OFFICIAL STATEMENT

$159,015,000*

State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2017

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* Preliminary, subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 27, 2017

In the opinion of Sherman & Howard L.L.C., Bond Counsel for the Series 2017 Bonds, assuming continuous compliance with certain covenants described herein, interest on the Series 2017 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 2017 Bonds (the "Tax Code"), and interest on the Series 2017 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that 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

$159,015,000*
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2017

DATED: Date of Delivery — DUE: December 1, on the dates shown on the inside cover

Interest on the above-captioned Series 2017 Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2017. Series 2017 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 2017 Bonds or portions thereof are subject to optional redemption prior to maturity on and after June 1, 2027, as set forth herein.

The Series 2017 Bonds are issued pursuant to a bond resolution of the State Board of Finance adopted on November 8, 2016 (the "Bond Resolution"). The Bond Resolution provides that the Series 2017 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2017 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 (the "Gross Pledged Revenues").

The Series 2017 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 2017 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation, and the Series 2017 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 2017 Bonds. See "DESCRIPTION OF THE SERIES 2017 BONDS — Security for the Series 2017 Bonds" in Part I of this Official Statement.

The Series 2017 Bonds will be sold in a competitive sale on February 7, 2017.* Prices and yields will be set by the successful bidder. The "OFFICIAL NOTICE OF BOND SALE" is included as APPENDIX D to Part I of this Official Statement.

For maturity dates, principal amounts, interest rates, yields and CUSIP numbers of the Series 2017 Bonds, see the inside cover of this Official Statement.

The Series 2017 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 2017 Bonds are expected to be available for book-entry delivery on or about February 28, 2017.*

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: February ___, 2017.

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* Preliminary, subject to change.

$159,015,000*
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2017

Maturity Date (December 1)*	Principal Amount*	Interest Rate	Yield	CUSIP† Number
2030	$28,780,000			641480__
2031	30,215,000			641480__
2032	31,725,000			641480__
2033	33,315,000			641480__
2034	34,980,000			641480__

* Preliminary, subject to change.
† 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 2017 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 2017 Bonds.

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

FINANCIAL ADVISORS

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

Public Financial Management, Inc.
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 2017 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 2017 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 2017 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.

TABLE OF CONTENTS

* Annual financial information to be updated annually pursuant to the Disclosure Dissemenation Agent Agreement executed pursuant to SEC Rule 15c2-12.

Part I –Appendices

PART II – INFORMATION CONCERNING THE STATE OF NEVADA

Part II – List of Tables

PART III – INFORMATION CONCERNING THE STATE DEPARTMENT OF TRANSPORTATION REVENUES PLEDGED TO SECURE THE BONDS AND RELATED MATTERS

Part III – List of Tables

Part III – Appendices

SUMMARY

This summary is not a complete description of the Series 2017 Bonds and does not contain all of the information you should consider before making any investment decision with respect to the Series 2017 Bonds. Prospective purchasers of Series 2017 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 2017 Bonds.

THE BONDS

Bonds Offered .... State of Nevada Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds Series 2017 (the "Series 2017 Bonds")

Interest Payment Dates .... June 1 and December 1, commencing June 1, 2017

Redemption Provisions..................... The Series 2017 Bonds, or portions thereof in Authorized Denominations (as defined under "DESCRIPTION OF THE SERIES 2017 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, 2027, 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 2017 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

PURPOSE

Purpose... The Series 2017 Bonds are being issued by the State to fund State highway construction projects and to pay costs of issuance of the Series 2017 Bonds.

SECURITY AND SOURCES OP PAYMENT FOR THE BONDS

Gross Pledged Revenues.................. The Series 2017 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 2017 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 2017 Bonds outstanding and may issue additional parity bonds in the future.

See "DESCRIPTION OF THE SERIES 2017 BONDS - Security for the Series 2017 Bonds" in Part I of this Official Statement for additional information regarding the security for the Series 2017 Bonds.

OFFICIAL STATEMENT

OF THE STATE OF NEVADA

RELATING TO THE ISSUE AND SALE OF

$159,015,000*
HIGHWAY IMPROVEMENT REVENUE
(MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2017

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 2017 (the "Series 2017 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 2017 Bonds

Part I sets forth information concerning the Series 2017 Bonds, including the payment and redemption provisions, the basis of their authorization and their purposes, the security for the Series 2017 Bonds, the federal income tax treatment of the interest on the Series 2017 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 2017 Bonds, and related matters.

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 2017 Bonds, the State Department of Transportation, and the State documents authorizing the Series 2017 Bonds (the "Bond Resolution") are included in this Official Statement. All references herein to the Series 2017 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 2017 Bonds.

* Preliminary, subject to change.

The summaries of certain provisions of the Series 2017 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 2017 BONDS

General

The Series 2017 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 2017 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 2017 Bonds. Beneficial interests in the Series 2017 Bonds may be purchased in book-entry form only, in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations"). Purchasers of Series 2017 Bonds will not receive certificates representing their ownership interest in the Series 2017 Bonds purchased. The record date for the payment of interest on the Series 2017 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 2017 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 2017 Bonds, references in this Official Statement to the registered owners of the Series 2017 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 2017 Bonds is payable on the dates and 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 2017 Bonds

Optional Redemption

The Series 2017 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, 2027, 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 2017 Bond, or portion thereof to be redeemed, plus accrued interest thereon to the redemption date.

Notice of Redemption

Notice of redemption of any Series 2017 Bonds will be given by the Registrar by electronic mail as long as Cede & Co. or a nominee of a successor depository is the owner of the Series 2017 Bonds, and otherwise by first-class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to DTC, as the registered owner of the Series 2017 Bonds, and electronically to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System ("MSRB"), and as otherwise provided in the Bond Resolution. The notice will identify the Series 2017 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 2017 Bond called for redemption. Failure to give such notice as described above to the MSRB or DTC, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2017 Bond called for redemption.

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 2017 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 2017 Bonds called for redemption in the same manner as the original redemption notice was given.

Authorization and Purpose of the Series 2017 Bonds

The Series 2017 Bonds are being issued by the State to fund State highway construction projects and to pay costs of issuance of the Series 2017 Bonds. The Series 2017 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 "2016 Highway Improvement Revenue Bond Resolution" adopted by the State of Nevada Board of Finance (the "Board") on November 8, 2016 (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 2017 Bonds are approximately as follows:

SOURCES	
Principal Amount of Series 2017 Bonds	
Net Premium	
TOTAL SOURCES	
USES	
Construction Account	
Costs of Issuance(1)	
TOTAL USES	

(1) Represents legal and financing fees, printing costs, rating fees, underwriter's discount and other miscellaneous expenses relating to the issuance of the Series 2017 Bonds.

Security for the Series 2017 Bonds

Gross Pledged Revenues

The Bond Resolution provides that the Series 2017 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2017 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 2017 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 2017 BONDS AND PARITY SECURITIES" in Part III of this Official Statement. For a more detailed summary of the pledge created by the Bond Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" in this Part I of this Official Statement.

Limited Obligation of State

The Series 2017 Bonds are payable and collectible solely out of the Gross Pledged Revenues. The holders of Series 2017 Bonds may not look to any general or other fund for the payment of the Bond Requirements, except the Gross Pledged Revenues. The Series 2017 Bonds do not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Series 2017 Bonds are not general obligations of the State, but constitute its special obligations. The Series 2017 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 2017 Bonds.

Existing Parity Securities

The State currently has five series of highway improvement revenue bonds outstanding in the aggregate principal amount of $538,500,000, 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 2017 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 2017 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 2017 Bonds and the Existing Parity Securities. Existing Parity Securities, the Series 2017 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 2017 Bonds, or that are subordinate to the Parity Securities.

The State currently anticipates issuing approximately $179 million of Additional Parity Securities in 2018. The timing and amount of Additional Parity Securities may change.

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.

(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 Bond Year of the Outstanding Series 2017 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 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 2017 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 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 2017 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 Bond 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 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 2017 Bonds and other Parity Securities.

Priority of Application of Gross Pledged Revenues

As long as any of the Series 2017 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 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 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 2017 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 2017 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 2017 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 tables[1] were omitted from the annual report. The affected bonds are no longer outstanding.

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.

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[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.

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 Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008	$129,970,000	$ 8,925,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012	66,490,000	39,295,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013	131,245,000	116,010,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014	86,020,000	81,670,000
State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016	292,600,000	292,600,000
Total	**$706,325,000**	**$538,500,000**

* As of January 1, 2017; prior to issuance of the Series 2017 Bonds.

Source: NDOT.

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Debt Service Requirements

The following table lists the debt service requirements for the $538,500,000 outstanding principal amount of Existing Parity Securities.

Table 2

Annual Debt Service Requirements
(As of January 1, 2017)

Bond Year Ended December 1	Principal of and Interest on Existing Parity Securities[1]
2017	$72,244,250
2018	62,856,500
2019	62,074,950
2020	62,073,200
2021	50,599,450
2022	50,602,200
2023	50,599,650
2024	50,602,400
2025	50,598,650
2026	50,598,400
2027	50,601,250
2028	50,603,250
2029	50,598,750
Total	$714,652,900

(1) Does not give effect to issuance of the Series 2017 Bonds.

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, 2016, and debt service coverage on Existing Parity Securities Outstanding.

Table 3

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

	2012	2013	2014	2015	2016
Gas Tax	$185,171	$185,651	$187,784	$193,392	$200,076
Special Fuel Tax	79,198	80,913	79,094	81,120	84,723
Total Fuel Taxes [2][3]	$264,369	$266,564	$266,878	$274,512	$284,799
Maximum Annual Debt Service[4]	$80,254	$62,657	$68,782	$68,782	$72,264
Coverage of Maximum Annual Debt Service	3.29	4.25	3.88	3.99	3.94

(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, 2016. 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" to amounts less than the amounts of Fuel Taxes reported in this table.
(4) Reflects Maximum Annual Debt Service based on bond years ending December 1, calculated as of the applicable Fiscal Year.

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 2012 through 2016 were as follows:

Fiscal Year	Federal Aid Eligible for Debt Service (in millions)
2012	$48.30
2013	50.60
2014	53.40
2015	39.24
2016	43.32

Source: NDOT.

The amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities is based on the annual principal debt service payment and the federal reimbursement percentage. The amount of federal aid eligible for the payment of the principal of and interest on the Parity Securities decreased in 2015 due to a lower principal debt service payment than the previous years. 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).

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 2017 Bonds. The table below shows Gross Pledged Revenues for the five fiscal years ended June 30, 2016:

Gross Pledged Revenues
(000 omitted)

	2012	2013	2014	2015	2016
Gas Tax	$185,171	$185,651	$187,784	$193,392	$200,076
Special Fuel Tax	79,198	80,913	79,094	81,120	84,723
Federal Aid Eligible for Debt Service	48,300	50,600	53,400	39,240	43,320
Total	$312,669	$317,164	$320,278	$313,752	$328,119

Source: NDOT.

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SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution. The Bond Resolution includes the form, terms and conditions of the Series 2017 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 2017 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 2017 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 2017 BONDS — Security for the Series 2017 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 2017 Bonds or any other designated securities and as of any particular date, all the Series 2017 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 2017 Bond or other security canceled by the State, or otherwise on the State's behalf, at or before such date;

(ii) Except any Series 2017 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 2017 Bond or other security in lieu of or in substitution for which another Series 2017 Bond or other security shall have been executed and delivered pursuant to the sections of the Bond Resolution relating to bond transfers.

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 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 2017 Bonds.

Amendments to the Bond Resolution. The Bond Resolution can be amended with the written consent of the insurer of the Series 2017 Bonds, if any, or the owners of record of at least 66% in aggregate principal amount of the outstanding Series 2017 Bonds, but no amendment may, without the consent of all Series 2017 Bond owners of record adversely affected thereby, change Series 2017 Bond maturity or redemption provisions, reduce the principal amount of any Series 2017 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 2017 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 2017 Bonds. Each bond resolution authorizing an issue of Existing Parity Securities has substantially the same amendment provisions, but applicable to the issue of Existing Parity Securities authorized and issued pursuant to such bond resolution.

Defeasance. When all Bond Requirements of a Series 2017 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 2017 Bond or other security shall thereby be discharged and the Series 2017 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 2017 Bond or other security as such requirements become due to the fixed maturity of the Series 2017 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 2017 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 2017 Bond or security constituting less than all of the Bond Requirements of the Series 2017 Bond or security becoming due on and before their respective due dates, whether the fixed maturity dates of the Series 2017 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. No provision is made for acceleration of maturity of the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds then Outstanding.

OPINION OF BOND COUNSEL

The validity of the Series 2017 Bonds is to be approved by Bond Counsel, whose approving opinion will be delivered with the Series 2017 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 2017 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 2017 Bonds or challenges the constitutionality, validity or enforceability of any document or approval necessary to the issuance of the Series 2017 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 2017 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 2017 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 2017 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 such interest on the Series 2017 Bonds 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 as described below. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Series 2017 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 2017 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 2017 Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2017 Bonds; (b) limitations on the extent to which proceeds of the Series 2017 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 2017 Bonds above the yield on the Series 2017 Bonds to be paid to the United States Treasury. The State will covenant and represent 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 2017 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 2017 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Series 2017 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 such interest 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 2017 Bonds.

With respect to the Series 2017 Bonds that may be sold in the initial offering at a discount (the "Discount Series 2017 Bonds"), the difference between the stated redemption price of the Discount Series 2017 Bonds at maturity and the initial offering price of those Series 2017 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 2017 Bonds is treated as accruing over the respective terms of such Discount Series 2017 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 2017 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 2017 Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Series 2017 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 2017 Bonds.

Owners who purchase Discount Series 2017 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 2017 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 2017 Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Series 2017 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 2017 Bonds. Owners of the Series 2017 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 2017 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 2017 Bonds may be 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 2017 Bonds (and, to the extent described above for the Discount Series 2017 Bonds, original issue discount) on the Series 2017 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 2017 Bonds. Owners of the Series 2017 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 2017 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 2017 Bonds, the exclusion of interest on the Series 2017 Bonds (and, to the extent described above for the Discount Series 2017 Bonds, original issue discount) on the Series 2017 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2017 Bonds or any other date, 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 2017 Bonds. Owners of the Series 2017 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 2017 Bonds. If an audit is commenced, the market value of the Series 2017 Bonds may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Series 2017 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 2017 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 financial advisors, any initial purchaser, Bond Counsel or Disclosure Counsel is responsible for paying or reimbursing any Series 2017 Bond owner with respect to any audit or litigation costs relating to the Series 2017 Bonds.

State Tax Exemption

The Series 2017 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 2017 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, 2016 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 2017 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 2017 Bonds to which such ratings are applicable.

UNDERWRITING

The successful bidder for the Series 2017 Bonds was ______________________________________. The aggregate purchase price of the Series 2017 Bonds is $__________________, being the par amount of the Series 2017 Bonds [plus/less] a net reoffering [premium/discount] of $_______ and less underwriter's discount of $___________.

FINANCIAL ADVISORS

Hobbs, Ong & Associates, Inc. ("Hobbs, Ong") and Public Financial Management, Inc. ("PFM") are serving as financial advisors to the State in connection with the Series 2017 Bonds. PFM is acting as a subcontractor to Hobbs, Ong. The financial 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 financial 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 2017 Bonds have been duly authorized by the State.

STATE OF NEVADA

____
State Treasurer

APPENDIX A

FORM OF APPROVING OPINION OF BOND COUNSEL

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FORM OF APPROVING OPINION OF BOND COUNSEL

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

$___________
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2017

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 2017" in the aggregate principal amount of $___________ (the "Bonds") pursuant to an authorizing resolution adopted and approved by the State Board of Finance on November 8, 2016 (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 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 are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

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,

APPENDIX B

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (this "Disclosure Agreement"), dated as of February __, 2017, 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, 2017. 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.

(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. 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.

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

<u>EXHIBIT A</u>
NAME AND CUSIP NUMBERS OF BONDS

$___________
STATE OF NEVADA
HIGHWAY IMPROVEMENT REVENUE (MOTOR VEHICLE FUEL TAX) BONDS
SERIES 2017

Base CUSIP: 641480

Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP Suffix
2030			
2031			
2032			
2033			
2034			

<u>EXHIBIT B</u>
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 2017**
Date of Issuance:	**February __, 2017**

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 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 section 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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APPENDIX D

OFFICIAL NOTICE OF BOND SALE

$159,015,000*
State of Nevada
Highway Improvement Revenue
(Motor Vehicle Fuel Tax) Bonds
Series 2017

PUBLIC NOTICE IS HEREBY GIVEN that the State Treasurer of the State of Nevada, on behalf of the State Board of Finance (the "State Treasurer," the "State" and the "Board of Finance," respectively), on

Tuesday, February 7, 2017
at the hour of 8:30 a.m., Pacific Time
in the
Office of the Deputy State Treasurer
Capitol Building, Number 4
101 North Carson Street
Carson City, Nevada 89701-4786

will receive and publicly open sealed bids electronically via Ipreo/Parity® ("PARITY") for the purchase of the above-captioned bonds, particularly described below. Bids must be delivered electronically to the State Treasurer on or before the time designated above (or at such other date and time as is announced via PARITY).

BOND PROVISIONS

The Bonds

The Bonds are designated as the State of Nevada, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2017, in an aggregate principal amount of $159,015,000* (the "Bonds"). The Bonds will be dated as of their date of delivery. The Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof. The Bonds will be issued by means of a book-entry system with no physical distribution of Bonds to the public. See the caption "**Book – Entry/Transfer and Exchange**" below, and see the Preliminary Official Statement dated January 27, 2017, relating to the Bonds (the "Preliminary Official Statement") for a more complete description of the Bonds.

Maturities

Unless a bidder elects to designate one or more term bonds as provided below under "**Mandatory Sinking Fund Redemption**," the Bonds will mature on December 1 of the years and in the amounts designated in the maturity schedule (the "Maturity Schedule") available from Hobbs, Ong & Associates and Public Financial Management, Inc., (the "Financial Advisors") prior to the sale date. The Maturity Schedule for bidding purposes will be published via Thomson Municipal News (Munifacts) and / or Bloomberg Financial Markets. The principal amounts set forth in the Maturity Schedule will be subject to adjustment as described below under the caption "**Adjustment of Maturities after Determination of Best Bid**."

Adjustment of Maturities after Determination of Best Bid

The aggregate principal amount and principal amount of each serial maturity of the Bonds are subject to adjustment by the State, after the determination of the best bid. Changes to be made will be communicated to the successful bidder within two hours of acceptance of the bid and will not reduce or increase the aggregate principal amount of the Bonds, as shown in the Maturity Schedule, by more than fifteen percent (15%).

* Preliminary, subject to change.

The State may change the price to be paid for each series of Bonds (i.e., par plus any premium bid) by a successful bidder as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of changes made within these limits. The price to be paid for Bonds will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the series of Bonds to the public and the price to be paid to the State, less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the series of Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the respective Maturity Schedule.

To facilitate any adjustment in the principal amounts, the successful bidder for the Bonds is required to indicate by email transmission to OSTDebt@nevadatreasurer.gov shellenbergerp@pfm.com and kathy@hobbsong.com no later than one-half hour after the time of the bid opening, the amount of any original premium on each maturity of Bonds, the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the amount of the insurance premium. A bidder who intends to insure the Bonds shall also state in the email whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium. The bids may not be conditioned upon qualification for or the receipt of bond insurance.

Optional Prior Redemption

The Bonds or portions thereof are subject to redemption prior to their maturity, at the option of the State, as designated by the State Treasurer, on and after June 1, 2027, in whole or in part, at any time, and if less than all of the such Bonds are to be redeemed, by lot, at a price equal to the principal amount of each such Bond, or portion thereof to be redeemed and accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption

A bidder may request that the Bonds be included in one or more term bonds (the "Term Bonds"). Amounts included in a Term Bond must consist of consecutive maturities, must bear the same rate of interest and must include the entire principal amount for any maturity included in the Term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond or Term Bonds. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the resolution adopted by the State Board of Finance on November 8, 2016, authorizing the Bonds (the "Bond Resolution"). Any election to designate the Bonds as being included in a Term Bond must be made at the time of submitting a bid (see "**TERMS OF SALE-Bid Proposals**" below).

Interest Rates and Limitations

The following interest limitations are applicable:

A. Interest on the Bonds will be payable on June 1, 2017, and semiannually thereafter on June 1 and December 1 in each year.

B. The interest rate specified for any Bond and the "true interest cost" (see **"TERMS OF SALE-Basis of Award**" below) for the Bonds may not exceed by more than 3% the "25-Revenue Bond Index" which is most recently published in The Bond Buyer before the bids are received.

C. Each interest rate specified must be stated in a multiple of 1/8 or 1/20th of 1% per annum.

D. Only one interest rate can be stated for any maturity of the Bonds, *i.e.*, all Bonds with the same maturity date must bear the same rate of interest.

E. Each Bond as initially issued will bear interest from its date to its stated maturity date at the interest rate stated in the bid. A zero (0) rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

Bond Insurance / Rating Letters

The Bonds may be insured at bidder's option and expense. The State will pay for the ratings on the Bonds from Moody's Investors Service, S&P Global Ratings and Fitch Ratings.

Authorization and Purpose of Bonds

The Bonds are issued by the State for the purpose of paying, wholly or in part, the cost of highway construction projects and the costs of issuance of the Bonds under the authority of and in full compliance with the Constitution and laws of the State and pursuant to the Bond Resolution. A copy of the Bond Resolution is on file in the office of the Secretary of the Board of Finance, in Carson City, Nevada, for public inspection. The Bonds are being issued pursuant to the Constitution and laws of the State, including particularly Chapters 365 and 366, Nevada Revised Statutes ("NRS") and all laws amendatory thereof (the "Fuel Tax Act"); Chapter 408, NRS (the "Project Act"); NRS 349.150 to 349.364, inclusive, designated in NRS 349.150 as the State Securities Law, and all laws amendatory thereof; and Chapter 348, NRS, and all laws amendatory thereof; and the Bond Resolution. See the caption "**Bond Resolution**" herein.

Book-Entry/Transfer and Exchange

The Bonds will be issued as fully-registered book-entry bonds, in the denomination of $5,000 or any integral multiple thereof. The Bonds will be issued in registered form to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by U.S. Bank National Association as paying agent (the "Paying Agent"), by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the State nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Security and Payment

The Bonds are special obligations of the State, payable and collectible, as to principal and interest (the "Bond Requirements"), solely out of the Gross Pledged Revenues (hereinafter defined). Bondholders may not look to any general or other fund for the payment of such Bond Requirements, except the special funds pledged under the Bond Resolution. The Bonds do not constitute indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Bonds shall not be considered or held to be general obligations of the State. The State shall not pledge its full faith and credit for the payment of the Bonds.

