with a portion of this tax allocated to and deposited in the State Highway Fund. This provides a dedicated source of funding for the State Highway Fund which was not available prior to Fiscal Year 2009. A.B. 595 allocates the proceeds of the tax among the county, cities and towns and the State Highway Fund as follows:

<u>Fiscal Year</u>	<u>Portion Retained by County, Cities, and Towns</u>	<u>Portion Deposited in State Highway Fund for Projects within the County</u>
2009	88%	12%
2010	76	24
2011	64	36
2012	52	48
2013 and thereafter	40	60

Source: NDOT.

Actual revenues received by NDOT related to ad valorem tax on property are as follows:

<u>Fiscal Year</u>	<u>Washoe Co.</u>	<u>Clark Co.</u>	<u>Total</u>
2013	\$3,424,000	\$16,057,000	\$19,481,000
2014	3,632,000	15,379,000	19,011,000
2015	3,693,000	16,449,000	20,142,000
2016	3,947,000	16,317,000	20,142,000
2017	4,021,000	17,478,000	21,499,000
	<u>\$26,603,000</u>	<u>\$117,256,000</u>	<u>\$143,737,000</u>

Source: NDOT.

Proceeds of this tax from a county deposited in the State Highway Fund must be used exclusively for projects within that county, and may not be used to reduce or supplant the amount or percentage of money that would otherwise be available from the State Highway Fund for projects in that county. Receipts from this tax are not included in Gross Pledged Revenues.

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FEDERAL TRANSPORTATION FUNDING

Fuel taxes and other highway-user revenues collected by the federal government are placed in the Federal Highway Trust Fund. Congress allocates these funds to the states pursuant to provisions in multi-year highway funding authorization acts. The State receives approximately \$1.00 in federal highway funds (as a combination of both apportioned funds and earmarked funds) for every dollar contributed to the Federal Highway Trust Fund. In recent years, fuel taxes and other highway user revenues have not been sufficient to provide funding to states at authorized levels and Congress has appropriated other funds to cover the shortfall. There can be no guarantee that any future Congress will continue to fund any shortfalls.

MAP-21 and the FAST Act

MAP-21

On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the 21st Century Act (“MAP-21”). At the time of its enactment, MAP-21 was the first long-term highway authorization enacted since 2005. MAP-21 established authorization for federal funding of surface transportation programs and allocation of such funding among the states and territories for the federal fiscal years ending September 30, 2013 and 2014.

Funding levels under MAP-21 were generally maintained at FY 2012 levels, with minor adjustments for inflation. MAP-21 also extended the imposition of fuel taxes and other highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2016.

More information regarding MAP-21 can be found at: <http://www.fhwa.dot.gov/map21/summaryinfo.cfm>. Information on this website is not incorporated by reference in this Official Statement.

FAST Act

The FAST Act provides \$305 billion of transportation funding through September 30, 2020, extends fuel taxes and other highway user taxes through September 30, 2022 and provides additional funding for the Highway Trust Fund to address shortfalls in the Highway Trust Fund. The FAST Act provided every state a 5.1 percent increase in formula funds in Federal Fiscal Year 2016. This is followed by annual increases ranging from 2.1 percent in Federal Fiscal Year 2017 to 2.4 percent in Federal Fiscal Year 2020, increases that are anticipated to approximately offset the effect of projected inflation during such years. The FAST Act allocates \$1.9 billion to the State for transportation projects over five years, or roughly \$385 million annually. For the five year period, this is a \$170 million total increase above prior funding levels to the State.

The FAST Act retains the highway program structure created pursuant to MAP-21 with some major additions or changes.

National Highway Performance Program (NHPP)

The FAST Act adds two permissible uses for NHPP funds: (1) to pay subsidy and administrative costs for Transportation Infrastructure Finance and Innovation Act (TIFIA) program projects and (2) for improvements to bridges that are not on the NHS.

Surface Transportation

The FAST Act rewrites the list of uses eligible for STP funds and increases the ways that STP funds can be used for local roads and rural minor collectors. The STBGP still requires that a fraction of program funds be distributed within each state on the basis of population, and the fraction subject to this requirement grows from 50 percent in 2015 under the existing STP program to 55 percent in FY 2020 and FY 2021. See “NDOT PLANNING AND CURRENT PROGRAMS – Statewide Transportation Improvement Program – Nevada Bridge Program” in this Part III for information relating to FAST Act changes to the STP.

Congestion Mitigation & Air Quality (CMAQ) Program

The CMAQ program provides a flexible funding source to state and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. The FAST Act makes only a few changes to the CMAQ program: CMAQ funds can be used not only for attainment of ambient air quality standards, but also to maintain standards in an attainment area; the diesel retrofit program is expanded to include port-related off-road equipment and vehicles; and it provides for certain exemptions for low-population-density states. The CMAQ program receives the same share of formula funds as applied under MAP-21.

Highway Safety Improvement Program (HSIP)

The FAST Act ends the ability of states to shift funds designated for infrastructure safety projects to behavioral or educational activities, which is supposed to ensure resources remain in construction-related programs. The FAST Act also designates several new safety improvements eligible for funding, including vehicle-to-infrastructure communication and roadway improvements that provide separation between pedestrians and motor vehicles.

Transportation Alternatives

See “NDOT PLANNING AND CURRENT PROGRAMS – Statewide Transportation Improvement Program – *Transportation Enhancement Program*” in this Part III for information relating to FAST Act changes to the Transportation Alternatives Program.

The FAST Act’s two new initiatives are the National Freight Program, which funds freight-related highway improvements, and the Nationally Significant Freight and Highway Projects Program, which funds projects intended to improve the movement of both freight and people, increase competitiveness, reduce bottlenecks, and improve intermodal connectivity.

More information regarding the FAST Act can be found at: <https://www.transportation.gov/fastact>. Information on this website is not incorporated by reference in this Official Statement.

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Table 11
Highway Fund Federal-Aid Revenue

(Millions of Dollars)

Fiscal Year	Planning and Research	Right of Way	Preliminary Engineering	Construction and Engineering	Transit and Rail	Miscellaneous Federal Funding	Total Federal Aid for Highways
2013	\$12.8	\$29.4	\$19.2	\$281.3	\$8.1	\$0.0	\$350.8
2014	14.2	32.6	21.1	256.8	5.9	0.1	330.7
2015	10.3	59.6	17.0	214.4	7.4	0.0	308.7
2016	11.5	32.1	35.6	363.7	7.9	0.0	450.8
2017	22.6	31.0	23.8	280.3	10.9	0.0	368.6

Note: Federal-Aid revenue is received on a reimbursement basis and typically is from prior year apportionments. Consequently, the Federal-aid revenue shown will not match the Federal-aid apportionments, shown in Table 12, in a given year. Totals may not add up due to rounding.

Source: NDOT.

Table 12
Highway Fund Federal-Aid Apportionments
(Millions of Dollars)

Under MAP-21 and MAP-21 Extension Acts⁽³⁾

Fiscal Year	National Highway Performance Program	Congestion/Air Quality	Surface Transportation Program	Other⁽¹⁾	Total⁽²⁾
2013	\$182.0	\$31.3	\$86.4	\$44.4	\$344.0
2014	187.2	41.4	88.7	37.7	355.0
2015	187.2	42.5	88.7	45.0	363.4

FAST ACT⁽³⁾

Fiscal Year	National Highway Performance Program	Congestion/Air Quality	Surface Transportation Program	Other⁽¹⁾	Total⁽²⁾
2016	\$190.2	\$36.6	\$96.8	\$43.7	\$367.3
2017	190.3	26.6	87.1	49.9	353.9

⁽¹⁾ Other includes Planning, Bridge Replacement, Advance Right of Way, High Priority, Forest Highway Funds, and Earmarked Funds, if any.

⁽²⁾ Totals may not add up due to rounding.

⁽³⁾ Amounts include a 0.2% across-the-board rescission.

Source: NDOT.

Federal Aid to Pay the Bonds

Federal law pertaining to highway systems (23 United States Code Annotated Section 122) permits the United States Secretary of Transportation to reimburse the State for the retirement of a portion of the principal of, interest on, costs of issuance, costs of insurance and any other costs incidental to the sale of the Series 2018 Bonds if bond proceeds are used for an “eligible project.” Reimbursement for the Series 2018 Bonds may be sought by the State from the federal government to the extent the Series 2018 Bond proceeds are used for an eligible project. Any funds received as reimbursement will be Gross Pledged Revenues and credited to the State Highway Fund and, if necessary, transferred to the Bond Fund and applied as described under the heading “DESCRIPTION OF THE SERIES 2018 BONDS — Security for the Series 2018 Bonds — *Priority of Application of Gross Pledged Revenues*” in Part I of this Official Statement. No assurance can be given that federal reimbursement will occur because reimbursement is dependent upon both the appropriation of funds by Congress and the completion of the eligible project in accordance with federal requirements. Information about federal aid included in Gross Pledged Revenues in the last five fiscal years is included under the heading “PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Debt Service Requirements” in Part I of this Official Statement.

Federal law provides that the eligibility of the Series 2018 Bonds for reimbursement shall not constitute a commitment, guarantee or obligation on the part of the United States to provide for payment of debt service on the Series 2018 Bonds or create any right of a bondholder or other third party against the United States for payment of the Series 2018 Bonds.

REVENUES AND EXPENDITURES OF STATE HIGHWAY ACTIVITIES

The following tables set forth revenues of and expenditures from the State Highway activities.

Table 13
Total State Highway Revenue⁽¹⁾
(Administered by NDOT)
(Millions of Dollars)

Fiscal Year	Federal-Aid Revenue⁽²⁾	State Gas and Motor Vehicle Revenue	Other Sources⁽³⁾	State Highway Revenue Bond Proceeds	Total⁽⁴⁾
2013	\$350.8	\$424.1	\$134.1	-	\$909.0
2014	330.8	433.8	119.9	\$100.0	984.5
2015	308.7	451.1	101.3	-	861.1
2016	450.8	466.6	175.8	200.0	1,293.2
2017	368.6	516.9	187.7	185.0	1,258.2

(1) Total revenue is net of collection costs of the Highway Fund.

(2) The Federal-Aid Revenue shown includes monies for highways, transit, aviation, and other programs.

(3) “Other Sources” includes interest income, cooperative construction reimbursement, DMV and Department of Public Safety authorized revenue, A.B. 595 revenue, and miscellaneous sales and reimbursements.

(4) Totals may not add up due to rounding.

Source: NDOT.

Table 14
State Highway Expenditures and Disbursements
(Millions of Dollars)

Fiscal Year	Transfers to other Agencies	DMV Expenditures	DPS⁽¹⁾ Expenditures	Bond Principal and Interest	NDOT Expenditures	Total
2013	\$4.2	\$85.5	\$76.5	\$79.8	\$661.0	\$907.0
2014	5.4	90.9	78.7	70.1	533.3	778.4
2015	8.3	90.4	74.9	67.8	628.9	870.3
2016	4.9	119.1	78.5	68.5	799.3	1,070.3
2017	22.0	119.4	78.3	78.9	955.3	1,253.9

⁽¹⁾ DPS stands for Department of Public Safety (includes Nevada Highway Patrol). Totals may not add up due to rounding.

Source: NDOT.

Table 15
NDOT Expenditures by Activity
(Millions of Dollars)

Fiscal Year	Administrative and Support Services	Maintenance and Equipment	Construction and Engineering	Total NDOT Expenditures*
2013	\$40.5	\$113.8	\$506.7	\$661.0
2014	50.7	115.0	367.5	533.2
2015	47.5	109.2	472.2	628.9
2016	51.7	128.1	619.5	799.3
2017	49.6	148.8	757.0	955.4

* Totals may not add up due to rounding.

Source: NDOT.

Table 16
NDOT Expenditures by Appropriation
(Millions of Dollars)

Fiscal Year	Salaries	Travel	Operating	Equipment	Capital Improvements & Other Programs	Total*
2013	\$123.8	\$1.9	\$60.8	\$4.9	\$469.7	\$661.1
2014	123.3	1.9	61.0	4.6	342.5	533.3
2015	119.2	1.8	59.9	6.5	441.4	628.8
2016	124.3	2.6	67.6	16.9	587.9	799.3
2017	139.3	2.4	71.2	9.1	733.3	955.3

* Totals may not add up due to rounding.

Source: NDOT.

REVENUES PLEDGED TO SECURE SERIES 2018 BONDS AND PARITY SECURITIES

The State Constitution (Article 9, Section 5) provides that the proceeds from the imposition of any excise tax on gasoline or other motor vehicle fuel shall, except costs of administration, be used exclusively for the construction, maintenance, and repair of the public highways of the State. The State has determined that the use of Fuel Taxes to pay the Parity Securities is permitted by this provision.

The foregoing constitutional provision further provides that, excluding administrative costs, revenues received from taxes levied on any gasoline or other vehicle fuel, license or registration fee shall be used exclusively for the construction of, maintenance, and repair of the public highways of the State. Accordingly, the majority of the State Highway Fund, which derives its funds from Article 9, Section 5 enumerated sources, finances the activities of NDOT. However, the DMV and the Department of Public Safety are also partially funded by appropriations from the State Highway Fund. Other appropriations or transfers from the Highway Fund for administrative services provided to NDOT include the Department of Administration, the Attorney General's Office, the Public Works Board, and the Transportation Services Authority.

The Bond Resolution provides that State laws concerning the Fuel Taxes or the Gross Pledged Revenues may not be repealed or amended or otherwise directly or indirectly modified in such manner as to impair adversely the Series 2018 Bonds or any other Outstanding State securities until all such securities have been discharged in full or provision for their payment and redemption has been fully made.

Gross Pledged Revenues

The Bond Resolution provides that the Series 2018 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2018 Bonds and from the proceeds of the motor vehicle fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the State Highway Fund for the payment of principal of and interest on the Series 2018 Bonds (the "Gross Pledged Revenues"). Gross Pledged Revenues includes the fuel taxes and special fuel taxes described under the headings "STATE FUNDING — Fuel Taxes," "STATE FUNDING — Other Taxes and Fees" and a portion of the federal aid discussed under "FEDERAL TRANSPORTATION FUNDING — Federal Aid to Pay the Bonds" in this Part III. Historic amounts of federal aid eligible for debt service are included under "PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Debt Service Requirements" in Part I of this Official Statement. Gross Pledged Revenues does not include the Direct Distributions and Other Exclusions described below.

Direct Distributions and Other Exclusions

The Bond Resolution excludes from Gross Pledged Revenues certain fuel tax proceeds not collected because of exempt sales and other exempt transactions; any tax proceeds not collected because of the dealers' collection and handling fee; tax proceeds for making refunds; motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes; tax proceeds imposed and collected and required to be distributed to the counties in the State; tax proceeds derived from motor vehicle fuel used in aircraft; and fuel taxes in an amount required to pay the costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, subject to the limitation of not exceeding 1% of the total proceeds so collected (such exclusions being herein the "Direct Distributions and Other Exclusions").

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Highway Improvement Revenue Bonds

Pursuant to NRS 408.273 (the “Project Act”) chapter 365 and chapter 366 of the NRS (collectively, the “Fuel Tax Act”) and the Bond Resolution adopted by State Board of Finance, the State, acting by and through the State Board of Finance, is authorized to issue highway improvement revenue bonds known as “Highway Improvement Revenue Bonds.” As such, pursuant to the Project Act and the request submitted by the State Transportation Board, the State Board of Finance is authorized to issue revenue bonds to provide funds to pay for the cost of construction, maintenance and repair of public highways of the State. The State has issued \$874 million in bonds since 2008 primarily for the construction of six “Super Projects”: US-95 widening in Las Vegas, I-515/Beltway Interchange in Henderson, Hoover Dam Bypass, I-580 Reno to Carson Freeway, Carson City Freeway, and Project NEON. Currently, the State has approximately \$659 million of highway revenue bonds (referred to herein as Existing Parity Securities) outstanding. The State is currently considering issuing approximately \$160 million of Additional Parity Securities for three consecutive years beginning no sooner than 2020; however, the timing and amount of Additional Parity Securities to be issued may change, or such issuances may not occur. See “DESCRIPTION OF THE SERIES 2018 BONDS – Security for the Series 2018 Bonds – Existing Parity Securities” and “—Additional Parity Securities” and “PARITY SECURITIES, GROSS PLEDGED REVENUES AND DEBT SERVICE REQUIREMENTS – Existing Parity Securities” in Part I of this Official Statement.

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APPENDIX A
STATE OF NEVADA
HISTORY OF STATE HIGHWAY FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
(000's omitted)

	2013	2014	2015	2016	2017
Revenues:					
Intergovernmental	\$375,228	\$337,794	\$315,819	\$480,103	\$396,896
Other taxes ⁽¹⁾	206,233	237,925	227,372	270,164	306,098
Licenses, fees and permits	183,328	194,200	206,476	221,314	226,586
Sales and charges for services	13,860	15,446	15,891	17,205	16,354
Interest and investment income	650	(1,975)	3,208	5,894	1,189
Other	33,618	16,364	14,497	19,825	17,073
Total revenues	812,917	799,754	783,263	1,014,505	964,196
Expenditures:					
Current:					
Law, justice and public safety	149,803	159,597	158,936	188,807	186,568
Transportation	578,231	452,820	635,049	816,275	946,857
Intergovernmental	87,244	78,361			
Debt Service: ⁽²⁾					
Principal	-	-	-	-	
Interest	2	2	-	-	
Debt Issuance Costs ⁽³⁾	-	655	-	1,024	1,046
Total expenditures	815,280	691,435	793,985	1,006,106	1,134,471
Excess (deficiency) of revenues over expenditures	(2,363)	108,319	(10,722)	8,399	(170,275)
Other Financing Sources (Uses):					
Proceeds from sale of bonds	-	100,674	-	201,031	186,047
Proceeds from sale of capital assets	-	61	61	-	
Operating transfers in	4,806	3,972	3,809	6,374	14,466
Operating transfers out	(7,494)	(8,276)	(12,974)	(21,082)	(12,921)
Total other financing sources (uses)	(2,688)	96,431	(9,104)	186,323	187,592
Excess deficiency of revenues and other financing sources over expenditures and other financing uses	(5,051)	204,750	(19,826)	194,722	17,317
Fund balances, July 1⁽⁴⁾ (as restated)	154,058	149,007	353,757	338,017	527,964
Fund balances, June 30	\$149,007	\$353,757	\$333,931	\$532,739	\$545,281

⁽¹⁾ This line item includes the Fuel Taxes reported in the table under "STATE FUNDING - Fuel Taxes" in this Part III.

⁽²⁾ This does not refer to debt service on the Parity Securities, but to debt service payments on other Highway Fund obligations.

⁽³⁾ This is for issuing State Highway Improvement Revenue Bonds

⁽⁴⁾ The beginning balance of fiscal year 2016 is restated due to a prior period adjustment for \$4,085,616 and the beginning balance of fiscal year 2017 is restated due to a prior period adjustment for -\$4,774,916.

Source: State's Comprehensive Annual Financial Statements 2013-2017.

APPENDIX B

**STATE OF NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2017
(EXCLUDING THE INTRODUCTORY SECTION AND THE STATISTICAL SECTION)**

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FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Nevada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following:

- the financial statements of the Housing Division, which is a major fund, represent 27.93 percent of the assets and deferred outflows of resources, 11.99 percent of net position, and 3.53 percent of the revenues of the business-type activities;
- the financial statements of the Nevada System of Higher Education, which is a discretely presented component unit, represent 96.86 percent of assets and deferred outflows of resources, 99.75 percent of net position, and 97.56 percent of revenues of the discretely presented component units;
- the financial statements of the Self Insurance and Insurance Premiums Internal Service Funds which, in the aggregate, represent less than one percent of the assets and deferred outflows of resources and the net position, and 1.75 percent of the revenues of the aggregate remaining fund information;

- the financial statements of the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees’ Fund, which in the aggregate represent 62.02 percent of the assets and deferred outflows of resources, 63.24 percent of the net position, and 27.78 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Nevada College Savings Plan – Private Purpose Trust Fund, which represent 32.43 percent of the assets and deferred outflows of resources, 33.53 percent of the net position and 56.69 percent of the revenues of the aggregate remaining fund information;
- the financial statements of the Retirement Benefits Investment Fund – Investment Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, net position and revenues of the aggregate remaining fund information; and
- the financial statements of the Division of Museums and History Dedicated Trust Fund, which represent less than one percent of the assets and deferred outflows of resources, fund balance and revenues of the aggregate remaining fund information.

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

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

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

Opinions

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

Change in Accounting Principle

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

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

Correction of Errors

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

Other Matters**Required Supplementary Information**

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

Other Information

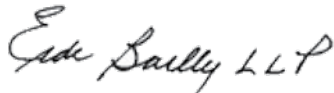
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nevada's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis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

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in cursive script that reads "Eric Bailly LLP".

Reno, Nevada
March 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

HIGHLIGHTS

Government-wide:

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

Fund-level:

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

Capital Assets and Long-term Debt:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements:

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

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

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

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

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

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

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

Fund Financial Statements:

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

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

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

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

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

Notes to the Financial Statements:

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

Required Supplementary Information:

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

Other Supplementary Information:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

Net Position:

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

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

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

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

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

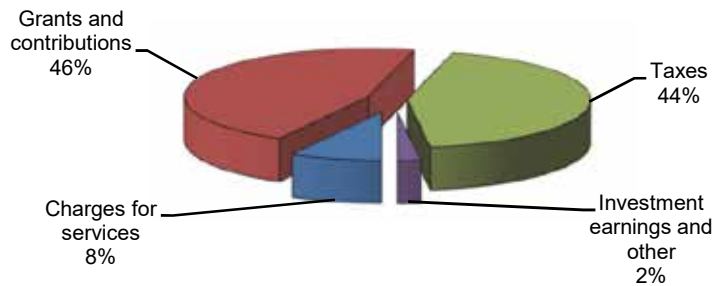
	Governmental Activities		Business-type Activities		Total		Total Change
	2017	2016	2017	2016	2017	2016	2017-2016
Revenues							
Program revenues							
Charges for services	\$ 902,110	\$ 885,646	\$ 123,222	\$ 120,146	\$ 1,025,332	\$ 1,005,792	\$ 19,540
Operating grants and contributions	5,076,398	4,791,688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

Changes in Net Position:

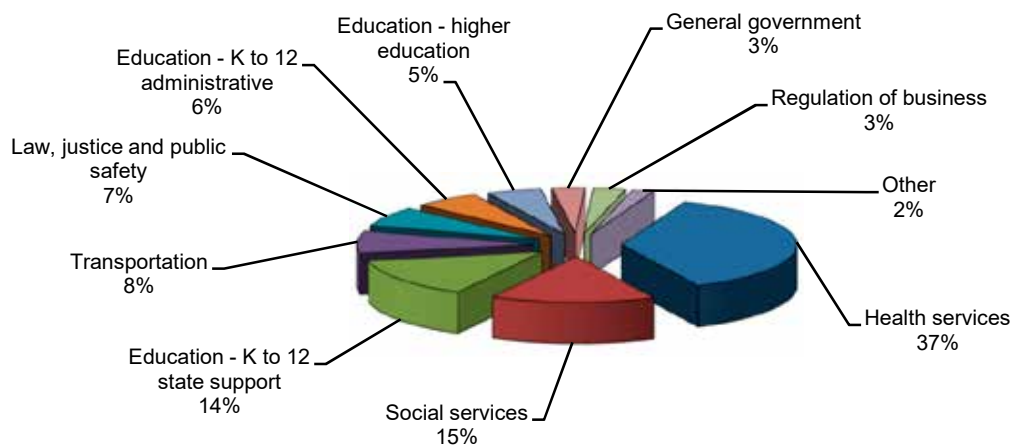
Total government-wide revenues increased by \$668.7 million during the current year. The increase in revenues is a result of several factors, including increases of \$309.3 million in federal funding, \$156.1 million in other taxes, \$66.1 million in sales and use taxes, \$57.1 million in insurance premium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

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

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



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

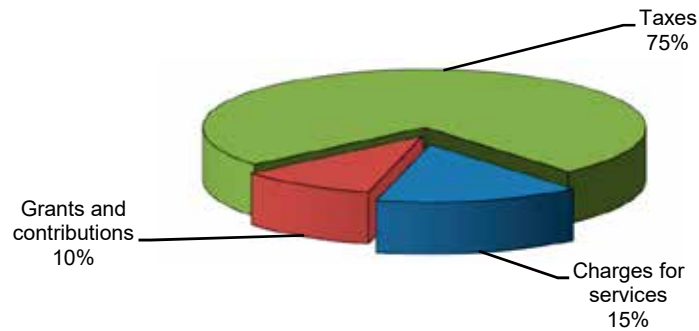


The following table depicts the total program revenues and expenses for each function of governmental activities:

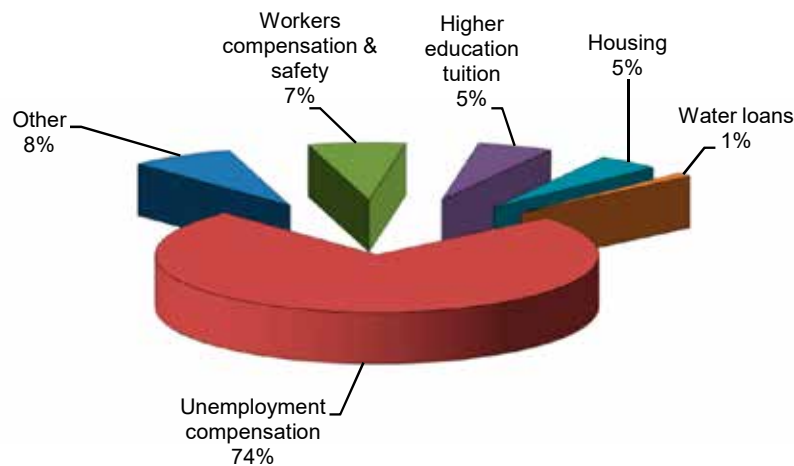
Revenues and Expenses by Function: Governmental Activities (expressed in thousands)		
	Expenses	Revenues
General government	\$ 351,831	\$ 203,845
Health services	3,957,042	3,162,007
Social services	1,545,446	1,187,013
Education - K-12 state support	1,478,773	3,835
Education - K-12 administration	580,719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

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

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



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



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

Revenues and Expenses by Function: Business-type Activities (expressed in thousands)			
	Expenses		Revenues
Unemployment compensation	\$	313,306	\$ 22,046
Housing		19,316	29,365
Water loans		4,802	32,832
Workers' compensation		30,011	45,729
Higher education tuition		23,383	41,436
Other		32,181	35,179
Total	\$	422,999	\$ 206,587

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

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds:

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

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

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

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

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

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

General Fund Expenditures (expressed in thousands)

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

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

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

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

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

Proprietary Funds:

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

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

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

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

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

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

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

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

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

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

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

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

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets:

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

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

<u>Condition Level of the Roadways</u>					
Percentage of roadways with an IRI of less than 95					
	Category				
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

<u>Condition Level of the Roadways</u>					
Percentage of roadways with an IRI of less than 80					
	Category				
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%

<u>Condition Level of the Bridges</u>			
Percentage of substandard bridges			
	<u>2016</u>	<u>2012</u>	<u>2011</u>
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	2%	4%	4%

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

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

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

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

Long-term Debt Administration:

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

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

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

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

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

Requests for Information

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

BASIC FINANCIAL SECTION

Statement of Net Position

NEVADA

June 30, 2017 (Expressed in Thousands)

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

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

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

Statement of Activities

NEVADA

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

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

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

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

Balance Sheet

Governmental Funds

June 30, 2017

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

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

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

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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

NEVADA

June 30, 2017

Total fund balances - governmental funds

\$ 2,118,900,614

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 153,068,404	
Construction in progress	124,009,332	
Infrastructure assets	4,622,006,975	
Rights-of-way	705,357,558	
Buildings	1,770,808,072	
Improvements other than buildings	127,696,406	
Furniture and equipment	387,032,725	
Software costs	275,932,371	
Accumulated depreciation/amortization	(1,222,774,384)	
Total capital assets		6,943,137,459

Some of the State's revenues collected after year-end are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable deferred inflows of resources in the funds.

420,277,813

Intergovernmental receivable not providing current resources.

209,921

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

13,380,918

The loss on early retirement of debt is reported as a deferred outflow of resources on the statement of net position and is amortized over the original remaining life of the old debt, or the life of the new debt, whichever is less.

70,312,483

Deferred outflow of resources related to pensions are not reported in the governmental funds.

348,576,865

Deferred inflow of resources related to pensions are not reported in the governmental funds.

(174,864,484)

Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.

(7,567,789)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Net pension obligation	(2,110,227,448)	
Bonds payable	(2,196,496,654)	
Accrued interest on bonds	(17,629,889)	
Certificates of participation	(86,041,521)	
Capital leases	(17,363,351)	
Compensated absences	(93,373,620)	
Pollution remediation liability	(2,525,000)	
Total long-term liabilities		(4,523,657,483)

Net position of governmental activities

\$ 5,208,706,317

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2017

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

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

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

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

NEVADA

For the Fiscal Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ 259,471,303

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, the amounts are:

Capital outlay	\$ 172,823,700	
Depreciation expense	(70,648,378)	
Excess of capital outlay over depreciation expense		102,175,322

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from:

Bonds issued	(205,371,342)	
Refunding bonds issued	(12,107,158)	
Refunding certificates of participation issued	(3,730,000)	
Premiums on debt issued	(24,749,208)	
Total bond proceeds		(245,957,708)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond principal retirement	158,648,177	
Certificates of participation retirement	3,966,000	
Payments to the bond refunding agent	18,768,425	
Capital lease payments	2,164,456	
Total long-term debt repayment		183,547,058

Internal service funds are used to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

5,981,503

Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered "available" and are not reported as revenues in the governmental funds. Unavailable deferred inflows of resources changed by this amount.

22,795,550

In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the the change in net assets differs from the change in fund balance by the cost of the asset sold.

(962,227)

Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.

(11,619,985)

Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.

36,413,602

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of the net change in:

Pension costs, net	(9,670,670)	
Accrued interest payable	3,346,894	
Compensated absences	(4,350,493)	
Long term due to component unit	24,362,000	
Settlement agreement liability	9,052,211	
Pollution remediation liability	(2,525,000)	
Total additional expenditures		20,214,942

Change in net position of governmental activities \$ 372,059,360

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

Statement of Net Position

Proprietary Funds

June 30, 2017

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

(Continued)

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

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities

59,243
\$ 1,724,660,386

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

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

NEVADA

For the Fiscal Year Ended June 30, 2017

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

Adjustment for the net effect of the current year activity
between the internal service funds and the enterprise funds.

169,547

Change in net position of business-type activities

\$ 554,731,404

Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2017

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

(Continued)

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

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

Statement of Fiduciary Net Position

Fiduciary Funds

NEVADA

June 30, 2017

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

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

NEVADA

For the Fiscal Year Ended June 30, 2017

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

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

Combining Statement of Net Position Discretely Presented Component Units

NEVADA

June 30, 2017

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

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

Combining Statement of Activities Discretely Presented Component Units

NEVADA

For the Fiscal Year Ended June 30, 2017

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

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Note 1 - Summary of Significant Accounting Policies

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

Fiduciary Component Units: The following fiduciary component units are legally separate from the State. The State is financially accountable for these organizations since it appoints the voting majority of the boards and is able to

impose its will on them through the ability to remove appointed members of the organization's governing board. Since these component units are fiduciary in nature, they are included only in the fund financial statements with the primary government's fiduciary funds. Therefore, these component units are excluded from the government-wide financial statements.

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

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

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

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

(Note 1 Continued)

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

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

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

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

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

Public Employees' Retirement System
Carson City, NV

Legislators' Retirement System

Carson City, NV

Judicial Retirement System

Carson City, NV

Retirement Benefits Investment Fund

Carson City, NV

Nevada System of Higher Education

Reno, NV

Colorado River Commission

Las Vegas, NV

Nevada Capital Investment Corporation

Carson City, NV

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

C. Basis of Presentation

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

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

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

(Note 1 Continued)

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

Additionally, the State reports the following fund types:

Internal Service Funds - provides goods or services primarily to other agencies or funds of the State rather than to the general public. These goods and services include accounting, communications, information technology, fleet services,

personnel, printing, property management, purchasing and risk management. In the government-wide statements, internal service funds are included with governmental activities.

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

(Note 1 Continued)

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

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

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

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

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

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

Investments - Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are generally reported at cost, which approximates fair value, except for the short-term investments of the Nevada College Savings Plan that are valued at amortized cost, which approximates fair value. Securities, traded on a national or international exchange, are valued at the last reported sale price at current exchange rates. Fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is established by independent third party valuation firm in conjunction with Member Appraisal

Institute (MAI) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

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

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

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

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

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

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

(Note 1 Continued)

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

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

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

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

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

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition. Collections are capitalized at the acquisition value at the date of donation. Depreciation is computed on a straight-line basis over

estimated useful lives of 40 years for buildings, 10 to 15 years for land improvements and 3 to 18 years for library books, machinery and equipment. Additional disclosure related to capital assets is provided in Note 7.

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

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

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

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

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

(Note 1 Continued)

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

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

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

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

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

Net Position/Fund Balance Flow Assumptions - The State's policy is to spend restricted amounts first when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available. Therefore, restricted net position/fund balance is depleted before using unrestricted net position/fund balance. In governmental funds, when an expenditure is incurred for purposes for which amounts in any

of the unrestricted fund balance classifications could be used, the assumed order of spending is first committed, assigned and then unassigned.

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

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

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

F. Revenues and Expenditures/Expenses

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

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

(Note 1 Continued)

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

regulations, which include subjecting grants to financial and compliance audits.

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

Note 2 - Budgetary and Legal Compliance

Budgetary Process and Control

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

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

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

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

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

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

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

Note 3 - Deposits and Investments

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

A. Deposits

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

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

B. Investments

NRS 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit, asset-backed securities, bankers' acceptances and commercial paper, collateralized mortgage obligations, corporate notes, municipal bonds, money market mutual funds whose policies meet the criteria set forth in the statute, United States treasury securities, and specific securities implicitly guaranteed by the federal government. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements. The

State's Permanent School Fund is further limited by statute as to the types of investments in which it may invest (NRS 355.060). Cash and Investments are also discussed in Note 1 under Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance.

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

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

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

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

(Note 3 Continued)

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

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

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

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

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

Primary Government, Private Purpose Trust, Pension and Other Employee Benefit Trust, and Investment Trust Funds - NRS 355.140, the State Treasurer’s investment policy, and investment policies of the pension and other employee benefit

trust and investment trust funds all address credit risk. A summary of the policies is presented as follows:

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2017

NEVADA

(Note 3 Continued)

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

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

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

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

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

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

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

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

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

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

(Note 3 Continued)

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

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

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

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

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

(Note 3 Continued)

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

C. Securities Lending

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

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

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

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

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

D. Derivatives

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

(Note 3 Continued)

Private Purpose Trust Fund – Certain investments in the Nevada College Savings Plan are managed by Putnam Investment Management through Putnam sponsored portfolios (the Portfolios) and mutual funds. The Portfolios use six types of derivatives: options, futures contracts, forward currency contracts, total return swap contracts, interest rate swap contracts, and credit default contracts. Currently, there is no written investment policy with regard to derivatives for the Portfolios. All six types of derivatives are considered

investments. The fair value amount in the table below represents the unrealized appreciation (depreciation) from derivative instruments and is reported in the Statement of Fiduciary Net Position. The net increase (decrease) in fair value is reported as investment income on the Statement of Changes in Fiduciary Net Position. The Portfolios' investment derivative instruments as of June 30, 2017, and changes in fair value for the year then ended are summarized in the following table (expressed in thousands):

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

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

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

in the value of the futures contract. Such receipts or payments are known as "variation margin."

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

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

(Note 3 Continued)

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

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

The Portfolios entered into OTC and/or centrally cleared credit default contracts to manage credit risk and market risk, and gain exposure on individual names and/or baskets of securities. In an OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. The OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. In addition to bearing the risk that

the credit event will occur, the Portfolios could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that it may be unable to close out its position at the same time or at the same price as if it had purchased the underlying reference obligations. In certain circumstances, the Portfolios may enter into offsetting OTC and centrally cleared credit default contracts which could mitigate their risk of loss. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position. The Portfolios' maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the Portfolios and the counterparty and for centrally cleared credit default contracts through the daily exchange of the variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the Portfolios are a seller of protection, the maximum potential amount of future payments it may be required to make is equal to the notional amount.

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2017

NEVADA

(Note 3 Continued)

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

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

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

Note 4 - Receivables

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2017

NEVADA

Note 5 - Interfund Transactions

A. Interfund Advances

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

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

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

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

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

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2017

NEVADA

(Note 5 Continued)

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

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

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

(Note 5 Continued)

C. Transfers From/Transfers To Other Funds

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

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

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

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

Note 6 - Restricted Assets

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

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

Note 7 - Capital Assets

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

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

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2017

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(Note 7 Continued)

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

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

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

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

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

Note 8 - Capital Lease Receivable

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

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

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

Note 9 - Short-Term Obligations

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

Note 10 - Long-Term Obligations
A. Changes in Long-Term Liabilities

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

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

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

B. Bonds Payable

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

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

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For the Fiscal Year Ended June 30, 2017

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(Note 10 Continued)

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

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

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

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

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

C. Constitutional Debt Limitations

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

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

(Note 10 Continued)

D. Nevada Municipal Bond Bank

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

E. Refunded Debt and Redemptions

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

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

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

F. Capital Leases

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

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

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

(Note 10 Continued)

G. Certificates of Participation

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

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

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

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

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

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

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

H. Tuition Benefits Payable

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

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

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

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

I. Arbitrage Rebate Requirement

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

(Note 10 Continued)

J. Conduit Debt Obligations

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

K. Pledged Revenue

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

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

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

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

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

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

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(Note 10 Continued)

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

L. Pollution Remediation Obligation

Currently there are four sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated

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

Post remediation and site closure	\$	375
Site assessment		150
Site remediation		2,000
Total pollution remediation obligation	\$	<u>2,525</u>

M. Component Unit Obligations

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

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

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

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

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

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

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

(Note 10 Continued)

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

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

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

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

Note 11 - Pensions and Other Employee Benefits

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

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

A. Public Employees' Retirement System of Nevada

Plan Description – The Public Employees' Retirement System (PERS) was established in 1947 by the Nevada Legislature and is governed by the Public Employees' Retirement

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

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

(Note 11 Continued)

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

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

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

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

B. Legislators' Retirement System of Nevada

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 8% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions

(Note 11 Continued)

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

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

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

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

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

C. Judicial Retirement System of Nevada

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

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

Retirees and beneficiaries currently receiving benefits	70
Inactive vested members	2
Active members	107
Total	<u><u>179</u></u>

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

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

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

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

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

(Note 11 Continued)

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

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

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

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

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

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

Investment Policy – The Retirement Board evaluates and establishes the investment portfolio target asset allocations and the expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class.

The Board reviews these asset allocations and capital market expectations annually. The System’s target asset allocations and current long-term expected real rates of return for each asset class included in the fund’s investment portfolio as of June 30, 2016, are included in the following table:

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

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

(Note 11 Continued)

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

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

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

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

D. Other Postemployment Benefits

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

The Retirees’ Fund issues a stand-alone financial report that includes financial statements and required supplementary information. The State reports the Retirees’ Fund as a trust

fund. The Retirees’ Fund financial report may be obtained from Public Employees’ Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

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

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

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

Note 12 - Risk Management

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

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

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

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

There was no insurance coverage for excess liability insurance.

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

A. Self-Insurance Fund

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Self-Insurance Fund and currently, in addition to the State, there are five public employers whose employees are covered under the plan. Additionally, all retirees of public employers contracted with the Self-Insurance Fund to provide coverage to their active employees are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their

retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, the State, the Nevada System of Higher Education and one hundred twenty-two public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of ten members, nine members appointed by the Governor, and the Director of the Department of Administration or their designee.

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

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

B. Insurance Premiums Fund

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

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

(Note 12 Continued)

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

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

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

At June 30, 2017, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. The liability for estimated losses from reported

and unreported claims in excess of the amounts paid for the workers' compensation policies is determined using standard actuarial techniques, which take into account claims history and loss development factors for similar entities. Incurred but not reported claims liabilities are included in the reserve for losses.

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

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

Note 13 - Fund Balances and Net Position

A. Net Position-Restricted by Enabling Legislation

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

B. Governmental Fund Balances

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

(Note 13 Continued)

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

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

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

(Note 13 Continued)

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

Internal Service Funds:

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

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

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

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

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

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

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

Note 14 - Principal Tax Revenues

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

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

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

Modified Business Tax is imposed at different rates for businesses, financial institutions and mining. Businesses other than financial institutions and mining are assessed a tax at a rate of 1.475% per calendar quarter for amounts

the wages exceed \$50,000. Modified Business Tax is imposed on financial institutions and mining at 2% on gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

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

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

(Note 14 Continued)

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

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

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

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

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

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

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

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

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

Note 15 - Works of Art and Historical Treasures

The State possesses certain works of art, historical treasures, and similar assets that are not included in the capital assets shown in Note 7. The mission of the Lost City Museum in Overton is to study, preserve, and protect prehistoric Pueblo sites found in the Moapa Valley and adjacent areas and to interpret these sites through exhibits and public programs. In Reno, the Nevada Historical Society exhibits and maintains a large number of historical collections preserving the cultural heritage of Nevada. These collections are divided into four sections: library, manuscripts, photography, and museum. The Nevada State Museum in Carson City collects, preserves, and documents three general types of collections: anthropology, history, and natural history as it relates to Nevada and the Great Basin. The mission of the Nevada State Museum, Las Vegas, is to inspire and educate a diverse public about the history and natural history of Nevada. Its major collections include transportation, mining, and tourism as well as daily artifacts such as clothing, historical correspondence, business records, and photography. The Nevada State Railroad Museum, which is located in Carson City, is dedicated to educating visitors and the community through the collec-

tion, preservation and interpretation of objects directly related to railroads and railroading in Nevada. The East Ely Depot Museum, located in the historic Nevada Northern Railroad Depot building, exhibits artifacts, documents, and photographs of early Eastern Nevada mining and railroad transportation. In Boulder City, the Nevada State Railroad Museum displays and operates locomotives. The Nevada Arts Council with locations in Carson City and Las Vegas exhibits artwork. Its mission is to enrich the cultural life of the State and make excellence in the arts accessible to all Nevadans.

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

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

Note 16 - Tax Abatements

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

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

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

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

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

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

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

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

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

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

(Note 16 Continued)

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

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

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

Capital Investment of at least \$1 Billion Tax Abatement (NRS 360.893) - The partial abatements include personal property, modified business, real property, or local sales and use taxes for companies that have a minimum capital investment of \$1 billion dollars within 10 years of approval of the abatement application. The personal property, modified business and real property tax abatement can be up to 75% of the taxes due for an abatement period of not more than 10 years. Abatements for local sales and use tax are for taxes imposed on the purchase of eligible personal property and construction materials for an abatement period of not more than 15 years. The State's 2% portion of the sales and use tax is not abated. As a condition of approving a partial abatement of taxes pursuant to NRS 360.880 to 360.896, inclusive, the Executive Director of the Office of Economic Development, if he or she determines it to be in the best interests of the State of Nevada, may require the lead participant to pay at such a time or times as deemed appropriate, an amount of money equal to all or a portion of the abated taxes into a trust fund in the State Treasury

to be held until all or portion of the requirements for the partial abatement have been met. Interest and income earned on money in the trust fund must be credited to the trust fund. Any money remaining in the trust fund at the end of the fiscal year does not revert to the State General Fund, and the balance in the trust fund must be carried forward to the next fiscal year. This is effective through June 30, 2032.

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

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

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

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

(Note 16 Continued)

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

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

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

period of not less than 10 years, and bind any successors to the same. This is effective through June 30, 2049.