Pursuant to the Bond Resolution, the Bonds are payable and collectible as special obligations of the State from, and such payment is secured by an irrevocable pledge of, revenues derived from any federal aid made by the United States to the State for the payment of the Bonds and from certain of the proceeds of the motor vehicle fuel taxes and special fuel taxes imposed and collected pursuant to the Fuel Tax Act and credited to the state highway fund (the "Gross Pledged Revenues") but excluding:

A. Any tax proceeds not collected because of exempt sales and other exempt transactions provided in NRS 365.220 through 365.260 and NRS 366.200;

B. Any tax proceeds not collected because of the dealers' collection and handling fee provided in NRS 365.330 and 366.390;

C. Tax proceeds for making refunds provided in NRS 365.370 through 365.490 and NRS 366.650 through 366.680;

D. Motor vehicle fuel tax proceeds paid on fuel used in watercraft for recreational purposes as provided in NRS 365.535;

E. The tax proceeds imposed and collected as provided in NRS 365.180, 365.190 and 365.192 (but not NRS 365.170, 365.175, 365.185, 366.190 and 366.195) and distributed to the counties in the State as provided in NRS 365.550, 365.560 and 365.562, respectively;

F. The tax proceeds derived from motor vehicle fuel used in aircraft as provided in NRS 365.565 and 365.545; and

G. The costs of administration for the collection of any excise tax on gasoline or other motor vehicle fuel, as provided in NRS 365.150, subject to the limitation of not exceeding 1% of the total proceeds so collected as expressed in NRS 408.235(5).

Nonbinding Agreement

23 United States Code Annotated ("U.S.C.") Section 122 in effect in relevant part provides (i) that the State may claim payment from the Secretary of the Department of Transportation of the United States of any portion of the sums apportioned to it for expenditure on eligible projects to aid in the reimbursement of the State for expenses and costs incurred for the principal of, interest on, costs of issuance, costs of insurance, and any other costs incidental to the sale of bonds issued by the State the proceeds of which were used and actually expended in the construction of one or more such projects; and (ii) that such claim for payment may be made only when all of the provisions of title 23 of U.S.C. have been complied with to the same extent and with the same effect as though payment were to be made to the State under Section 121 of that title, and Section 122 further provides that the reimbursement shall not constitute a commitment, guarantee, or obligation on the part of the United States to provide for the payment of the principal or interest on the eligible debt financing instrument or create any right of a third party against the United States for payment under the eligible debt financing instrument.

Bond Fund

As security for the payment of the Bond Requirements, there is irrevocably pledged (but not necessarily an exclusive pledge) pursuant to the Bond Resolution a special and separate account identified as the "State of Nevada, Highway Parity Revenue Bonds, Gross Pledged Revenues Interest and Bond Retirement Fund," into which account the State has covenanted to pay from the Gross Pledged Revenues sums sufficient to pay when due the Bond Requirements of the Bonds, the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Improvement and Refunding Bonds, Series 2016 (the "2016 Bonds"), the State of Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2014 (the "2014 Bonds"), the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2013 (the "2013 Bonds"), the State of Nevada Highway Revenue (Motor Vehicle Fuel Tax) Refunding Bonds, Series 2012 (the "2012 Bonds") and the State of Nevada Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2008 (the "2008 Bonds"), and any parity securities payable from the Gross Pledged Revenues hereafter authorized to be issued.

Bond Liens

The Bonds, the 2016 Bonds, the 2014 Bonds, the 2013 Bonds, the 2012 Bonds and the 2008 Bonds (the "Outstanding Parity Bonds"), and any parity securities hereafter issued are equally and ratably secured by a lien on the Gross Pledged Revenues and the Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) thereon.

Issuance of Additional Securities

Bonds and other securities, subject to expressed conditions, may be issued and made payable from the Gross Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Bond Resolution. The State reserves the privilege of issuing securities of any type if the Board determines to do so. No securities having a lien on the Gross Pledged Revenues superior to the lien of the Bonds may be issued.

Outstanding Securities

Other than the Outstanding Parity Bonds, the State has outstanding no bonds or other securities payable from the Gross Pledged Revenues.

Bond Resolution

Copies of the Bond Resolution are available for public inspection at the office of the Secretary of the Board of Finance in Carson City, Nevada. The Bond Resolution provides, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, the disposition of revenues derived from any federal aid made by the United States to the State to pay in part the Bond Requirements of the Bonds and from the State motor vehicle and special fuel taxes the proceeds of which are credited to the state highway fund, including, without limitation, covenants and agreements in connection therewith, reference to which Bond Resolution is made for further detail.

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 Bonds, assuming continuous compliance with certain covenants described in the Official Statement, 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 of delivery of the Bonds (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 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 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 Preliminary Official Statement as Part I, Appendix A.

TERMS OF SALE

Equal Opportunity

It is the policy of the State to provide minority business enterprises, women business enterprises and all other business enterprises an equal opportunity to participate in the performance of all State contracts. Bidders are requested to assist the State in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including minority and women business enterprises, have an equal opportunity to participate in State contracts.

Bid Proposals

Bids are required to be submitted electronically as described below. Any bidder is required to submit an unconditional and written bid for all the Bonds specifying:

(1) The lowest rate or rates of interest at which the bidder will purchase all of the Bonds plus any premium bid.

(2) Whether the bidder intends to designate term bonds (with respect to the Bonds described above under "**Mandatory Sinking Fund Redemption**") and the maturities affected thereby.

It is also requested for informational purposes only, but it is not required, that each bid disclose:

(3) The "true interest cost" (*i.e.*, actuarial yield) on the Bonds stated as a nominal annual percentage rate. See the caption "**Basis of Award**" below.

Solely as an accommodation to the bidders, the State Treasurer or his designee will receive bids delivered electronically through PARITY. Each bidder submitting an electronic bid is solely responsible for all arrangements with PARITY.

By submitting a bid through PARITY, an electronic bidder represents and warrants to the State that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds. Once the bids are communicated electronically to the State, each bid will constitute an irrevocable offer to purchase the Bonds on the terms provided therein and in accordance with the terms of this Official Notice of Bond Sale.

The State Treasurer does not endorse the use of PARITY, and PARITY is not acting as an agent of the State Treasurer. The State Treasurer is not responsible for ensuring PARITY's proper functioning or verifying bidder compliance with the PARITY. The State Treasurer is not responsible for, and each bidder expressly assumes the risk of and responsibility for, any incomplete, inaccurate or untimely bid submitted by such bidder and is not liable for any damages caused by PARITY. Bidders must obtain instructions for submitting electronic bids from PARITY. If any provision of this Official Notice of Bond Sale conflicts with information provided by PARITY, this Official Notice of Bond Sale (and any amendments thereto) will control.

Par or Premium Bid Required

A bidder must offer to purchase the Bonds at par or at a premium*****. A net discount may not be bid.

Good Faith Deposit

<u>Bidders submitting a good faith deposit ("Deposit") in the form of a certified or cashier's check or wire transfer may, **but are not required to**, submit a check or wire transfer prior to the bid opening.</u> If a check is used, it must be delivered to the State Treasurer within 90 minutes of notification to the bidder of the bid award for the Bonds, made payable to the State of Nevada in the amount of $1,600,000[*]. If a wire transfer is used, then the wire transfer must be submitted to the State Treasurer in the amount of $1,600,000*****, as instructed by the State Treasurer or one of its Financial Advisors, not later than 90 minutes from such notification of the bid award. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit, as provided above, until such time as the bidder has provided the Deposit in the form of a check to the State Treasurer or a Federal wire reference number for the Deposit to the Financial Advisors.

No interest on the Deposit will accrue to any bidder. The Deposit (without accruing interest) of the winning bidder will be applied to the purchase price of the Bonds. In the event the winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the State. Any investment income earned on the Deposit will not be credited to the successful bidder on the purchase price of the Bonds, but will be paid to the successful bidder in the event the State is unable to deliver the Bonds as provided under "**Manner and Time of Delivery**" below. Checks accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bid.

[*] Preliminary, subject to change.

CUSIP Numbers and Other Fees

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of, and payment for, the Bonds in accordance with the terms hereof. All expenses relating to printing CUSIP numbers on the Bonds, if required, will be paid by the State, but the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid by the purchaser. The successful bidder shall also be required to pay all fees required by DTC, the Bond Market Association, the Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the execution and delivery of the Bonds.

Sale Reservations

The State reserves the privilege:

A. Of waiving any irregularity or informality in any bid;
B. Of rejecting any and all bids; and
C. Of reoffering the Bonds for sale, as provided by law.

Basis of Award

The Bonds, subject to such sale reservations and ratification by the State Treasurer or his designee, will be sold to the responsible bidder making the best bid for all the Bonds based on the Maturity Schedule, notwithstanding any change in maturities made after the bid opening as described under **"Adjustment of Maturities"** above. The best bid for the Bonds will be determined by computing the True Interest Cost of the Bonds (*i.e.*, using an actuarial or true interest cost method) for each bid received and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest True Interest Cost on the Bonds. "True Interest Cost" of the Bonds as used herein means that yield which if used to compute the present value as of the dated date of the Bonds of all payments of principal and interest to be made on the Bonds from their dated date to their respective maturity dates, using the principal amounts set forth in the Maturity Schedule and the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds plus any premium bid. No adjustment shall be made in such calculation for accrued interest, if any, on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year and a semiannual compounding interval. If there are two or more equal bids for the Bonds and such equal bids are the best bids received, the State Treasurer or his designee will determine which bid will be accepted.

Place and Time of Award

The State will cause the bids submitted to be opened at the time and place hereinabove stated. The date for opening bids will be February 7, 2017, unless a notice of postponement is issued via PARITY, Munifacts News Service, Thomson Municipal News or Bloomberg Financial News prior to the bid opening. The State will take action awarding the Bonds or rejecting all bids not later than 36 hours after the time herein stated for opening bids, and a bidder may not withdraw its bid during such period. An award may be made after the period stated herein if the bidder shall not have given to the State Treasurer notice in writing of the withdrawal of its bid. See the caption **"Information"** below.

Manner and Time of Delivery

The Bonds will be delivered to the winning bidder within 60 days after the date stated herein for opening bids. The State contemplates delivering the Bonds on or about **February 28, 2017**. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the State Treasurer for tendering the Bonds for delivery. The purchaser will not be required to accept delivery of any of the Bonds if they are not made ready and are not tendered for delivery within 60 days from the date herein stated for opening bids; and if such Bonds are not so tendered within such period of time, the Deposit (with accruing interest) will be returned to the purchaser upon their request.

Payment at and Place of Delivery

The successful bidder will be required to accept delivery of the Bonds through DTC or through the Paying Agent via the FAST System. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the State Treasurer for immediate and unconditional credit to the account of the State, as directed by the State Treasurer, at a bank or banks designated by the State so that Bond proceeds may be so deposited or invested, as the State Treasurer may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

Successful Bidders' Reoffering Yields

Within one-half hour of the bid opening (***i.e., on or before 8:30*** **a.m., Pacific Time on February 7, 2017**), the successful bidder (or manager of the purchasing account) must notify the State by electronic mail to OSTDebt@nevadatreasurer.gov and to the State's Financial Advisors (kathy@hobbsong.com and shellenbergerp@pfm.com) of the initial offering prices and yields of the Bonds to the public. The information regarding the initial offering prices and yields of the Bonds shall be based on the successful bidders' expectations as of the date of sale. The electronic notification must be confirmed in writing in form and substance satisfactory to the State's bond counsel prior to the delivery of the Bonds and which shall be in substantially the following form:

> "A bona fide public offering was made for all of the Bonds on this sale date at the initial public offering prices (or yields) shown on the cover page of the Official Statement. As of such sale date (i) based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, we reasonably expected that the first prices (or yields) at which at least 10% of each maturity of the Bonds would be sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) would be those prices (or yields) and that none of the Bonds would be sold to the public at prices higher than or at yields less than those prices (or yields), and (ii) such initial offering prices (or yields) represented a fair market value for the Bonds."

Official Statements

The State has prepared a Preliminary Official Statement, which is deemed final by the State as of its date for the purpose of allowing bidders to comply with Rule 15c2-12 promulgated by the Securities Exchange Commission (the "Rule"), except the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendments and completion in a Final Official Statement, as defined below.

The State will prepare a final official statement dated the date of its delivery to the winning bidder (the "Final Official Statement"). The State will provide the winning bidder of the Bonds with an electronic copy of the Final Official Statement on or before seven business days following the date of the award to the winning bidder.

The State authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty-five days following the Closing Date (as hereinafter defined), if any event concerning the affairs, properties or financial condition of the State shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of a winning bidder, the State shall forthwith notify the winning bidder of any such event of which it has knowledge and shall cooperate fully in preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the State and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time. The State will presume that the "end of the underwriting period" will occur on the Closing Date and all of the Bonds have been sold by the winning bidders as of the Closing Date unless notified in writing otherwise by a winning bidder on or prior to the Closing Date.

Information

This Official Notice of Bond Sale, the Preliminary Official Statement, the Bond Resolution and other information concerning the State and the Bonds may be obtained prior to the sale from:

The State's Financial Advisors:

Hobbs, Ong and Associates, Inc.
3900 Paradise Road, Suite 152
Las Vegas, Nevada 89169
(702) 733-7223
and
Public Financial Management, Inc.
50 California Street, Suite 2300
San Francisco, CA 94111
(415) 982-5544

The State Treasurer:

Daniel M. Schwartz, State Treasurer
Lori K. Chatwood, Deputy of Debt Management
Nevada State Treasurer's Office
Capitol Building, Number 4
101 North Carson Street
Carson City, Nevada 89701-4786
(775) 684-5600
OSTDebt@nevadatreasurer.gov

Continuing Disclosure Undertaking

Pursuant to the Rule, the State will undertake in the Disclosure Dissemination Agent Agreement for the Bonds to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrence of certain material events. A copy of the proposed form of Disclosure Dissemination Agent Agreement is attached to the Preliminary Official Statement as Part I, Appendix B.

State Represented by Independent Registered Municipal Advisors

The State has engaged, is represented by and will rely on the advice of the Financial Advisors, each an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The State intends that this statement constitutes the "required representation" for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption. Each bidder should consult with its own advisors in determining whether the exemption is available to that bidder and other requirements applicable for the exemption to be available to that bidder.

Legal Opinion, Bonds and Transcripts

The validity and enforceability of the Bonds will be approved by:

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

whose final, approving opinion, together with the Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the purchaser of the Bonds.

Closing Certificates

The final certificates included in the transcript of legal proceedings shall include:

(1) A certificate, dated as of the Closing Date, and signed by the Governor, the Director of the Department of Transportation, the State Treasurer and the Attorney General, in which each of them states, after reasonable investigation, that to the best of his or her knowledge, (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement for the Bonds; (b) the Final Official Statement, as it pertains to the State and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the State or the Bonds has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the State does not make any representations concerning pricing information contained in the Final Official Statement.

(2) A certificate, dated the Closing Date and signed by the State Controller, stating after reasonable investigation, that to the best of such officer's knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the State is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement not be misleading for the purpose for which it is to be used.

Right to Modify or Amend

The State reserves the right to modify or amend this Official Notice of Bond Sale in any respect including, without limitation, the right to adjust and change the principal amortization schedule of the Bonds being offered prior to the time bids are to be received. Such modifications or amendments shall be communicated through PARITY, Thomson Municipal News or Bloomberg Financial News.

Governing Law and Venue

This Official Notice of Bond Sale and the contract formed when the State accepts the winning bid is governed by the laws of the State of Nevada. By submitting a bid, each bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Carson City or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising under this Official Notice of Bond Sale. Each bidder hereby irrevocably agrees that all claims in respect of any such suit, action or proceeding may be heard and determined by such court. Each bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid submitted by the bidder.

By order of the State Treasurer this January 27, 2017.

/s/ Daniel M. Schwartz
State Treasurer, State of Nevada`

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.

Table Of Contents

Page

Part II – List of Tables

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 (78th) biennial legislative session convened on February 2, 2015 and adjourned on June 1, 2015. 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. Most recently, the State Legislature held a special session from October 10 – 14, 2016. The 79th session of the State Legislature will begin on February 6, 2017.

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:

Office	Name	Political Party Affiliation	Term First Commenced	Term Expires
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. 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 December 1, 2016, there were approximately 17,837 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, 2016, approximately 3,174 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 2,724,634 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 127% between 1990 and 2010. In 2015, Nevada's population increased by 1.9% 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	2012	2013	2014	2015
Carson City	40,443	52,457	55,850	55,441	54,668	53,969	54,273
Churchill	17,938	23,982	26,360	25,238	25,322	25,103	25,126
Clark	741,459	1,375,765	1,968,831	1,988,195	2,031,723	2,069,450	2,118,353
Douglas	27,637	41,259	49,242	48,015	48,478	48,553	48,223
Elko	33,530	45,291	52,097	51,771	53,384	53,358	53,551
Esmeralda	1,344	971	1,145	860	858	926	923
Eureka	1,547	1,651	1,609	2,011	2,024	1,903	1,862
Humboldt	12,844	16,106	18,364	17,384	17,457	17,388	17,057
Lander	6,266	5,794	5,992	6,221	6,343	6,560	6,247
Lincoln	3,775	4,165	4,631	5,100	5,020	5,004	5,088
Lyon	20,001	34,501	52,334	52,245	52,960	53,344	53,277
Mineral	6,475	5,071	4,471	4,679	4,662	4,584	4,539
Nye	17,781	32,485	45,459	44,292	44,749	45,456	46,050
Pershing	4,336	6,693	7,133	7,013	6,882	6,714	6,750
Storey	2,526	3,399	4,234	4,103	4,017	3,974	3,984
Washoe	254,667	339,486	417,379	442,704	432,324	436,797	441,946
White Pine	9,264	9,181	9,503	9,945	10,095	10,218	10,336
Nevada Total	1,201,833	1,998,257	2,724,634	2,750,217	2,800,967	2,843,301	2,897,584

Source: 1990 and 2000: U.S. Bureau of the Census; 2010 and 2012-2015: 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 2015:

Table 2
Age Distribution

	Percent of Population			
Age	**Clark County**	**Washoe County**	**State**	**United States**
14 and under	19.6%	18.5%	19.3%	19.0%
15-24	12.8	13.0	12.6	13.7
25-34	14.8	14.6	14.3	13.6
35-54	27.5	25.7	27.0	26.1
55 and older	25.3	28.4	27.0	27.5

Source: U.S. Census Bureau, 2015 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
2011	$36,512	$44,139	$37,979	$42,453
2012	38,516	42,673	39,178	44,267
2013	37,966	42,988	38,885	44,462
2014	39,613	44,724	40,490	46,414
2015	40,652	47,526	41,889	48,112

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
2011	$48,215	$50,733	$48,927	$50,502
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

Source: U.S. Census Bureau, 2015 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	21.9%	19.8%	21.3%	22.1%
$25,000-$34,999	11.7	9.5	11.1	9.8
$35,000-$49,999	14.7	15.8	14.9	13.2
$50,000 and Over	51.7	54.8	52.7	54.9

Source: U.S. Census Bureau, 2015 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 and continuing through 2012. In January 2011, the State's unemployment rate reached a high of 13.9%. As of December 2016, the State's unemployment rate was 4.9%.

Table 6[(1)]
Average Annual Labor Force Summary

Calendar Year	2011	2012	2013	2014	2015	2016
Total Labor Force	1,373,115	1,378,093	1,385,312	1,401,800	1,425,711	1,432,146
Unemployed	178,851	153,779	132,440	110,761	96,159	83,583
Unemployment Rate[(2)]	13.0%	11.2%	9.6%	7.9%	6.7%	5.8%
Total Employment[(3)]	1,194,264	1,224,315	1,252,872	1,291,040	1,329,552	1,348,564

(1) Based on non-seasonally adjusted information as of December 2016. Subject to revision as additional information becomes available. 2016 data is preliminary.
(2) According to the U.S. Department of Labor, Bureau of Labor Statistics, the U.S. average unemployment rates for the years 2011 through 2016 were 9.0%, 8.1%, 7.4%, 6.2%, 5.3% and 4.9% (preliminary), respectively.
(3) Adjusted by census relationships to reflect number of persons by place of residence.

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

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

NAICS Classification[(2)]	2011	2012	2013	2014	2015	2016[(3)]
Natural Resources and Mining	14.0	15.5	15.2	14.4	14.3	13.5
Construction	52.2	52.0	56.8	63.3	69.6	76.9
Manufacturing	38.3	39.2	40.5	41.5	42.0	42.5
Trade (wholesale and retail)	160.6	164.0	167.2	172.4	178.0	183.0
Transportation, Warehousing and Utilities	52.1	54.0	54.9	58.0	60.7	64.6
Information	12.6	12.7	12.9	13.7	13.8	13.0
Financial Activities	52.5	54.4	56.6	57.1	59.5	60.6
Professional and Business Services	139.7	144.7	149.9	156.5	166.2	169.9
Education and Health Services	105.4	108.5	111.6	116.3	121.9	126.5
Leisure and Hospitality (casinos excluded)	126.8	130.7	137.5	144.5	151.5	157.5
Casino Hotels and Gaming	188.8	186.5	186.4	191.1	189.2	187.9
Other Services	32.4	33.3	33.7	35.6	36.1	36.9
Government	150.3	149.4	151.0	152.5	155.0	157.5
Total all industries	1,125.7	1,144.8	1,174.3	1,216.9	1,257.6	1,290.1

(1) Based on non-seasonally adjusted CES information as of December 2016. 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) December 2016 employment numbers are preliminary.

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)

Nevada state-wide Educational Attainment Level	Male	Female	Total[1]
Total population	49.7%	50.3%	100.0%
Not a high school graduate	14.7	14.1	14.4
High school graduate (including equivalency)	28.5	27.3	27.9
Some college or associate degree	33.3	35.0	34.1
Bachelor's degree	15.6	15.4	15.5
Graduate or Professional Degree	7.9	8.2	8.1

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

Source: U.S. Census, 2015 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 8.15% (Elko County and Clark County respectively). Effective April 1, 2017 Clark County's sales and use tax rate will increase to 8.25% and Washoe County's will increase to 8.265%. 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
2012	$ 42,954,750,131	--
2013	45,203,408,413	5.23%
2014	47,440,345,167	4.95
2015	50,347,535,951	6.13
2016	52,788,295,421	4.85
Jul 2015 – Oct 2015	17,267,720,332	
Jul 2016 – Oct 2016	18,279,288,705	5.86%

(1) Subject to change.

Source: State of Nevada - Department of Taxation.