Real and Personal Property Tax Abatement (NRS 701A.370)

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

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

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

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

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

Note 17 - Commitments and Contingencies**A. Primary Government**

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

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

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

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

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

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

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

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

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

(Note 17 Continued)

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

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

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

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

B. Discretely Presented Component Units

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

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

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

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

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

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

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

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

Note 18 - Subsequent Events

A. Primary Government

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

B. Discretely Presented Component Units

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

C. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), which improves accounting and financial reporting by state and local governments for

postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support of OPEB that is provided by other entities. GASB 75 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

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

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

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

Note 19 - Accounting Changes and Restatements

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

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

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

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

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

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

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule

General Fund and Major Special Revenue Funds

For the Fiscal Year Ended June 30, 2017

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

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

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Notes to Required Supplementary Information Budgetary Reporting

NEVADA

For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

Total fund balance (budgetary basis)	\$ 1,014,987
Restricted funds	(587,927)
Unrestricted fund balance (budgetary basis)	<u>\$ 427,060</u>

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

Pension Plan Information

For the Fiscal Year Ended June 30, 2017

A. Multiple-employer Cost Sharing Plan

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

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

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

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

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

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

B. Single-employer Plan

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

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

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

(Continued)

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

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

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

C. Agent Multiple-employer Plan

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

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

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

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

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

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

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

Schedule of Infrastructure Condition and Maintenance Data

NEVADA

For the Fiscal Year Ended June 30, 2017

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

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

Condition Level of the Roadways					
Percentage of roadways with an IRI of less than 95					
	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2016 condition assessment	91%	88%	92%	66%	30%
Actual results of 2015 condition assessment	87%	82%	85%	45%	13%

Condition Level of the Roadways					
Percentage of roadways with an IRI of less than 80					
	Category				
	I	II	III	IV	V
State Policy-minimum percentage	70%	65%	60%	40%	10%
Actual results of 2014 condition assessment	84%	71%	62%	33%	7%

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

Condition Level of the Bridges			
Percentage of substandard bridges			
	2016	2012	2011
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	2%	4%	4%

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

Maintenance and Preservation Costs					
(Expressed in Thousands)					
	2017	2016	2015	2014	2013
Estimated	\$ 171,755	\$ 306,532	\$ 386,093	\$ 433,338	\$ 402,650
Actual	157,670	295,244	329,677	360,510	325,313

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

COMBINING STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

Higher Education Capital Construction Accounts for the first \$5,000,000 and 20% of the remaining annual slot machine tax, which is designated for capital construction and payment of principal and interest of construction bonds for higher education (NRS 463.385).

Cleaning Up Petroleum Discharges Accounts for fees collected and claims paid related to the use, storage or discharge of petroleum (NRS 590.830).

Hospital Care to Indigent Persons Accounts for taxes levied to provide care to indigent persons hospitalized from motor vehicle accidents, and for taxes received and payments to counties for supplemental medical assistance to indigent persons (NRS 428.175).

Tourism Promotion Accounts for room taxes and other monies designated for the support of the Commission on Tourism (NRS 231.250).

Offenders' Store Accounts for operations of the general merchandise stores and snack bars used by offenders. Earnings, except interest, must be expended for the welfare and benefit of all offenders (NRS 209.221).

Tobacco Settlement Accounts for proceeds from settlement agreements with and civil actions against manufacturers of tobacco products, forty percent of which is allocated to the Millennium Scholarship fund for the purpose of increasing the number of State residents who enroll in and attend a university or community college of the Nevada System of Higher Education (NRS 396.926), and sixty percent of which is allocated to the Healthy Nevada fund (NRS 439.620) for the purpose of assisting Nevada residents in obtaining and maintaining good health.

Attorney General Settlement Accounts for receipts from the National Mortgage Settlement for purposes of foreclosure relief and housing programs.

Gift Accounts for gifts and grants received by the Department of Conservation and Natural Resources (NRS 232.070), the Department of Wildlife (NRS 501.3585), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090), the Division of State Parks (NRS 407.075), the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960), and the Department of Health and Human Services (NRS 232.355).

Natural Resources Accounts for grants to publicly owned water systems for water conservation and capital improvements (NRS 349.952).

NV Real Property Corp General Fund Accounts for the general fund activity of the Nevada Real Property Corporation, a blended component unit incorporated to finance certain construction projects.

Miscellaneous Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); and the office of advocate for customers of public utilities (NRS 228.310). It also accounts for private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031; receipts for the care of sites for the disposal of radioactive waste (NRS 459.231); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215).

NONMAJOR DEBT SERVICE FUNDS

Consolidated Bond Interest and Redemption Fund

Accumulates monies for the payment of leases and of principal and interest on general obligation bonds of the State (NRS 349.090).

Highway Revenue Bonds Accumulates monies for the payment of principal and interest on highway revenue bonds of the State (NRS 349.300).

NONMAJOR CAPITAL PROJECTS FUNDS

Parks Capital Project Construction Accounts for the parks improvements program for the Division of State Parks of the Department of Conservation and Natural Resources (NRS 407.065).

Capital Improvement Program - Motor Vehicle Accounts for capital improvement projects for the Department of Motor Vehicles and Public Safety (NRS 341.146).

Capital Improvement Program - Human Resources Accounts for capital improvement projects for the Department of Health and Human Services (NRS 341.146).

Capital Improvement Program - University System Accounts for capital improvement projects for the Nevada System of Higher Education (NRS 341.146).

Capital Improvement Program - General State Government Accounts for capital improvement projects for general government (NRS 341.146).

Capital Improvement Program - Prison System Accounts for capital improvement projects for the Department of Corrections (NRS 341.146).

Capital Improvement Program - Military Accounts for capital improvement projects for the Department of Military (NRS 341.146).

Capital Improvement Program - Wildlife Accounts for capital improvement projects for the Department of Wildlife (NRS 341.146).

NONMAJOR PERMANENT FUND

Henry Wood Christmas Fund Accounts for the bequest of the late Henry Wood to provide Christmas gifts to orphans.

Combining Balance Sheet Nonmajor Governmental Funds

NEVADA

June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 200,979,988	\$ 156,930,909	\$ 70,032,438	\$ 51,321	\$ 427,994,656
Cash in custody of other officials	70,396,752	-	-	-	70,396,752
Investments	1,579,068	-	-	-	1,579,068
<i>Receivables:</i>					
Accounts receivable	72,023,652	-	-	-	72,023,652
Taxes receivable	627,281	-	-	-	627,281
Intergovernmental receivables	5,923,084	413,900	1,716,377	-	8,053,361
Accrued interest and dividends	2,304	16,863	-	-	19,167
Capital lease receivable	49,495,000	-	-	-	49,495,000
Due from other funds	31,490,614	2,437,744	57,248,545	236	91,177,139
Due from fiduciary funds	1,153,156	-	-	-	1,153,156
Due from component units	192,147	-	-	-	192,147
Inventory	438,546	-	-	-	438,546
Advances to other funds	-	451,910	-	-	451,910
Prepaid items	10,943	-	-	-	10,943
Total assets	\$ 434,312,535	\$ 160,251,326	\$ 128,997,360	\$ 51,557	\$ 723,612,778
Liabilities					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 7,995,422	\$ 24,822	\$ 4,103	\$ -	\$ 8,024,347
Accrued payroll and related liabilities	1,885,086	-	-	-	1,885,086
Intergovernmental payables	1,192,907	-	10,311	-	1,203,218
Contracts payable	-	-	8,656,152	-	8,656,152
Retention payable	-	-	2,229,174	-	2,229,174
Due to other funds	24,395,127	4,430	8,970,905	420	33,370,882
Due to fiduciary funds	10,994	-	-	-	10,994
Due to component units	3,173,207	-	15,030,154	-	18,203,361
Unearned revenues	1,325,857	-	-	-	1,325,857
Other liabilities	3,799,881	-	-	-	3,799,881
Total liabilities	43,778,481	29,252	34,900,799	420	78,708,952
Deferred Inflows of Resources					
<i>Unavailable revenue:</i>					
Licenses, fees and permits	107	-	-	-	107
Sales and charges for services	16,895	-	-	-	16,895
Settlement income	19,078,822	-	-	-	19,078,822
Lease principal payments	49,495,000	-	-	-	49,495,000
Interest	360,512	146,514	49,910	44	556,980
Other	381,913	-	-	-	381,913
Total deferred inflows of resources	69,333,249	146,514	49,910	44	69,529,717
Fund Balances					
Nonspendable	449,489	-	-	30,000	479,489
Restricted	201,659,336	30,123,905	56,833,496	21,093	288,637,830
Committed	119,091,980	129,951,655	37,213,155	-	286,256,790
Total fund balances	321,200,805	160,075,560	94,046,651	51,093	575,374,109
Total liabilities, deferred inflows of resources and fund balances	\$ 434,312,535	\$ 160,251,326	\$ 128,997,360	\$ 51,557	\$ 723,612,778

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

NEVADA

For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Gaming taxes, fees, licenses	\$ 13,366,175	\$ -	\$ -	\$ -	\$ 13,366,175
Property and transfer taxes	13,180,018	147,312,251	-	-	160,492,269
Motor and special fuel taxes	-	78,896,289	-	-	78,896,289
Other taxes	252,662,304	-	-	-	252,662,304
Intergovernmental	85,228,607	4,897,524	9,996,710	-	100,122,841
Licenses, fees and permits	23,635,040	-	-	-	23,635,040
Sales and charges for services	20,616,904	210,632	-	-	20,827,536
Interest and investment income	487,924	390,144	283,021	85	1,161,174
Settlement income	40,427,052	-	-	-	40,427,052
Other	9,692,825	6	54	-	9,692,885
Total revenues	459,296,849	231,706,846	10,279,785	85	701,283,565
Expenditures					
<i>Current:</i>					
General government	32,329,966	366,782	-	-	32,696,748
Health services	330,836	-	-	-	330,836
Social services	88,325,613	-	-	-	88,325,613
Education - K-12 administrative	20,397	-	-	-	20,397
Education - higher education	-	-	10,941,482	-	10,941,482
Law, justice and public safety	27,803,706	-	-	-	27,803,706
Regulation of business	21,282,499	-	-	-	21,282,499
Recreation, resource development	31,677,374	-	-	-	31,677,374
Capital outlay	-	-	49,295,469	-	49,295,469
<i>Debt service:</i>					
Principal	-	163,127,500	-	-	163,127,500
Interest, fiscal charges	162	98,461,266	-	-	98,461,428
Debt issuance costs	244,620	-	432,646	-	677,266
Total expenditures	202,015,173	261,955,548	60,669,597	-	524,640,318
Excess (deficiency) of revenues over expenditures	257,281,676	(30,248,702)	(50,389,812)	85	176,643,247
Other Financing Sources (Uses)					
Bonds issued	1,502,842	-	34,274,913	-	35,777,755
Refunding bonds issued	12,107,158	-	-	-	12,107,158
Premium on bonds issued	2,757,162	-	3,501,507	-	6,258,669
Payment to refunded bond agent	(14,697,052)	-	-	-	(14,697,052)
Refunding certificates of participation issued	3,730,000	-	-	-	3,730,000
Payment to refunded certificates of participation agent	(4,071,373)	-	-	-	(4,071,373)
Sale of capital assets	34,356	-	-	-	34,356
Transfers in	43,015,887	26,185,819	60,576,275	-	129,777,981
Transfers out	(248,151,531)	-	(18,772,664)	(420)	(266,924,615)
Total other financing sources (uses)	(203,772,551)	26,185,819	79,580,031	(420)	(98,007,121)
Net change in fund balances	53,509,125	(4,062,883)	29,190,219	(335)	78,636,126
Fund balances, July 1	267,691,680	164,138,443	64,856,432	51,428	496,737,983
Fund balances, June 30	\$ 321,200,805	\$160,075,560	\$ 94,046,651	\$ 51,093	\$ 575,374,109

Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2017

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 16,676,981	\$ -	\$ 13,852,170	\$ 9,926,414
Cash in custody of other officials	125	70,229,501	2,000	-
Investments	-	-	-	-
<i>Receivables:</i>				
Accounts receivable	306	50,966,376	751,628	-
Taxes receivable	313,952	-	-	-
Intergovernmental receivables	5,644,121	-	-	-
Accrued interest and dividends	-	-	-	-
Capital lease receivable	-	-	-	-
Due from other funds	738,336	53,113	206,121	3,441,236
Due from fiduciary funds	-	-	-	-
Due from component units	-	-	-	-
Inventory	-	-	-	-
Prepaid items	317	-	10,626	-
Total assets	\$ 23,374,138	\$ 121,248,990	\$ 14,822,545	\$ 13,367,650
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	\$ 1,761,868	\$ -	\$ 98,536	\$ 146
Accrued payroll and related liabilities	990,794	-	502,174	-
Intergovernmental payables	699,894	-	-	-
Due to other funds	2,712,931	515,737	1,511,114	5,826,389
Due to fiduciary funds	322	-	-	-
Due to component units	110,802	-	-	-
Unearned revenues	-	-	1,325,857	-
Other liabilities	-	-	-	-
Total liabilities	6,276,611	515,737	3,437,681	5,826,535
Deferred Inflows of Resources				
<i>Unavailable revenue:</i>				
Licenses, fees and permits	-	-	107	-
Sales and charges for services	-	-	16,895	-
Settlement income	-	-	-	-
Lease principal payments	-	-	-	-
Interest	14,373	9,992	7,316	-
Other	-	-	1,796	-
Total deferred inflows of resources	14,373	9,992	26,114	-
Fund Balances				
Nonspendable	317	-	10,626	-
Restricted	11,771,741	120,723,261	5,674,011	-
Committed	5,311,096	-	5,674,113	7,541,115
Total fund balances	17,083,154	120,723,261	11,358,750	7,541,115
Total liabilities, deferred inflows of resources and fund balances	\$ 23,374,138	\$ 121,248,990	\$ 14,822,545	\$ 13,367,650

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement
\$ 11,512,080	\$ 20,905,283	\$ 4,304,325	\$ 13,643,669	\$ 42,570,162	\$ 27,171,942
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	885,713	19,079,023	-
-	313,329	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
40,328	163,472	6,153,313	101,088	20,328,804	127,941
-	-	-	1,104,699	-	-
-	-	-	-	-	-
-	-	-	272,413	-	-
-	-	-	-	-	-
<u>\$ 11,552,408</u>	<u>\$ 21,382,084</u>	<u>\$ 10,457,638</u>	<u>\$ 16,007,582</u>	<u>\$ 81,977,989</u>	<u>\$ 27,299,883</u>
\$ 34,355	\$ -	\$ 2,893,191	\$ 725,346	\$ 470,117	\$ 616,253
-	-	78,175	136,313	9,611	63,703
-	-	278,226	455	87,223	-
4,033,208	-	19,714	800,777	2,242,879	298,667
-	-	-	10,461	-	211
-	-	-	-	61,133	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,067,563</u>	<u>-</u>	<u>3,269,306</u>	<u>1,673,352</u>	<u>2,870,963</u>	<u>978,834</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,078,822	-
-	-	-	-	-	-
7,587	30,754	134	18,510	33,736	24,070
-	-	-	374,246	-	-
<u>7,587</u>	<u>30,754</u>	<u>134</u>	<u>392,756</u>	<u>19,112,558</u>	<u>24,070</u>
-	-	-	272,413	-	-
-	-	-	13,669,061	-	26,296,979
7,477,258	21,351,330	7,188,198	-	59,994,468	-
<u>7,477,258</u>	<u>21,351,330</u>	<u>7,188,198</u>	<u>13,941,474</u>	<u>59,994,468</u>	<u>26,296,979</u>
<u>\$ 11,552,408</u>	<u>\$ 21,382,084</u>	<u>\$ 10,457,638</u>	<u>\$ 16,007,582</u>	<u>\$ 81,977,989</u>	<u>\$ 27,299,883</u>

Combining Balance Sheet Nonmajor Special Revenue Funds

NEVADA

June 30, 2017

Page 2 of 2

	Gift	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 2,407,435	\$ 4,570,510	\$ 468,087	\$ 32,970,930	\$ 200,979,988
Cash in custody of other officials	20,658	-	35	144,433	70,396,752
Investments	259,296	-	-	1,319,772	1,579,068
<i>Receivables:</i>					
Accounts receivable	193,866	-	-	146,740	72,023,652
Taxes receivable	-	-	-	-	627,281
Intergovernmental receivables	-	-	-	278,963	5,923,084
Accrued interest and dividends	2,304	-	-	-	2,304
Capital lease receivable	-	-	49,495,000	-	49,495,000
Due from other funds	14,952	33,934	7,683	80,293	31,490,614
Due from fiduciary funds	-	-	-	48,457	1,153,156
Due from component units	-	-	192,147	-	192,147
Inventory	-	-	-	166,133	438,546
Prepaid items	-	-	-	-	10,943
Total assets	\$ 2,898,511	\$ 4,604,444	\$ 50,162,952	\$ 35,155,721	\$ 434,312,535
Liabilities					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 32,609	\$ 22,145	\$ -	\$ 1,340,856	\$ 7,995,422
Accrued payroll and related liabilities	-	-	-	104,316	1,885,086
Intergovernmental payables	5,350	121,759	-	-	1,192,907
Due to other funds	11,178	455,888	-	5,966,645	24,395,127
Due to fiduciary funds	-	-	-	-	10,994
Due to component units	-	-	-	3,001,272	3,173,207
Unearned revenues	-	-	-	-	1,325,857
Other liabilities	-	-	-	3,799,881	3,799,881
Total liabilities	49,137	599,792	-	14,212,970	43,778,481
Deferred Inflows of Resources					
<i>Unavailable revenue:</i>					
Licenses, fees and permits	-	-	-	-	107
Sales and charges for services	-	-	-	-	16,895
Settlement income	-	-	-	-	19,078,822
Lease principal payments	-	-	49,495,000	-	49,495,000
Interest	2,002	4,506	193,592	13,940	360,512
Other	-	-	-	5,871	381,913
Total deferred inflows of resources	2,002	4,506	49,688,592	19,811	69,333,249
Fund Balances					
Nonspendable	-	-	-	166,133	449,489
Restricted	2,376,308	4,000,146	474,360	16,673,469	201,659,336
Committed	471,064	-	-	4,083,338	119,091,980
Total fund balances	2,847,372	4,000,146	474,360	20,922,940	321,200,805
Total liabilities, deferred inflows of resources and fund balances	\$ 2,898,511	\$ 4,604,444	\$ 50,162,952	\$ 35,155,721	\$ 434,312,535

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2017

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Revenues				
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 13,366,175
Property and transfer taxes	-	-	-	-
Other taxes	14,023,879	197,108,175	44,203	-
Intergovernmental	67,057,157	-	750,013	-
Licenses, fees and permits	446,449	-	19,169,104	-
Sales and charges for services	595,488	-	3,140	-
Interest and investment income	23,367	121,655	17,986	-
Settlement income	-	-	-	-
Other	1,070	-	474,395	-
Total revenues	82,147,410	197,229,830	20,458,841	13,366,175
Expenditures				
<i>Current:</i>				
General government	-	-	-	-
Health services	-	-	-	-
Social services	77,976,361	-	-	-
Education - K-12 administrative	-	-	-	-
Law, justice and public safety	-	-	-	-
Regulation of business	-	-	20,242,545	-
Recreation, resource development	-	-	-	-
<i>Debt service:</i>				
Interest	-	-	-	162
Debt issuance costs	-	-	-	-
Arbitrage payments	-	-	-	-
Total expenditures	77,976,361	-	20,242,545	162
Excess (deficiency) of revenues over expenditures	4,171,049	197,229,830	216,296	13,366,013
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Refunding certificates of participation issued	-	-	-	-
Payment to refunded certificates of participation agent	-	-	-	-
Payment to refunded bond agent	-	-	-	-
Sale of capital assets	1,297	-	33,059	-
Transfers in	4,290,480	-	218,440	-
Transfers out	(4,144,474)	(163,461,617)	(1,678,249)	(11,688,125)
Total other financing sources (uses)	147,303	(163,461,617)	(1,426,750)	(11,688,125)
Net change in fund balances	4,318,352	33,768,213	(1,210,454)	1,677,888
Fund balances, July 1	12,764,802	86,955,048	12,569,204	5,863,227
Fund balances, June 30	\$ 17,083,154	\$ 120,723,261	\$ 11,358,750	\$ 7,541,115

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement	Gift
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	13,180,018	-	-	-	-	-
13,635,595	-	24,235,049	-	-	-	-
-	15,360,145	-	-	-	-	-
415,487	-	36,455	-	-	-	-
-	-	-	19,559,700	-	-	-
(6,424)	139,139	450	26,798	(40,084)	67,070	(27,349)
-	-	-	-	40,427,052	-	-
22	-	4,254	29,084	1,224	-	484,668
<u>14,044,680</u>	<u>28,679,302</u>	<u>24,276,208</u>	<u>19,615,582</u>	<u>40,388,192</u>	<u>67,070</u>	<u>457,319</u>
-	-	-	-	32,271,411	-	55,706
-	-	-	-	-	-	-
-	1,692,776	-	-	8,561,680	-	94,796
-	-	-	-	-	-	20,397
-	-	-	13,649,954	-	4,328,614	-
-	-	-	-	-	-	-
8,817,935	-	16,747,513	-	-	-	330,291
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>8,817,935</u>	<u>1,692,776</u>	<u>16,747,513</u>	<u>13,649,954</u>	<u>40,833,091</u>	<u>4,328,614</u>	<u>501,190</u>
<u>5,226,745</u>	<u>26,986,526</u>	<u>7,528,695</u>	<u>5,965,628</u>	<u>(444,899)</u>	<u>(4,261,544)</u>	<u>(43,871)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	27,913,690	10,000,000	420
(5,304,730)	(26,116,186)	(5,900,070)	(2,781,324)	(18,845,813)	(842,174)	-
<u>(5,304,730)</u>	<u>(26,116,186)</u>	<u>(5,900,070)</u>	<u>(2,781,324)</u>	<u>9,067,877</u>	<u>9,157,826</u>	<u>420</u>
(77,985)	870,340	1,628,625	3,184,304	8,622,978	4,896,282	(43,451)
7,555,243	20,480,990	5,559,573	10,757,170	51,371,490	21,400,697	2,890,823
<u>\$ 7,477,258</u>	<u>\$ 21,351,330</u>	<u>\$ 7,188,198</u>	<u>\$ 13,941,474</u>	<u>\$ 59,994,468</u>	<u>\$ 26,296,979</u>	<u>\$ 2,847,372</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