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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 of the past five fiscal years (2012 to 2016), gross taxable gaming revenue has increased. During prior fiscal years, the increases in gaming win have been driven primarily by increased convention attendance and visitation on the Las Vegas Strip in addition to record win amounts in baccarat. However, in Fiscal Years 2015 and 2016, the increases in gaming win were driven by markets outside of the Las Vegas Strip. Although gaming collections from all sources have increased during three of the past five fiscal years (2012 to 2016), during the past two fiscal years (2015 and 2016), state gaming collections from all sources have experienced decreases. It should be noted that the primary reason for the decrease in gaming collections during Fiscal Year 2016 was $24.7 million in tax credits applied against Percentage Fees. Furthermore, legislative changes made during the 2015 session to the Live Entertainment Tax further reduced collections during Fiscal Year 2016. 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	Gross Taxable Gaming Revenue[(2)]		State Gaming Collection[(3)]	
Ended June 30	State Total	% Change	State Total	% Change
2012	$ 9,764,332,506	--	$ 864,621,791	--
2013	10,208,528,371	4.49%	892,106,457	3.18%
2014	10,208,211,093	-0.003	912,371,316	2.27
2015	10,511,527,575	2.97	909,857,085	-0.28
2016	10,612,567,883	0.96	876,040,147	-3.72
Jul 15 – Nov 15	4,320,745,121	--	333,009,719	
Jul 16 – Nov 16	4,551,279,380	5.34%	338,700,233	1.71%

(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.

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 43 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., California generates the most gaming revenue at Indian 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	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate[1]	National Occupancy Rate[2]
2011	38,928,708	150,161	83.8	60.1%
2012	39,727,022	150,481	84.4	61.4
2013	39,668,221	150,593	84.3	62.3
2014	41,126,512	150,544	86.8	64.4
2015	42,312,216	149,213	87.7	65.6
Jan – Nov 2015	39,083,648	149,086	88.6	--
Jan – Nov 2016	39,657,953[3]	149,476	90.0	--

(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) Represents a 1.5% increase from the January – November 2015 period. According to STR, the national occupancy rate for 2016 is preliminarily estimated at 65.5%.

____
Source: Las Vegas Convention and Visitors Authority.

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

Calendar Year	Total Visitor Volume	Number of Hotel/Motel Rooms Available	Hotel/Motel Occupancy Rate[1]	National Occupancy Rate[2]
2011	4,345,141	24,872	60.5%	60.1%
2012	4,536,415	24,741	60.0	61.4
2013	4,664,514	23,957	63.2	62.3
2014	4,631,195	23,972	63.6	64.4
2015	4,746,207	23,535	65.7	65.6
Jan – Nov 2015	4,357,946	24,258	66.2	--
Jan – Nov 2016	4,507,375 [3]	24,163	68.1	--

(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) Represents a 3.4% increase from the January – November 2015 period. According to STR, the national occupancy rate for 2016 is preliminarily estimated at 65.5%.

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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		
Fiscal Year	**Revenue[(1)]**	**% Change**	**Fiscal Year**	**Revenue[(1)]**	**% Change**
2012	$200,701,137	12.21%	2012	$15,378,063	-1.60%
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
Jul 2015 – Oct 2015	88,006,810	--	Jul 2015 – Oct 2015	8,372,112	--
Jul 2016 – Oct 2016	95,654,732	8.69	Jul 2016 – Oct 2016	9,020,051	7.70

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

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 45.38 million commercial and charter passengers enplaned and deplaned in 2015, making the year the third busiest year in the airport's 67-year history. This reflects an increase from 42.86 million in 2014, an increase of 2.51 million passengers, or 5.9 percent, over the period.

The Reno/Tahoe International Airport reported having a total of 3.43 million commercial and charter passengers enplaned and deplaned in 2015, an increase from 3.30 million in 2014. This reflects an increase of approximately 127,500 passengers or 3.9 percent over the period.

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

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. NDOT is partnering with Arizona Department of Transportation to plan an interstate (Interstate 11) link between Las Vegas and Phoenix, with the potential of extending north to Canada and south to Mexico. 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. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses into Arizona.

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, and Australia.

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 2014, the State's economic development efforts resulted in approximately $12 billion of recently or anticipated business investment in the State, 14,200 new jobs, and the arrival or expansion of 94 companies. Among the most noteworthy of these is the Tesla Gigafactory.

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.

Notable economic development activity in 2015 includes the Switch Data Center. Switch is a developer and operator of colocation data centers, most of which are located in the State. Switch has committed to invest approximately $3 billion in constructing a new 3 million square foot data center campus on approximately 1,000 acres of land near Reno. This facility is part of an expanding data center presence in the State that includes Rackspace, eBay and Apple.

Faraday Future is a next-generation electric car manufacturing company that has committed to build a $1.4 billion, 3 million square foot manufacturing plant in North Las Vegas. This facility is expected to result in 4,500 full-time jobs when fully built-out and employ 3,000 construction and installation workers until that time.

Among its other economic development activities, GOED created and also oversees the Battle Born Growth Escalator, 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.

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 formerly planned to use Yucca Mountain (located approximately 90 miles northwest of Las Vegas in Nye County) as a national nuclear repository for high-level waste and spent fuel from nuclear power plants around the country. The U.S. Department of Energy 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 D.C. Circuit Court of Appeals 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 lack of federal funding. The status of the proposed nuclear repository at Yucca Mountain remains uncertain.

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 $7.1 billion in 2015. Gold is the primary source of mining revenue which reached $6.2 billion in 2015. 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 2015, the total net oil produced was 281,382 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 3.1 million megawatt-hours in 2015 from 24 electrical generating plants.

According to the Department of Employment, Training and Rehabilitation, in 2015, there was an average of 14,196 people employed in the mining industry at an average annual salary of $92,077.

According to the Division of Minerals, gold and silver currently account for 88% 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
2011	$ 9,600	--
2012	10,244	6.7
2013	8,820	-13.7
2014	7,126	-19.2
2015	7,118	-0.1

(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)

	2011	2012	2013	2014	2015
Gold	5,536 ozs	5,615 ozs	5,441 ozs	4,941 ozs	5,339 ozs
Copper	123,791 lbs	145,319 lbs	137,715 lbs	132,616 lbs	177,638 lbs
Silver	7,141 ozs	8,527 ozs	8,679 ozs	10,934 ozs	9,498 ozs
Gypsum	996 tons	1,482 tons	1,804 tons	2,804 tons	3,398 tons
Barite [(1)]	698 tons	745 tons	811 tons	808 tons	516 tons

(1) Shipped.

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

In September 2015, the U.S. Bureau of Land Management ("BLM") and the U.S. Forest Service ("USFS") finalized land use plan amendments ("LUPs") to provide further protection to the greater sage-grouse habitat in the Western United States, including creating three new habitat management areas in Nevada. Certain Nevada counties and mining companies filed a lawsuit, which the Nevada Attorney General later joined, seeking judicial review of BLM and USFS actions. The plaintiffs contend that the LUPs will negatively impact, among other things, the mining industry in the State. Coincident with the issuance of the LUPs, the Department of the Interior published a notice for a proposal to withdraw 10 million acres of federal lands, within Sagebrush Focal Areas, from location and entry under the Mining Law of 1872, subject to valid exiting rights. The Notice also segregated the land from mineral entry for a two-year period. The segregation and proposed withdrawal includes 2.7 million acres in northern Nevada. An Environmental Impact Statement is being prepared and a final decision by the Secretary of the Interior on the proposed action is due by September 24, 2017. At this time, the State cannot predict the effects of the LUPs, segregation, and proposed mineral withdrawal on mining or other matters in the State.

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.

Water

Nevada is one of the eight mountain states, 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, the unincorporated urban areas of Clark County, Jean, Kyle Canyon, Blue Diamond, and Searchlight. 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.

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 designated 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 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.

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 January 1, 2015, TMWA merged with the Washoe County water utility and the South Truckee Meadows General Improvement District ("STMGID"). Total services increased from approximately 94,000 to 120,000 water services. 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 Water Facility Plan to address the water needs of its service area through 2030. TMWA is in the process of updating the Water Facility Plan through 2035.

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 2017 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.

2003 Non-Participating Manufacturers Adjustment arbitration proceeding relating to nationwide Tobacco Master Settlement Agreement (MSA). The State is involved in a nationwide arbitration with a group of tobacco companies, the Participating Manufacturers, over the tobacco Master Settlement Agreement ("MSA"), which the State signed along with 46 other states in 1998. The Participating Manufacturers have alleged that the State has failed to diligently enforce the provisions of NRS 370A (Qualifying Statute) as contemplated by the MSA. As a result, in January 2009, the Nevada Supreme Court ordered the State to arbitrate its dispute with the Participating Manufacturers. The State's potential liability is up to the total amount of the MSA payment for calendar year 2003 which is approximately $44 million. Additional arbitrations for the succeeding calendar years were anticipated with a similar dollar amount at risk. The State entered into a settlement with the Participating Manufacturers, reflected in an agreed term sheet, in December 2012. The agreement has not yet been finalized in a formal settlement agreement, but it is anticipated that the settlement will be duly formalized. The settlement resolves the dispute for calendar 2003 and reaches subsequent years through 2014. Although not yet finalized in a formal agreement, the settlement has resulted in a release of funds by the Participating Manufacturers that increased revenue received by the state under the MSA for 2013. The settlement terms will reduce revenue from the MSA for years 2014 through 2018.

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 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 is currently on appeal to the Nevada Supreme Court, where it is in the briefing stage. That challenge contends the Live Entertainment Tax is unconstitutional as it is applied to the particular Taxpayers. It is estimated that, if Taxpayers prevail, the refund claim alone could exceed $87 million.

Southern California Edison v. State, Department of Taxation. Southern California Edison sought a $36 million refund of use taxes paid arguing that coal used to produce electricity was not taxable. The issue in this matter is similar to an earlier proceeding involving another utility, Sierra Pacific Power, which was resolved in the State's favor. Since the initial request, the refund sought in this matter, including interest has increased to in excess of $111 million. At the hearing that was held in late 2008, Southern California Edison's refund request was denied by the

Nevada Tax Commission. Trial de novo was held in the First Judicial District on January 21-31, 2014. On December 15, 2014, based on the Nevada Supreme Court's decision in Sierra Pacific Power, 338 P.3d 1244, the District Court determined that Southern California Edison was not entitled to a refund. The District Court's Decision has been appealed to the Nevada Supreme Court. The appeal has been fully briefed, was argued on June 7, 2016, and is under submission for decision.

Village League v. State Board, CV-03-06922. Pursuant to an order of the Nevada Supreme Court that the State Board of Equalization provide taxpayers statewide the opportunity to testify regarding equalization, the State Board has made a decision denying certain Incline Village residential property owners' request that values for the properties receive a rollback to 2002 values for tax years 2003-2004, 2004-2005 and 2005-2006, ordering instead that the Washoe County Assessor reappraise said properties without using certain disapproved methodologies. The property owners sought and were denied judicial review and have appealed to the Nevada Supreme Court. If the property owners were to prevail on appeal, it would be anticipated that they would be granted a refund in excess of $10 million. The case is fully briefed and submitted for decision.

Nassiri, Fred, adv. NDOT. NDOT previously settled an eminent domain action with Nassiri. Settlement included transfer by NDOT of other property to Nassiri. Nassiri has filed an action asserting inverse condemnation, breach of contract, breach of the implied covenant of good faith and fair dealing, and rescission, based on actions (subsequently taken) by NDOT, specifically development of an overpass that blocked view of the property from the freeway, thereby allegedly impairing the property. The inverse condemnation claim has been dismissed. Nassiri's claim is in excess of $40 million.

Wykoff Newberg Corp., adv. State of Nevada (NDOT). The State, through NDOT, brought a condemnation proceeding against Wykoff to acquire property for widening I-15 between Tropicana and Blue Diamond. NDOT initially valued compensation due Wykoff at $1,290,000, but Wykoff demanded $10 million. By e-mail, the parties reached a putative settlement for the amount of $2,990,000 (NDOT's initial valuation plus $1,700,000), but after approval of the agreement by the Board of Examiners, Wykoff rejected NDOT's proposed written terms, which it considered a repudiation of the settlement. NDOT then filed a motion to enforce the settlement agreement. The motion was denied by the District Court, and NDOT petitioned the Nevada Supreme Court for mandamus to compel recognition of the settlement. Oral argument on the petition was held on December 5, 2016, and the matter awaits the Nevada Supreme Court's decision.

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 Plaintiff has appealed.

Walden et al. v. Nevada Department of Corrections (United States District Court, District of Nevada). This is a class 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.

Custom Landco LL (Walker Furniture) adv. State of Nevada (NDOT). The State, through NDOT, brought a condemnation proceeding against the landowner to acquire property for Project NEON. This is a partial taking of 1.87 acres from a 10.22 acre parcel that was improved with various buildings comprising the Walker Furniture campus. The acquisition required the demolition of the business's 52,000 sf warehouse. The Department's expert opined that the just compensation owed for the taking and any damages totaled $5,136,900. Walker claimed over $75,000,000 was owed as just compensation based upon an assumption that the taking would result in the closure of the business. NDOT has finalized a settlement with the Walker entities in connection with eminent domain property acquisition for Project NEON in the amount of $18,656,000, $7,156,000 of which was previously paid to Plaintiff. Settlement funds are included in the overall project budget and a significant portion of those funds are eligible for federal reimbursement.

Little Valley Fire – 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. There has been no lawsuit yet, but the Nevada Division of Forestry has been contacted by a law firm representing several insurance carriers who assert they may have subrogation claims based on the allegation that the controlled burn caused the subsequent 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, it is expected that the insurance carriers may pursue a theory of liability that is exempt from the cap.

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 2017 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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Table of Contents

Part III – List of Tables

Part III – Appendices

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 1,750 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 27 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 26 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).

John Terry, 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. Terry 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. He worked for NDOT in Carson City in the Roadway Design, Structures, Hydraulics, and Traffic Divisions. After 12 years in the private sector, Mr. Terry returned to NDOT in 2002 as a senior project manager and assistant chief project manager. He has a Bachelor of Science degree in civil engineering from Union College and is a registered professional engineer in the State.

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 is the Assistant Director of Administration and is responsible for the Financial Management, Accounting, Administrative Services 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 was head of the State Land Office in the Division of State Lands for five years.

THE STATE HIGHWAY SYSTEM

Overview

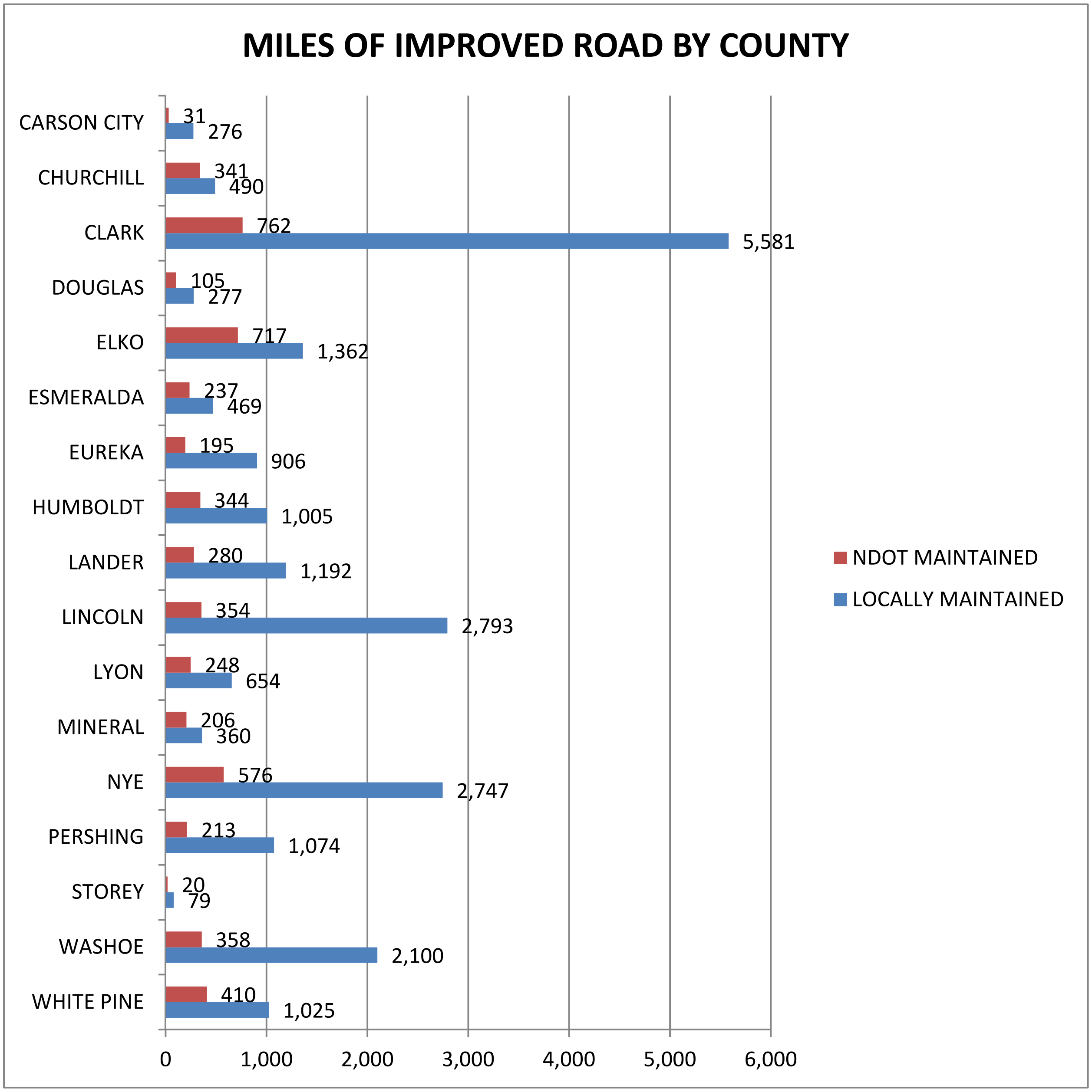
The State highway system consists of approximately 5,400 centerline miles, which includes the federal-aid highway system and other improved roads. The federal-aid highway system is more fully described below under the heading "SUPPORT FOR STATE HIGHWAY SYSTEM — Federal Aid Highway System" in this Part 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 1,201,833 residents in 1990 to 1,998,257 residents in 2000 and to 2,724,634 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 127% between 1990 and 2010. 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 25 billion in 2015.

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 (2015).

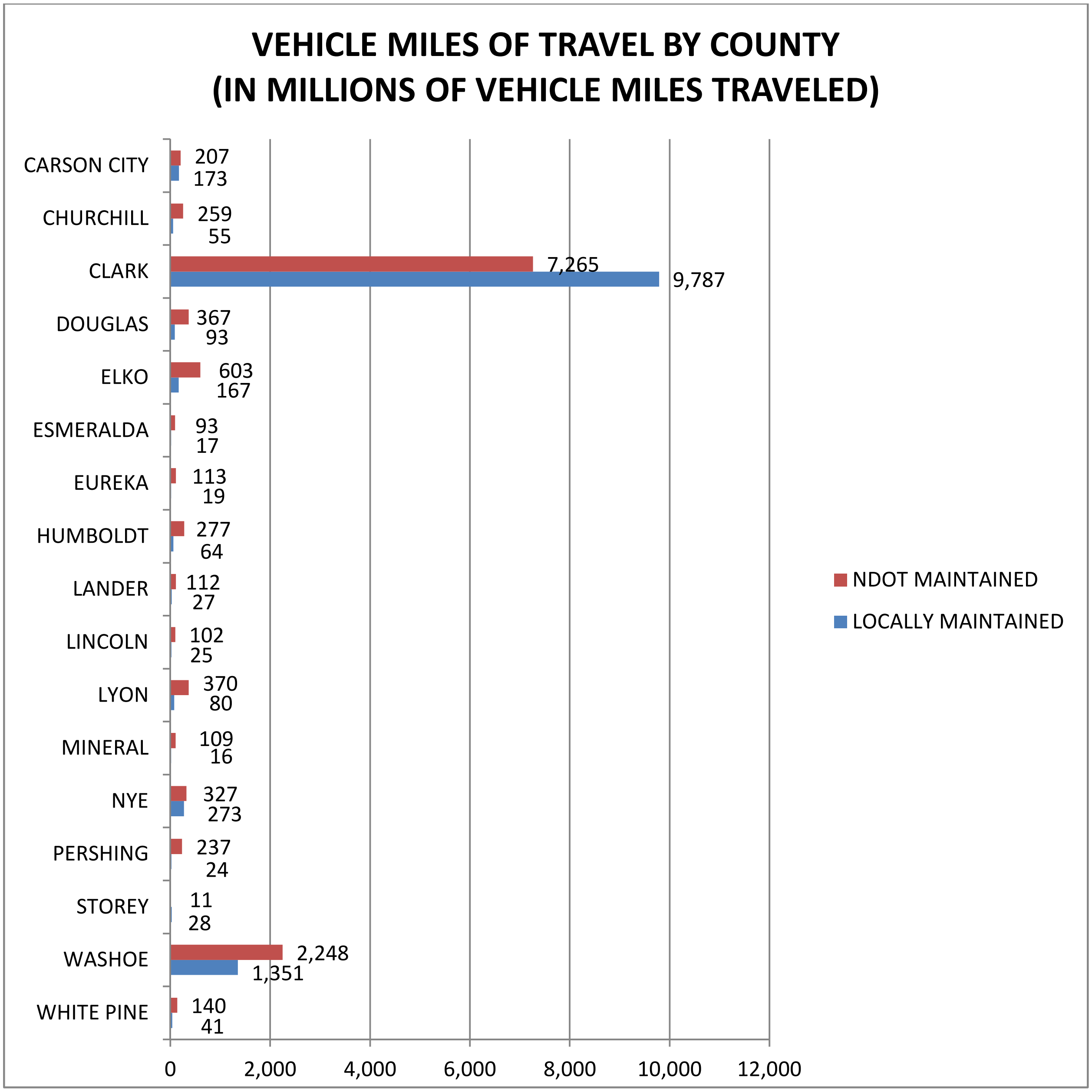
Table 1
Miles of Improved Roads by County



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 (2015).