NEVADA

For the Fiscal Year Ended June 30, 2017

Page 2 of 2

	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Revenues				
Gaming taxes, fees, licenses	\$ -	\$ -	\$ -	\$ 13,366,175
Property and transfer taxes	-	-	-	13,180,018
Other taxes	-	-	3,615,403	252,662,304
Intergovernmental	12,292	-	2,049,000	85,228,607
Licenses, fees and permits	-	-	3,567,545	23,635,040
Sales and charges for services	-	-	458,576	20,616,904
Interest and investment income	(1,649)	15,593	151,372	487,924
Settlement income	-	-	-	40,427,052
Other	-	5,177,012	3,521,096	9,692,825
Total revenues	10,643	5,192,605	13,362,992	459,296,849
Expenditures				
<i>Current:</i>				
General government	-	2,849	-	32,329,966
Health services	-	-	330,836	330,836
Social services	-	-	-	88,325,613
Education - K-12 administrative	-	-	-	20,397
Law, justice and public safety	-	-	9,825,138	27,803,706
Regulation of business	-	-	1,039,954	21,282,499
Recreation, resource development	5,781,635	-	-	31,677,374
<i>Debt service:</i>				
Interest	-	-	-	162
Debt issuance costs	167,268	77,352	-	244,620
Arbitrage payments	-	-	-	-
Total expenditures	5,948,903	80,201	11,195,928	202,015,173
Excess (deficiency) of revenues over expenditures	(5,938,260)	5,112,404	2,167,064	257,281,676
Other Financing Sources (Uses)				
Bonds issued	1,502,842	-	-	1,502,842
Refunding bonds issued	12,107,158	-	-	12,107,158
Premium on bonds issued	2,757,162	-	-	2,757,162
Refunding certificates of participation issued	-	3,730,000	-	3,730,000
Payment to refunded certificates of participation agent	-	(4,071,373)	-	(4,071,373)
Payment to refunded bond agent	(14,697,052)	-	-	(14,697,052)
Sale of capital assets	-	-	-	34,356
Transfers in	-	-	592,857	43,015,887
Transfers out	(330,853)	(6,635,672)	(422,244)	(248,151,531)
Total other financing sources (uses)	1,339,257	(6,977,045)	170,613	(203,772,551)
Net change in fund balances	(4,599,003)	(1,864,641)	2,337,677	53,509,125
Fund balances, July 1	8,599,149	2,339,001	18,585,263	267,691,680
Fund balances, June 30	\$ 4,000,146	\$ 474,360	\$ 20,922,940	\$ 321,200,805

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Combining Balance Sheet Other Nonmajor Governmental Funds

June 30, 2017

	Debt Service Funds			Capital Projects Funds	
	Consolidated Bond Interest and Redemption	Highway Revenue Bonds	Total	Parks Capital Project Construction	CIP Motor Vehicle
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 126,807,004	\$ 30,123,905	\$ 156,930,909	\$ 508,726	\$ 4,418,704
<i>Receivables:</i>					
Intergovernmental receivables	413,900	-	413,900	-	-
Accrued interest and dividends	16,863	-	16,863	-	-
Due from other funds	2,437,744	-	2,437,744	27,283	35,580
Advances to other funds	451,910	-	451,910	-	-
Total assets	\$ 130,127,421	\$ 30,123,905	\$ 160,251,326	\$ 536,009	\$ 4,454,284
Liabilities					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 24,822	\$ -	\$ 24,822	\$ 1	\$ 3,878
Intergovernmental payables	-	-	-	-	-
Contracts payable	-	-	-	-	24,631
Retentions payable	-	-	-	-	448,605
Due to other funds	4,430	-	4,430	536,008	297,913
Due to component units	-	-	-	-	-
Total liabilities	29,252	-	29,252	536,009	775,027
Deferred Inflows of Resources					
<i>Unavailable revenue:</i>					
Interest	146,514	-	146,514	-	3,487
Total deferred inflows of resources	146,514	-	146,514	-	3,487
Fund Balances					
Restricted	-	30,123,905	30,123,905	-	4,119,767
Committed	129,951,655	-	129,951,655	-	(443,997)
Total fund balances	129,951,655	30,123,905	160,075,560	-	3,675,770
Total liabilities, deferred inflows of resources and fund balances	\$ 130,127,421	\$ 30,123,905	\$ 160,251,326	\$ 536,009	\$ 4,454,284

Capital Projects Funds

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
\$ 2,661,149	\$ 5,992,824	\$ 6,598,396	\$ 5,192,843	\$ 80,661	\$ 44,579,135	\$ 70,032,438
-	367,655	-	1,348,722	-	-	1,716,377
-	-	-	-	-	-	-
16,864,003	4,620,134	2,362,674	33,112,190	12,752	213,929	57,248,545
-	-	-	-	-	-	-
<u>\$ 19,525,152</u>	<u>\$ 10,980,613</u>	<u>\$ 8,961,070</u>	<u>\$ 39,653,755</u>	<u>\$ 93,413</u>	<u>\$ 44,793,064</u>	<u>\$ 128,997,360</u>
\$ -	\$ -	\$ -	\$ 224	\$ -	\$ -	\$ 4,103
-	-	6,120	-	4,191	-	10,311
3,258,943	1,980,798	1,943,379	1,417,419	30,982	-	8,656,152
1,104,824	278,319	112,438	284,988	-	-	2,229,174
125,055	946,553	860,072	75,490	350	6,129,464	8,970,905
15,030,154	-	-	-	-	-	15,030,154
<u>19,518,976</u>	<u>3,205,670</u>	<u>2,922,009</u>	<u>1,778,121</u>	<u>35,523</u>	<u>6,129,464</u>	<u>34,900,799</u>
6,176	-	-	-	-	40,247	49,910
<u>6,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,247</u>	<u>49,910</u>
-	3,985,074	5,604,002	4,443,410	57,890	38,623,353	56,833,496
-	3,789,869	435,059	33,432,224	-	-	37,213,155
-	<u>7,774,943</u>	<u>6,039,061</u>	<u>37,875,634</u>	<u>57,890</u>	<u>38,623,353</u>	<u>94,046,651</u>
<u>\$ 19,525,152</u>	<u>\$ 10,980,613</u>	<u>\$ 8,961,070</u>	<u>\$ 39,653,755</u>	<u>\$ 93,413</u>	<u>\$ 44,793,064</u>	<u>\$ 128,997,360</u>

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

For the Fiscal Year Ended June 30, 2017

	Debt Service Funds			Capital Projects Funds	
	Consolidated Bond Interest and Redemption	Highway Revenue Bonds	Total	Parks Capital Project Construction	CIP Motor Vehicle
Revenues					
Property and transfer taxes	\$ 147,312,251	\$ -	\$ 147,312,251	\$ -	\$ -
Motor and special fuel taxes	-	78,896,289	78,896,289	-	-
Intergovernmental	4,897,524	-	4,897,524	-	-
Sales and charges for services	210,632	-	210,632	-	-
Interest and investment income	390,144	-	390,144	5	44,514
Other	-	6	6	-	-
Total revenues	152,810,551	78,896,295	231,706,846	5	44,514
Expenditures					
<i>Current:</i>					
General government	366,782	-	366,782	-	-
Education - higher education	-	-	-	-	-
Capital outlay	-	-	-	36,541	7,792,486
<i>Debt service:</i>					
Principal	114,532,500	48,595,000	163,127,500	-	-
Interest	67,136,665	31,324,601	98,461,266	-	-
Debt issuance costs	-	-	-	-	-
Total expenditures	182,035,947	79,919,601	261,955,548	36,541	7,792,486
Excess (deficiency) of revenues over expenditures	(29,225,396)	(1,023,306)	(30,248,702)	(36,536)	(7,747,972)
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	26,185,819	-	26,185,819	36,528	59,842
Transfers out	-	-	-	-	(297,913)
Total other financing sources (uses)	26,185,819	-	26,185,819	36,528	(238,071)
Net change in fund balances	(3,039,577)	(1,023,306)	(4,062,883)	(8)	(7,986,043)
Fund balances, July 1	132,991,232	31,147,211	164,138,443	8	11,661,813
Fund balances, June 30	\$ 129,951,655	\$ 30,123,905	\$ 160,075,560	\$ -	\$ 3,675,770

Capital Projects Funds

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	367,655	-	9,309,445	319,610	-	9,996,710
-	-	-	-	-	-	-
-	-	-	-	-	238,502	283,021
-	-	-	-	54	-	54
-	367,655	-	9,309,445	319,664	238,502	10,279,785
-	-	-	-	-	-	-
-	-	-	-	-	10,941,482	10,941,482
-	16,723,590	13,783,693	10,008,860	950,299	-	49,295,469
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	432,646	432,646
-	16,723,590	13,783,693	10,008,860	950,299	11,374,128	60,669,597
-	(16,355,935)	(13,783,693)	(699,415)	(630,635)	(11,135,626)	(50,389,812)
-	-	-	-	-	34,274,913	34,274,913
-	-	-	-	-	3,501,507	3,501,507
-	15,847,829	9,190,907	34,900,215	540,954	-	60,576,275
-	(897,950)	(860,041)	(75,486)	-	(16,641,274)	(18,772,664)
-	14,949,879	8,330,866	34,824,729	540,954	21,135,146	79,580,031
-	(1,406,056)	(5,452,827)	34,125,314	(89,681)	9,999,520	29,190,219
-	9,180,999	11,491,888	3,750,320	147,571	28,623,833	64,856,432
\$ -	\$ 7,774,943	\$ 6,039,061	\$ 37,875,634	\$ 57,890	\$ 38,623,353	\$ 94,046,651

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All General Fund Budgets

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
	\$	\$	\$
General Fund Unbudgeted Activity/Refunds	-	1,444,820	(1,444,820)
Elected Officials			
Office of the Governor	2,388,465	2,343,817	44,648
Governor's Mansion Maintenance	372,594	284,408	88,186
Science Innovation and Technology	2,078,659	1,953,812	124,847
Budget and Planning	4,006,387	3,799,290	207,097
Internal Audit	1,534,307	1,475,050	59,257
Merit Award Board	1,100	820	280
Governor's Washington Office	259,433	259,433	-
Ethics Commission	843,278	742,800	100,478
High Level Nuclear Waste	2,250,968	1,798,243	452,725
Governor's Office Energy Conservation	1,926,005	1,444,386	481,619
Renewable Energy/Energy Efficiency Loan Program	1,511,836	30,003	1,481,833
Renewable Energy Account	13,952,498	2,787,934	11,164,564
WICHE Loan and Stipend	1,427,895	1,339,265	88,630
WICHE Administration	354,026	312,575	41,451
Lieutenant Governor	589,558	547,798	41,760
Attorney General Administrative Account	30,833,202	27,853,278	2,979,924
Attorney General Extradition Coordinator	674,972	505,044	169,928
Special Litigation Fund	3,090,373	1,907,986	1,182,387
Attorney General Workers' Compensation Fraud	4,178,083	3,381,556	796,527
Attorney General Crime Prevention	401,094	400,566	528
Attorney General Medicaid Fraud	3,645,987	2,010,625	1,635,362
Attorney General Violence Against Women Grants	5,894,643	3,315,258	2,579,385
Attorney General Council For Prosecuting Attorneys	421,014	199,426	221,588
Attorney General Victims of Domestic Violence	441,502	347,965	93,537
Attorney General Forfeiture	315,708	127,131	188,577
Private Investigators Licensing Board	1,983,414	1,475,169	508,245
Secretary of State	33,808,107	19,350,128	14,457,979
Secretary of State HAVA Elections Account	885,105	799,614	85,491
Secretary of State Advisory Committee Gift	62	-	62
Secretary of State Notary Training	457,585	78,930	378,655
Securities Forfeiture Account	99,533	-	99,533
State Treasurer	2,910,667	2,705,512	205,155
Silicosis and Disabled Pensions	118,947	34,725	84,222
Nevada College Savings Trust	4,398,328	3,946,557	451,771
Endowment Account	11,875,033	4,397,364	7,477,669
College Savings Private Entity	83,419	-	83,419
Unclaimed Property	2,299,648	1,882,802	416,846
Controller's Office	5,802,909	5,033,465	769,444
Debt Recovery	1,252,869	191,334	1,061,535
Rainy Day	25,000,000	25,000,000	-
	174,369,213	124,064,069	50,305,144
Legislative-Judicial			
Judicial Branch			
Administrative Office of the Courts	5,340,357	3,219,181	2,121,176
Judicial Programs and Services Division	1,333,452	1,141,648	191,804
Uniform System of Judicial Records	3,145,074	1,426,389	1,718,685
Judicial Education	1,434,148	785,668	648,480
Court of Appeals	2,207,643	2,156,812	50,831
State Judicial Elected Officials	22,039,369	21,488,733	550,636
Judicial Support, Governance and Special Events	1,204,783	1,126,989	77,794
Judicial Retirement System State Share	1,971,801	1,800,399	171,402
Supreme Court	10,986,524	10,289,681	696,843
Specialty Courts	10,751,094	7,951,683	2,799,411
Senior Justice and Senior Judge Program	1,492,610	1,444,686	47,924
Judicial Selection	20,349	20,125	224
Foreclosure Mediation Program	1,671,753	1,514,034	157,719
Law Library Gift Fund	75,494	64,096	11,398
Law Library	1,861,572	1,618,934	242,638
Judicial Discipline	824,737	708,268	116,469
Legislative Branch			
Interim Finance Committee	107,881,839	46,574,127	61,307,712
Legislative Counsel Bureau Disbursement	17,000,000	-	17,000,000
Disaster Relief	8,781,839	33,336	8,748,503

	Final Budget	Actual	Variance
Foreclosure Mediation	\$ 1,430,000	\$ 300,000	\$ 1,130,000
So Nevada Community Project Fund	6,370	-	6,370
	<u>201,460,808</u>	<u>103,664,789</u>	<u>97,796,019</u>
Finance and Administration			
Department of Administration			
Director's Office	768,368	620,247	148,121
Grants Office	401,530	393,408	8,122
Construction Education Account	221,668	161,767	59,901
Commission for Women	12,949	534	12,415
Graffiti Reward Fund	18,478	-	18,478
State Archives	1,587,819	1,489,297	98,522
NSLA - IPS Equipment/Software	48,969	12,829	36,140
Nevada State Library	4,638,021	4,313,173	324,848
Nevada State Library - CLAN	506,667	314,570	192,097
Special Appropriations	12,097,544	12,087,742	9,802
Judicial College/Juvenile and Family Justice	130,430	130,430	-
Roof Maintenance Reserve	659,287	42,500	616,787
Public Works Division Administration	1,056,527	1,015,578	40,949
Public Works Division	350,532	345,703	4,829
Public Works Inspection	5,084,273	4,322,695	761,578
Public Works Retention Payment	1,834	-	1,834
Building Official Admin	4,660,584	1,492,469	3,168,115
State Unemployment Compensation	2,793,942	1,458,662	1,335,280
Hearings and Appeals	4,897,205	4,785,699	111,506
General Fund Salary Adjustment	27,568,874	13,723,439	13,845,435
State Claims	2,483,723	722,273	1,761,450
Emergency Fund	320,346	40,505	279,841
Statutory Contingency	4,011,463	1,230,675	2,780,788
Department of Taxation			
Department of Taxation	42,228,778	31,286,094	10,942,684
	<u>116,549,811</u>	<u>79,990,289</u>	<u>36,559,522</u>
Education K-12			
Department of Education			
Distributive School Account	1,518,991,775	1,481,752,972	37,238,803
Educator Effectiveness	17,035,180	9,900,437	7,134,743
School Remediation	197,256,114	169,770,362	27,485,752
State Supplemental School Support	185,070,000	179,165,186	5,904,814
Office of the Superintendent	1,515,395	1,504,141	11,254
Educational Trust Fund	602,325	110,900	491,425
Career and Technical Education	12,801,815	9,948,573	2,853,242
Gear Up	6,902,645	3,817,641	3,085,004
Gear Up Scholarship Trust	7,696,905	363,005	7,333,900
Continuing Education	7,413,274	6,658,901	754,373
Assessments and Accountability	18,239,729	16,700,613	1,539,116
Other State Education Programs	110,931,531	101,083,142	9,848,389
Account for Health Education of Minors	557	-	557
Education Technology Trust	66	-	66
Educator Licensure	3,963,495	1,820,812	2,142,683
Parent Involve & Family Engage	222,897	186,223	36,674
Public Charter School Loan Program	707,053	-	707,053
Office of Early Learning & Development	25,429,126	17,251,691	8,177,435
Student and School Support	199,862,930	139,799,191	60,063,739
Literacy Programs	7,360,184	7,344,323	15,861
Individuals with Disabilities (IDEA)	89,753,996	76,466,541	13,287,455
District Support Services	1,423,758	1,320,435	103,323
Department Support Services	4,291,812	2,528,964	1,762,848
Incentives for Licensed Educational Personnel	2,966,126	1,087,379	1,878,747
Student Indemnification Account	486,334	127,273	359,061
Professional Development Program	13,084,281	12,411,747	672,534
Account for Alternative Schools	7,559,121	448,005	7,111,116
Achievement School District	161,894	127,188	34,706
Standards and Instructional Support	4,143,380	2,996,447	1,146,933
Anti-Bullying Gift Fund	56,011	1,909	54,102
Data Systems Management	3,999,105	3,717,294	281,811
Teacher's School Supplies Reimbursement	3,081,000	2,502,746	578,254

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All General Fund Budgets

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
Teach NV Scholarship Program	\$ 2,889,988	\$ 2,512,283	\$ 377,705
State Public Charter School Authority	12,898,789	9,487,703	3,411,086
Commission on Postsecondary Education	413,007	363,564	49,443
	2,469,211,598	2,263,277,591	205,934,007
Higher Education			
Nevada System of Higher Education			
Special Projects	4,427,366	2,386,093	2,041,273
Education for Dependent Children	50,955	-	50,955
University of Nevada, Reno	212,044,643	210,422,734	1,621,909
School of Medical Sciences	43,529,945	43,482,926	47,019
Intercollegiate Athletics - UNR	5,237,224	5,237,214	10
Statewide Programs - UNR	8,225,355	8,225,355	-
University System Administration	4,754,615	4,753,332	1,283
University of Nevada, Las Vegas	272,772,939	271,906,069	866,870
Intercollegiate Athletics - UNLV	7,358,586	7,358,586	-
Agricultural Experiment Station	6,924,917	6,924,917	-
Cooperative Extension Service	5,747,197	5,740,639	6,558
System Computing Center	17,741,761	17,741,761	-
UNLV Law School	14,233,165	14,122,712	110,453
National Direct Student Loan Program	35,793	35,793	-
University Press	422,711	422,710	1
Statewide Programs - UNLV	3,530,711	3,530,711	-
Business Center North	1,994,827	1,994,822	5
Business Center South	1,780,917	1,780,917	-
Anatomical Gift Account	363,487	65,000	298,487
UNLV Dental School	17,592,940	17,443,729	149,211
UNLV School of Medicine	19,567,702	19,567,702	-
Collegiate License Plate Account	474,110	379,327	94,783
Nevada State College at Henderson	22,043,555	21,978,391	65,164
College of Southern Nevada	137,992,475	135,448,059	2,544,416
Laboratory and Research	1,618,029	1,618,029	-
Silver State Opportunity Grant	2,500,000	2,500,000	-
Great Basin College	16,597,484	16,589,421	8,063
Desert Research Institute	7,609,153	7,609,153	-
Western Nevada College	18,008,949	17,628,115	380,834
Truckee Meadows Community College	43,678,922	43,262,110	416,812
	898,860,433	890,156,327	8,704,106
Human Services			
Director's Office			
Administration	1,769,863	1,688,242	81,621
Grants Management Unit	27,046,322	25,763,247	1,283,075
Prevention/Treatment of Problem Gambling	1,876,776	1,255,314	621,462
IDEA Part C Compliance	5,062,512	3,951,892	1,110,620
Developmental Disabilities	896,893	658,027	238,866
Victims of Human Trafficking	97,329	49,470	47,859
Public Defender	3,324,246	3,146,430	177,816
Consumer Health Assistance	1,359,600	1,240,502	119,098
DHR Children's Trust Account	1,106,429	551,995	554,434
UPL Holding Account	9,500,854	7,283,056	2,217,798
Aging and Disability Services Division			
Early Intervention Services	37,626,405	35,930,296	1,696,109
Family Preservation Program	2,930,664	2,833,424	97,240
Rural Regional Center	18,906,418	17,233,643	1,672,775
Desert Regional Center	126,616,712	115,760,868	10,855,844
Sierra Regional Center	42,498,294	40,014,083	2,484,211
Aging Federal Programs and Administration	28,526,303	24,186,864	4,339,439
Senior Tax Assistance Rebate	4,955,702	507,717	4,447,985
Disability Services	42,195,960	34,735,383	7,460,577
Division of Health Care Financing and Policy			
Intergovernmental Transfer Program	210,648,787	181,604,158	29,044,629
Health Care Financing and Policy	219,633,137	168,278,804	51,354,333
Increased Quality of Nursing Care	34,610,575	32,849,847	1,760,728
Nevada Check-Up Program	51,880,949	47,212,545	4,668,404
Nevada Medicaid	3,671,089,563	3,554,479,256	116,610,307
Division of Public and Behavioral Health			
Radiation Control Program	5,149,413	2,974,075	2,175,338

	Final Budget	Actual	Variance
Cancer Control Registry	\$ 978,431	\$ 580,917	\$ 397,514
Behavioral Health Prevention & Treatment	42,551,189	33,353,650	9,197,539
Health Statistics and Planning	3,295,101	1,694,753	1,600,348
Consumer Protection	2,387,478	1,672,184	715,294
So NV Adult Mental Health Services	89,022,230	80,494,596	8,527,634
No NV Adult Mental Health Services	32,959,236	29,554,559	3,404,677
Behavioral Health Administration	5,166,009	3,071,876	2,094,133
Facility for the Mental Offender	11,574,998	11,180,845	394,153
Alcohol Tax Program	1,395,550	1,311,388	84,162
Rural Clinics	14,767,438	12,692,661	2,074,777
Immunization Program	8,581,215	7,380,452	1,200,763
Medical Marijuana Establishments	3,329,632	1,938,850	1,390,782
Marijuana Health Registry	4,095,805	2,315,604	1,780,201
WIC Food Supplement	75,909,575	63,564,720	12,344,855
Communicable Diseases	38,273,338	23,364,251	14,909,087
Health Care Facility Reg	20,197,399	10,036,017	10,161,382
Health Facilities-Admin Penalty	179,681	73,703	105,978
Public Health Preparedness Program	13,426,177	11,127,449	2,298,728
Biostatistics and Epidemiology	9,440,929	6,562,327	2,878,602
Chronic Disease	10,129,546	9,194,254	935,292
Maternal Child Health Services	13,189,675	8,923,707	4,265,968
Office of State Health Administration	10,497,057	8,482,524	2,014,533
Community Health Services	3,773,393	2,687,280	1,086,113
Emergency Medical Services	1,131,049	925,368	205,681
Child Care Services	1,790,342	1,430,329	360,013
Division of Welfare and Supportive Services			
Welfare Administration	63,318,322	44,884,779	18,433,543
Temp Assistance for Needy Families	48,056,139	41,395,082	6,661,057
Assistance to Aged and Blind	9,988,730	9,790,000	198,730
Welfare Field Services	116,352,408	110,091,853	6,260,555
Child Support Enforcement Program	53,018,203	13,869,088	39,149,115
Child Support Federal Reimbursement	27,265,939	24,744,289	2,521,650
Child Care Assistance and Development	54,943,109	51,021,251	3,921,858
Energy Assistance - Welfare	24,551,473	16,853,027	7,698,446
Division of Child and Family Services			
Community Juvenile Justice Programs	3,913,133	3,166,218	746,915
Washoe County Integration	36,874,824	35,500,706	1,374,118
Clark County Child Welfare	106,744,408	104,822,414	1,921,994
UNITY/SACWIS	6,080,459	5,726,677	353,782
Children, Youth and Family Administration	36,459,200	28,786,213	7,672,987
Youth Alternative Placement	4,191,465	4,191,465	-
Juvenile Correctional Facility	7,798,846	7,557,143	241,703
Caliente Youth Center	9,870,626	8,382,268	1,488,358
Victims of Domestic Violence	3,934,346	2,873,603	1,060,743
Rural Child Welfare	20,531,541	19,103,123	1,428,418
Transition from Foster Care	2,572,680	1,512,507	1,060,173
Review of Death of Children	479,737	78,671	401,066
Nevada Youth Training Center	9,715,605	7,630,997	2,084,608
Youth Parole Services	6,089,927	6,000,505	89,422
Farm Account - Youth Training Center	6,650	-	6,650
No NV Child and Adolescent Services	9,629,787	8,910,178	719,609
So NV Child and Adolescent Services	34,075,752	28,243,174	5,832,578
Department of Employment, Training and Rehabilitation			
Blind Business Enterprise Program	5,111,510	1,470,236	3,641,274
Services to the Blind	4,861,700	3,430,049	1,431,651
Vocational Rehabilitation	22,409,256	16,337,976	6,071,280
Rehabilitation Administration	1,415,325	1,019,522	395,803
Disability Adjudication	19,799,374	15,784,635	4,014,739
Office of Equal Rights	1,653,251	1,474,836	178,415
NV P20 Workforce Reporting	1,126,355	926,338	200,017
DETR Administrative Services	5,654,686	4,810,612	844,074
Research and Analysis	3,111,388	2,592,695	518,693
Information Development and Processing	15,294,545	11,286,306	4,008,239
	5,744,252,878	5,282,071,838	462,181,040