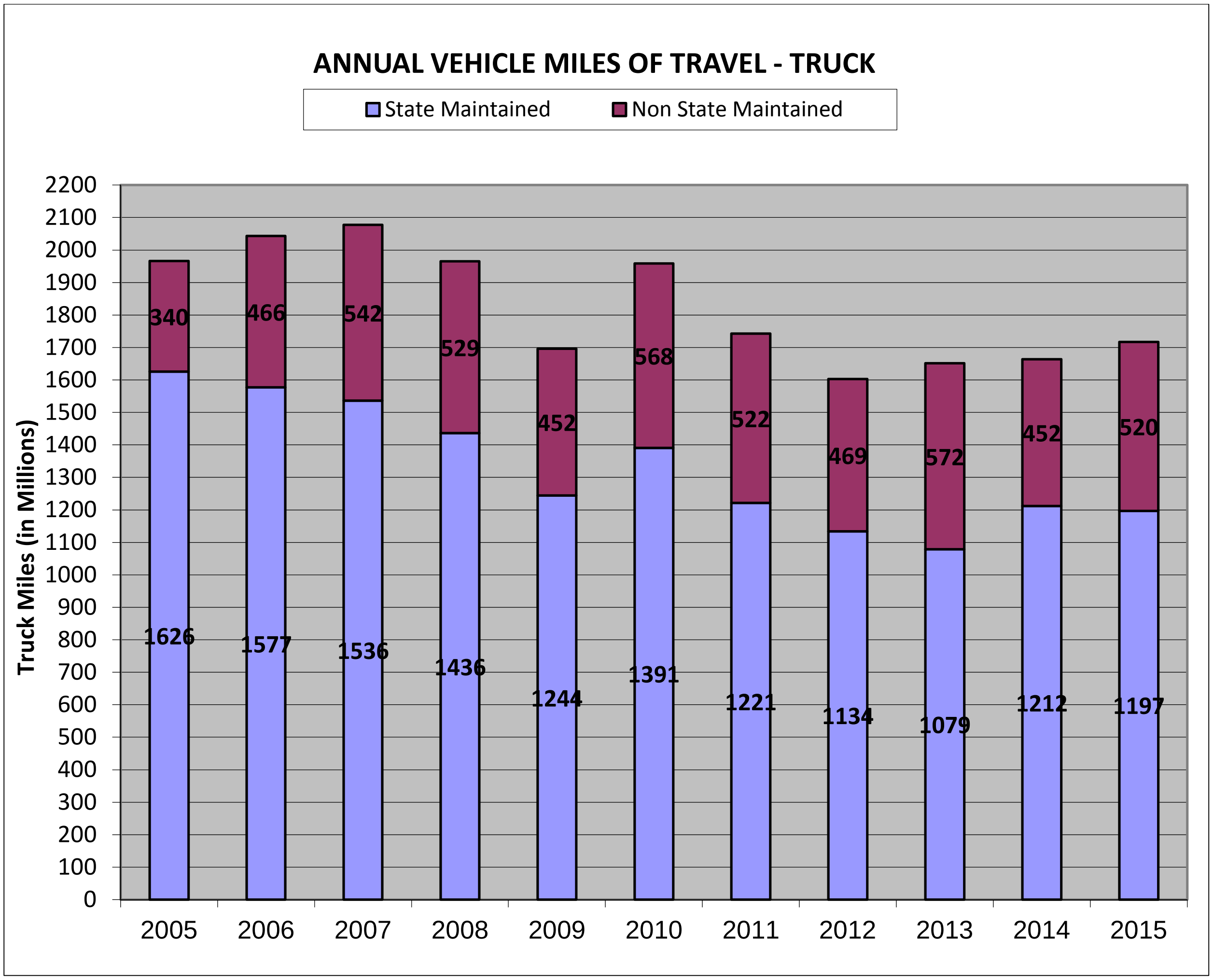
Table 2
Vehicle Miles of Travel by County
(million miles traveled)



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 589 miles of interstate highways (I-15 and I-80) and 1,824 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). The STP within the State consists of 2,437 miles of roads that are functionally classified as principal arterials, minor arterials, major collectors, and urban collectors. 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.

NDOT is partnering with Arizona Department of Transportation to plan an interstate (Interstate 11) link between Las Vegas and Phoenix, with the potential of extending north to Canada and south to Mexico. NDOT and the Regional Transportation Commission of Southern Nevada (RTC) are constructing portions of Interstate 11 near Boulder City known as the Boulder City Bypass. The construction of the Boulder City Bypass is expected to be complete in 2018. In November of 2013, NDOT was made aware of the potential presence of naturally occurring asbestos in the area of the Boulder City Bypass. In order to reduce exposure to naturally occurring asbestos during construction, specific mitigation measures have been developed to minimize the naturally occurring asbestos from becoming airborne during construction.

Other Improved Roads

There are 547 miles of other improved roads on the State highway system, including local and rural collectors, access frontage and state park roads. 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	2,437	7,972	10,409
Subtotal	4,850	8,119	12,969
Non-Federal Aid			
Other Improved	547	14,271	14,818
Unimproved	0	14,861	14,861
Subtotal	547	29,132	29,679
Total	5,397	37,251	42,648

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.

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 2015, NDOT spent $116 million on maintenance and preservation.

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 Americas 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"). While the FAST Act also expands funding for bridges off of the NHS, NDOT has not yet determined the impact of the FAST Act on the Nevada Bridge Program.

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. NDOT began preliminary studies in

2003 and received federal environmental approval in late 2010. Preliminary engineering advanced thereafter, with NDOT commencing right-of-way acquisition in 2011.

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 2017 Bonds. The Series 2017 Bonds are being issued primarily for this purpose. The State anticipates issuing approximately $179 million of Additional Parity Securities in 2018, to fund, among other projects, the completion of Project NEON. The timing and amount of Additional Parity Securities may change.

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 2017 BONDS — Security for the Series 2017 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. Federal funds are available only for reimbursement of expenditures on approved projects and are normally paid to the State 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 2017 BONDS — Security for the Series 2017 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 2017 BONDS — Security for the Series 2017 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 2017 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 2017 Bonds.

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, Eureka, 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 and Storey. The 2015 State Legislature approved AB 191 allowing counties to index fuel tax to inflation. Each county, except Washoe, 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. If indexing is imposed by Clark County, NDOT will receive additional revenue to fund highway projects in that county. However, any 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.

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The following table sets forth the State fuel tax revenues by source for the fiscal years ending June 30, 2012 through 2016.

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)]
2012	$185.2	$66.6	$92.0	$19.7	$11.5	$12.7	$4.8	$392.5
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

(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 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 Government 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 will be receiving an additional tax on the registration of vehicles. This tax is expected to bring an additional $30 million into the State Highway Fund in Fiscal Year 2017 and 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: $23.50 for operating passenger cars; $18.50 for persons 65 years old or older; $5.50 for a motorcycle endorsement; and $108.00 for operating commercial vehicles.

Title Fees

The State charges a one-time title fee of $29.25 for all vehicles (new title).

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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]
2012	$236.6	$261.2	$25.3	$62.4	$ 75.2	$660.6
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

(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]
2012	$79.2	$38.5	$99.8	$19.0	$236.5
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

(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 will be 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:

Fiscal Year	Portion Retained by County, Cities, and Towns	Portion Deposited in State Highway Fund for Projects within the County
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:

Fiscal Year	Washoe Co.	Clark Co.	Total
2009	$ 885,000	$ 3,882,000	$ 4,767,000
2010	1,745,000	10,090,000	11,835,000
2011	2,368,000	10,953,000	13,321,000
2012	2,888,000	10,651,000	13,539,000
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	20,264,000
	$22,582,000	$99,778,000	$122,360,000

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 for Highways by Phase
(Millions of Dollars)

Fiscal Year	Planning and Research	Right of Way	Preliminary Engineering	Construction and Construction Engineering	Transit and Rail	Miscellaneous Federal Funding	Total Federal Aid for Highways
2012	$ 9.2	$18.7	$34.1	$393.7	$ 10.7	$0.1	$466.5
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

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 SAFETEA-LU

Fiscal Year	Interstate Maintenance	National Highway System	Congestion/ Air Quality	Surface Transportation Program	Other[(1)]	ARRA	Total[(2)]
2009	$50.0	$72.9	$18.3	$ 47.6	$96.8	$201.0	$486.6
2010	77.1	84.3	35.8	111.2	84.0		392.4
2011	82.2	93.6	28.4	82.5	43.2		329.9
2012	79.8	88.6	32.8	82.1	46.8		330.2

Under MAP-21[(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	$344.1
2014	187.2	41.4	88.7	37.7	355.0
2015	187.2	42.5	88.7	45.0	363.4
2016	190.2	36.6	96.8	43.7	367.3

(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) MAP-21 reallocated/combined program funds, therefore, cannot be compared to SAFETEA-LU programs. 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 2017 Bonds if bond proceeds are used for an "eligible project." Reimbursement for the Series 2017 Bonds may be sought by the State from the federal government to the extent the Series 2017 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 2017 BONDS — Security for the Series 2017 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 2017 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 2017 Bonds or create any right of a bondholder or other third party against the United States for payment of the Series 2017 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)]
2012	$466.7	$421.7	$150.7	-	$1,039.1
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

(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
2012	$4.3	$89.7	$76.1	$80.5	$924.8	$1,175.4
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

(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*
2012	$43.8	$132.9	$748.1	$924.8
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

* 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	Total*
2012	$120.4	$2.2	$61.9	$3.7	$736.7	$924.9
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

* Totals may not add up due to rounding.

Source: NDOT.

REVENUES PLEDGED TO SECURE SERIES 2017 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 numerated 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 2017 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 2017 Bonds shall be payable from any federal aid eligible for the payment of the principal of and interest on the Series 2017 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 2017 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").

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 $706 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 $539 million of highway revenue bonds (referred to herein as Existing Parity Securities) outstanding. The State anticipates issuing approximately $179 million of Additional Parity Securities in 2018. The timing and amount of Additional Parity Securities may change. See "DESCRIPTION OF THE SERIES 2017 BONDS – Security for the Series 2017 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.

APPENDIX A

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

	2012	2013	2014	2015	2016
Revenues:					
Intergovernmental	$527,123	$375,228	$337,794	$315,819	$480,103
Other taxes [(1)]	197,412	206,233	237,925	227,372	270,164
Licenses, fees and permits	181,307	183,328	194,200	206,476	221,314
Sales and charges for services	13,934	13,860	15,446	15,891	17,205
Interest and investment income	3,034	650	(1,975)	3,208	5,894
Other	21,911	33,618	16,364	14,497	19,825
Total revenues	944,721	812,917	799,754	783,263	1,014,505
Expenditures:					
Current:					
Law, justice and public safety	151,312	149,803	159,597	158,936	188,807
Transportation	846,335	578,231	452,820	635,049	816,275
Intergovernmental	80,450	87,244	78,361		
Debt Service: [(2)]					
Principal	53	-	-	-	-
Interest	2	2	2	-	-
Debt Issuance Costs [(3)]	-	-	655	-	1,024
Total expenditures	1,078,152	815,280	691,435	793,985	1,006,106
Excess (deficiency) of revenues over expenditures	(133,431)	(2,363)	108,319	(10,722)	8,399
Other Financing Sources (Uses):					
Proceeds from sale of bonds	-	-	100,674	-	201,031
Proceeds from sale of capital assets	-	-	61	61	-
Operating transfers in	6,470	4,806	3,972	3,809	6,374
Operating transfers out	(7,161)	(7,494)	(8,276)	(12,974)	(21,082)
Total other financing sources (uses)	(691)	(2,688)	96,431	(9,104)	186,323
Excess deficiency of revenues and other financing sources over expenditures and other financing uses	(134,122)	(5,051)	204,750	(19,826)	194,722
Fund balances, July 1[(4)]	288,180	154,058	149,007	353,757	338,017
Fund balances, June 30	$154,058	$149,007	$353,757	$333,931	$532,739

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(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.

Source: State's Comprehensive Annual Financial Statement 2012-2016.

APPENDIX B

STATE OF NEVADA
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2016

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State of Nevada

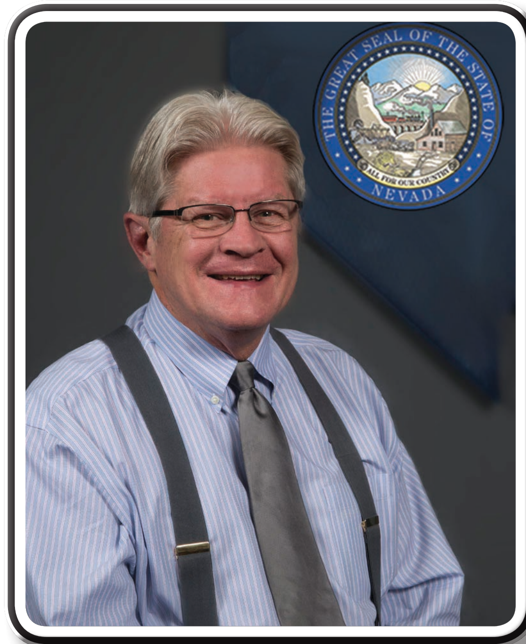
Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2016

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

PHOTO. 7/24/55

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



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

In his first full fiscal year as Controller, Ron and his management team saved taxpayers 13% of the funds that had been appropriated to the Controller's Office by the Legislature and Governor, based on requests by his predecessor. While returning over $1 million to the State Treasury, Ron and his staff have improved state services to Nevadans, especially in the area of accountability information.

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

In previous jobs, he testified extensively as an expert witness. In 2012-14, 1986-2001 and 1976-78, he was a consultant and business executive. In 2001-12, he was a senior economist at Nevada's Public Utilities Commission. He held principal economics, finance, technology and policy positions in 1978-86 at California's Energy and Public Utilities Commissions. In 2009-13 he co-taught about ten two-day seminars for SNL Financial on utility finance, cost of capital, and economic and policy issues for regulators, professionals, managers, executives and securities analysts. In 1973-77, he was a Research Associate and Research Engineer at the University of Illinois. In 1972-73 he was Assistant City Engineer in Urbana, Illinois.

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

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

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

Table of Contents

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

Financial Section

Financial Section (continued)

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

Compliance Section

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

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

GEOFFREY LAWRENCE
Assistant Controller

OFFICE OF THE
STATE CONTROLLER

December 21, 2016

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

In accordance with Nevada Revised Statutes (NRS) 227.110 and the State Accounting Procedures Law (NRS 353.291 through 353.3245), I am pleased to present the State of Nevada Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The objective of this Report is to provide a clear picture of the government as a single, unified entity, in addition to traditional fund-based financial statements.

Introduction to the Report

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

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

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

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

Independent Auditors: The independent accounting firm of Eide Bailly LLP has audited the accompanying financial statements in accordance with generally accepted governmental auditing standards. Their opinion appears in the Financial Section of this publication. The goal of the independent audit is to provide reasonable assurance that the financial statements of the State of Nevada are free of material misstatement. We received an unqualified opinion on the basic financial statements for this fiscal year. The independent audit of the financial statements of the

State of Nevada is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the financial statements. This report can be found in the Compliance Section of the CAFR, and in the State of Nevada's separately issued Single Audit Report.

Management's Discussion and Analysis: GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. However, as is the normal course of business, the audit by Eide Bailly LLP does not extend to or cover this transmittal letter or its addendum.

Profile of Government

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

The Great Basin Desert dominates the Nevada landscape, with the Sierra Nevada Mountains to the west and the Rocky Mountains to the east. Federal agencies own and control more than 80 percent of Nevada's 70,264,320 acres, meaning most of Nevada's land area is restricted from use and development by private citizens. Local governments are also unable to collect property taxes on these lands to sustain vital public services, although they do receive less valuable Payments in Lieu of Taxes from the federal government. Due greatly to the shortage of land available for citizens, more than 90% of our 2.8 million residents are squeezed into one of two distinct population centers: the Reno/Sparks/Carson City area near Lake Tahoe and Clark County at the southeast tip, separated by 450 miles.

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

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

Financial Information

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

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

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

Major State Initiatives

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

Awards and Acknowledgments

GFOA Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its CAFR for the fiscal year ended June 30, 2015. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory Section of the CAFR. A Certificate of Achievement is valid for only a one-year period. We believe that this current CAFR continues to meet the requirements of Certificate of Achievement Program, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

In the following 23 pages, we present the Controller's Analysis and Economic Outlook addendum to this Transmittal Letter to provide additional and essential context for users of these statements. It provides a detailed overview of Nevada's performance in specific functional areas, a summary of financial results for the past year and an Economic Outlook for the foreseeable future.

Sincerely,

Ronald L. Knecht

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

Controller’s Analysis and Economic Outlook

HIGHLIGHTS AND TABLE OF CONTENTS

I. **State Spending** (pages v-vi) – Over the long term and in the last fiscal year, state spending has grown faster than Nevada’s economy, thus imposing an ever larger real burden on Nevada families and businesses, whose incomes have fallen significantly over the last decade. Rapid increases in spending on Health and Social Services (HSS) and K-12 education are driving state spending growth. HSS and education (K-12 and higher) accounted for 82% of total state spending of $10.9 billion in FY16 while all other state spending in total declined significantly in real and nominal terms over the past decade.

II. **State Revenues** (pages vii-ix) – Non-tax revenues - grants and contributions to the State, charges for services and contract revenues, have grown very rapidly (48% faster than the growth of Nevada’s economy) to comprise 57% of total state FY16 revenues of $12.5 billion. Total tax revenues grew with the state economy, and they provide the other 43%. Gaming tax revenues fell sharply in real terms while taxes on other businesses (including unemployment assessments) rose greatly. Ignoring the pass-through effects of increases in business taxes, the burden carried directly by consumers and residents almost tracked their incomes.

III. **Health and Social Services** (pages ix-xi) – A large amount of non-tax revenues result from federal HSS grants that are restricted for spending for those purposes and thus cannot be redirected to other areas. HSS spending is not only the largest category of state spending, but it has grown fastest, driven mainly by federal mandates. Medicaid accounts for 63% of the HSS total and has accelerated recently due to Nevada's decision to embrace provisions of the federal Affordable Cost Act of 2010; Nevada Medicaid spending will balloon in coming years and its future is uncertain, even as it delivers poor health care results. The doubling in the last 25 years of the fraction of national income that goes into health care spending is due to the increasing socialization of health care and insurance.

IV. **Education** (pages xi-xii) – State funding of K-12 has increased rapidly over the long term and last year, especially due to the unprecedented spending increases authorized by the 2015 legislature. Research has continuously demonstrated little correlation between student achievement and spending; so, it is unsurprising that the quality of Nevada education has remained low despite these increases, and it is likely that the massive 2015 spending increases will also yield little improvement.

V. **Public Employee Compensation PERS** (pages xiii-xiv) – Total compensation of state employees is overall at market levels but is higher for lower-level positions and lower for top-end jobs. Nevada local government compensation is among the highest in the nation and continues to require increases in taxes that are already very high. PERS contributions required of state employees and taxpayers continue to rise in real terms. PERS coverage of local government employees is almost completely paid by taxpayers and is metastasizing to unsustainable levels. PERS relies on very high estimates of future investment returns to hide a growing under-funding problem that threatens financial disaster for Nevada. We propose a correct level, 5%, based on expected returns. By contrast, PERS is leading the nation in managing its investment portfolio, having moved to full indexing in all areas that can be indexed.

VI. **Economic Outlook** (pages xiv-xxvi) – We identify four secular trends that have suppressed the US economic growth rate the last decade - thus explaining the “new normal” of long-term slow economic growth. The first trend is the continuing growth of government relative to the economy – reflected in public spending, taxes, deficits, debt, regulation of all kinds, and other government interventions. Until the new millennium, this growing deadweight loss was offset by three growth-inducing factors: 1) demographic and other trends that improved labor-force participation; 2) the growth of financial leveraging (debt); and 3) rapid growth in emerging economies, plus globalization of firms, increasing trade and foreign direct investment. Turnarounds in recent years in all three trends mean they too now create an ever greater drag on the economy and produce slow real economic growth of 2% or less annually (1% per-person). We also address innovation, technological progress and productivity; cost disease; income and wealth distribution; and the fact that state-specific data show Nevada is not an exception to national trends.

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

This analysis is designed to provide Nevada citizens, officials and others a short summary of key facts, data, analysis and issues on the State's fiscal condition and challenges. The State Controller has a statutory charge to recommend plans for support of public credit, promoting frugality and economy, and better management and understanding of the fiscal affairs of the State. This addendum first summarizes and analyzes state spending and revenue sources over the last decade. Then it presents the economic outlook for Nevada, focusing especially on the long term, which for reasons explained below, is necessarily based mainly on the national outlook. It ends with some policy prescriptions for better serving the public interest.

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

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

Table 1: Nevada State Spending Analysis

State Spending by Category	FY2016 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY16 Spending	Growth Rate % 2006-16	2006-16 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Health and Social Services	$ 5,111	$ 2,199	47	132	66	83
K-12 Education	2,146	1,240	20	73	18	36
Higher Education (All Spending) (3)						
Primary Government Spending	603	588	6	3	-26	-19
Discrete Unit Spending	1,110	712	10	56	12	23
Law, Justice and Public Safety	710	578	6	23	-12	-3
Unemployment Insurance	342	239	3	43	2	13
Recreation, Interest & Miscellaneous	322	385	3	-16	-40	-34
Regulation of Business	137	102	1	35	-3	6
General Government	207	371	2	-44	-60	-56
Transportation	177	509	2	-65	-75	-73
State Total Spending	**$ 10,865**	**$ 6,923**	**100**	**57**	**12**	**24**
Subcomponents and Statistics of Interest						
All Other Gov't. (Except HSS, K12 & NSHE)	$ 1,895	$ 2,185	18	-13	-38	-32
Higher Education (State GF-Based Spending)	$ 578	$ 569	5	2	-27	-20
Nevada Economy: Personal Income (FY) ($M)	$ 123,939	$ 97,669	NA	27	-9	NA
Nevada Economy: Gross State Prod. (FY) ($M)	$ 142,319	$ 121,448	NA	17	-16	NA
Inflation (BLS West-Urban CPI-U Index, FY)	245	203	NA	21	NA	NA

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

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006-16 decade than personal income (17% versus 27%).

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

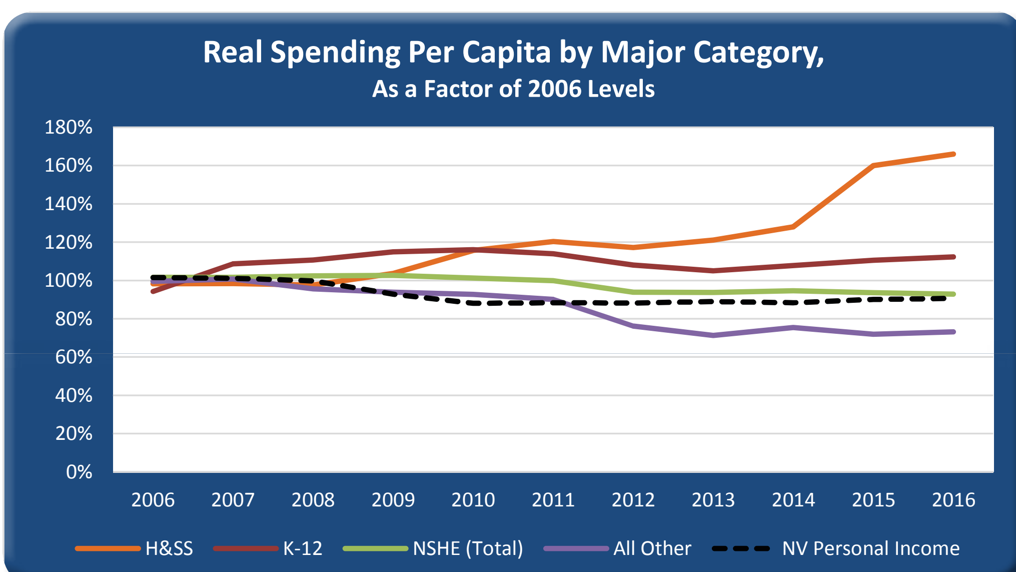
1. Health and Social Services (HSS) and education accounted for 83% of State Total Spending of $10.9 billion in FY 2016. Their growth also exceeds growth in State Total Spending from 2006 to 2016. In 2016, HSS consumed 47% ($5.1 billion), with Primary and Secondary (K-12) Education taking 20% ($2.1 billion) and Higher Education another 16% ($1.7 billion). All other activities – Law, Justice and Public Safety, Transportation, Unemployment Insurance, General Government, Regulation, etc. – total merely 18% ($1.9 billion), as shown in the All Other Government line.

2. HSS and K-12 spending grew rapidly while All Other Government spending, the Nevada economy and the wellbeing of Nevadans declined significantly. Chart 1 below displays the annual state spending growth by major category in real per-capita terms over the last decade. Table 1 shows the ten-year totals: increases in HSS (66%) and K-12 (16%) drove up State Total Spending (12%), despite a small decrease in Higher Education (-5%) and a large decrease in All Other Government spending (-37%). Meanwhile, Personal Income of Nevadans (-9%) and Gross State Product (-16%) also contracted substantially.

3. Most importantly, the burden of state spending on Nevada families and businesses, driven by HSS and education, was 24% higher relative to their incomes in 2016 than in 2006. The right-hand column of Table 1 shows the growth in spending on each category as compared to incomes of Nevadans. The growth in burden from HSS spending was 83%. For K-12, it was 34% and for higher education, 4%. As shown in the All Other State line, the total of All Other State spending grew 31% slower than incomes. These burden figures mean that, besides covering spending increases due to inflation and growth in HSS client and student headcounts, rising HSS and K-12 spending required families and businesses to pay taxes and fees 24% higher in 2016 than in 2006.

The following points also are noteworthy:

- More than $3.2 billion (63%) of HSS monies was spent on Nevada Medicaid. This spending will likely continue to rise in coming years due to the state's decision to expand eligibility pursuant to the federal Affordable Care Act (Obamacare). However, federal contributions toward this spending will decrease beginning in 2017, requiring additional state dollars.
- Nearly $1.5 billion (70%) of K-12 monies was paid from the Distributive School Account to local school districts to supplement their local revenues. By various measures, Nevada K-12 education continues to deliver poor results, despite rapid increases over the last decade in state K-12 spending. Despite the well-known lack of statistically significant correlation between spending and student achievement, in 2015 the Legislature and Governor increased K-12 budgets by hundreds of millions of dollars for the current biennium.
- Total Higher Education Spending rose 32% over the decade, but the state-funded portion rose only 5%. Large increases in tuition and fees, grants and contracts, and self-supporting operations (meal plans, housing, ticket sales, etc.) shifted significant portions of the cost burden from taxpayers to students and their families, who get most of the benefit of the services.
- Transportation spending rose from $509 million in 2006 to $802 million in 2012 before falling a net 65% to $177 million in 2016.
- Unemployment Insurance costs rose nearly ten-fold from $239 million in 2006 to $2.233 billion in 2012, before falling to $342 million in 2016. The 43% growth rate in spending in 2006-2016 for UI is only a small part of the state growth total, and it was driven mainly by the Great Recession, poor recovery and federal UI policy.



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

Table 2 below presents the State's comprehensive revenue analysis. Revenues are classified either as Program Revenues, which include charges for services and grants and contributions received by the State, or as General Revenues, which include mainly taxes and also smaller miscellaneous items.

Both Program and General Revenues come from governmental activities, business-type activities of the State, and three entities that file separate accounting reports in addition to the state reports covering primary government spending. These entities are called Discretely Presented Component Units, and the Nevada System of Higher Education (NSHE) accounts for over 96% of their total.

Table 2: Nevada State Revenue Analysis

State Revenues by Category	FY2016 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY2016 Revenues	Growth Rate % 2006-16	2006-16 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Program Revenues						
Governmental Charges for Services	$ 886	$ 769	7	15	-18	-9
Governmental Grants & Contributions (Op'g & Cap.)	4,804	1,875	38	156	83	102
Business-type Charges for services	120	99	1	22	-13	-4
Business-type Grants & Contributions (Op'g only)	59	103	-	-43	-59	-55
Discretely-presented Units Charges for Services	703	531	6	32	-6	4
Discrete-unit Grants & Contributions (Op'g & Cap.)	509	378	4	35	-4	6
Total Program Revenues (Gov, Bus., Disc.)	**7,081**	**3,755**	56	89	35	49
General Revenues & Other Net Position Changes						
Governmental Activities	4,726	3,615	38	31	-7	3
Business-type activities	694	334	6	108	48	64
Discretely Presented Units (NSHE, CRC, NCIC)	597	814	-	-	-	-
Less: Payments from State of Nevada (Primary Gov)	(579)	(706)	-	-	-	-
Net, Discretely Presented Units	18	108	-	-83	-88	-87
Total General Revenues (Gov., Bus., Disc.)	**5,438**	**4,057**	44	34	-4	6
Total Program & General Revenues	**$ 12,519**	**$ 7,812**	100	60	14	26

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

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006-16 decade than personal income (17% versus 27%).

The following points emerge from Table 2 nearby.

1. Government Grants and Contributions account for 38% of total state revenues of $12.5 billion in 2016, and they grew much faster than other revenues in 2006-2016. Program revenues from government grants and contributions (operating and capital) totaled $4.8 billion in 2016. This revenue increased more than $2.9 billion from 2006, and it accounted for 62% of growth in total state revenues. These revenues are mainly comprised of federal government funding for Medicaid, Supplemental Nutritional Assistance (food stamps) and Temporary Assistance for Needy Families (TANF), and they are the revenue side of much of the increase in state HSS spending discussed above. That is, much of this spending is driven by federal mandate and also funded by the federal government and its taxpayers. A notable risk is that federal funding is sometimes diminished, but federal mandates rarely are. In coming years, Nevada faces just such a problem with Medicaid revenues and spending.

2. Charges for services and grants and contracts for higher education comprise 10% of total state revenues, and they also grew rapidly. Program revenues totaled $1.2 billion for NSHE in 2016, an increase of 33% ($0.3 billion) over the last decade.

3. Other program revenues amount to 8.5% of total state revenues, and they grew very slowly. Other program revenues of $1.1 billion grew only 10% ($0.1 billion) since 2006, much less than the 27% nominal growth in incomes.

4. In sum, increases in program revenues, driven mainly by HSS and, to a lesser extent by higher education receipts, grew rapidly while tax revenues grew only moderately. In 2006, most state revenues came from taxes. But over the last decade, program revenues grew 89%, becoming 57% ($7.1 billion) of total state revenues. General revenues, which mostly consist of taxes grew only 34% ($1.4 billion) and now account for only 43% ($5.4 billion) of the state total ($12.5 billion). Although past spending growth was supported mainly by increasing grants and contributions, the 2015 tax increases will place much of the burden of future spending growth on taxpaying families and businesses.

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

Table 3: Nevada State Tax Analysis

Taxes Analysis	FY2016 $ Figures in Millions (1)	FY2006 $ Figures in Millions (1)	Percent of FY2016 Gen. Revenues	Growth Rate % 2006-16	2006-16 Real Per Person % Growth	% Growth in Tax & Fee Payers' Real Burdens (2)
Sales and use taxes	$ 1,219	$ 1,098	24	11	-21	-13
Gaming taxes	911	1,003	18	-9	-35	-28
Modified business taxes (3)	563	255	11	121	58	74
Insurance premium taxes	301	238	6	26	-10	0
Property and transfer taxes	238	319	5	-25	-47	-41
Motor and special fuel taxes (3)	357	298	7	20	-14	-6
Liquor and tobacco taxes	211	161	4	31	-6	3
Net proceeds of minerals tax	40	20	-	100	43	58
Auto lease and lodging taxes (3)	242	44	4	450	293	333
Commerce tax	144	-	3	NA	NA	NA
Unemployment assessments	707	367	14	93	38	52
Other taxes	202	172	4	17	-16	-7
Total Taxes	$ 5,135	$ 3,975	100	29	-8	2

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

(2) These percentage changes are not due to inflation, population growth, increase in student or HSS client head counts, etc. They are the changes in the Nevada tax- and fee-payers' burdens in addition to increases in those burdens to cover inflation, population, etc. These percentages are computed based on personal income; if they were computed based on GSP, the increase in burden would be greater because GSP grew slower over the 2006-16 decade than personal income (17% versus 27%).

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

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

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

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

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

5. With eleven taxes accounting for 3% to 24% of general revenues in Table 3 and considering their incidence mainly on persons and consumption, Nevada's tax base can be called reasonably well diversified. Such diversity is important for the optimal balance between stability of public revenues and the revenue constraints that government needs to make it operate efficiently and not grow unduly large. Diversity also keeps rates generally low and the base broad, but in Nevada that benefit is offset by limiting the range of goods and services to which the largest tax revenue source, sales and use taxes, applies. So, no strong conclusion can be pronounced on this criterion.

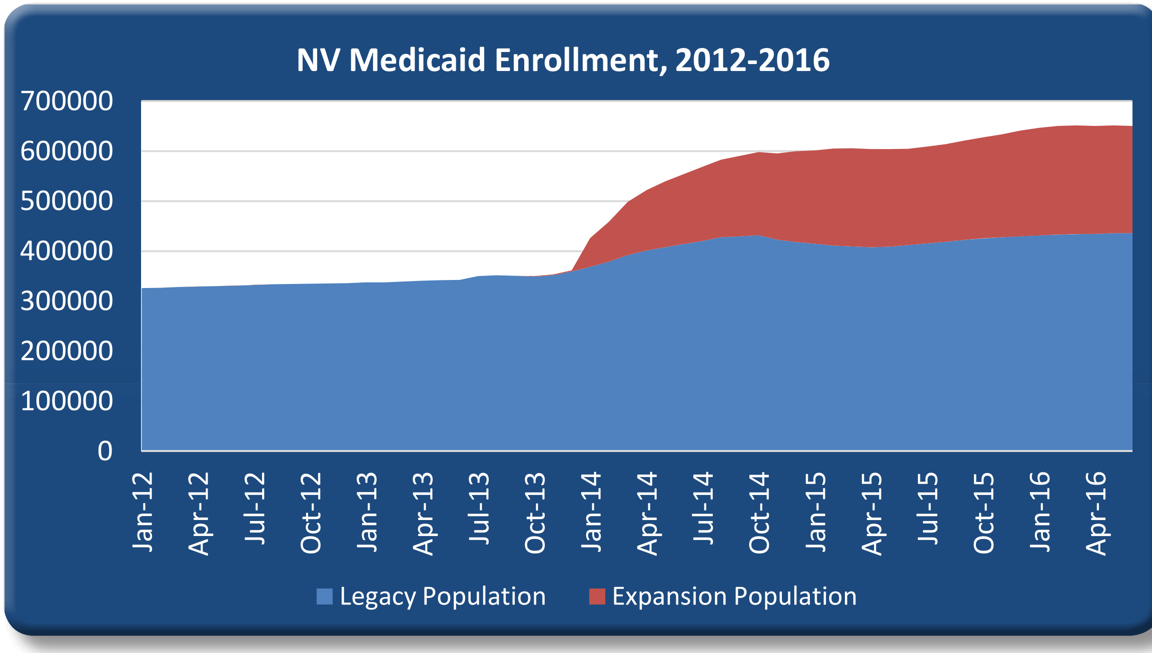
III. HEALTH AND SOCIAL SERVICES

Health and social services has been the fastest growing category of expenditures over the past ten years in Nevada, and this growth continued in FY2016. In total, Nevada spent $5,111 million on these services in 2016, up from $2,199 million in 2006. Much of this spending is financed through federal grants to support programs like Medicaid, food stamps and other welfare programs. At present, as Nevada spends money on these programs, the state becomes entitled to reimbursement from their federal sponsors. However, federal reimbursements do not compensate Nevada fully for all expenditures, and certain programs such as Medicaid require a matching state commitment.

1. Medicaid is Nevada's largest single expenditure for health and social services, and accounts for 63% of the categorical total. Federal operating grants to support this program fluctuate each year according to a formula based on the per capita income in each state. States with lower incomes are entitled to have a larger proportion of Medicaid costs reimbursed, but in no case does the federal reimbursement rate fall below 50% of eligible costs. For 2016, the reimbursement rate to Nevada was 65%, up from 54% percent in 2006. A prolonged decline in Nevada per capita incomes relative to the nation drove this increase in federal Medicaid financing. However, this also means that any prospective recovery in Nevada incomes will cause state taxpayer spending for Medicaid to rise even more rapidly.

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

Gov. Brian Sandoval and Nevada lawmakers chose to expand Medicaid eligibility along the guidelines outlined in the ACA during the 2013 Legislature. Since that time, Nevada's Medicaid enrollment has nearly doubled, growing from 350,234 at the beginning of 2014 to 650,213 at the close of 2016. A portion of this increase is attributable to growth of the legacy population, which grew by 85,837 persons over the period. Although many of these individuals had been previously eligible, new federal tax penalties for failing to acquire nominal health insurance prompted enrollment, which they had previously spurned. This legacy population is subject to the standard federal reimbursement rate, whereas the 241,142 persons who enrolled as part of the expansion population are subject to the enhanced rate.



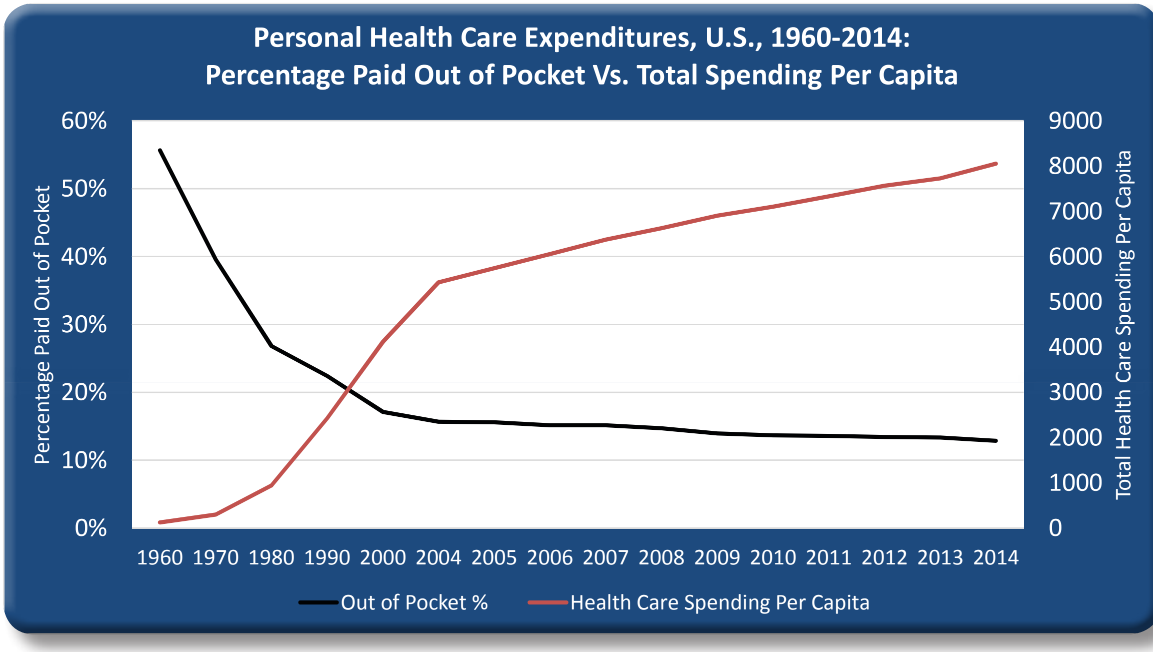
3. Expanded availability of publicly funded health care benefits has occurred alongside a decline in rates of private insurance coverage and other private spending. In 2008, 68.6% of Nevadans held private insurance coverage. That rate remained steady through the end of the Great Recession in 2009 but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

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

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

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

Decades ago, a majority of personal health expenditures were financed out-of-pocket by individuals in lieu of any third-party payer arrangement. Wage controls imposed nationally during World War II inspired employers to offer non-wage benefits, including all-inclusive health care packages to attract talented workers. As this system of employer-sponsored third-party payers has grown alongside public health programs, the costs of health care have skyrocketed. The chart below reveals the near-perfect inverse relationship between the percentage of care financed by individuals' out-of-pocket spending and the nationwide cost of health care per capita.



IV. Primary, Secondary and Higher Education

Primary and secondary education programs have been the second fastest growing category of state expenditures over the past decade, growing from $1.26 billion in 2006 to $2.15 billion in 2016. On a per-student basis, and without considering local funding, state spending for K-12 education increased from $3,227 to $4,531 over this period. Meanwhile, Nevada's ranking against other states in terms of student achievement has failed to improve significantly. In 2007, Nevada eighth graders ranked 44th nationally in their performance on the federally administered National Assessment of Educational Progress reading and math evaluations. By 2015, those rankings remained at 43rd in reading and 41st in math.

These diverging trends make clear that Nevada has failed to translate higher spending for education into improved results. That's also true for the rest of the nation. Among member countries to the Organization for Economic Co-operation and Development (OECD), the United States spends the fourth highest levels per student but has below average academic performance. South Korea, the highest achieving nation, spends only 59.5% as much as the US per child.

Table 1: Per-pupil Spending and Student Achievement -- Data Available for Developed Countries
Results of the OECD's Programme for International Student Assessment (PISA, 2012)

Rank by Total Score	**Country**	Expenditures per Pupil from Age 6 to 15, in US Dollars	Mean PISA Maths Score	Mean PISA Reading Score	Mean PISA Science Score	Mean PISA Total Score	$/Point, Mean PISA Total Score	Ratio, Mean PISA Total to OECD Mean	Rank by Per-pupil Spending
1	Korea	$69,037	554	536	538	1627	$42.42	0.76	25
2	Japan	$89,724	536	538	547	1621	$55.34	0.99	19
3	Finland	$86,233	519	524	545	1588	$54.30	0.97	20
4	Estonia	$55,520	521	516	541	1578	$35.18	0.63	30
5	Canada	$80,397	518	523	525	1567	$51.32	0.92	22
20	**OECD average**	**$83,382**	**494**	**496**	**501**	**1492**	**$55.90**	**1.00**	**17**
22	***United States***	***$115,961***	***481***	***498***	***497***	***1476***	***$78.55***	***1.41***	***4***

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

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

2. Families are the consumers of public education and each individual family is most familiar with its specific needs. Therefore, the allocation of education dollars among many alternatives, all subject to economic scarcity, is most efficient when consuming families are free to exercise choices over various educational offerings in the marketplace, just as with other consumer goods and services. Schools of choice, including both private and public charter schools, frequently operate at lower cost than traditional public schools and produce higher student achievement. Of the 12 random-assignment studies to date on school choice, six have determined that all student groups benefit from participation in choice programs, five have found some groups benefit and one found no visible impact. No study has found that choice negatively impacts student performance.

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

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

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

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

5. Nevada has significantly increased revenues extracted from higher education students and their families to reduce general revenue spending for higher education in real terms. It has also greatly favored the universities over community colleges. As does all of US higher education, it suffers from administrative bloat and excessive salaries and preoccupation with trivia such as micro-aggressions and safe spaces. Future Controller's Office reports will address these issues.

V. EMPLOYEE COMPENSATION AND BENEFITS

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

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

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

In a retirement program, people put some of their current income into a fund that is invested for maximum risk-adjusted growth of the principal so that after their working/contributing years, they may draw retirement income from it. Under defined-contribution (DC) plans, the retirement draw of plan participants is determined by the growth of the fund, which is determined mainly by how well the investments have fared. So, DC plans are inherently fair because all the fruits of saving and investment are returned ultimately to participants, and outside parties do not have any opportunity to divert the funds, nor are they required in any way to subsidize the participants. Under DB plans, participants and the agents who govern the plan are allowed to socialize the risks of their investment decisions to taxpayers and to future generations of participants who have no role in managing those investment risks and thus no opportunity to be fairly protected.

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

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

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

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

So, the proper fiduciary method for setting the DR is to soberly assess the expected net returns on the investments; then, probabilistic analyses (such as Monte Carlo simulations, etc.) should be conducted using return distributions that have as their expected value return the DR chosen. These simulations will tell the probabilities that the fund will be able to cover various future payout levels, and contribution requirements and benefit levels can be determined to satisfy the level of certainty chosen by the board overseeing the plan. Thus, the real DR question is simply: What are the reasonably expected returns? For decades, public-sector plans have assumed returns around 8%, although some plans have adjusted downward slightly in recent years. Our analysis in the following Economic Outlook section shows economic growth and thus investment returns are highly likely to be much lower than historic levels for the foreseeable future.

Our conclusion is that a DR of 5% net of fees and costs is the most reasonable expectation. On the Controller's web site, we provide further support for this position. For example, using a 60% equity and 40% debt portfolio with a debt return (yield) of 3.5%, and an expected equity return of 6%, gives exactly a 5% portfolio ROR; something slightly higher would be needed to cover fees and costs, even at the very low rates incurred by Nevada PERS. The 6% equity return can be supported by an average of: 1) a risk-premium analysis that adds a 5.5% equity risk premium to a 2.5% riskless rate to get 8%; and 2) a discounted cash flow analysis that adds a 3% current dividend yield to a 1% per-person expected economic growth rate for a 4% equity return. So, we strongly recommend PERS adopt a 5% DR.

C. **Reference Working Lives and Retirement Periods:** Expected life length has been climbing in the US for decades, and health status has been improving at every age, but these factors have not been reasonably reflected in the reference working lives and retirement terms assumed by pension funds, Social Security, etc. In short, today most working lives assumed in pension plans, including PERS, mean that retirement benefits maximum levels are reached after 30 years of employment or only slightly longer and often available at a mid-fifties age. Thus, many public employees, including Nevada State employees, get market-level pay for 30 years of service, followed by retirement draws that may run as long as 40 years and are noticeably better than the retirement draws generally available in private employment. Even expanding on these issues at the Controller's web site, we cannot do full justice to this issue. Our purpose in raising it here is to initiate a broad and sustained conversation among all parties to properly plan for and finance the retirement of public employees.

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

VI. ECONOMIC OUTLOOK: INTRODUCTION AND OVERVIEW

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

Long-term Growth of Government Over-reach: The first trend is the continuing growth of government relative to the economy – reflected in public spending, taxes, deficits, debt, regulation of all kinds, and other government interventions (e.g., retirement programs, health care and insurance, etc.). The empirical economic literature indicates that government size, scope and reach has for over 55 years been excessive relative to levels that maximize growth and thus human wellbeing. Yet government has continued to grow, especially in the last decade, thus ever more retarding growth. Until the turn of the century, this growing deadweight loss was offset by three growth-inducing factors: 1) demographic and other increasing labor-force participation trends; 2) increasing debt levels of all kinds relative to GDP (government, financial debt, non-financial business debt, home mortgages and all other consumer debt); and 3) rapid growth in emerging economies, plus globalization of firms, increasing trade and foreign direct investment.