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All General Fund Budgets

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
Commerce and Industry			
Office of Economic Development			
Governor's Office of Economic Development	\$ 12,833,619	\$ 7,916,258	\$ 4,917,361
WINN	3,328,000	1,654,087	1,673,913
Motion Pictures	793,889	675,174	118,715
Rural Community Development	2,600,782	2,534,696	66,086
NV SSBICI Program	10,269,558	2,442,648	7,826,910
Nevada Catalyst Fund	7,928,461	1,984,457	5,944,004
GOED Nevada Knowledge Fund	12,539,697	8,528,680	4,011,017
Small Business and Procurement	722,125	673,310	48,815
Commission on Mineral Resources			
Minerals	3,439,428	2,044,743	1,394,685
Bond Reclamation	5,068,758	400,170	4,668,588
Department of Agriculture			
Nevada Beef Council	236,139	196,769	39,370
Commodity Food Program	17,976,138	13,943,047	4,033,091
Nutrition Education Programs	189,022,442	155,485,632	33,536,810
Weed Abatement and Control	102,994	-	102,994
Plant Health and Quarantine Services	393,870	331,966	61,904
Grade and Certification of Ag Products	20,117	3,943	16,174
Agriculture Research and Promotion	108,181	9,833	98,348
Agricultural Registration/Enforcement	5,434,966	2,718,208	2,716,758
Livestock Inspection	1,762,928	1,357,950	404,978
Agriculture License Plates	36,847	21,600	15,247
Veterinary Medical Services	1,175,277	1,145,310	29,967
Consumer Equitability	3,403,279	2,297,727	1,105,552
Pest, Plant Disease and Noxious Weed	1,330,374	789,399	540,975
Junior Agricultural Loan Program	3,545	-	3,545
Agriculture Administration	2,399,428	2,283,546	115,882
Rangeland Resources Commission	260,479	116,682	143,797
Predatory Animal and Rodent Control	781,131	744,010	37,121
Department of Tourism and Cultural Affairs			
Governor's Portrait Fund	25,000	-	25,000
Lost City Museum	489,912	420,564	69,348
Nevada Historical Society	619,138	597,360	21,778
Nevada State Museum	1,828,680	1,557,373	271,307
Museums and History Administration	431,347	425,356	5,991
Nevada State Museum, Las Vegas	1,610,459	1,394,644	215,815
State Railroad Museums	1,974,351	1,468,025	506,326
Nevada Humanities	75,000	75,000	-
Nevada Arts Council	2,838,602	2,619,603	218,999
Indian Commission	612,637	457,954	154,683
Stewart Indian School Living Legacy	344,885	139,491	205,394
Gaming Control Board			
Gaming Control Board	48,409,574	42,930,470	5,479,104
Gaming Control Federal Forfeiture	4,311,073	4,424	4,306,649
Gaming Control - Forfeiture Account	561,904	-	561,904
Gaming Control - Other State Forfeiture	500,440	-	500,440
Federal Forfeiture Treasury	6,093,235	251,839	5,841,396
Gaming Commission	464,447	366,382	98,065
Department of Business and Industry			
Business and Industry Administration	4,679,414	4,384,306	295,108
Office of Business and Planning	415,262	374,213	41,049
Nevada Home Retention Program	48,000,000	47,998,122	1,878
Industrial Development Bonds	845,174	1,930	843,244
Special Housing Assistance	1,222,003	398	1,221,605
Low Income Housing Trust Fund	22,394,430	4,552,098	17,842,332
DOE Weatherization	8,680,696	5,442,629	3,238,067
Employee Management Relations	1,034,138	374,987	659,151
Common Interest Communities	4,001,614	2,257,630	1,743,984
Real Estate	3,969,826	3,583,896	385,930
Athletic Commission	2,548,123	904,989	1,643,134
Labor Relations	1,810,229	1,592,308	217,921
Division of Mortgage Lending	9,230,736	2,553,944	6,676,792
Attorney for Injured Workers	3,596,031	3,471,622	124,409

	Final Budget	Actual	Variance
Financial Institutions Investigations	\$ 1,314,817	\$ 50,819	\$ 1,263,998
Financial Institutions	6,589,195	3,474,657	3,114,538
Financial Institutions Audit	252,421	50,320	202,101
Transportation Services Authority	4,944,883	3,732,282	1,212,601
TSA Administrative Fines	920,610	141,123	779,487
	<u>481,612,738</u>	<u>347,950,603</u>	<u>133,662,135</u>
Public Safety			
Department of Corrections			
Prison Medical Care	50,149,961	49,865,978	283,983
AB505 79th One-shot 3706 & 3710	6,525,233	-	6,525,233
Corrections Administration	22,652,373	22,312,654	339,719
Correctional Programs	9,049,431	7,850,609	1,198,822
Endowment Fund Historical Preservation of NSP	52,518	-	52,518
So Nevada Correctional Center	229,808	221,393	8,415
Warm Springs Correctional Center	10,844,958	10,616,555	228,403
No Nevada Correctional Center	27,910,159	27,674,922	235,237
Nevada State Prison	96,528	95,398	1,130
Stewart Conservation Camp	1,827,997	1,737,634	90,363
Pioche Conservation Camp	1,826,857	1,697,089	129,768
No. Nevada Transitional Housing	1,534,495	1,505,221	29,274
Three Lakes Valley Conservation Camp	2,486,433	2,441,044	45,389
Southern Desert Correctional Center	24,350,051	24,159,445	190,606
Wells Conservation Camp	1,278,994	1,173,663	105,331
Humboldt Conservation Camp	1,364,269	1,297,118	67,151
Ely Conservation Camp	1,383,778	1,243,959	139,819
Jean Conservation Camp	1,598,283	1,557,032	41,251
Silver Springs Conservation Camp	3,873	3,509	364
Ely State Prison	26,997,399	26,829,842	167,557
Carlin Conservation Camp	1,308,677	1,197,514	111,163
Tonopah Conservation Camp	1,260,121	1,183,192	76,929
Lovelock Correctional Center	23,993,113	23,612,024	381,089
Florence McClure Women's Correctional Center	15,053,444	14,972,783	80,661
High Desert State Prison	49,902,281	49,826,509	75,772
Casa Grande Transitional Housing	4,492,050	4,389,214	102,836
Department of Public Safety			
Emergency Management Division	5,658,817	4,124,970	1,533,847
Emergency Mgmt Assistance Grant	18,327,434	12,241,876	6,085,558
Emergency Assistance Subaccount	302,946	219,259	83,687
Disaster Response and Recovery Account	6,481,315	2,185,042	4,296,273
Parole and Probation	50,079,334	49,252,236	827,098
Fund for Reentry Programs	5,000	-	5,000
Investigations	7,855,020	6,646,891	1,208,129
Training Division	1,098,542	1,082,207	16,335
Parole Board	2,675,984	2,626,817	49,167
Fire Marshal	3,569,890	3,332,637	237,253
Traffic Safety	12,395,317	6,383,374	6,011,943
Highway Safety Plan and Administration	7,666,015	3,647,410	4,018,605
Motorcycle Safety Program	844,333	408,225	436,108
Public Safety General Services	9,078,360	7,473,468	1,604,892
K-9 Program	53,176	49,294	3,882
Forfeitures	1,715,762	903,353	812,409
Justice Assistance Account	2,112,213	1,379,684	732,529
Justice Assistance Grant	3,505,616	2,025,680	1,479,936
Criminal History Repository	28,422,765	16,604,148	11,818,617
Office of Homeland Security	448,104	435,340	12,764
Child Volunteer Background Checks Trust	15,087	15,087	-
Contingency Account for Haz Mat	881,132	270,203	610,929
Cigarette Fire Safety Standard	160,139	44,873	115,266
Justice Grant	579,576	421,817	157,759
Dignitary Protection	1,099,127	777,668	321,459
Department of Motor Vehicles			
Motor Vehicle Pollution Control	12,673,210	10,036,477	2,636,733
Peace Officers Standards and Training	2,699,526	2,043,431	656,095
	<u>468,576,824</u>	<u>412,095,768</u>	<u>56,481,056</u>

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All General Fund Budgets

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
Infrastructure			
Department of Wildlife			
Conservation Education	\$ 2,680,555	\$ 2,291,425	\$ 389,130
Law Enforcement	7,396,069	6,884,385	511,684
Game Management	10,464,863	9,571,887	892,976
Fisheries Management	8,103,695	7,609,574	494,121
Diversity	2,174,171	1,998,631	175,540
Habitat	9,352,909	8,789,713	563,196
Wildlife Director's Office	4,261,139	3,927,449	333,690
Wildlife Operations	8,420,150	7,258,479	1,161,671
Wildlife Heritage Account	9,217,553	748,926	8,468,627
Wildlife Fund	38,171,956	20,141,361	18,030,595
Wildlife Habitat Enhancements	6,083,552	364,062	5,719,490
Department of Conservation and Natural Resources			
State Environmental Commission	176,866	103,713	73,153
Natural Resources Administration	3,945,688	3,912,427	33,261
Conservation and Natural Resources Gift	253,937	23,707	230,230
NV State Parks/Cultural Resources Endowment	510,000	-	510,000
Water Resources Legal Cost	2,192,094	50,195	2,141,899
Tahoe Regional Planning Agency	16,528,859	1,930,187	14,598,672
Conservation Districts	601,788	538,107	63,681
Cultural Resource Program	1,005,165	157,627	847,538
Historic Preservation and Archives	1,513,265	1,290,071	223,194
Comstock Historic District	217,958	202,564	15,394
Comstock Historical District Gifts	18,576	1,675	16,901
Parks Federal Grant Programs	8,255,748	1,224,861	7,030,887
State Parks	18,936,897	11,881,202	7,055,695
State Parks Interpretive and Educational Program	1,278,911	691,045	587,866
Maintenance of State Parks	3,503,427	957,106	2,546,321
State Parks Facility and Grounds Maintenance	14,800,202	106,252	14,693,950
Coyote Springs Groundwater Basin	41,115	1,899	39,216
Flood Control Revenue Fund	250,000	-	250,000
USGS Co-Op	854,941	508,983	345,958
Groundwater Recharge Projects	254,174	73,077	181,097
Water Right Surveyors	66,168	19,546	46,622
Well Driller's Licenses	57,167	9,652	47,515
Water Resources	8,769,381	6,400,643	2,368,738
Water Resources Cooperative Project	2,226,747	742,627	1,484,120
State Engineer Revenue	261,114	75,300	185,814
Little Humboldt River	140,309	89,011	51,298
Quinn River Distribution	73,066	1,757	71,309
Water Studies	277,000	-	277,000
Adjudication Emergency	16,000	-	16,000
Channel Clearance	322,890	-	322,890
Steptoe Valley Water Basin	32,738	4,794	27,944
Diamond Valley Ground Water	111,473	23,728	87,745
Lake Valley Ground Water Basin	58,033	3,031	55,002
Middle Reese River Ground Water Basin	49,143	31,577	17,566
Dixie Creek/10 Mi Ground Water	14,869	4,675	10,194
Churchill Valley Ground Water	23,313	1,719	21,594
Colorado River Valley	16,421	-	16,421
Washoe Valley Ground Water	23,164	1,937	21,227
Amargosa Valley Ground Water	30,662	9,230	21,432
Las Vegas Basin Water District	4,853,920	1,887,388	2,966,532
San Emidio Desert Ground Water Basin	9,897	1,358	8,539
Hualapai Flat Ground Water Basin	11,118	3,302	7,816
Pine Forest Valley Water Basin	14,661	5,495	9,166
Kings River Valley Water Basin	17,700	4,531	13,169
Desert Valley Water Basin	13,847	4,770	9,077
Silver State Valley Water Basin	11,396	3,690	7,706
Quinn River Valley Water Basin	33,078	8,932	24,146
Kobeh Valley Groundwater Basin	15,702	3,906	11,796
Mary's River Water Basin	15,810	11,694	4,116
Mesquite Valley (Sandy Valley)	6,000	1,138	4,862
Lamoille Valley Water Basin	6,205	4,450	1,755
Panaca Valley Groundwater	7,313	2,611	4,702

	Final Budget	Actual	Variance
Huntington Valley Water Basin	\$ 6,933	\$ 5,126	\$ 1,807
Elko Segment Water Basin	19,952	13,823	6,129
Penoyer Valley Groundwater	8,428	2,263	6,165
Mary's Creek Area Water Basin	5,212	2,683	2,529
Pine Valley Water Basin	11,533	9,601	1,932
Winnemucca Segment Water Basin	25,934	19,831	6,103
Fernley Area Water Basin	8,520	1,138	7,382
Tracy Segment Water Basin	5,993	722	5,271
Spanish Springs Valley Water Basin	8,745	722	8,023
Lake Tahoe Water Basin	11,373	722	10,651
Truckee Cyn Segment Water Basin	8,064	722	7,342
Carson Desert Water Basin	8,262	722	7,540
Antelope Valley Water Basin 106	3,767	-	3,767
Buena Vista Valley Water Basin	6,476	1,886	4,590
Muddy River Surface Water	32,138	10,946	21,192
Pahrnagat Lake	98,429	42,271	56,158
Pahrump Artesian Basin	234,780	41,299	193,481
Boulder Flat Ground Water	164,231	115,933	48,298
Dayton Valley Ground Water	39,722	3,389	36,333
Mason Valley Ground Water	163,304	70,215	93,089
Humboldt Water District	287,189	176,564	110,625
Water District Revenue Fund	4,729,192	2,000,000	2,729,192
Smith Valley Artesian Basin	57,960	21,191	36,769
Currant Creek	3,419	-	3,419
Duckwater Creek	46,354	14,688	31,666
Paradise Valley Ground Water	95,677	72,362	23,315
Upper White River	7,915	1,636	6,279
Muddy River Springs	13,627	4,411	9,216
Kingston Creek	7,691	2,141	5,550
Warm Springs/Winnemucca Creek	20,162	1,323	18,839
Eagle Valley	111,731	8,402	103,329
Carson Valley Ground Water	96,001	12,874	83,127
Fish Lake Valley Artesian	29,757	6,542	23,215
Carico Creek	3,614	-	3,614
Lemmon Valley	78,720	7,872	70,848
Truckee Meadows/Sun Valley	214,408	32,577	181,831
Antelope Valley Ground Water Basin	42,798	19,215	23,583
Warm Springs Ground Water	42,093	2,344	39,749
Lower Moapa Valley Groundwater	14,992	663	14,329
Honey Lake Valley	23,396	1,143	22,253
Whirlwind Valley	23,052	13,933	9,119
Crescent Water Groundwater	55,877	43,210	12,667
Pumpnickel Valley	24,974	20,102	4,872
Clovers Area Groundwater	54,252	33,364	20,888
Cold Springs Valley	32,579	722	31,857
Imlay Ground Water	11,038	8,512	2,526
Kelly Creek Ground Water	50,114	34,579	15,535
Lower Reese River Valley	35,136	22,295	12,841
Maggie Creek	74,369	55,112	19,257
North Fork Ground Water	22,373	13,335	9,038
Pleasant Valley	15,386	1,203	14,183
Starr Valley Ground Water Basin	1,608	847	761
Carico Lake Valley Ground Water	1,998	1,205	793
Upper Reese River Valley Water Basin	3,581	1,895	1,686
Rock Creek Valley Ground Water	1,126	678	448
Willow Creek Valley Ground Water	2,870	1,730	1,140
Pumpnickel Valley Ground Water	8,813	5,872	2,941
Little Humboldt Valley Ground Water	4,646	2,484	2,162
Lovelock & Oreana Sub-area Ground Water	2,992	59	2,933
Big Smokey Valley Ground Water	9,008	-	9,008
Indian Springs Valley Ground Water	2,000	69	1,931
Clover Valley Ground Water Basin	2,111	-	2,111
Goshute Valley Ground Water Basin	2,019	-	2,019
Pahrnagat Valley Ground Water Basin	4,000	-	4,000
Black Mountain Area Ground Water Basin	2,000	-	2,000
Forestry	20,173,688	11,487,796	8,685,892
Garnet Valley Ground Water Basin	2,000	-	2,000

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All General Fund Budgets

NEVADA

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
Forest Fire Suppression/Emergency Response	\$ 15,333,181	\$ 12,081,801	\$ 3,251,380
Forestry Conservation Camps	10,849,719	8,824,937	2,024,782
Wildland Fire Protection Program	4,684,067	1,195,878	3,488,189
Tahoe License Plates	2,224,007	234,335	1,989,672
Nevada Tahoe Regional Planning Agency	1,319	540	779
State Lands	1,925,207	1,533,688	391,519
State Lands Revolving Account	62,748	10,500	52,248
Tahoe Bond Sale	886,390	38,320	848,070
Tahoe Mitigation	3,356,353	250,649	3,105,704
Sagebrush Ecosystem Account	3,092,445	384,225	2,708,220
Nevada Natural Heritage	876,691	784,223	92,468
AB9/Q1 Bonds	5,942,894	1,148,801	4,794,093
Storage Tank Management	339,934	-	339,934
Environmental Protection Administration	7,398,704	5,800,412	1,598,292
Chemical Hazard Prevention	1,668,218	343,243	1,324,975
Dep Industrial Site Cleanup	9,278,629	3,416,317	5,862,312
Reclamation Surety Account	49,722,384	3,488,342	46,234,042
Air Quality Management Account	9,937,881	3,010,318	6,927,563
Air Quality	8,631,638	6,267,851	2,363,787
Bureau of Water	7,856,437	3,745,885	4,110,552
Water Quality Planning	3,603,613	3,125,994	477,619
Safe Drinking Water Regulatory Program	5,356,616	3,408,526	1,948,090
Bureau of Waste Management and Corrective Actions	15,193,462	9,259,070	5,934,392
Mining Regulation/Reclamation	6,997,134	3,109,138	3,887,996
Interim Fluid Management Trust	1,296,011	-	1,296,011
Hazardous Waste Management	19,583,466	4,640,109	14,943,357
Hazardous Waste - Beatty Site	10,810,072	-	10,810,072
Water Planning - Capital Improvement	48,972	7,367	41,605
Off-highway Vehicle Commission	3,277,699	315,139	2,962,560
	436,710,521	193,507,654	243,202,867
Special Purpose Agencies			
Department of Veterans' Services			
Department of Veterans' Services	4,328,240	3,548,225	780,015
Veterans' Home Account	25,657,613	18,610,837	7,046,776
Veterans' Home Gift Fund	6,278	-	6,278
Veterans' Home Donation	61,220	17,039	44,181
Veterans' Gifts and Donations	447,600	114,505	333,095
Gift Account for Veterans	1,795,732	838,457	957,275
Fallen Soldier Gift Fund	1,200	-	1,200
Veterans' Memorial Gift Account	4,430	-	4,430
Office of the Military			
Military	25,958,535	19,643,130	6,315,405
Military Emergency Operations Center	599,354	301,556	297,798
Adjutant General Special Facilities Account	57,275	-	57,275
National Guard Benefits	57,824	57,762	62
Patriot Relief Account	134,245	108,962	25,283
Silver State Health Insurance Exchange Admin	25,494,558	9,026,669	16,467,889
Deferred Compensation Committee	446,241	324,679	121,562
Civil Air Patrol	48,468	24,427	24,041
	85,098,813	52,616,248	32,482,565
Appropriated Transfers to Other Funds			
Legislative Fund	50,596,729	50,596,729	-
Attorney General Special Fund	666,375	666,375	-
Highway Fund	147,912	147,912	-
Millennium Scholarship Fund	20,000,000	20,000,000	-
Capital Project Funds	49,759,701	49,759,701	-
Internal Service Funds	90,544	90,544	-
	121,261,261	121,261,261	-
Reversions to Other Funds			
Reversion to Highway Fund	-	15,736,939	(15,736,939)
Reversion to Tourism Promotion Fund	-	135,427	(135,427)
Reversion to Contingency Fund	-	688,730	(688,730)
	-	16,561,096	(16,561,096)
Projected Reversions			
	(40,000,000)	-	(40,000,000)
Total General Fund	\$ 11,157,964,898	\$ 9,888,662,353	\$ 1,269,302,545

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All Special Revenue Fund Budgets

NEVADA

For the Fiscal Year Ended June 30, 2017

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	Final Budget	Actual	Variance
State Highway			
Finance and Administration			
Unbudgeted Activity	\$ -	\$ 177,968	\$ (177,968)
Appropriations to Other Funds	26,548,876	26,548,876	-
Infrastructure			
Transportation Administration	842,696,386	763,903,576	78,792,810
Bond Construction	379,188,227	179,766,027	199,422,200
Aviation Trust Fund	195,367	75,482	119,885
AB 595 Revenue Rental Car Tax	2,460	-	2,460
AB 595 Revenue Clark Co.	49,786,793	10,159,984	39,626,809
AB 595 Revenue Washoe Co.	7,501,461	3,018	7,498,443
NDOT - SB 5 RTC Public Road Project	17,517,479	1,851,413	15,666,066
System of Providing Information to the Traveling Public	632,902	284,387	348,515
Public Safety			
Director's Office - Public Safety	3,185,918	2,794,430	391,488
Professional Responsibility	760,387	719,965	40,422
PS Highway Safety Grants Account	2,992,005	1,718,318	1,273,687
Emergency Response Commission	2,887,709	1,180,867	1,706,842
Highway Patrol	77,403,535	73,486,547	3,916,988
Evidence Vault	647,660	584,896	62,764
Department of Motor Vehicles			
System Modernization	22,101,811	10,589,759	11,512,052
Records Search	7,567,635	7,471,665	95,970
Motor Vehicle Information Technology	9,637,285	8,840,025	797,260
Motor Carrier	5,861,349	4,192,627	1,668,722
Public Safety One Shots	10,135,767	-	10,135,767
Verification of Insurance	2,710,444	1,950,143	760,301
License Plate Factory	7,846,213	5,766,001	2,080,212
Hearings - DMV	1,229,805	1,197,612	32,193
Special Plates Trust Account	2,317,115	1,105,503	1,211,612
Salvage Titles Trust Account	445,884	164,096	281,788
DMV Local Fuel Tax Indexing Fund	126,842	1,649	125,193
DMV Special Fuel Ind Reimb Clark	3,612,750	3,049,851	562,899
DMV Field Services	52,874,265	46,319,395	6,554,870
Forfeitures	206	-	206
Compliance Enforcement	5,100,357	4,624,444	475,913
Central Services	12,199,511	10,481,774	1,717,737
Management Services	1,664,644	1,462,723	201,921
Admin Off Highway Vehicle Titling and Registration	1,375,182	1,225,182	150,000
Assistance of Off Highway Vehicle Titling	26,825	-	26,825
Director's Office - DMV	4,980,366	4,691,370	288,996
Administrative Services	15,883,254	14,566,702	1,316,552
Debt Service Transfers			
Debt Service	78,896,289	78,896,289	-
Projected Reversions	(86,400,842)	-	(86,400,842)
Total	1,572,140,122	1,269,852,564	302,287,558
Municipal Bond Bank			
Elected Officials			
Municipal Bond Bank Revenue	26,418,181	8,051,996	18,366,185
Total	26,418,181	8,051,996	18,366,185
Employment Security			
Human Services			
Employment Security	98,575,141	80,779,142	17,795,999
Employment Security Special Fund	6,806,629	1,465,864	5,340,765
Total	105,381,770	82,245,006	23,136,764
Unemployment Comp Bond Fund			
Elected Officials			
Unemployment Comp Bond Account	246,227,623	179,328,822	66,898,801
Total	246,227,623	179,328,822	66,898,801
Regulatory			
Commerce and Industry			
Manufactured Housing	1,996,158	1,996,158	-
Real Estate Education and Research	1,225,513	505,612	719,901
Real Estate Recovery	1,069,360	538,719	530,641

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2017

Page 2 of 3

	Final Budget	Actual	Variance
Mobile Home Parks	\$ 443,460	\$ 436,826	\$ 6,634
Mfg Housing-Education/Recovery	436,656	436,655	1
Regulatory Fund	15,178,869	11,206,803	3,972,066
Administrative Fines	113,640	113,640	-
Taxicab Authority	12,153,895	6,329,649	5,824,246
Dairy Commission	1,988,901	980,479	1,008,422
Total	34,606,452	22,544,541	12,061,911
Higher Education Capital Construction			
<i>Finance and Administration</i>			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	8,540,027	8,540,027	-
Total	13,540,027	13,540,027	-
Cleaning Up Petroleum Discharges			
<i>Infrastructure</i>			
Petroleum Clean-Up Trust Fund	21,750,000	14,122,666	7,627,334
Total	21,750,000	14,122,666	7,627,334
Hospital Care to Indigent Persons			
<i>Finance and Administration</i>			
Supplemental Fund - Indigents	52,123,683	27,808,962	24,314,721
Total	52,123,683	27,808,962	24,314,721
Tourism Promotion			
<i>Commerce and Industry</i>			
Tourism Development	195,495	187,551	7,944
Division on Tourism	29,745,369	22,557,473	7,187,896
Total	29,940,864	22,745,024	7,195,840
Offenders' Store			
<i>Public Safety</i>			
Offenders' Store Fund	33,112,864	16,338,115	16,774,749
Inmate Welfare Account	4,599,572	4,262,045	337,527
Total	37,712,436	20,600,160	17,112,276
Tobacco Settlement			
<i>Elected Officials</i>			
Millennium Scholarship Fund	60,462,018	31,948,531	28,513,487
Millennium Scholarship Administration	361,243	313,690	47,553
Guinn Memorial Millennium Scholarship Fund	435,213	9,000	426,213
Trust Fund for Healthy Nevada	58,092,499	26,689,003	31,403,496
MSA Compliance Administration	1,016,736	718,301	298,435
<i>Human Services</i>			
Tobacco Settlement Program	6,211,654	5,979,429	232,225
Senior RX and Disability RX	3,325,000	3,074,029	250,971
Total	129,904,363	68,731,983	61,172,380
Attorney General Settlement			
<i>Public Safety</i>			
National Settlement Administration	31,513,862	5,168,726	26,345,136
Total	31,513,862	5,168,726	26,345,136
Gift			
<i>Education</i>			
Education Gift Fund	46,082	20,397	25,685
Library and Archives Gift Fund	583,212	45,379	537,833
<i>Human Services</i>			
Rural Services Gift Account	12,722	-	12,722
SNAMHS Gift Fund	29,301	-	29,301
Public Health Gift Fund	53,076	5,357	47,719
Aging Services Gift	63,148	1,772	61,376
CBS Washoe Gift Fund	23,025	12,176	10,849
Indian Commission Gift Acct	67,853	38,559	29,294
Hospital Gift Fund	239,668	244	239,424
SRC Gift Fund	10,920	-	10,920
NV Equal Rights Commission Gift Fund	5,267	-	5,267
Blind Gift Fund	436,337	-	436,337
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	17,015	58	16,957

	Final Budget	Actual	Variance
Henry Woods Christmas Fund	\$ 1,155	\$ -	\$ 1,155
Nevada Children's Gift Account	592,524	35,396	557,128
CYC Gift Fund	1,156	-	1,156
Youth Training Center Gift Fund	30,901	5,000	25,901
DRC Gift Fund	6,712	409	6,303
Infrastructure			
Wildlife Trust Account	850,481	284,725	565,756
Park Gift and Grants	290,589	45,566	245,023
Total	3,371,031	495,038	2,875,993
Natural Resources			
Infrastructure			
Grants To Water Purveyors	1,143,655	837,744	305,911
Erosion Control Bond Q12	331,790	14,792	316,998
Lake Tahoe 2016D Bonds	1,515,000	-	1,515,000
Protect Lake Tahoe	7,496,067	5,259,953	2,236,114
Total	10,486,512	6,112,489	4,374,023
Miscellaneous			
Elected Officials			
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	6,676,840	3,316,362	3,360,478
Unfair Trade Practices	750,000	27,103	722,897
Commerce and Industry			
Lot Rent Trust Subsidy	637,291	632,497	4,794
Museums and History Board Trust	153,246	134,349	18,897
Museums Administrator Trust	43,508	23,963	19,545
Nevada Historical Society Trust	2,375,417	68,234	2,307,183
Nevada State Museum Trust	1,567,738	379,752	1,187,986
Nevada Railroad Museum Trust	422,022	201,047	220,975
Lost City Museum Trust	132,833	95,967	36,866
LV Museum and Historical Society Trust	97,636	51,925	45,711
Human Services			
Radioactive Material Disposal	1,083,134	333,736	749,398
Finance and Administration			
Victims of Crime	19,507,615	6,643,510	12,864,105
Total	33,447,405	11,908,445	21,538,960
Legislative (Non-GAAP Fund)			
Legislative Branch			
Nevada Legislative Interim	682,860	659,448	23,412
Legislative Counsel Bureau	61,370,347	49,009,462	12,360,885
Audit Contingency Account	397,464	345,000	52,464
Total	62,450,671	50,013,910	12,436,761
Total Special Revenue Funds	\$ 2,411,015,002	\$ 1,803,270,359	\$ 607,744,643

Schedule of Sources - Budget and Actual, Non-GAAP Budgetary Basis

All Nonmajor Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Employment Security			Unemployment Compensation Bond		
Fund balances, July 1	\$ 12,347,563	\$ 12,347,563	\$ -	\$ -	\$ -	\$ -
Revenues:						
Federal	75,460,708	67,626,910	(7,833,798)	-	-	-
Other taxes	-	-	-	246,152,623	179,262,046	(66,890,577)
Sales and charges for services	754,081	601,767	(152,314)	-	-	-
Licenses, fees and permits	307,905	446,449	138,544	-	-	-
Interest	63,074	123,990	60,916	75,000	66,775	(8,225)
Other	15,556,152	17,705,694	2,149,542	-	-	-
Other financing sources:						
Transfer from other funds	892,287	256,725	(635,562)	-	-	-
Total sources	\$ 105,381,770	\$ 99,109,098	\$ (6,272,672)	\$ 246,227,623	\$ 179,328,821	\$ (66,898,802)
	Regulatory			Higher Education Capital Construction		
Fund balances, July 1	\$ 12,487,165	\$ 12,487,165	\$ -	\$ -	\$ -	\$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	13,366,176	13,366,176	-
Federal	683,428	701,805	18,377	-	-	-
Other taxes	11,317,409	11,140,844	(176,565)	-	-	-
Sales, charges for services	5,733,418	4,284,145	(1,449,273)	-	-	-
Licenses, fees and permits	2,859,742	3,791,423	931,681	-	-	-
Interest	30,648	70,927	40,279	-	-	-
Other	620,757	727,098	106,341	-	-	-
Other financing sources:						
Transfer from other funds	873,885	731,978	(141,907)	-	-	-
Total sources	\$ 34,606,452	\$ 33,935,385	\$ (671,067)	\$ 13,366,176	\$ 13,366,176	\$ -
	Cleaning Up Petroleum Discharges			Hospital Care to Indigent Persons		
Fund balances, July 1	\$ 7,500,000	\$ 7,500,000	\$ -	\$ 20,393,876	\$ 20,393,876	\$ -
Revenues:						
Other taxes	13,500,000	13,635,595	135,595	16,190,598	13,180,018	(3,010,580)
Intergovernmental	-	-	-	15,312,145	15,312,145	-
Licenses, fees and permits	550,000	415,487	(134,513)	-	-	-
Interest	100,000	71,561	(28,439)	179,064	244,920	65,856
Other	100,000	22	(99,978)	48,000	48,000	-
Total sources	\$ 21,750,000	\$ 21,622,665	\$ (127,335)	\$ 52,123,683	\$ 49,178,959	\$ (2,944,724)
	Tourism Promotion			Offenders' Store		
Fund balances, July 1	\$ 5,559,553	\$ 5,559,553	\$ -	\$ 10,449,552	\$ 10,449,552	\$ -
Revenues:						
Other taxes	24,239,149	24,236,383	(2,766)	-	-	-
Sales, charges for services	-	-	-	22,852,003	19,560,796	(3,291,207)
Licenses, fees and permits	36,455	36,455	-	-	-	-
Interest	-	1,273	1,273	103,371	152,250	48,879
Other	5,707	4,254	(1,453)	498,743	529,955	31,212
Other financing sources:						
Transfer from other funds	100,000	100,000	-	3,808,767	3,563,245	(245,522)
Total sources	\$ 29,940,864	\$ 29,937,918	\$ (2,946)	\$ 37,712,436	\$ 34,255,798	\$ (3,456,638)

(Continued)

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Tobacco Settlement			Attorney General Settlement		
Fund balances, July 1	\$ 51,108,244	\$ 51,108,244	\$ -	\$ 21,291,782	\$ 21,291,782	\$ -
Revenues:						
Interest	307,735	300,116	(7,619)	222,080	222,080	-
Other	40,990,487	40,428,276	(562,211)	-	-	-
Other financing sources:						
Transfer from other funds	37,497,897	36,967,148	(530,749)	10,000,000	10,000,000	-
Total sources	<u>\$129,904,363</u>	<u>\$128,803,784</u>	<u>\$ (1,100,579)</u>	<u>\$ 31,513,862</u>	<u>\$ 31,513,862</u>	<u>\$ -</u>
	Gift			Natural Resources		
Fund balances, July 1	\$ 2,551,611	\$ 2,551,611	\$ -	\$ 8,553,258	\$ 8,553,258	\$ -
Revenues:						
Federal	-	-	-	251,546	12,292	(239,254)
Interest	25,925	19,502	(6,423)	179,708	51,301	(128,407)
Other	793,075	493,788	(299,287)	2,000	-	(2,000)
Other financing sources:						
Proceeds from sale of bonds	-	-	-	1,500,000	1,502,842	2,842
Transfer from other funds	420	420	-	-	-	-
Total sources	<u>\$ 3,371,031</u>	<u>\$ 3,065,321</u>	<u>\$ (305,710)</u>	<u>\$ 10,486,512</u>	<u>\$ 10,119,693</u>	<u>\$ (366,819)</u>
	Miscellaneous			Legislative (Non-GAAP Fund)		
Fund balances, July 1	\$ 16,776,436	\$ 16,776,436	\$ -	\$ 10,558,452	\$ 10,558,452	\$ -
Revenues:						
Federal	2,504,339	2,103,625	(400,714)	-	-	-
Other taxes	2,906,531	2,328,235	(578,296)	-	-	-
Sales, charges for services	654,786	570,871	(83,915)	484,430	478,323	(6,107)
Licenses, fees and permits	4,862,372	4,390,207	(472,165)	228,010	228,010	-
Interest	30,326	122,354	92,028	-	-	-
Other	5,009,902	4,124,233	(885,669)	259,952	261,099	1,147
Other financing sources:						
Transfer from other funds	702,713	702,788	75	51,016,884	51,015,684	(1,200)
Total sources	<u>\$ 33,447,405</u>	<u>\$ 31,118,749</u>	<u>\$ (2,328,656)</u>	<u>\$ 62,547,728</u>	<u>\$ 62,541,568</u>	<u>\$ (6,160)</u>
	Total Nonmajor Special Revenue Funds					
Fund balances, July 1	\$179,577,492	\$179,577,492	\$ -			
Revenues:						
Gaming taxes, fees, licenses	13,366,176	13,366,176	-			
Federal	78,900,021	70,444,632	(8,455,389)			
Other taxes	314,306,310	243,783,121	(70,523,189)			
Sales, charges for services	30,478,718	25,495,902	(4,982,816)			
Intergovernmental	15,312,145	15,312,145	-			
Licenses, fees and permits	8,844,484	9,308,031	463,547			
Interest	1,316,931	1,447,049	130,118			
Other	63,884,775	64,322,419	437,644			
Other financing sources:						
Proceeds from sale of bonds	1,500,000	1,502,842	2,842			
Transfer from other funds	104,892,853	103,337,988	(1,554,865)			
Total sources	<u>\$812,379,905</u>	<u>\$727,897,797</u>	<u>\$ (84,482,108)</u>			

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NONMAJOR ENTERPRISE FUNDS

Workers' Compensation and Safety Records assessments on insurers for compensation of injured workers and administration of regulations for employee safety (NRS 616A.425), assesses self-insurers to pay claims against insolvent self-insured employers (NRS 616B.309), accounts for compensation benefits to physically impaired employees from a subsequent injury in the course of employment (NRS 616B.554, 616B.575, 616B.584), and accounts for injury claims of employees of uninsured employers (NRS 616A.430).

Insurance Administration and Enforcement Accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance (NRS 680C.100).

Gaming Investigative Accounts for activities related to investigations of gaming license applicants (NRS 463.331).

Forestry Nurseries Accounts for the self-supporting operation of State nurseries, which propagate, maintain and distribute plants for conservation purposes (NRS 528.100).

Prison Industry Accounts for a self-supporting program of job training through the employment of inmates in farming and manufacturing (NRS 209.189).

Nevada Magazine Accounts for the operation of the publication, Nevada Magazine, which is published to promote tourism (NRS 231.290).

Marlette Lake Water System Accounts for the costs of operating the State-owned Marlette Lake Water System. The system serves the State Buildings and Grounds Division and portions of Carson City and Storey County (NRS 331.180).

Combining Statement of Net Position Nonmajor Enterprise Funds

June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Assets				
Current assets:				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 40,351,160	\$ 6,241,178	\$ 11,407,580	\$ 670,629
Cash in custody of other officials	250	-	205,939	100
<i>Receivables:</i>				
Accounts receivable	2,362,466	375,479	105,058	17,159
Intergovernmental receivables	1,274,583	55,039	-	3,529
Due from other funds	1,042,602	67,645	3,900	59,330
Due from fiduciary funds	-	-	-	-
Inventory	-	-	-	160,952
Prepaid items	100,205	94,100	23,467	-
Total current assets	45,131,266	6,833,441	11,745,944	911,699
Noncurrent assets:				
<i>Receivables:</i>				
Other assets	-	-	-	-
<i>Capital assets:</i>				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	4,576,948	205,626	163,726	60,965
Less accumulated depreciation	(2,064,623)	(202,724)	(163,726)	(60,965)
Total noncurrent assets	2,512,325	2,902	-	-
Total assets	47,643,591	6,836,343	11,745,944	911,699
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension contributions	3,974,573	1,464,093	-	39,273
Total deferred outflows of resources	3,974,573	1,464,093	-	39,273
Liabilities				
Current liabilities:				
<i>Accounts payable and accruals:</i>				
Accounts payable	588,193	190,657	175,375	8,621
Accrued payroll and related liabilities	532,919	218,859	-	5,834
Interest payable	-	-	-	-
Intergovernmental payables	10,256	-	356	-
Due to other funds	67,185	209,252	1,535,596	21,758
Due to fiduciary funds	13	-	-	888
Unearned revenues	-	-	9,782,617	-
Other liabilities	-	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Compensated absences	703,486	252,074	-	4,735
Bonds payable	-	-	-	-
Total current liabilities	1,902,052	870,842	11,493,944	41,836
Noncurrent liabilities:				
Advances from other funds	-	-	-	186,030
Net pension obligation	24,901,378	8,876,185	-	213,433
Compensated absences	319,438	92,815	-	694
Bonds payable	-	-	-	-
Total noncurrent liabilities	25,220,816	8,969,000	-	400,157
Total liabilities	27,122,868	9,839,842	11,493,944	441,993
Deferred Inflows of Resources				
Pension related amounts	1,999,466	712,717	-	17,138
Total deferred inflows of resources	1,999,466	712,717	-	17,138
Net Position				
Net investment in capital assets	2,512,325	2,902	-	-
Restricted for workers' compensation	19,983,505	-	-	-
Restricted for regulation of business	-	-	2,000	-
Unrestricted (deficit)	-	(2,255,025)	250,000	491,841
Total net position	\$ 22,495,830	\$ (2,252,123)	\$ 252,000	\$ 491,841

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
\$ 3,734,074	\$ 205,363	\$ 210,460	\$ 62,820,444
100	-	-	206,389
61,263	65,778	-	2,987,203
248,298	-	122,196	1,703,645
375,366	445	23,995	1,573,283
6,468	-	-	6,468
1,342,023	42,337	-	1,545,312
-	2,740	-	220,512
5,767,592	316,663	356,651	71,063,256
15,000	-	-	15,000
153,140	-	414,672	567,812
2,890,227	-	498,613	3,388,840
-	-	3,656,507	3,656,507
1,184,069	-	9,602,803	15,794,137
(3,604,107)	-	(2,886,802)	(8,982,947)
638,329	-	11,285,793	14,439,349
6,405,921	316,663	11,642,444	85,502,605
-	-	173,759	173,759
393,962	144,781	66,141	6,082,823
393,962	144,781	239,900	6,256,582
89,520	112,210	5,119	1,169,695
46,149	20,651	9,565	833,977
-	-	62,570	62,570
128	-	-	10,740
103,415	1,979	15,044	1,954,229
51,262	-	-	52,163
119,997	143,024	-	10,045,638
9,400	-	2,050	11,450
84,617	11,992	22,454	1,079,358
-	-	289,158	289,158
504,488	289,856	405,960	15,508,978
-	-	-	186,030
2,578,539	890,979	443,720	37,904,234
73,962	3,936	11,898	502,743
-	-	7,976,925	7,976,925
2,652,501	894,915	8,432,543	46,569,932
3,156,989	1,184,771	8,838,503	62,078,910
207,045	71,542	35,629	3,043,537
207,045	71,542	35,629	3,043,537
623,329	-	3,019,710	6,158,266
-	-	-	19,983,505
-	-	-	2,000
2,812,520	(794,869)	(11,498)	492,969
\$ 3,435,849	\$ (794,869)	\$ 3,008,212	\$ 26,636,740

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Operating Revenues				
Sales	\$ -	\$ -	\$ -	\$ 384,551
Assessments	-	378,850	-	-
Charges for services	11,188	1,876	13,462,128	-
Rental income	-	-	-	-
Licenses, fees and permits	40,346,368	11,401,806	-	-
Fines	2,069,045	46,745	-	-
Other	789,006	-	386	75,943
Total operating revenues	43,215,607	11,829,277	13,462,514	460,494
Operating Expenses				
Salaries and benefits	17,195,837	6,482,319	11,449,313	123,685
Operating	4,860,107	4,638,482	1,181,417	74,122
Claims and benefits expense	7,992,919	-	-	-
Materials or supplies used	-	-	-	138,013
Depreciation	57,412	3,586	-	-
Total operating expenses	30,106,275	11,124,387	12,630,730	335,820
Operating income (loss)	13,109,332	704,890	831,784	124,674
Nonoperating Revenues (Expenses)				
Interest and investment income	(78,458)	14,169	-	-
Interest expense	-	-	-	-
Federal grants	2,591,462	671,116	-	-
Gain (loss) on disposal/sale of assets	800	-	-	-
Total nonoperating revenues (expenses)	2,513,804	685,285	-	-
Income (loss) before transfers	15,623,136	1,390,175	831,784	124,674
Transfers				
Transfers in	-	11,019	-	121
Transfers out	(10,756,606)	(1,151,358)	(831,784)	-
Change in net position	4,866,530	249,836	-	124,795
Net position, July 1 (as restated)	17,629,300	(2,501,959)	252,000	367,046
Net position, June 30	\$ 22,495,830	\$ (2,252,123)	\$ 252,000	\$ 491,841