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

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

New Normal Persists: Slow Long-term Growth: While 2% growth had been the rule since the recession, almost nobody had been projecting continuation of it. So, our projection (which Knecht has made since 2011 based on such analyses), was an unorthodox if not radical view. Over the last year, many people have begun to accept the idea that such slow growth really is the new normal and will persist – and many have given reasons similar to ours to support such forecasts. In fact, the Congressional Budget Office – which has a long record of optimistic forecasts that were not realized – just recently adopted the 2% long-term growth estimate. While we're not averse to the mainstream coming around to our views, we nonetheless continually critically re-examine our analysis and results. So, beginning on the next page, we revisit the four trends, plus our Nevada-specific factors, and their effects. We find that last year's analysis of these trends is essentially unchanged. Our conclusion remains that economic growth will be slow and that uncertainty has increased.

Innovation, Technological Change and Productivity: Although our basic analysis are still sound, the last year has highlighted some competing theories, concerns and new data; so, we examine them too. First, major works published the last two years suggest endogenous (organic) factors explain the growth over the last 150 years (or longer) in terms of specific inventions, innovations, technological progress and developments that led to unusual productivity gains and thus rapid growth for periods from a decade to a century. Proponents of these analyses seem mostly to ignore effects of the four trends we presented, and more importantly they claim that past rapid growth was a one-off phenomenon and so we have now returned to a basal economic metabolism of slow growth. We believe that our factor analysis explains much of the growth in innovation, technological progress and productivity they have correctly observed. Therefore, we need not wallow in pining for a lost golden age, but instead need to reform policies to reinstitute it.

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

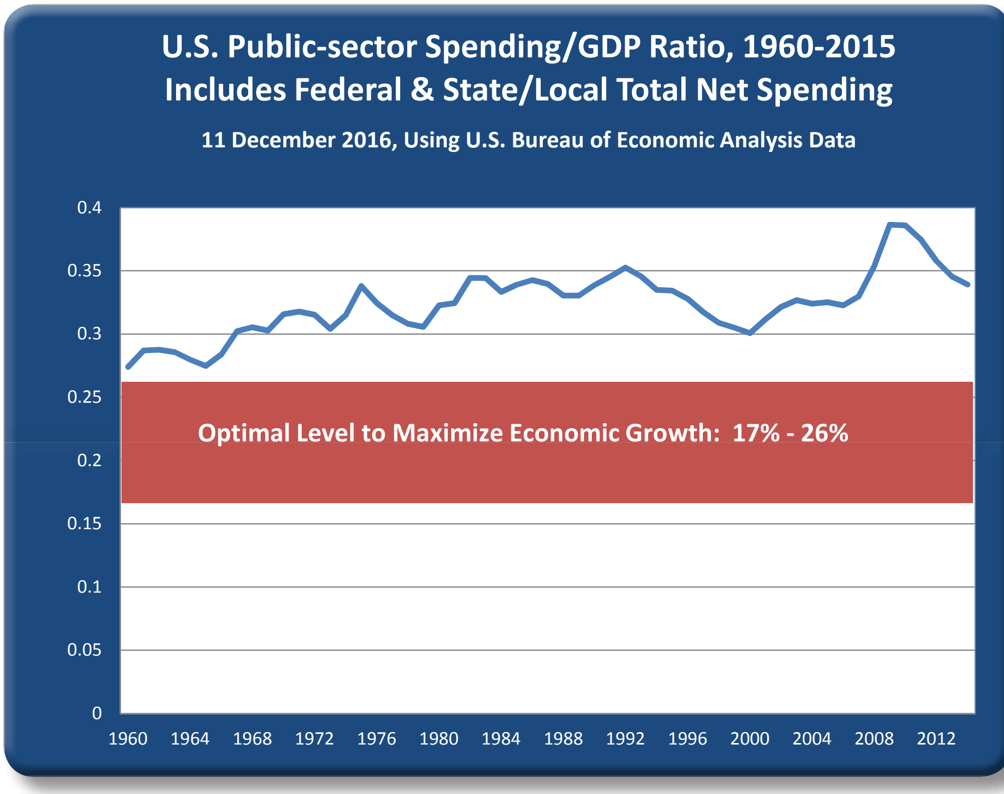
Market Capitalism and Income Inequality: Finally, recent years have also seen increased concern about the distribution of economic growth, especially as the slowly rising tide fails to lift all boats as the historic tidal surge did. Further, a group of academics have rolled out new versions of classic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

The Solution: Broad Public Policy Reform: In sum, as we detail below, our analysis of the four factors we previously identified as resulting mainly from unsound public policy explains the source and solution of our problems. To serve the broad public interest and the people of Nevada, our state and local governments need to do their part, and our federal representatives need to push the national government to do its part. A new federal administration aligned with a cooperative and reform-oriented Congress have an opportunity to turn things around. Additional discussion of many matters addressed here is posted on the web site controller.nv.gov.

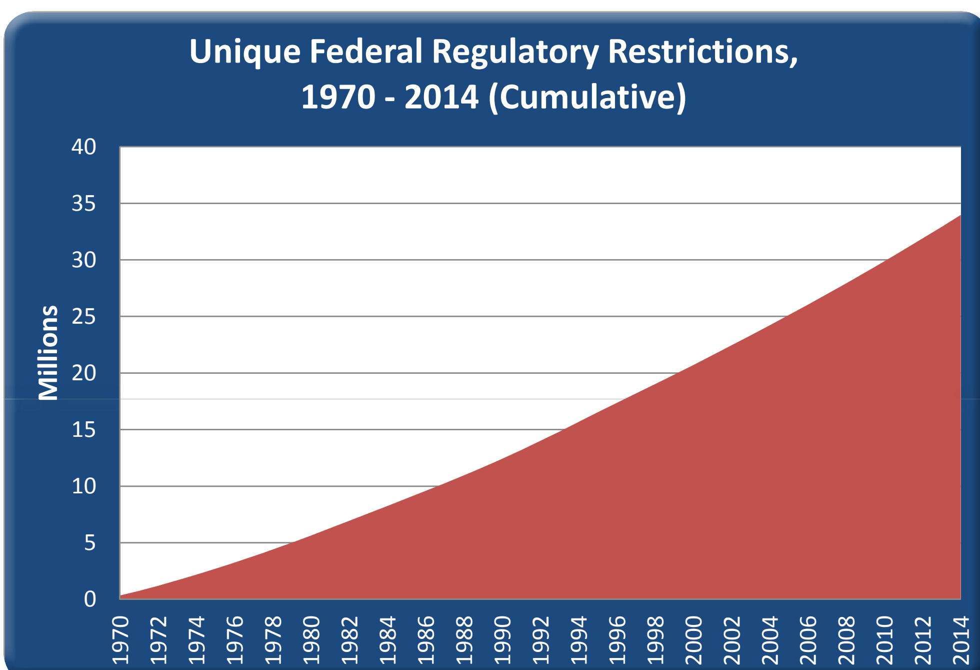
1. Government Overreach: The size, scope and reach of American government – including spending, taxing, borrowing, statutory mandates, regulation, monetary and credit-allocation policy, and other intervention – long ago exceeded levels that promote the public interest in maximum economic growth and fairness. These excesses at federal, state and local levels have increasingly slowed growth and diminished fairness, and they will continue to do so unless they are reined in. Economists now understand that economic growth and thus aggregate human wellbeing levels are determined more by the economic, political and social institutions, practices and policies of a society than by geographic, infrastructure, resources and other earlier development-theory factors. The rule of law, limited government with separation of powers, personal liberty and individual rights, strong property rights and high levels of economic freedom are essential for growth.

As detailed on the Controller's web site, empirical literature – research based on real economic data – supports and quantifies theory suggesting that there's an optimal range of government spending that maximizes economic growth. There are classically defined public goods that are most efficiently provided by government and there are market failures that justify regulation and other intervention. However, excess spending, scope and reach of the public sector diverts efficient private investment and consumption, and it slows growth. While there are uncertainties and debate about the levels of public spending relative to the economy that maximize growth, the best evidence shows that the US passed those levels by the 1960s and has increased government excess to the present time.

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



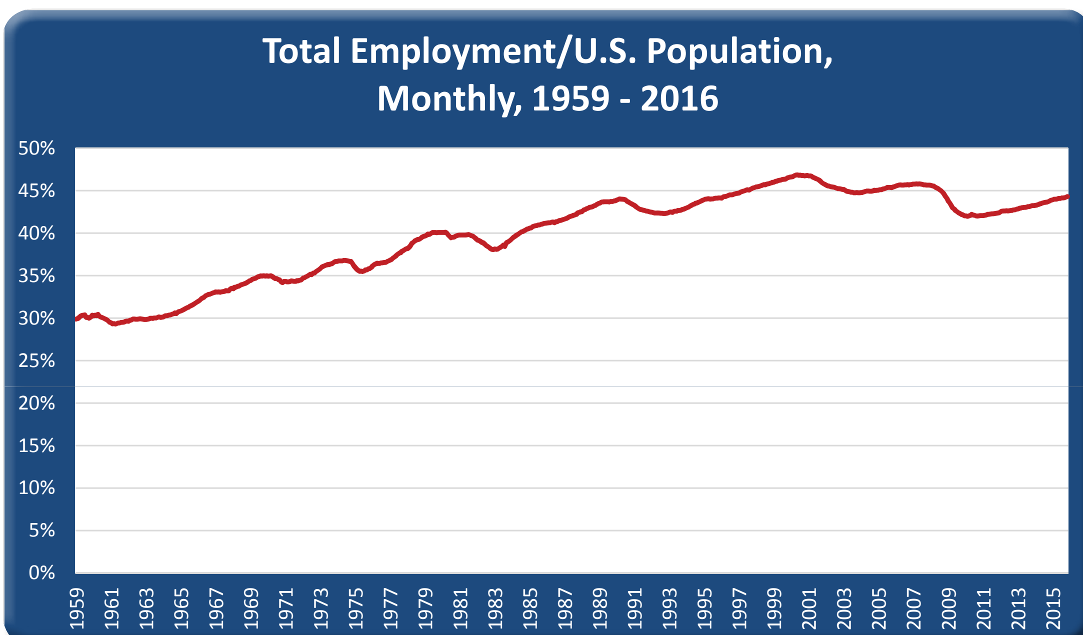
While public spending is the measure of government overreach easiest to quantify, analyze and understand as a growth determinant, other measures also drive and reflect the excess. Taxes and public debt are directly driven by public spending, and public debt has now reached its highest level relative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



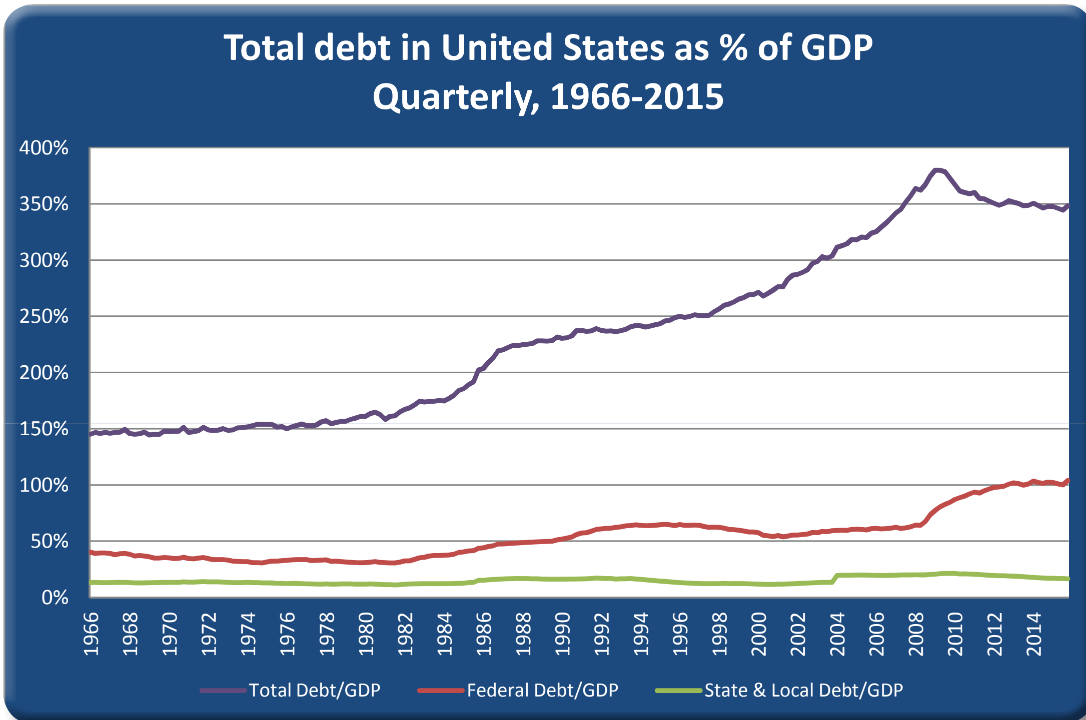
2. Demographics and Work-force Participation: Demographic changes driven by public policy and non-policy factors are reducing the fraction of the population doing productive work in market settings, while increasing numbers consuming but not producing. These changes include falling birth rates, increasing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

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

However, since 2002, demographic and other labor-force-participation trend reversals have reinforced the increasing drag from government excess that depresses growth. The movement of the large Boomer cohort into retirement began in 2011 and will accelerate and then continue for 20 more years. Because retirement age and support policies were set when longevity was lower and health of people over 60 was less robust, US dependent/producer ratios will continue to rise relative to what they would be under market incentives. So, total-factor productivity and thus the economy will continue to grow slowly. The burden on productive cohorts will increase, especially with slow income growth, leading perhaps to generational conflict. Slow economic growth and resulting low interest rates and other rates of return on investment will challenge retirement funding and exacerbate all these problems.



3. Debt in All Sectors and Net Savings and Investment: Total debt levels relative to the US economy increased hugely until the financial crash and Great Recession of 2007-09. As shown in the graph nearby of total American debt as a percentage of the economy, they have retrenched only mildly since then, leaving an excess-leverage overhang that may not be receding. All debt sectors are involved: government at all levels; business (financial and nonfinancial); and households (mortgage, auto, student and consumer loans, etc.). Credit-allocation policy such as the Community Reinvestment Act amendments of the 1990s drove much of the excess, especially in the decade ending 2008, providing artificial and unsustainable temporary stimulus to growth but also produced mal-investment. Monetary policy – the Federal Reserve keeping interest rates low in 2002-05– also contributed to these problems.

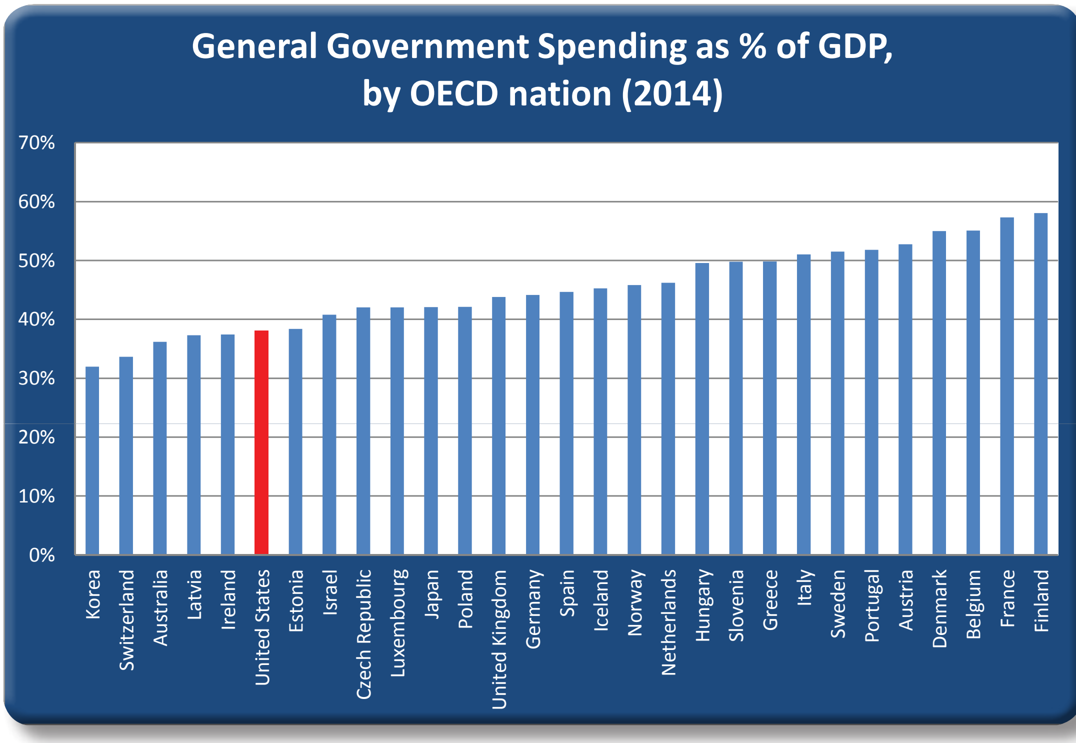


Total US debt/GDP ratios in 2015 were still twice their 1984 levels, despite retrenchment following the financial crash and Great Recession. Consumer debt growth was driven mainly by the federal mortgage lending policies that caused the housing bubble and subsequent collapse. Business debt grew in finance and large corporate stock buybacks, mergers and acquisitions, meaning there is now perhaps an equity bubble. Federal government total debt/GDP ratios have more than doubled, driven by fiscal policy such as the stimulus spending of the $831-bllion American Recovery and Reinvestment Act of 2009 and the continued growth of "entitlements" spending (Social Security, Medicare and Medicaid). Monetary policy – the copious increases to the Federal Reserve balance sheet due to massive purchases of Treasury securities and government agency debt – has also been used to ameliorate the negative growth effects of a wide range of regulatory, tax and other public policies. Further retrenchment from current debt levels is needed to restore the economy, so demand for capital and interest rates and investment returns will all remain low, as will economic growth. The resulting sustained low interest rates have destroyed much economic wealth and damaged institutional, retirement and endowments investors and savers.

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

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

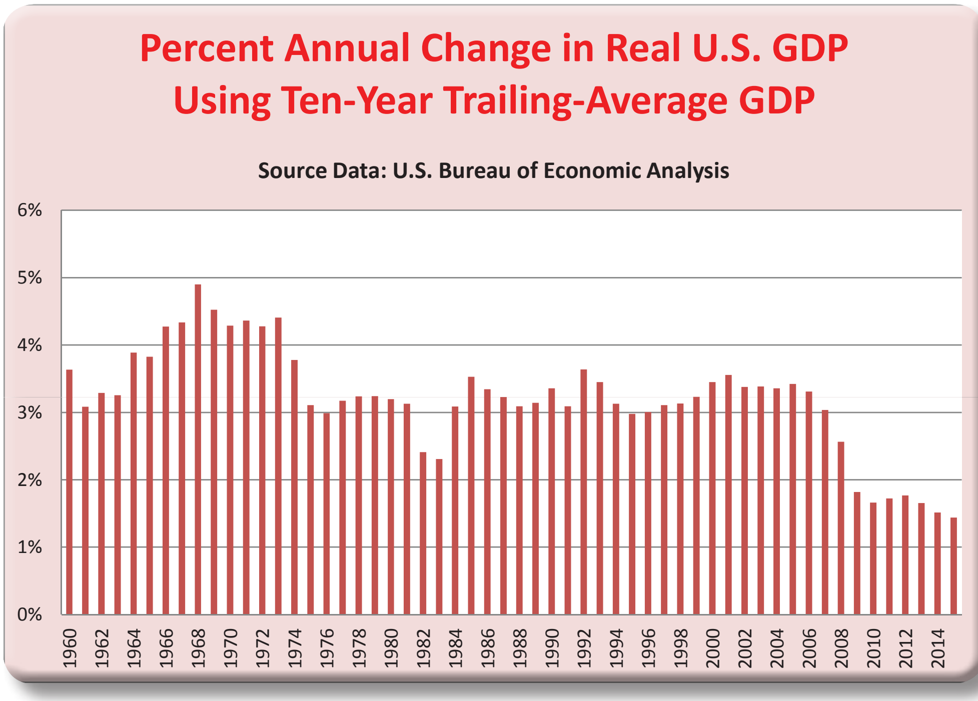
The problems of excess and still growing size, reach and scope of government are worse in every other major economy than in the US, as shown in the chart below. So are demographic problems of low birth rates and labor force participation, plus increased aging. Europe (the only other comparably-sized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



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

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

Down-side risks may even make things worse. As discussed in the next section, some economists claim that invention, innovation, technological progress and thus productivity growth have slowed from levels of recent decades, meaning that this key driver of growth will have a diminished effect and economic growth will fall toward zero. A related issue is that recent slow growth has occurred despite falling energy and other commodity prices that, all other things remaining equal, should have spurred growth. Possible returns of these prices to historical levels could dampen growth even further, but some economists believe that persistence of low prices could precipitate worldwide deflation and negative economic growth consequences. Two other factors are likely to further compound these problems: 1) slow economic growth produces low investment returns, which in turn tend to keep growth lower in a negative feedback loop; and 2) our current recovery, anemic as it has been, is now longer than the average cyclical upturn and we may be due for a contraction. We see no salient upside factors in the US outlook.



6. Innovation, Technological Change and Productivity: Two recent economic history books have addressed the slowdown of the American economy in the last half century, and there have also been a number of analyses of the role of innovation, technological progress and productivity growth. The two books are *The Rise and Fall of American Growth* by Robert Gordon and *An Extraordinary Time* by Marc Levinson.

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

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

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

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

> "Our inability to restore the world economy to its peak condition has had long-lasting consequences. It radically changed social attitudes, engendering a skepticism about government that has dominated political life well into

the twenty-first century. *With that change came a shift away from collective responsibility for social wellbeing; as state institutions were allowed to wither, individuals were asked to assume more of the costs and risks of their health care, their education and their old age*."

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

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

On the other hand, our 10-year US rolling economic growth computation – which includes about 1% per year for population growth (a figure that is now declining) – shows a boom ending about 1973, followed by a flat and modestly good sustained rate of 3% or slightly more in 1973-2007, then followed by a troublesome and declining 2% in 2007-2015. Our four-part causal analysis of continually growing government excess for 55 years, first offset and then in this century reinforced by the other three factors (demographics and labor force; debt; and rest-of-the-world sector) is fully consistent with the facts and numbers of US economic growth history. Moreover, while we do not have a detailed explanation correlating progress in these four factors with the capital deepening, education and TFP estimates by Gordon, we submit that the two data series are reasonably compatible and consistent. And they provide a direction for future research to understand our growth history and prospects. To initiate that further research, we also note economists have raised a number of productivity measurement issues, as well as questions about achievement trends and the incremental economic effectiveness of education. Also, many have emphasized the metastasis in regulation in the last decade.

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

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

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

A good way to see our point is via the 1980 movie Fame. For his audition at a performing arts high school, a student uses three sets of keyboards and other electronic instruments to play, all by himself, a full synthetic orchestration of the third movement of Beethoven's Fifth Symphony. The music teacher (following Baumol approach to music) is appalled, thus setting up a running argument between them about what it means to make music. The student asserts that if Mozart were alive today, he'd use modern electronic methods – but he is also convinced finally to master classical instruments.