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
\$ 4,440,131	\$ 1,028,637	\$ 1,011,349	\$ 6,864,668
-	-	-	378,850
738,574	-	-	14,213,766
146,100	-	-	146,100
-	-	-	51,748,174
-	-	-	2,115,790
75,943	8,790	145,606	1,095,674
5,400,748	1,037,427	1,156,955	76,563,022
928,916	670,190	363,276	37,213,536
2,477,473	207,189	271,264	13,710,054
-	-	-	7,992,919
2,148,529	280,782	-	2,567,324
82,330	-	373,699	517,027
5,637,248	1,158,161	1,008,239	62,000,860
(236,500)	(120,734)	148,716	14,562,162
8,225	-	-	(56,064)
-	-	(345,590)	(345,590)
1,516,525	-	-	4,779,103
-	-	-	800
1,524,750	-	(345,590)	4,378,249
1,288,250	(120,734)	(196,874)	18,940,411
-	-	936	12,076
(104,686)	-	-	(12,844,434)
1,183,564	(120,734)	(195,938)	6,108,053
2,252,285	(674,135)	3,204,150	20,528,687
\$ 3,435,849	\$ (794,869)	\$ 3,008,212	\$ 26,636,740

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative
Cash flows from operating activities			
Receipts from customers and users	\$ 53,479,281	\$ 11,302,307	\$ 14,000,131
Receipts for interfund services provided	99,991	324,253	-
Payments to suppliers, other governments and beneficiaries	(32,273,486)	(3,840,139)	(439,698)
Payments to employees	(16,692,666)	(6,397,177)	(11,449,313)
Payments for interfund services used	(3,821,005)	(1,343,716)	(40,163)
Payments to component units	(222,470)	-	-
Net cash provided by (used for) operating activities	569,645	45,528	2,070,957
Cash flows from noncapital financing activities			
Grant receipts	1,316,879	706,722	-
Transfers and advances from other funds	-	11,019	-
Transfers and advances to other funds	(10,774,607)	(1,008,425)	(2,592,229)
Net cash provided by (used for) noncapital financing activities	(9,457,728)	(290,684)	(2,592,229)
Cash flows from capital and related financing activities			
Proceeds from capital debt	800	-	-
Purchase of capital assets	(2,415,282)	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by (used for) capital and related financing activities	(2,414,482)	-	-
Cash flows from investing activities			
Interest, dividends and gains (losses)	(59,638)	2,537	-
Net cash provided by (used for) investing activities	(59,638)	2,537	-
Net increase (decrease) in cash	(11,362,203)	(242,619)	(521,272)
Cash and cash equivalents, July 1	51,713,613	6,483,797	12,134,791
Cash and cash equivalents, June 30	\$ 40,351,410	\$ 6,241,178	\$ 11,613,519
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 13,109,332	\$ 704,890	\$ 831,784
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	57,412	3,586	-
Decrease (increase) in accrued interest and receivables	156,679	(202,717)	2,776
Decrease (increase) in inventory, deferred charges, other assets	(100,205)	(93,040)	(18,473)
Decrease (increase) in deferred outflows of resources	(2,405,688)	(904,857)	-
Increase (decrease) in accounts payable, accruals, other liabilities	(13,637,470)	(625,060)	720,029
Increase (decrease) in unearned revenue	-	-	534,841
Increase (decrease) in net pension liability	4,247,995	1,475,929	-
Increase (decrease) in deferred inflows of resources	(858,410)	(313,203)	-
Total adjustments	(12,539,687)	(659,362)	1,239,173
Net cash provided by (used for) operating activities	\$ 569,645	\$ 45,528	\$ 2,070,957

Forestry Nurseries	Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
\$ 102,061	\$ 2,806,350	\$ 696,481	\$ 1,319,218	\$ 83,705,829
323,688	2,438,618	360,334	418	3,547,302
(185,741)	(2,805,032)	(344,835)	(219,288)	(40,108,219)
(123,513)	(1,480,544)	(617,663)	(278,010)	(37,038,886)
(25,583)	(1,743,142)	(75,119)	(35,992)	(7,084,720)
-	-	-	(1,333)	(223,803)
90,912	(783,750)	19,198	785,013	2,797,503
-	1,540,380	-	-	3,563,981
121	-	-	907	12,047
-	(80,034)	-	-	(14,455,295)
121	1,460,346	-	907	(10,879,267)
-	-	-	-	800
-	(18,000)	-	-	(2,433,282)
(20,670)	-	-	(227,000)	(247,670)
-	-	-	(380,633)	(380,633)
(20,670)	(18,000)	-	(607,633)	(3,060,785)
-	1,215	-	-	(55,886)
-	1,215	-	-	(55,886)
70,363	659,811	19,198	178,287	(11,198,435)
600,366	3,074,363	186,165	32,173	74,225,268
\$ 670,729	\$ 3,734,174	\$ 205,363	\$ 210,460	\$ 63,026,833
\$ 124,674	\$ (236,500)	\$ (120,734)	\$ 148,716	\$ 14,562,162
-	82,330	-	373,699	517,027
(34,745)	(190,439)	22,076	162,681	(83,689)
(5,851)	76,219	(8,026)	-	(149,376)
(25,826)	(231,504)	(88,646)	(38,184)	(3,694,705)
1,378	(55,233)	52,952	193	(13,543,211)
-	34,659	(2,688)	-	566,812
38,286	(76,929)	188,158	140,906	6,014,345
(7,004)	(186,353)	(23,894)	(2,998)	(1,391,862)
(33,762)	(547,250)	139,932	636,297	(11,764,659)
\$ 90,912	\$ (783,750)	\$ 19,198	\$ 785,013	\$ 2,797,503

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INTERNAL SERVICE FUNDS

Self-Insurance Accounts for self-insured group life, accident and health insurance plans for State and other government employees (NRS 287.0435).

Buildings and Grounds Accounts for the maintenance, housekeeping and security of most State buildings (NRS 331.101).

Fleet Services Accounts for the operations of the State vehicle fleet (NRS 336.110).

Communications Accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko (NRS 378.143).

Insurance Premiums Allocates the costs of fidelity insurance, property insurance and workers' compensation insurance to State agencies (NRS 331.187).

Administrative Services Provides administrative and accounting services to various divisions of the Department of Administration (NRS 232.219).

Personnel Accounts for the costs of administering the State personnel system. Operations are financed by assessments charged to user agencies (NRS 284.110).

Purchasing Provides purchasing services to State agencies and other governmental units. The operation is financed by an administrative charge on purchase orders and warehouse orders (NRS 333.120).

Information Services Accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems (NRS 242.211).

Printing Accounts for the operation of the State printing facilities (NRS 344.090).

Combining Statement of Net Position Internal Service Funds

June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Assets				
Current assets:				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 130,055,528	\$ 5,349,538	\$ 1,542,259	\$ 483,207
<i>Receivables:</i>				
Accounts receivable	2,727,533	3,318	403	13,692
Intergovernmental receivables	7,367,820	-	2,104	752
Notes receivable	-	-	-	-
Due from other funds	3,654,330	171,336	545,486	588,693
Due from fiduciary funds	4,955,778	-	-	-
Due from component units	2,010,176	-	7,961	228
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	150,771,165	5,524,192	2,098,213	1,086,572
Noncurrent assets:				
Notes receivable	-	-	-	-
Other assets	-	-	-	-
<i>Capital assets:</i>				
Land	-	20,400	901,783	-
Buildings	-	2,268,068	2,476,962	-
Improvements other than buildings	-	291,216	-	422,451
Furniture and equipment	466,226	856,322	22,535,998	1,163,846
Software costs	-	-	-	-
Construction in progress	-	-	-	-
Less accumulated depreciation/amortization	(340,451)	(2,490,744)	(15,914,289)	(1,270,201)
Total noncurrent assets	125,775	945,262	10,000,454	316,096
Total assets	150,896,940	6,469,454	12,098,667	1,402,668
Deferred Outflows of Resources				
Pension contributions	558,190	1,262,531	203,537	259,750
Liabilities				
Current liabilities:				
<i>Accounts payable and accruals:</i>				
Accounts payable	1,996,071	1,809,118	156,848	8,459
Accrued payroll and related liabilities	81,243	191,345	30,474	34,190
Intergovernmental payables	-	99,964	1,136	-
Bank overdraft	2,416,783	-	-	-
Due to other funds	13,749	188,372	186,594	35,314
Due to fiduciary funds	-	6,091	1,169	-
Due to component units	-	-	-	-
Unearned revenues	87,640	-	-	-
<i>Short-term portion of long-term liabilities:</i>				
Reserve for losses	68,668,573	-	-	-
Compensated absences	126,715	255,015	35,279	56,548
Bonds payable	-	-	-	-
Total current liabilities	73,390,774	2,549,905	411,500	134,511
Noncurrent liabilities:				
Advances from other funds	-	-	1,937,500	-
Reserve for losses	-	-	-	-
Net pension obligation	3,633,788	7,792,056	1,195,159	1,677,379
Compensated absences	61,499	123,740	35,932	42,144
Bonds payable	-	-	-	-
Total noncurrent liabilities	3,695,287	7,915,796	3,168,591	1,719,523
Total liabilities	77,086,061	10,465,701	3,580,091	1,854,034
Deferred Inflows of Resources				
Pension related amounts	291,777	625,667	95,965	134,686
Net Position				
Net investment in capital assets	125,775	945,262	10,000,454	316,096
Unrestricted (deficit)	73,951,517	(4,304,645)	(1,374,306)	(642,398)
Total net position	\$ 74,077,292	\$ (3,359,383)	\$ 8,626,148	\$ (326,302)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 18,459,396	\$ 542,569	\$ 2,238,564	\$ 1,702,477	\$ 8,022,941	\$ 2,076,853	\$ 170,473,332
1,461	-	1,625	6,619	18,112	-	2,772,763
-	-	-	-	138,212	-	7,508,888
5,000	-	-	-	-	-	5,000
612,182	-	46,064	21,245	2,805,981	205,975	8,651,292
-	-	4,349	-	-	-	4,960,127
601	-	-	-	1,009	-	2,019,975
-	-	-	-	-	251,829	251,829
87,500	-	5,000	-	-	-	92,500
19,166,140	542,569	2,295,602	1,730,341	10,986,255	2,534,657	196,735,706
70,000	-	-	-	-	-	70,000
-	-	-	-	3,761	-	3,761
-	-	-	95,554	15,000	-	1,032,737
-	-	-	140,000	14,762,838	744,617	20,392,485
-	-	-	-	-	3,125,954	3,839,621
36,877	52,240	180,962	152,380	30,360,154	3,878,668	59,683,673
-	-	16,134,510	-	-	-	16,134,510
-	-	-	-	6,000,000	-	6,000,000
(34,449)	(52,240)	(15,478,202)	(292,380)	(35,035,491)	(5,322,746)	(76,231,193)
72,428	-	837,270	95,554	16,106,262	2,426,493	30,925,594
19,238,568	542,569	3,132,872	1,825,895	27,092,517	4,961,150	227,661,300
187,597	562,285	1,317,630	478,724	3,782,386	308,404	8,921,034
1,182,292	3,450	68,356	5,604	838,942	102,289	6,171,429
27,170	84,253	198,209	62,845	519,835	41,924	1,271,488
-	-	-	46	10,298	-	111,444
-	-	-	-	-	-	2,416,783
102,542	8,749	118,562	92,374	967,421	4,422	1,718,099
-	-	-	-	-	7,046	14,306
7,318	-	5,075	-	69	-	12,462
-	-	-	-	30	-	87,670
18,133,096	-	-	-	-	-	86,801,669
37,993	146,319	281,119	93,981	900,043	79,598	2,012,610
-	-	-	-	513,323	-	513,323
19,490,411	242,771	671,321	254,850	3,749,961	235,279	101,131,283
-	-	-	-	6,468,011	-	8,405,511
47,591,917	-	-	-	-	-	47,591,917
1,140,084	3,721,547	8,469,573	3,267,182	24,222,744	1,318,398	56,437,910
27,003	71,056	201,274	49,814	558,556	62,327	1,233,345
-	-	-	-	3,709,603	-	3,709,603
48,759,004	3,792,603	8,670,847	3,316,996	34,958,914	1,380,725	117,378,286
68,249,415	4,035,374	9,342,168	3,571,846	38,708,875	1,616,004	218,509,569
91,543	298,824	680,068	262,339	1,944,975	206,760	4,632,604
2,428	-	837,270	95,554	11,961,301	2,426,493	26,710,633
(48,917,221)	(3,229,344)	(6,409,004)	(1,625,120)	(21,740,248)	1,020,297	(13,270,472)
\$ (48,914,793)	\$ (3,229,344)	\$ (5,571,734)	\$ (1,529,566)	\$ (9,778,947)	\$ 3,446,790	\$ 13,440,161

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Operating Revenues				
Net premium income	\$ 354,314,111	\$ -	\$ -	\$ -
Sales	-	-	357	-
Charges for services	-	1,184,979	21,511	6,422,052
Rental income	-	15,105,202	5,657,292	-
Other	547,339	84,324	-	-
Total operating revenues	354,861,450	16,374,505	5,679,160	6,422,052
Operating Expenses				
Salaries and benefits	2,446,932	4,712,291	952,546	1,155,560
Operating	5,146,532	11,446,466	2,210,669	5,420,715
Claims expense	228,477,747	-	-	-
Materials or supplies used	-	-	274,310	-
Depreciation	37,908	117,352	2,687,900	28,441
Insurance premiums	118,681,767	-	-	-
Total operating expenses	354,790,886	16,276,109	6,125,425	6,604,716
Operating income (loss)	70,564	98,396	(446,265)	(182,664)
Nonoperating Revenues (Expenses)				
Interest and investment income	145,639	-	-	-
Interest expense	-	-	-	-
Gain (loss) on disposal of assets	-	-	111,833	-
Total nonoperating revenues (expenses)	145,639	-	111,833	-
Income (loss) before transfers	216,203	98,396	(334,432)	(182,664)
Transfers				
Transfers in	-	16,672	94,365	-
Change in net position	216,203	115,068	(240,067)	(182,664)
Net position, July 1 (as restated)	73,861,089	(3,474,451)	8,866,215	(143,638)
Net position, June 30	\$ 74,077,292	\$ (3,359,383)	\$ 8,626,148	\$ (326,302)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 24,955,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,269,611
-	-	-	-	-	2,567,260	2,567,617
-	2,634,190	9,293,669	2,791,302	31,998,653	-	54,346,356
-	-	-	-	-	-	20,762,494
192,405	-	29,584	404,659	545	11,763	1,270,619
25,147,905	2,634,190	9,323,253	3,195,961	31,999,198	2,579,023	458,216,697
851,591	2,661,543	5,393,409	1,467,592	14,729,531	1,388,427	35,759,422
1,937,849	397,859	2,354,433	707,216	14,046,971	427,875	44,096,585
15,866,198	-	-	-	-	-	244,343,945
-	-	-	-	-	488,135	762,445
800	-	5,988	-	2,139,701	140,544	5,158,634
5,450,794	-	-	-	-	-	124,132,561
24,107,232	3,059,402	7,753,830	2,174,808	30,916,203	2,444,981	454,253,592
1,040,673	(425,212)	1,569,423	1,021,153	1,082,995	134,042	3,963,105
-	-	-	-	-	-	145,639
-	-	-	-	(218)	-	(218)
-	-	-	-	-	-	111,833
-	-	-	-	(218)	-	257,254
1,040,673	(425,212)	1,569,423	1,021,153	1,082,777	134,042	4,220,359
7,170	-	-	-	1,652,833	159,651	1,930,691
1,047,843	(425,212)	1,569,423	1,021,153	2,735,610	293,693	6,151,050
(49,962,636)	(2,804,132)	(7,141,157)	(2,550,719)	(12,514,557)	3,153,097	7,289,111
\$ (48,914,793)	\$ (3,229,344)	\$ (5,571,734)	\$ (1,529,566)	\$ (9,778,947)	\$ 3,446,790	\$ 13,440,161

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2017

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Cash flows from operating activities				
Receipts from customers and users	\$ 47,159,397	\$ -	\$ 16,621	\$ 14,684
Receipts for interfund services provided	285,703,322	17,138,104	5,549,250	6,532,339
Receipts from component units	14,643,376	-	81,139	1,960
Receipts of principal on loans and notes	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(350,224,720)	(8,759,305)	(1,684,864)	(5,108,001)
Payments to employees	(2,332,726)	(5,612,714)	(939,613)	(1,118,859)
Payments for interfund services used	(787,925)	(1,854,405)	(886,314)	(304,834)
Payments to component units	-	(1,523)	-	-
Net cash provided by (used for) operating activities	(5,839,276)	910,157	2,136,219	17,289
Cash flows from noncapital financing activities				
Transfers and advances from other funds	-	12,895	22,596	-
Transfers and advances to other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	12,895	22,596	-
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	-	-	-
Proceeds from sale of capital assets	-	-	129,675	-
Purchase of capital assets	(35,994)	(69,336)	(2,384,855)	(42,500)
Principal paid on capital debt	-	-	(250,000)	-
Interest paid on capital debt	-	-	-	-
Payments on construction projects	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(35,994)	(69,336)	(2,505,180)	(42,500)
Cash flows from investing activities				
Interest, dividends and gains (losses)	22,022	-	-	-
Net cash provided by (used for) investing activities	22,022	-	-	-
Net increase (decrease) in cash	(5,853,248)	853,716	(346,365)	(25,211)
Cash and cash equivalents, July 1	135,908,776	4,495,822	1,888,624	508,418
Cash and cash equivalents, June 30	\$ 130,055,528	\$ 5,349,538	\$ 1,542,259	\$ 483,207
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 70,564	\$ 98,396	\$ (446,265)	\$ (182,664)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	37,908	117,352	2,687,900	28,441
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	(7,382,112)	763,599	(32,150)	126,931
Decrease (increase) in inventory, deferred charges, other assets	-	-	-	-
Decrease (increase) in deferred outflows of resources	(329,247)	(771,601)	(128,237)	(154,070)
Increase (decrease) in accounts payable, accruals, other liabilities	1,230,016	678,901	(139,398)	(28,780)
Increase (decrease) in unearned revenue	26,757	-	-	-
Increase (decrease) in net pension liability	630,166	456,680	230,542	285,396
Increase (decrease) in deferred inflows of resources	(123,328)	(433,170)	(36,173)	(57,965)
Total adjustments	(5,909,840)	811,761	2,582,484	199,953
Net cash provided by (used for) operating activities	\$ (5,839,276)	\$ 910,157	\$ 2,136,219	\$ 17,289
Noncash investing, capital and financing activities				
Gain (loss) on disposal of assets	\$ -	\$ -	\$ 113,040	\$ -

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
\$ 515,380	\$ -	\$ 158,664	\$ 403,253	\$ 785,646	\$ 228,554	\$ 49,282,199
25,106,953	2,634,190	9,554,308	2,794,961	31,327,554	2,189,316	388,530,297
255,629	-	633,218	-	-	-	15,615,322
5,000	-	-	-	-	-	5,000
(9,728,979)	(68,707)	(202,211)	(129,253)	(14,215,163)	(600,109)	(390,721,312)
(796,513)	(2,304,159)	(5,494,115)	(1,807,231)	(15,691,539)	(1,404,118)	(37,501,587)
(11,379,669)	(328,439)	(2,428,618)	(607,634)	(24,612)	(246,426)	(18,848,876)
(90,225)	-	(13,989)	-	(139,988)	-	(245,725)
3,887,576	(67,115)	2,207,257	654,096	2,041,898	167,217	6,115,318
-	-	-	-	2,513,271	159,651	2,708,413
(109,882)	-	-	-	-	-	(109,882)
(109,882)	-	-	-	2,513,271	159,651	2,598,531
-	-	-	-	6,000,000	-	6,000,000
-	-	-	-	-	-	129,675
-	-	-	-	(713,597)	-	(3,246,282)
-	-	(830,600)	-	(1,312,937)	-	(2,393,537)
-	-	-	-	(218)	-	(218)
-	-	-	-	(6,000,000)	-	(6,000,000)
-	-	(830,600)	-	(2,026,752)	-	(5,510,362)
-	-	-	-	-	-	22,022
-	-	-	-	-	-	22,022
3,777,694	(67,115)	1,376,657	654,096	2,528,417	326,868	3,225,509
14,681,702	609,684	861,907	1,048,381	5,494,524	1,749,985	167,247,823
\$ 18,459,396	\$ 542,569	\$ 2,238,564	\$ 1,702,477	\$ 8,022,941	\$ 2,076,853	\$ 170,473,332
\$ 1,040,673	\$ (425,212)	\$ 1,569,423	\$ 1,021,153	\$ 1,082,995	\$ 134,042	\$ 3,963,105
800	-	5,988	-	2,139,701	140,544	5,158,634
5,000	-	-	-	-	-	5,000
730,057	1,386	1,022,937	2,253	118,662	(161,152)	(4,809,589)
(19,738)	-	95	-	678	(18,248)	(37,213)
(115,768)	(327,813)	(784,015)	(272,878)	(2,256,257)	(121,572)	(5,261,458)
2,065,904	(29,830)	(387,298)	(79,428)	(588,893)	76,370	2,797,564
-	-	-	-	(4,660)	-	22,097
215,910	809,678	1,131,237	168,885	2,661,962	71,876	6,662,332
(35,262)	(95,324)	(351,110)	(185,889)	(1,112,290)	45,357	(2,385,154)
2,846,903	358,097	637,834	(367,057)	958,903	33,175	2,152,213
\$ 3,887,576	\$ (67,115)	\$ 2,207,257	\$ 654,096	\$ 2,041,898	\$ 167,217	\$ 6,115,318
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,040

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FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST

Public Employees' Retirement Accounts for the operations of the Public Employees' Retirement System which provides income benefits to qualified public employees (NRS 286.220).

Legislators' Retirement Accounts for the operations of the Legislators' Retirement System (NRS 218.2375).

Judicial Retirement Accounts for the operations of the Judicial Retirement System which provides benefits for justices of the Supreme Court, district judges, municipal court judges, and justices of the peace (NRS 1A.160).

State Retirees' Fund Accounts for the assets accumulated and the payments made for other postemployment benefits provided to current and future State retirees. Administered as a defined benefit Other Postemployment Benefit Plan (OPEB) (NRS 287.0436).

INVESTMENT TRUST

Local Government Investment Pool Accounts for investment funds received from local governments and pooled to obtain greater interest earnings (NRS 355.167).

Nevada Enhanced Savings Term Accounts for the establishment of one or more separate subaccounts for identified investments that are made for and allocated to specific participating local governments (NRS 355.165).

Retirement Benefits Investment Fund Accounts for investment of contributions made by participating entities to support financing of other post employment benefits at some time in the future (NRS 355.220).

PRIVATE PURPOSE TRUST

Prisoners' Personal Property Accounts for personal property held in trust for prisoners pending their release (NRS 209.241).

Nevada College Savings Plan Accounts for participant contributions used to pay for future college expenses (NRS 353B.340).

AGENCY

Intergovernmental Accounts for taxes and fees, such as sales and use, property tax and motor vehicle privilege tax, collected by the Department of Taxation on behalf of local governments (NRS 353.254).

State Agency Fund for Bonds Accounts for surety bonds and deposits held by the State (NRS 353.251).

Motor Vehicle Accounts for taxes and fees collected by the Department of Motor Vehicles pending distribution to counties (NRS 482.180).

Child Support Disbursement Accounts for the centralized collection and disbursement of child support payments in accordance with 42 U.S.C. Sec. 654b (NRS 425.363).

Child Welfare Trust Accounts for survivor benefits held in trust for children receiving welfare services (NRS 432.037).

Restitution Trust Accounts for money received from parolees making restitution (NRS 213.126).

State Payroll Accounts for payment of payroll and payroll deductions such as income tax withholding, insurance deductions, credit union deductions, etc. (NRS 227.130).

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust, Investment Trust and Private-Purpose Trust Funds

June 30, 2017

	Pension Trust Funds			Other Employee Benefit Trust Fund - State Retirees' Fund	Total
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement		
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ -	\$ -	\$ -	\$ 3,401,325	\$ 3,401,325
Cash in custody of other officials	155,681,189	73,040	482,812	-	156,237,041
<i>Investments:</i>					
Investments	-	-	-	1,478,881	1,478,881
Fixed income securities	10,504,305,561	1,200,797	29,053,918	-	10,534,560,276
Marketable equity securities	16,031,517,896	3,374,830	81,575,367	-	16,116,468,093
International securities	8,259,056,692	116,647	2,819,074	-	8,261,992,413
Real estate	1,789,219,998	-	-	-	1,789,219,998
Alternative investments	1,677,291,420	-	-	-	1,677,291,420
Collateral on loaned securities	377,917,975	-	-	-	377,917,975
<i>Receivables:</i>					
Accrued interest and dividends	109,058,611	8,692	206,813	-	109,274,116
Trades pending settlement	198,725,111	17,046	830,503	-	199,572,660
Intergovernmental receivables	130,154,217	-	54,134	9,182	130,217,533
Contributions receivable	-	-	-	-	-
Due from other funds	-	-	-	143,623	143,623
Due from fiduciary funds	32,984,883	-	388,462	20,312	33,393,657
Due from component units	-	-	-	1,371,241	1,371,241
Other assets	3,352,174	-	-	-	3,352,174
Furniture and equipment	43,608,737	-	-	-	43,608,737
Accumulated depreciation	(38,994,666)	-	-	-	(38,994,666)
Total assets	39,273,879,798	4,791,052	115,411,083	6,424,564	39,400,506,497
Liabilities					
<i>Accounts payable and accruals:</i>					
Accounts payable	12,452,193	1,868	26,769	-	12,480,830
Intergovernmental payables	-	-	-	-	-
Redemptions payable	-	-	-	-	-
Trades pending settlement	196,799,074	19,413	885,414	-	197,703,901
Bank overdraft	-	-	-	-	-
Obligations under securities lending	377,917,975	-	-	-	377,917,975
Due to other funds	393,482	-	-	4,948,382	5,341,864
Due to fiduciary funds	63,666	-	-	20	63,686
Other liabilities	-	125,120	-	-	125,120
Total liabilities	587,626,390	146,401	912,183	4,948,402	593,633,376
Net Position					
<i>Held in trust for:</i>					
Employees' pension benefits	38,686,253,408	4,644,651	114,498,900	-	38,805,396,959
OPEB benefits	-	-	-	1,476,162	1,476,162
Pool participants	-	-	-	-	-
Individuals	-	-	-	-	-
Total net position	\$ 38,686,253,408	\$ 4,644,651	\$ 114,498,900	\$ 1,476,162	\$ 38,806,873,121

Investment Trust Funds				Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Retirement Benefits Investment Fund	Total	Prisoners' Personal Property	Nevada College Savings Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ 8,535,621	\$ -	\$ 8,535,621
-	-	4,905,090	4,905,090	-	18,292,074	18,292,074
829,560,936	116,233,462	415,240,828	1,361,035,226	-	20,559,109,760	20,559,109,760
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,417,951	205,911	4,713,384	6,337,246	-	870,370	870,370
-	-	-	-	-	7,191,172	7,191,172
-	-	-	-	166,408	-	166,408
-	-	-	-	-	15,282,620	15,282,620
-	-	-	-	179,848	-	179,848
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	48,222	-	48,222
-	-	-	-	(48,222)	-	(48,222)
<u>830,978,887</u>	<u>116,439,373</u>	<u>424,859,302</u>	<u>1,372,277,562</u>	<u>8,881,877</u>	<u>20,600,745,996</u>	<u>20,609,627,873</u>
-	34,691	32,015	66,706	152,034	3,016,285	3,168,319
42,067	-	-	42,067	7,478	-	7,478
-	-	-	-	-	4,602,784	4,602,784
-	-	7,933,697	7,933,697	-	17,404,152	17,404,152
-	-	-	-	-	607,000	607,000
-	-	-	-	-	-	-
1,731	4,635	-	6,366	1,455,083	-	1,455,083
-	-	-	-	1,648	-	1,648
<u>17,968</u>	<u>-</u>	<u>-</u>	<u>17,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>61,766</u>	<u>39,326</u>	<u>7,965,712</u>	<u>8,066,804</u>	<u>1,616,243</u>	<u>25,630,221</u>	<u>27,246,464</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
830,917,121	116,400,047	416,893,590	1,364,210,758	-	-	-
-	-	-	-	7,265,634	20,575,115,775	20,582,381,409
<u>\$ 830,917,121</u>	<u>\$ 116,400,047</u>	<u>\$ 416,893,590</u>	<u>\$ 1,364,210,758</u>	<u>\$ 7,265,634</u>	<u>\$20,575,115,775</u>	<u>\$ 20,582,381,409</u>

Combining Statement of Changes in Fiduciary Net Position Pension and Other Employee Benefit Trust, Investment Trust and Private–Purpose Trust Funds

For the Fiscal Year Ended June 30, 2017

	Pension Trust Funds			Other Employee Benefit Trust Fund - State Retirees' Fund	Total
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement		
Additions					
<i>Contributions:</i>					
Employer	\$ 901,744,209	\$ 104,834	\$ 6,204,574	\$ 38,048,603	\$ 946,102,220
Plan members	901,744,209	20,286	13,306	-	901,777,801
Participants	-	-	-	-	-
Repayment and purchase of service	67,230,428	-	242,038	-	67,472,466
Total contributions	1,870,718,846	125,120	6,459,918	38,048,603	1,915,352,487
<i>Investment income:</i>					
Net increase (decrease) in fair value of investments	3,247,916,381	450,246	10,759,816	108,443	3,259,234,886
Interest, dividends	782,501,089	76,722	1,811,994	56,742	784,446,547
Securities lending	5,206,183	-	-	-	5,206,183
Other	120,178,514	-	-	-	120,178,514
	4,155,802,167	526,968	12,571,810	165,185	4,169,066,130
Less investment expense:					
Other	(45,536,108)	(900)	(16,453)	(351)	(45,553,812)
Net investment income	4,110,266,059	526,068	12,555,357	164,834	4,123,512,318
<i>Other:</i>					
Investment from local governments	-	-	-	-	-
Reinvestment from interest income	-	-	-	-	-
Other	2,143,678	68,945	-	-	2,212,623
Total other	2,143,678	68,945	-	-	2,212,623
Total additions	5,983,128,583	720,133	19,015,275	38,213,437	6,041,077,428
Deductions					
Principal redeemed	-	-	-	-	-
Benefit payments	2,258,225,215	477,601	5,523,737	38,069,185	2,302,295,738
Refunds	30,388,174	3,950	-	-	30,392,124
Contribution distributions	418,673	-	-	-	418,673
Dividends to investors	-	-	-	-	-
Administrative expense	9,872,019	67,994	94,578	-	10,034,591
Total deductions	2,298,904,081	549,545	5,618,315	38,069,185	2,343,141,126
Change in net position	3,684,224,502	170,588	13,396,960	144,252	3,697,936,302
Net position, July 1	35,002,028,906	4,474,063	101,101,940	1,331,910	35,108,936,819
Net position, June 30	\$ 38,686,253,408	\$ 4,644,651	\$114,498,900	\$ 1,476,162	\$ 38,806,873,121

Investment Trust Funds				Private-Purpose Trust Funds		
Local Government Investment Pool	Nevada Enhanced Savings Term	Retirement Benefits Investment Fund	Total	Prisoners' Personal Property	Nevada College Savings Plan	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	24,366,848	11,014,273,984	11,038,640,832
-	-	-	-	-	-	-
-	-	-	-	24,366,848	11,014,273,984	11,038,640,832
(843,112)	(981,717)	35,843,430	34,018,601	-	1,521,710,610	1,521,710,610
535,977	1,483,242	8,905,823	10,925,042	-	446,236,958	446,236,958
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(307,135)	501,525	44,749,253	44,943,643	-	1,967,947,568	1,967,947,568
-	-	(54,938)	(54,938)	-	-	-
(307,135)	501,525	44,694,315	44,888,705	-	1,967,947,568	1,967,947,568
1,387,465,328	455,999	20,507,320	1,408,428,647	-	-	-
5,927,880	-	-	5,927,880	-	-	-
-	-	304	304	-	-	-
1,393,393,208	455,999	20,507,624	1,414,356,831	-	-	-
1,393,086,073	957,524	65,201,939	1,459,245,536	24,366,848	12,982,221,552	13,006,588,400
1,143,606,619	17,059,604	-	1,160,666,223	-	9,636,172,366	9,636,172,366
-	-	-	-	24,454,832	-	24,454,832
-	-	-	-	-	-	-
-	-	6,500,000	6,500,000	-	-	-
375,394	-	-	375,394	-	-	-
160,583	170,784	42,512	373,879	-	32,274,566	32,274,566
1,144,142,596	17,230,388	6,542,512	1,167,915,496	24,454,832	9,668,446,932	9,692,901,764
248,943,477	(16,272,864)	58,659,427	291,330,040	(87,984)	3,313,774,620	3,313,686,636
581,973,644	132,672,911	358,234,163	1,072,880,718	7,353,618	17,261,341,155	17,268,694,773
\$ 830,917,121	\$ 116,400,047	\$416,893,590	\$ 1,364,210,758	\$ 7,265,634	\$20,575,115,775	\$ 20,582,381,409

Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2017

	Intergovernmental	State Agency Fund for Bonds	Motor Vehicle	Child Support Disbursement
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 14,212,800	\$ 29,481,493	\$ 46,405,790	\$ -
Cash in custody of other officials	-	23,523,295	26,040,300	4,059,416
Investments	-	236,026,738	-	-
<i>Receivables:</i>				
Taxes receivable	11,991,606	-	52,535,098	-
Intergovernmental receivables	-	-	593,263	-
Other receivables	-	-	87,101	-
Due from other funds	561,937,770	32,810,573	447,827	-
Due from fiduciary funds	15,292,802	-	1,648	-
Total assets	<u>\$ 603,434,978</u>	<u>\$ 321,842,099</u>	<u>\$ 126,111,027</u>	<u>\$ 4,059,416</u>
Liabilities				
<i>Accounts payable and accruals:</i>				
Accrued payroll and related liabilities	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	603,434,978	-	82,672,764	-
Due to fiduciary funds	-	-	15,292,802	-
<i>Other liabilities:</i>				
Deposits	-	321,842,099	27,989,722	-
Other liabilities	-	-	155,739	4,059,416
Total liabilities	<u>\$ 603,434,978</u>	<u>\$ 321,842,099</u>	<u>\$ 126,111,027</u>	<u>\$ 4,059,416</u>

<u>Child Welfare Trust</u>	<u>Restitution Trust</u>	<u>State Payroll</u>	<u>Total</u>
\$ 63,062	\$ 1,769,170	\$ 32,318,700	\$ 124,251,015
-	-	-	53,623,011
-	-	-	236,026,738
-	-	-	64,526,704
-	-	31,467	624,730
-	-	-	87,101
381	522	998,860	596,195,933
-	-	43,374	15,337,824
<u>\$ 63,443</u>	<u>\$ 1,769,692</u>	<u>\$ 33,392,401</u>	<u>\$ 1,090,673,056</u>
\$ -	\$ -	\$ 19,056	\$ 19,056
-	-	-	686,107,742
-	-	33,373,345	48,666,147
-	-	-	349,831,821
63,443	1,769,692	-	6,048,290
<u>\$ 63,443</u>	<u>\$ 1,769,692</u>	<u>\$ 33,392,401</u>	<u>\$ 1,090,673,056</u>

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Intergovernmental				
Assets				
Cash with treasurer	\$ 11,784,261	\$ 3,547,930,239	\$ 3,545,501,700	\$ 14,212,800
Taxes receivable	11,604,564	49,697,249	49,310,207	11,991,606
Due from other funds	512,905,346	561,932,185	512,899,761	561,937,770
Due from fiduciary funds	14,123,063	15,292,802	14,123,063	15,292,802
Total assets	\$ 550,417,234	\$ 4,174,852,475	\$ 4,121,834,731	\$ 603,434,978
Liabilities				
Intergovernmental payables	\$ 550,417,234	\$ 4,173,889,420	\$ 4,120,871,676	\$ 603,434,978
Total liabilities	\$ 550,417,234	\$ 4,173,889,420	\$ 4,120,871,676	\$ 603,434,978
State Agency Fund for Bonds				
Assets				
Cash with treasurer	\$ 26,448,498	\$ 6,165,727	\$ 3,132,732	\$ 29,481,493
Cash in custody of other officials	21,968,475	3,992,994	2,438,174	23,523,295
Investments	235,137,238	28,206,500	27,317,000	236,026,738
Due from other funds	32,685,379	1,032,876	907,682	32,810,573
Total assets	\$ 316,239,590	\$ 39,398,097	\$ 33,795,588	\$ 321,842,099
Liabilities				
Deposits	\$ 316,239,590	\$ 39,398,097	\$ 33,795,588	\$ 321,842,099
Total liabilities	\$ 316,239,590	\$ 39,398,097	\$ 33,795,588	\$ 321,842,099
Motor Vehicle				
Assets				
Cash with treasurer	\$ 38,019,436	\$ 1,421,795,206	\$ 1,413,408,852	\$ 46,405,790
Cash in custody of other officials	14,205,191	11,895,109	60,000	26,040,300
Taxes receivable	54,911,331	34,206,054	36,582,287	52,535,098
Intergovernmental receivables	-	593,263	-	593,263
Other receivables	88,007	-	906	87,101
Due from other funds	669,019	447,827	669,019	447,827
Due from fiduciary funds	1,339	1,648	1,339	1,648
Total assets	\$ 107,894,323	\$ 1,468,939,107	\$ 1,450,722,403	\$ 126,111,027
Liabilities				
Intergovernmental payables	\$ 77,776,397	\$ 1,444,463,925	\$ 1,439,567,558	\$ 82,672,764
Due to fiduciary funds	14,123,063	15,292,802	14,123,063	15,292,802
Deposits	15,858,704	13,310,992	1,179,974	27,989,722
Other liabilities	136,159	19,580	-	155,739
Total liabilities	\$ 107,894,323	\$ 1,473,087,299	\$ 1,454,870,595	\$ 126,111,027
Child Support Disbursement				
Assets				
Cash in custody of other officials	\$ 2,581,524	\$ 219,596,811	\$ 218,118,919	\$ 4,059,416
Total assets	\$ 2,581,524	\$ 219,596,811	\$ 218,118,919	\$ 4,059,416
Liabilities				
Other liabilities	\$ 2,581,524	\$ 220,634,589	\$ 219,156,697	\$ 4,059,416
Total liabilities	\$ 2,581,524	\$ 220,634,589	\$ 219,156,697	\$ 4,059,416
Child Welfare Trust				
Assets				
Cash with treasurer	\$ 53,799	\$ 230,123	\$ 220,860	\$ 63,062
Due from other funds	221	383	223	381
Total assets	\$ 54,020	\$ 230,506	\$ 221,083	\$ 63,443
Liabilities				
Intergovernmental payables	\$ 703	\$ -	\$ 703	\$ -
Other liabilities	53,317	229,347	219,221	63,443
Total liabilities	\$ 54,020	\$ 229,347	\$ 219,924	\$ 63,443

(Continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Restitution Trust				
Assets				
Cash with treasurer	\$ 1,668,930	\$ 3,098,176	\$ 2,997,936	\$ 1,769,170
Due from other funds	64	522	64	522
Due from fiduciary funds	17,389	-	17,389	-
Total assets	\$ 1,686,383	\$ 3,098,698	\$ 3,015,389	\$ 1,769,692
Liabilities				
Other liabilities	\$ 1,686,383	\$ 3,278,088	\$ 3,194,779	\$ 1,769,692
Total liabilities	\$ 1,686,383	\$ 3,278,088	\$ 3,194,779	\$ 1,769,692
State Payroll				
Assets				
Cash with treasurer	\$ 12,531,115	\$ 807,154,478	\$ 787,366,893	\$ 32,318,700
Intergovernmental receivables	42,053	27,958	38,544	31,467
Due from other funds	8,864,783	998,861	8,864,784	998,860
Due from fiduciary funds	44,911	43,374	44,911	43,374
Total assets	\$ 21,482,862	\$ 808,224,671	\$ 796,315,132	\$ 33,392,401
Liabilities				
Accrued payroll and related liabilities	\$ 2,221	\$ 420,809,131	\$ 420,792,296	\$ 19,056
Due to fiduciary funds	21,480,641	78,815,925	78,815,925	21,480,641
Deposits	-	311,982,130	300,089,426	11,892,704
Total liabilities	\$ 21,482,862	\$ 811,607,186	\$ 799,697,647	\$ 33,392,401
Totals - All Agency Funds				
Assets				
Cash with treasurer	\$ 90,506,039	\$ 5,786,373,949	\$ 5,752,628,973	\$ 124,251,015
Cash in custody of other officials	38,755,190	235,484,914	220,617,093	53,623,011
Investments	235,137,238	28,206,500	27,317,000	236,026,738
Taxes receivable	66,515,895	83,903,303	85,892,494	64,526,704
Intergovernmental receivables	42,053	621,221	38,544	624,730
Other receivables	88,007	-	906	87,101
Due from other funds	555,124,812	564,412,654	523,341,533	596,195,933
Due from fiduciary funds	14,186,702	15,337,824	14,186,702	15,337,824
Total assets	\$ 1,000,355,936	\$ 6,714,340,365	\$ 6,624,023,245	\$ 1,090,673,056
Liabilities				
Accrued payroll and related liabilities	\$ 2,221	\$ 420,809,131	\$ 420,792,296	\$ 19,056
Intergovernmental payables	628,194,334	5,618,353,345	5,560,439,937	686,107,742
Due to fiduciary funds	35,603,704	94,108,727	92,938,988	36,773,443
Deposits	332,098,294	364,691,219	335,064,988	361,724,525
Other liabilities	4,457,383	224,161,604	222,570,697	6,048,290
Total liabilities	\$ 1,000,355,936	\$ 6,722,124,026	\$ 6,631,806,906	\$ 1,090,673,056

Pages 157-172 Have Been Removed

COMPLIANCE SECTION



**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Nevada's basic financial statements, and have issued our report thereon dated March 14, 2018. Our report includes a reference to other auditors who audited the financial statements of the Nevada System of Higher Education, a discretely presented component unit; the Housing Division Enterprise Fund, the Self Insurance and Insurance Premiums Internal Service Funds, the Pension Trust Funds and the Other Employee Benefit Trust Fund – State Retirees' Fund, the Nevada College Savings Plan – Private Purpose Trust Fund, the Retirement Benefits Investment Fund – Investment Trust Fund, and the Division of Museums and History Dedicated Trust Fund – Special Revenue Fund, as described in our report on the State of Nevada's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Division of Museums and History Dedicated Trust Fund, the Pension Trust Funds, the Insurance Premiums Internal Service Fund and the Retirement Benefits Investment Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Nevada's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2017-A and 2017-B to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiency described in the accompanying schedule of findings and responses as finding 2017-C to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Nevada's Response to Findings

The State of Nevada's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The State of Nevada's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada
March 14, 2018

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating payroll accruals and expenditures/expenses are key components of effective internal control over financial reporting.
<i>Condition:</i>	A prior period adjustment of approximately \$4,774,900 was required to correct 2016 payroll expense which was incorrectly recorded in 2017.
<i>Cause:</i>	Internal controls in place did not ensure that accrued payroll at year end was calculated and reported accurately.
<i>Effect:</i>	In the prior year, fund balance in the Highway Fund was overstated by approximately \$4,774,900.
<i>Recommendation:</i>	We recommend the State of Nevada enhance internal controls to ensure accrued payroll is calculated and reported accurately.
<i>Views of Responsible Officials:</i>	Management agrees with this finding.

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

Views of Responsible Officials: Management agrees with this finding.

**STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

**2017-C Monthly Bank Reconciliation
 Significant Deficiency**

<i>Criteria:</i>	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly reconciling bank accounts is a key component of effective internal control over financial reporting.
<i>Condition:</i>	The June 30, 2017 bank reconciliation for the outside bank accounts includes an unexplained variance of more than \$19,000,000 between the book balance and the bank balance.
<i>Cause:</i>	The Controller's office did not have adequate internal controls to ensure bank reconciliation variances were researched and resolved in a timely manner.
<i>Effect:</i>	The cash balance recorded in the State of Nevada's general ledger may be incorrect.
<i>Recommendation:</i>	We recommend the Controller's office enhance internal controls to ensure that bank reconciliation variances are researched and resolved in a timely manner.
<i>Views of Responsible Officials:</i>	Management agrees with this finding.