The point is that new inventions, innovations and technological change can in fact hugely increase the productivity of musicians. One musician can play multiple parts. But more important, via recordings and broadcast the performance that could be heard in Mozart's time only by the limited number of people present when it was rendered can now be enjoyed by literally millions of people – and as often as they like. So, with modern communications and data technology, the productivity of musicians and their instruments is multiplied by many orders of magnitude. And consumers realize much greater value from the performance by hearing the third movement of Beethoven's Fifth Symphony on a long auto drive. That is, considering services productivity from the perspective of consumer utility and total output of various kinds by suppliers, there are synergies that offset any cost disease limits and increase productivity hugely.

Moreover, this observation extends to education and increasingly to nearly all services. Alternative means of delivery of education are proliferating in higher education: Students and many people benefit today from recorded and broadcast lectures by the best teachers in any area and at any location, not just at a brick-and-mortar institution. Primary and secondary students also have access to a range of options for their instruction, from traditional classrooms to on-line home-schooling. And instead of having to find an encyclopedia at the library during its hours, in the middle of the night, we Google a subject and follow the search results wherever and for as long as we want. With the synergies proliferating everywhere, we see no reason to believe that Baumol's cost disease is anything other than a rare phenomenon or the product of a limited analytic paradigm.

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

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

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

Nonetheless, people have always been concerned about how their wellbeing compares to that of others and more generally about the distribution of income within society. With the slow growth and flagging human wellbeing of the last decade, concerns about income distribution and inequality have risen. These concerns often merge with some classic critiques of market capitalism, as reflected in the 2014 book *Capital in the Twenty-first Century* by

Thomas Piketty. So, we review here the arguments and claims about distribution, inequality and alleged structural problems of market capitalism. Then we present data that show that the extensive public-sector interventions urged by these critics not only suppress growth but have also contributed to unequal income distributions and lagging wellbeing of middle- and lower-income households.

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

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

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

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

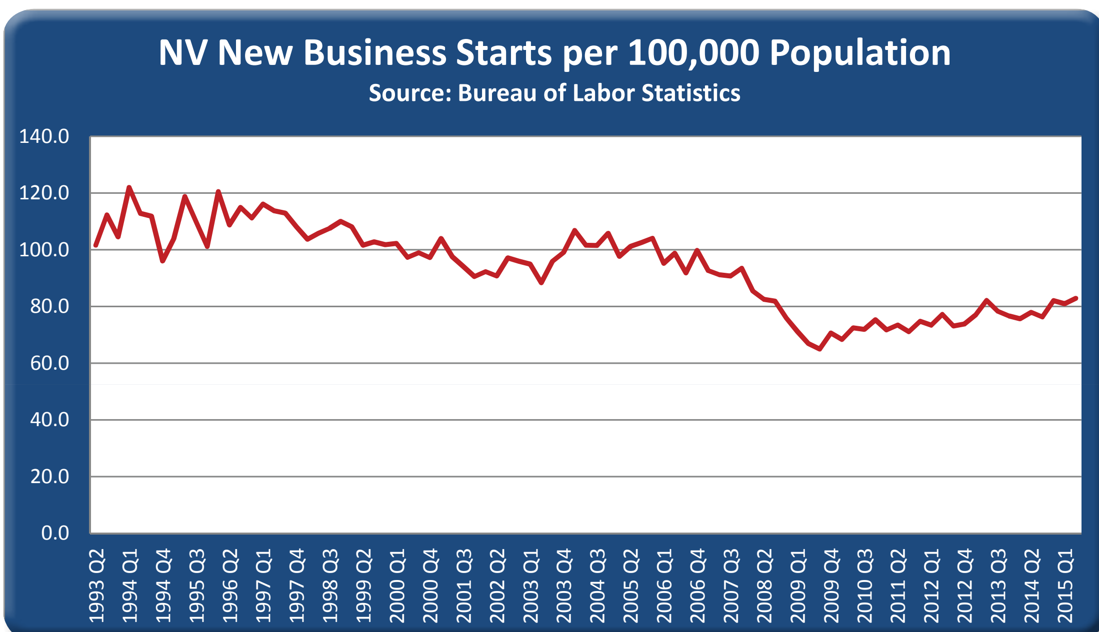
Indeed, the table nearby demonstrates broadly this point for the US It shows that the difference between GDP growth rates in the US and the increases in income inequality have produced much slower total gains for the middle and lower classes in the Bush 41, Bush 43 and Obama administrations than was the case in the Nixon/Ford, Reagan and Clinton administrations. In short, as income growth has slowed – especially during the last decade inequality has risen.

Administration	Annual Growth, Real GDP Per Person	Annual Increase in Income Inequality	GDP Growth Less Income Inequality Increase
Nixon/Ford	1.87%	0.33%	1.55%
Carter	1.67%	0.67%	1.00%
Reagan	2.70%	1.04%	1.66%
Bush 41	0.69%	0.32%	0.37%
Clinton	2.48%	0.84%	1.64%
Bush 43	0.70%	0.25%	0.45%
Obama	1.44%	1.23%	0.20%

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

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

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



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

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

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

VII. POLICY PRESCRIPTIONS

Some people have claimed that Nevada has a revenue problem. Some argue that Nevada spends insufficiently on K-12 education and on HSS, although they have not said how much would be "enough" in either case. The analyses herein show that total state spending has increased much faster than the incomes of Nevada families and businesses and that state revenues increased even faster than spending. Hence, with state revenues and spending growing faster than the state economy, Nevada has a spending problem, not a revenue problem.

K-12 spending has increased much faster than incomes and all other state spending except that for HSS, especially with the massive K-12 increases adopted in 2015. The empirical literature is clear that spending increases from current Nevada levels have had little or no effect on student achievement. The increases in HSS spending have been driven by state decisions and federal mandates and financed substantially by federal grants and contributions. Federal support for these programs may be diminished greatly in coming years. So, Nevada faces another major spending problem as it seeks either to rein in spending to reasonable levels determined by its revenues instead of increasing taxes again from unduly high levels.

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

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

Nevada must also work to revitalize the dynamism of its economy and promote genuine entrepreneurship as the path to sustained growth and economic development. Occupational and other licensing laws that are here more onerous than in other states place artificial barriers for enterprising individuals, damage their aspirations, and limiting their earning potential. Cash grants and targeted tax incentives for particular firms with political influence signal official state support for those firms, distort the pattern of investment and discourage genuine entrepreneurship. Nevada must restore hope for its future generations by abandoning these practices and embracing market capitalism and the social mobility it enables.

State of Nevada Constitutional Officers

Brian Sandoval
Governor

Mark Hutchison
Lieutenant Governor

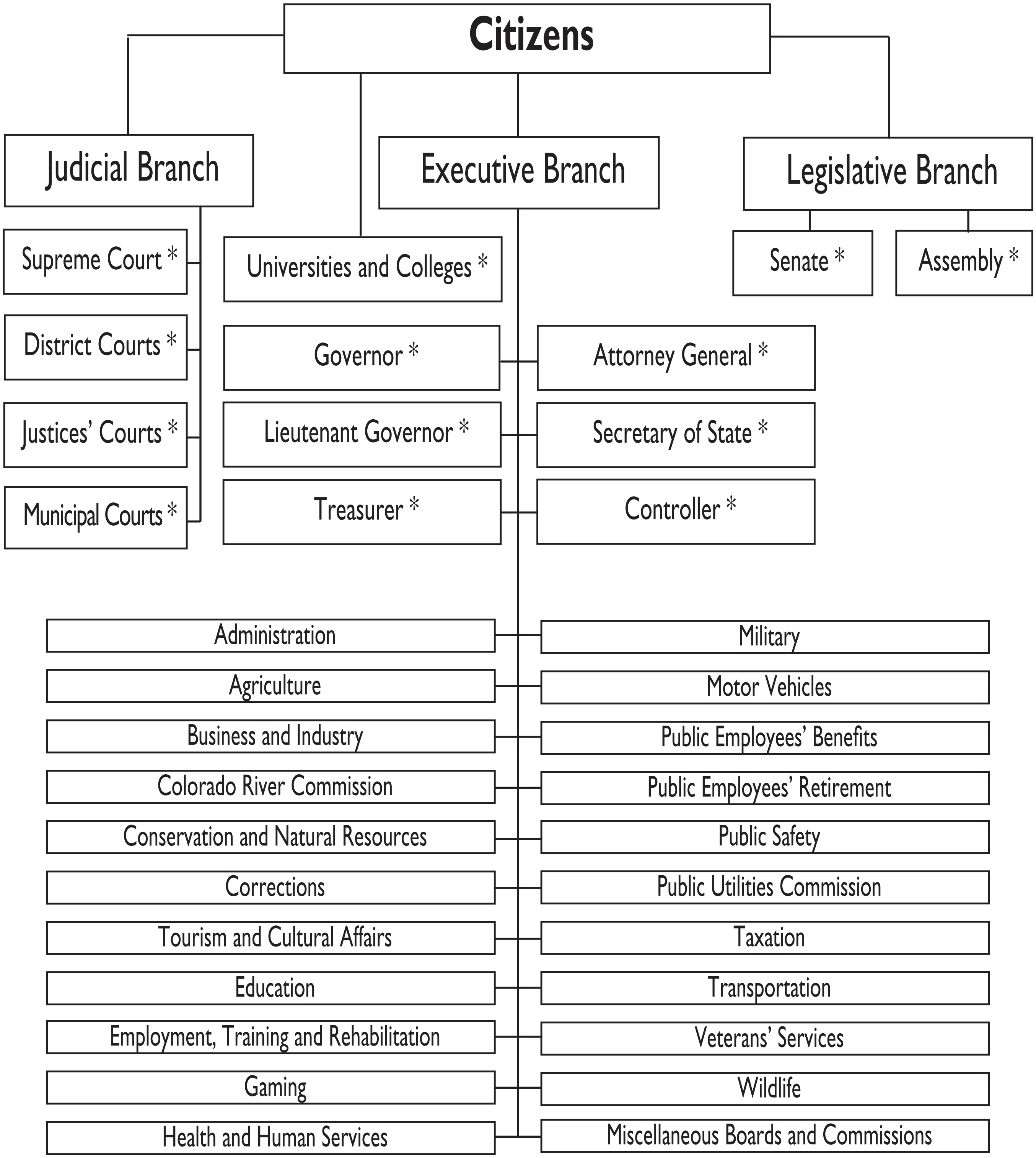
Barbara Cegavske
Secretary of State

Dan Schwartz
Treasurer

Ron Knecht
Controller

Adam Paul Laxalt
Attorney General

Organizational Chart



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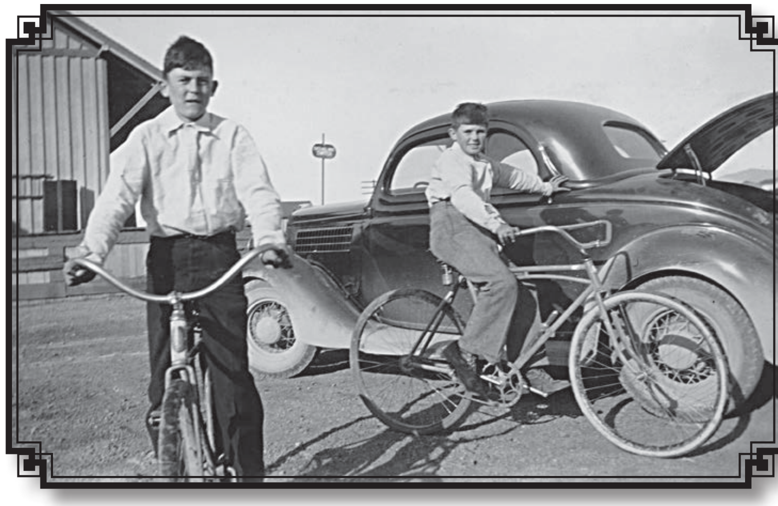


Boys ride bicycles outside the Elko Railroad Depot in 1935.

(Photo's Permission Granted by: Nevada Historical Society)

Workers harvest ice blocks near Elko, Nevada during the 1930s. Prior to the proliferation of modern refrigerators, these blocks were shipped across the country on rail and used by breweries, creameries, grocers and households.

Workers pose on harvested ice blocks near Elko during the 1930s.

CPAs & BUSINESS ADVISORS

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, 2016, 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 and 32.33 percent of the assets and deferred outflows of resources, 16.85 percent of net position, and 4.10 percent of the revenues of the business-type activities;

- the financial statements of the Nevada System of Higher Education and the Colorado River Commission, both of which are discretely presented component units and represent more than 99 percent of assets and deferred outflows of resources, net position, and 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 3.99 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 63.70 percent of the assets and deferred outflows of resources, 65.05 percent of the net position and 28.13 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 30.87 percent of the assets and deferred outflows of resources, 31.98 percent of the net position and 47.54 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;

- 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, 2016, 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.

Correction of Errors
As discussed in Note 18 to the financial statements, the State of Nevada converted from the straight line method of amortizing bond premiums and discounts to the interest method. The change to the interest method resulted in a restatement of net position as of July 1, 2015. In addition, as discussed in Note 18 to the financial statements, the State of Nevada corrected a prior year allocation of an investment loss in the Highway Fund, which resulted in a restatement of net position as of July 1, 2015 in the Highway Fund and the General Fund. 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 schedule of infrastructure condition and maintenance data, and the pension plan information collectively presented on pages 90 through 96 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 (including the transmittal letter and the Controller's analysis and economic outlook) 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 December 21, 2016, on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
December 21, 2016

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, 2016. 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 $6.0 billion (reported as *net position*). Of this amount, $5.6 billion is net investment in capital assets and $2.3 billion is restricted for specific uses, neither of which are available to meet the State's general obligations, and a negative $1.9 billion is reported as an unrestricted deficit, which indicates no funds are available for discretionary purposes.
- The State's total net position increased by $1.5 billion or 34.5% over the prior year. Net position of governmental activities increased by $1.1 billion or 30.4%. Net position of business-type activities increased by $410.9 million or 54.4%.

Fund-level:

- The State's governmental funds reported combined ending fund balances of $1,864.2 million, an increase of $301.2 million from the prior year. Of the ending fund balance, $477.3 million is nonspendable, $815.0 million is restricted, $698.3 million is committed and a negative $126.4 million is unassigned.
- The State's enterprise funds reported combined ending net position of $1,166.3 million, an increase of $410.5 million from the prior year. Of the ending net position, $4.3 million is net investment in capital assets, $1,153.0 million is restricted, and $9.0 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by $667.4 million or 10.7%.
- The State's total bonds payable and certificates of participation payable decreased by $323.9 million or 9.3%.

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, 2016 and 2015 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
	2016	2015*	2016	2015*	2016	2015*	2016-2015
Assets							
Current and other assets	$ 4,123,954	$ 3,637,061	$ 2,379,222	$ 2,163,799	$ 6,503,176	$ 5,800,860	$ 702,316
Net capital assets	6,867,876	6,200,840	12,851	12,517	6,880,727	6,213,357	667,370
Total assets	10,991,830	9,837,901	2,392,073	2,176,316	13,383,903	12,014,217	1,369,686
Total deferred outflows of resources	281,360	244,857	4,832	4,562	286,192	249,419	36,773
Liabilities							
Current liabilities	1,729,053	1,612,110	66,378	69,068	1,795,431	1,681,178	114,253
Long-term liabilities	4,384,984	4,327,379	1,157,624	1,358,862	5,542,608	5,686,241	(143,633)
Total liabilities	6,114,037	5,939,489	1,224,002	1,427,930	7,338,039	7,367,419	(29,380)
Total deferred inflows of resources	354,233	495,015	6,672	9,041	360,905	504,056	(143,151)
Net Position							
Net investment in capital assets	5,588,027	4,895,213	4,310	3,791	5,592,337	4,899,004	693,333
Restricted	1,105,037	976,650	1,153,048	761,710	2,258,085	1,738,360	519,725
Unrestricted (deficit)	(1,888,144)	(2,223,609)	8,873	(21,594)	(1,879,271)	(2,245,203)	365,932
Total net position	$ 4,804,920	$ 3,648,254	$ 1,166,231	$ 743,907	$ 5,971,151	$ 4,392,161	$ 1,578,990

* The 2015 amounts have not been restated for the change in the method used to amortize bond discounts and premiums; the 2015 restricted and unrestricted net position of business-type activities has been revised to properly reflect the Unemployment Compensation Fund net position as restricted.

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 $6.0 billion at the end of 2016, compared with $4.4 billion at the end of the previous year.

The largest portion of the State's net position ($5.6 billion or 93.7%) 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 ($2.3 billion or 37.8%) 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 $1.9 billion or (31.5%) as compared to a $2.2 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 $335.5 million; from a deficit of $2.2 billion to a total deficit of $1.9 billion. Changes in governmental activities were a result of several factors, including an increase in the unrestricted fund balance of the General Fund of $174.9 million and an increase of $16.7 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of net activities. Of the $16.7 million increase in deferred inflows of resources for unrestricted and unavailable revenue, approximately $17.7 million is from rebates for health services and a decrease of $.9 million in unrestricted tax revenue. In business-type activities the unrestricted net position increased by $30.5 million from a deficit of $21.6 million to a net position of $8.9 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of $9.7 million and an increase in unrestricted net position of the Workers Compensation fund of $21.4 million.

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

	Governmental Activities		Business-type Activities		Total		Total Change
	2016	2015*	2016	2015*	2016	2015*	2016-2015
Revenues							
Program revenues							
Charges for services	$ 885,646	$ 828,977	$ 120,146	$ 111,885	$ 1,005,792	$ 940,862	$ 64,930
Operating grants and contributions	4,791,688	4,337,546	58,795	75,716	4,850,483	4,413,262	437,221
Capital grants and contributions	12,503	10,385	-	-	12,503	10,385	2,118
General revenues							
Sales and use taxes	1,219,151	1,160,968	-	-	1,219,151	1,160,968	58,183
Gaming taxes	910,684	906,382	-	-	910,684	906,382	4,302
Modified business taxes	562,867	413,749	-	-	562,867	413,749	149,118
Insurance premium taxes	301,368	301,226	-	-	301,368	301,226	142
Lodging taxes	167,159	150,480			167,159	150,480	16,679
Cigarette taxes	153,033	92,774			153,033	92,774	60,259
Commerce taxes	143,508	-			143,508	-	143,508
Property and transfer taxes	238,192	219,189	-	-	238,192	219,189	19,003
Motor and special fuel taxes	289,909	277,305	-	-	289,909	277,305	12,604
Other taxes	582,331	590,704	566,551	555,187	1,148,882	1,145,891	2,991
Investment earnings	10,352	14,780	-	-	10,352	14,780	(4,428)
Other	267,350	231,043	-	-	267,350	231,043	36,307
Total Revenues	10,535,741	9,535,508	745,492	742,788	11,281,233	10,278,296	1,002,937
Expenses							
General government	206,620	280,465	-	-	206,620	280,465	(73,845)
Health services	3,509,058	3,346,745	-	-	3,509,058	3,346,745	162,313
Social services	1,601,995	1,540,385	-	-	1,601,995	1,540,385	61,610
Education - K-12 state support	1,460,123	1,474,155	-	-	1,460,123	1,474,155	(14,032)
Education - K-12 administrative	524,397	418,364	-	-	524,397	418,364	106,033
Education - higher education	577,683	490,407	-	-	577,683	490,407	87,276
Law, justice and public safety	709,920	695,023	-	-	709,920	695,023	14,897
Regulation of business	299,093	259,106	-	-	299,093	259,106	39,987
Transportation	180,224	462,386	-	-	180,224	462,386	(282,162)
Recreation and resource development	144,940	145,000	-	-	144,940	145,000	(60)
Interest on long-term debt	79,527	94,987	-	-	79,527	94,987	(15,460)
Unallocated depreciation	2,680	2,137	-	-	2,680	2,137	543
Unemployment insurance	-	-	342,279	380,166	342,279	380,166	(37,887)
Housing	-	-	27,099	23,442	27,099	23,442	3,657
Water loans	-	-	4,962	6,372	4,962	6,372	(1,410)
Workers' compensation and safety	-	-	31,024	27,644	31,024	27,644	3,380
Higher education tuition	-	-	25,108	25,768	25,108	25,768	(660)
Other	-	-	31,471	30,263	31,471	30,263	1,208
Total Expenses	9,296,260	9,209,160	461,943	493,655	9,758,203	9,702,815	55,388
Change in net position before contributions to permanent funds, special items and transfers	1,239,481	326,348	283,549	249,133	1,523,030	575,481	947,549
Contributions to permanent fund	7,480	9,038	-	-	7,480	9,038	(1,558)
Special item - Settlement	-	-		5,000	-	5,000	(5,000)
Transfers	(127,364)	(147,100)	127,364	147,100	-	-	-
Change in net position	1,119,597	188,286	410,913	401,233	1,530,510	589,519	940,991
Net position - beginning of year	3,648,254	5,414,465	743,907	379,253	4,392,161	5,793,718	(1,401,557)
Adjustment to beginning net position	37,069	(1,954,497)	11,411	(36,579)	48,480	(1,991,076)	2,039,556
Net position - end of year	$ 4,804,920	$ 3,648,254	$ 1,166,231	$ 743,907	$ 5,971,151	$ 4,392,161	$ 1,578,990

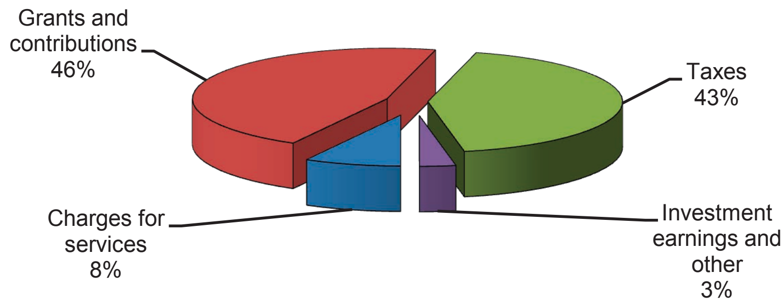
* The 2015 amounts have been revised to disaggregate expenses for health and social services and education K-12.

Changes in Net Position:

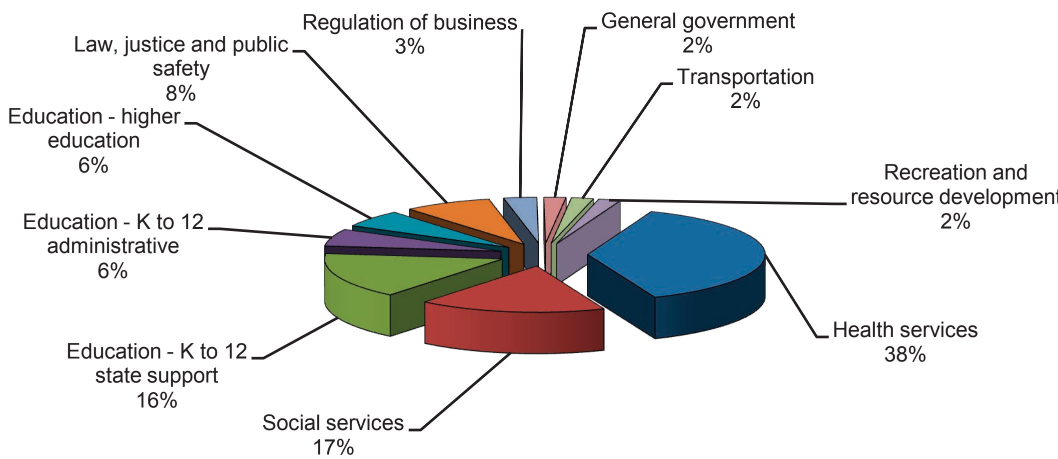
Total government-wide revenues increased by $1.0 billion during the current year. The increase in revenues is a result of several factors, including increases of $437.2 million in federal funding, $149.1 million in modified business taxes, $143.5 million in commerce taxes, $60.3 million in cigarette taxes and $58.2 million in sales and use taxes. Program revenues from charges for services increased by $64.9 million compared to the prior year.

Governmental activities – The current year net position increased by $1.1 billion. Approximately 43.4% of the total revenue came from taxes, while 45.6% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 8.4% of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were 37.7% for health services, 17.2% for social services, and 15.7% for state support of K to 12 education (see chart below). In 2016, governmental activities expenses exceeded program revenues, resulting in the use of $3.6 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:

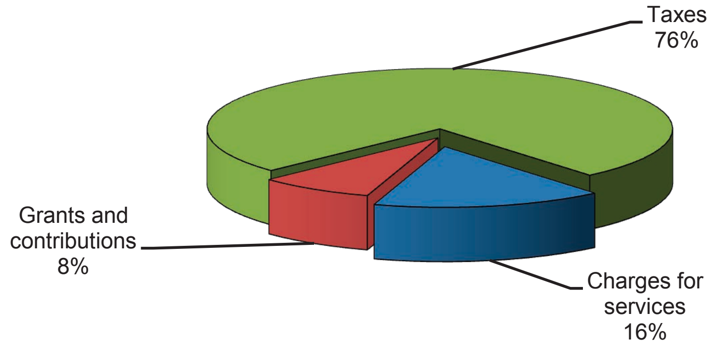
Revenues and Expenses by Function: Governmental Activities

(expressed in thousands)

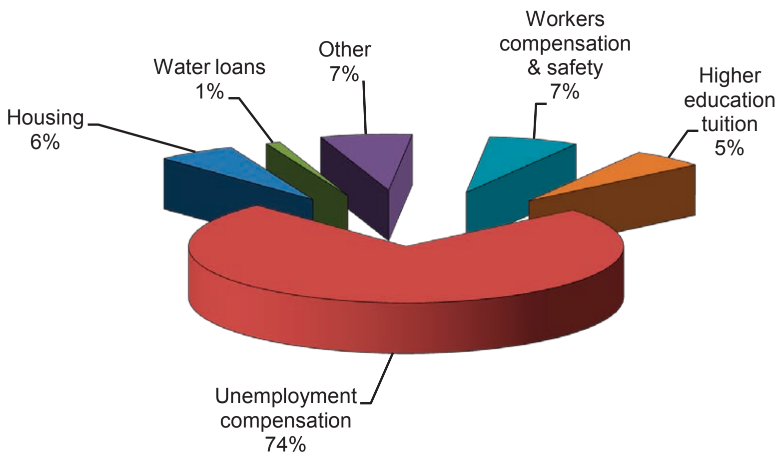
	Expenses	Revenues
General government	$ 206,620	$ 191,096
Health services	3,509,058	2,807,986
Social services	1,601,995	1,217,490
Education - K-12 state support	1,460,123	4,015
Education - K-12 administration	524,397	278,650
Education - higher education	577,683	-
Law, justice and public safety	709,920	354,537
Regulation of business	299,093	255,648
Transportation	180,224	492,099
Recreation and resource development	144,940	87,080
Total	$ 9,214,053	$ 5,688,601

Business-type activities – The current year net position increased by $410.9 million. Approximately 76.0% of the total revenue came from taxes, while 7.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 16.1% 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 2016, business-type activities expenses exceeded program revenues by $283.0 million. Of this amount, unemployment compensation was the largest, with net expenses of $326.3 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	$ 342,279	$ 15,945
Housing	27,099	30,560
Water loans	4,962	28,097
Workers' compensation	31,024	41,875
Higher education tuition	25,108	28,635
Other	31,471	33,829
Total	$ 461,943	$ 178,941

The State's overall financial position improved over the past year. Current year operations resulted in a $1.1 billion increase in the net position of the governmental activities and a $410.9 million increase in the net position of the business-type activities. Nevada continues to recover at a slow pace. 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 $455.4 million or 11.1% compared to an increase of $296.8 million or 7.8% in the prior fiscal year. In addition, operating grants and contributions for governmental activities increased $454.1 million primarily due to Medicaid receipts. In the Highway Fund, intergovernmental revenues increased $164.3 million primarily due to an increase in federal aid, while motor and special vehicle taxes increased $12.0 million and driver's license and motor carrier fees increased $14.8 million.

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 $1.9 billion, an increase of $301.2 million from the prior year. Of these total ending fund balances, $477.3 million or 25.6% is nonspendable, either due to its form or legal constraints, and $815.0 million or 43.7% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $698.3 million or 37.5% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. Included in committed fund balance is $63.9 million for fiscal emergency. 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 account 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, in which case forty percent of the excess is deposited to the Stabilization Account. Expenditures may occur only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and Governor declare that a fiscal emergency exists. Additions to the Stabilization Account were $63.9 million in the current fiscal year and $0 in the prior fiscal year. The remaining negative $126.4 million or (6.8%) 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 $398.2 million compared to $207.3 million in the prior fiscal year, before restatement. The fund balance increased by $190.9 million or 92.1%, of which $4.1 million or 2.0% is a decrease to beginning fund balance due to a prior period adjustment, leaving a fund balance increase of $195.0 million or 95.9% during the current fiscal year. Reasons for this increase are discussed in further detail below. The negative unassigned fund balance of $126.4 million is mostly due to an accrual for Medicaid expenditures and for unearned gaming taxes and mining 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, 2016 and 2015 (expressed in thousands). Other financing sources are not included.

General Fund Revenues *(expressed in thousands)*

	2016		2015		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Gaming taxes, fees and licenses	$ 896,768	10.3%	$ 894,805	11.3%	$ 1,963	0.2%
Sales taxes	1,214,113	13.9%	1,161,893	14.6%	52,220	4.5%
Modified business taxes	561,779	6.5%	411,914	5.2%	149,865	36.4%
Insurance premium taxes	309,114	3.6%	292,665	3.7%	16,449	5.6%
Lodging taxes	167,160	1.9%	150,480	1.9%	16,680	11.1%
Cigarette taxes	153,033	1.8%	92,774	1.2%	60,259	65.0%
Commerce taxes	143,507	1.7%	-	0.0%	143,507	100.0%
Property and transfer taxes	80,169	0.9%	67,696	0.8%	12,473	18.4%
Motor and special fuel taxes	2,338	0.0%	2,466	0.0%	(128)	-5.2%
Other taxes	327,976	3.8%	330,931	4.2%	(2,955)	-0.9%
Intergovernmental	4,358,111	50.0%	4,081,581	51.3%	276,530	6.8%
Licenses, fees and permits	353,306	4.1%	305,079	3.8%	48,227	15.8%
Sales and charges for services	72,635	0.8%	70,877	0.9%	1,758	2.5%
Interest and investment income	8,445	0.0%	(337)	0.0%	8,782	2605.9%
Other revenues	61,293	0.7%	87,208	1.1%	(25,915)	-29.7%
Total revenues	$ 8,709,747	100.0%	$ 7,950,032	100.0%	$ 759,715	9.6%

The total General Fund revenues increased $759.7 million or 9.6%. The largest increases in revenue sources were $276.5 million or 6.8% in intergovernmental revenues, $149.9 million or 36.4 % in modified business taxes, $143.5 million or 100% in commerce taxes, $60.3 million or 65.0% in cigarette taxes, and $52.2 million or 4.5% in sales taxes. Intergovernmental revenues primarily increased by $256.1 million in receipts for Medicaid, $43.3 million in receipts for food stamps, and $20.9 million for school lunch program. The largest decline in revenue sources was $25.9 million or 29.7% in other revenues and $3.0 million or .9% in other taxes. In other revenues, the decrease is primarily due to $19.3 million of settlement income recorded in the prior year.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2016 and 2015 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures *(expressed in thousands)*

	2016		2015*		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	$ 127,247	1.5%	$ 128,236	1.6%	$ (989)	-0.8%
Health services	3,535,984	41.2%	3,343,666	41.4%	192,318	5.8%
Social services	1,510,685	17.6%	1,423,021	17.6%	87,664	6.2%
Education - K-12 state support	1,460,123	17.0%	1,474,155	18.3%	(14,032)	-1.0%
Education - K-12 administrative	524,747	6.1%	417,104	5.2%	107,643	25.8%
Education - higher education	549,228	6.5%	486,937	6.0%	62,291	12.8%
Law, justice and public safety	473,774	5.5%	450,754	5.6%	23,020	5.1%
Regulation of business	276,859	3.2%	233,072	2.9%	43,787	18.8%
Recreation, resource development	115,883	1.4%	113,164	1.4%	2,719	2.4%
Debt service	3,368	0.0%	3,251	0.0%	117	3.6%
Total expenditures	$ 8,577,898	100.0%	$ 8,073,360	100.0%	$ 504,538	6.3%

* The 2015 amounts have been revised to disaggregate expenditures for health and social services and education K-12.

The total General Fund expenditures increased 6.3%. The largest increases in expenditures were $192.3 million or 5.8% in health services expenditures, $87.7 million or 6.2% in social services expenditures, $107.6 million or 25.8% in education K to 12 administrative expenditures, and $62.3 million or 12.8% in higher education. Health services expenditures increased due to expansion of the Medicaid program. The largest decrease was $14.0 million or 1.0% of expenditures for education K to 12 state support.

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 $198.8 million or 59.5%, of which $4.1 million or 1.2% is an increase to beginning fund balance due to a prior period adjustment, leaving an increase of $194.7 million or 58.3% during the current fiscal year compared to a 5.6% decrease in the prior year. This was primarily due to an increase in intergovernmental revenues of $164.3 million or 52.0% and other taxes of $30.8 million or 151.2%. The increase in other taxes is due to the Legislative allocation to the Highway Fund of $25.6 million in motor vehicle government services tax commissions and penalties allocated to the General Fund in 2015. Expenditures increased as spending for three major road construction projects, Project NEON, USA Parkway and the Boulder City Bypass, 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 $133.5 million during the current fiscal year, which is a 58.3% decrease from the prior year. This decrease was primarily due to the refunding of local government bonds of $173.5 million offset by $47.3 of new bonds and the State's refunding and payment of principal of $7.4 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 $7.6 million during the current fiscal year, which is a 2.3% increase from the prior year. This increase is primarily due to $2.7 million increase in investment income.

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 $1,146.4 million, the net position of the nonmajor enterprise funds is $19.9 million and the total combined net position of all enterprise funds is $1,166.3 million. The combined net position of all enterprise funds increased by $ 421.9 million in 2016, of which $11.4 million is an increase to beginning net position due to the change in the method used to calculate bond premium amortization. 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 $3.4 million or 1.8%, resulting in an ending net position of

$196.5 million. Revenues from interest on loans increased by 15.9% reflecting Nevada's improving but still recovering housing market. Operating expenses increased by $3.8 million, and operating revenues increased by $1.9 million.

The Unemployment Compensation Fund accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position increased by $391.4 million during the current fiscal year, of which $10.4 million is an increase to beginning net position due to the change in the method used to calculate the bond premium amortization from straight-line to the interest method, resulting in an ending net position of $501.3 million. This increase in net position is primarily due to operating revenues exceeding expenses by $236.5 million and a transfer of $149.5 million from the Unemployment Comp Bond Fund for special bond contributions assessed on employers for payment of principal and interest on Unemployment Compensation Bonds. During fiscal year 2016, $338.3 million of unemployment compensation benefits was paid to unemployed State citizens compared to $369.7 million paid in fiscal year 2015, representing a 8.5% 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 $22.3 million during the current fiscal year, of which $1.0 million is an increase to beginning net position due to the change in method used to calculate the bond premium amortization from straight-line to the interest method, for a final net position of $389.6 million, which is a 6.1% 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 eighteenth enrollment period during the fiscal year with 964 new enrollments. The net position increased $6.0 million or 11.2% during the current fiscal year.

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 2016, total internal service fund net position increased by $1.2 million, for a final net position of $6.3 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 decreased by $6.2 million or 7.8% during the current fiscal year, for a final net position of $73.8 million. The decrease was considered a normal fluctuation in insurance premium income and in claims expense.

The Information Services Fund accounts for designing, programming, and maintaining data processing software and operating the State's central computer facility and telecommunication system. The net position deficit decreased by $2.3 million or 15.0% during the current fiscal year, resulting in a total net position deficit of $12.9 million. The deficit decrease is primarily the result of increase in transfers from other funds.

Analysis of General Fund Budget Variations

The General Fund budgetary revenues and other financing sources were $574.7 million or 5.5% 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 $613.2 million. 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 $610.9 million.

Capital Assets and Long-term Debt Administration

Capital Assets:
The State's capital assets for governmental and business-type activities as of June 30, 2016 amount to $8.1 billion, net of accumulated depreciation of $1.2 billion, leaving a net book value of $6.9 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 to maintain a certain percentage of each category of its roadways. The realignment was based on the Pavement and Bridge Condition Notice of Proposed Rulemaking released by the Federal Highway Administration (FHWA). The new policy is to maintain each category with an IRI of 95 or less. The prior policy was to maintain each category with an IRI of 80 or less. The first table shows the most current condition assessment under the State's new policy and the second table shows the condition assessment under the prior policy:

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 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%
Actual results of 2012 condition assessment	84%	85%	84%	32%	9%

Condition Level of the Bridges

Percentage of substandard bridges

	2015	2014	2012
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	4%	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 2016 by $11.2 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 2016 (expressed in millions):

	Expended by June 30, 2016	Total Budget
Healthcare Reform Software	$ 49.2	$ 49.2
Unemployment Insurance Software Development	35.9	40.4
New Readiness Center North Las Vegas	30.9	35.8
Southern Nevada Veterans' Cemetery Expansion	8.4	13.4
NDOT Integrated Right of Way Software	8.4	9.3
Energy Retrofit Projects	5.5	6.2
Statewide Roofing Projects	4.0	6.9
Southern Desert CC Distribution Switchgear & Panelboards	0.2	4.1

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 $3.2 billion in bonds and certificates of participation outstanding, compared to $3.5 billion last year, a decrease of $323.9 million or 9.3% during the current fiscal year. This decrease was due primarily to the payment of principal on debt.

The most current bond ratings from Fitch Investor Service was AA+, Moody's was Aa2, and Standard and Poor's ratings were AA or 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 2016 fiscal year were (expressed in thousands):

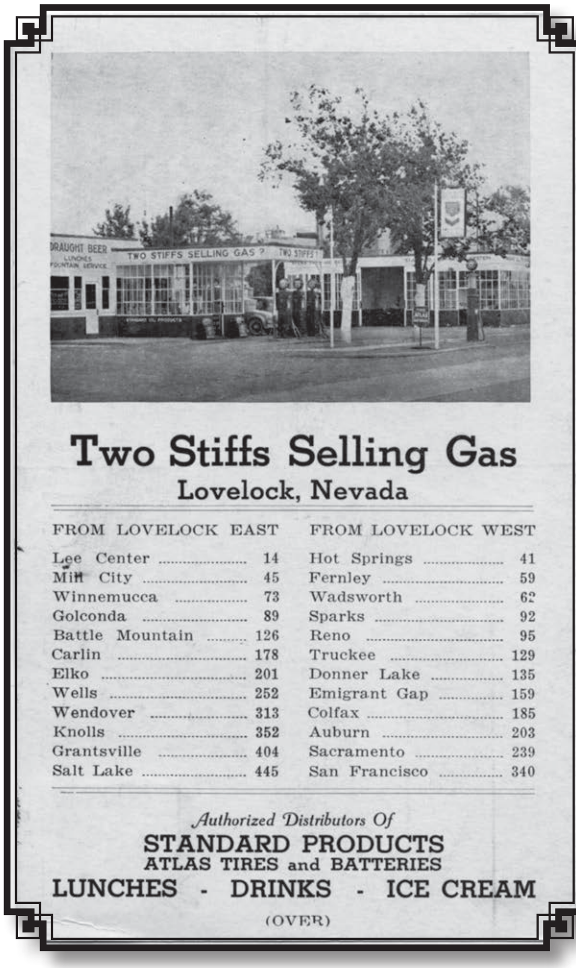
General Obligation Capital Improvement and Refunding Bonds	11/4/2015D	$ 248,935
General Obligation Natural Resources and Refunding Bonds	11/4/2015E	21,133
General Obligation Municipal Bond Bank	11/4/2015F	47,305
General Obligation Open Space, Parks, Natural Resources and Refunding Bonds	11/4/2015G	9,350
Special Obligation Highway Revenue Improvement and Refunding Bonds	3/9/2016	292,600
General Obligation Safe Drinking Water Revolving Fund Matching and Refunding Bonds	11/4/2015H	10,845
General Obligation Natural Resources and Refunding Bonds Marlette Lake	11/4/2015E	1,462
Housing Multi-Unit Agate Avenue	7/1/2015	2,881
Housing Multi-Unit Landsman Gardens	9/28/2015	414
Housing Multi-Unit Agate Seniors II	1/7/2016	6,467
Housing Multi-Unit 501 Lamb Apartment	12/18/2015	4,868
Housing Multi-Unit Terracina	8/26/2015	9,393
Housing Multi-Unit Boulder Pines II	5/26/2016	2,109

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

Amelia Earhart flew over Nevada many times and often visited friends in Carson City and Lake Tahoe. In 1928 she crashed in rural Lincoln County but was unhurt. Here, in 1931, she appears (third from the right) in Lovelock while piloting an autogiro across the state. She made stops in Wendover, Elko, Battle Mountain, Lovelock and Reno.



Two Stiffs Selling Gas

Lovelock, Nevada

FROM LOVELOCK EAST		FROM LOVELOCK WEST	
Lee Center	14	Hot Springs	41
Mill City	45	Fernley	59
Winnemucca	73	Wadsworth	62
Golconda	89	Sparks	92
Battle Mountain	126	Reno	95
Carlin	178	Truckee	129
Elko	201	Donner Lake	135
Wells	252	Emigrant Gap	159
Wendover	313	Colfax	185
Knolls	352	Auburn	203
Grantsville	404	Sacramento	239
Salt Lake	445	San Francisco	340

Authorized Distributors Of

STANDARD PRODUCTS

ATLAS TIRES and BATTERIES

LUNCHES - DRINKS - ICE CREAM

(OVER)

A 1936 postcard highlights the creative name of a gas station and convenience store in Lovelock.

(Photo and Postcard Permission Granted by: Nevada Historical Society)

Statement of Net Position

NEVADA

June 30, 2016 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and pooled investments	$ 2,018,902	$ 758,983	$ 2,777,885	$ 263,779
Investments	261,093	397,866	658,959	1,227,660
Internal balances	(1,699)	1,699	-	-
Due from component unit	36,162	-	36,162	-
Due from primary government	-	-	-	49,854
Accounts receivable	132,826	2,925	135,751	57,069
Taxes/assessments receivable	1,042,991	222,698	1,265,689	-
Intergovernmental receivables	434,227	1,162	435,389	38,961
Accrued interest and dividends	6,569	12,963	19,532	37
Contracts receivable	-	43,308	43,308	-
Mortgages receivable	-	413,263	413,263	-
Notes/loans receivable	110,194	345,830	456,024	10,701
Capital lease receivable	50,445	-	50,445	-
Other receivables	16	-	16	105,073
Inventory	26,849	1,608	28,457	7,262
Prepaid expenses	2,332	10	2,342	34,031
Restricted assets:				
Cash	3,043	-	3,043	136,727
Investments	-	176,892	176,892	63,979
Other assets	4	15	19	55,449
Capital assets:				
Land, infrastructure and construction in progress	5,623,076	568	5,623,644	304,302
Other capital assets, net	1,244,800	12,283	1,257,083	1,885,923
Total assets	10,991,830	2,392,073	13,383,903	4,240,807
Deferred Outflows of Resources				
Deferred charge on refunding	80,786	1,177	81,963	14,452
Pension contributions	200,574	3,655	204,229	36,333
Total deferred outflows of resources	281,360	4,832	286,192	50,785
Liabilities				
Accounts payable	1,097,226	49,878	1,147,104	66,910
Accrued payroll and related liabilities	73,887	1,770	75,657	79,943
Intergovernmental payables	235,760	50	235,810	-
Interest payable	20,988	4,965	25,953	11,602
Due to component units	25,206	220	25,426	-
Due to primary government	-	-	-	36,162
Contracts/retentions payable	50,394	-	50,394	-
Unearned revenues	142,210	9,479	151,689	52,026
Other liabilities	83,382	16	83,398	35,899
Long-term liabilities:				
Portion due or payable within one year:				
Reserve for losses	79,792	-	79,792	-
Obligations under capital leases	2,813	-	2,813	3,583
Compensated absences	57,821	1,108	58,929	33,466
Benefits payable	-	17,922	17,922	-
Bonds payable	193,263	196,755	390,018	27,652

Certificates of participation payable	4,325	-	4,325	-
Portion due or payable after one year:				
Federal advances	-	-	-	8,256
Reserve for losses	46,939	-	46,939	-
Obligations under capital leases	17,364	-	17,364	48,358
Net pension obligation	1,863,666	35,379	1,899,045	330,306
Compensated absences	34,194	590	34,784	16,874
Benefits payable	-	193,197	193,197	-
Bonds payable	1,973,988	711,701	2,685,689	648,289
Certificates of participation payable	86,391	-	86,391	-
Due to component unit	24,428	-	24,428	-
Unearned revenue	-	-	-	58,691
Arbitrage rebate liability	-	972	972	-
Total liabilities	6,114,037	1,224,002	7,338,039	1,458,017
Deferred Inflows of Resources				
Pension related amounts	353,388	6,672	360,060	59,346
Taxes	93	-	93	-
Fines and forfeitures	752	-	752	-
Donations	-	-	-	11,023
Lease revenue	-	-	-	4,077
Total deferred inflows of resources	354,233	6,672	360,905	74,446
Net Position				
Net investment in capital assets	5,588,027	4,310	5,592,337	1,625,179
Restricted for:				
Unemployment compensation	-	501,255	501,255	-
Security of outstanding obligations	-	186,168	186,168	-
Workers' compensation	-	17,048	17,048	-
Tuition contract benefits	-	58,973	58,973	-
Capital projects	5,802	-	5,802	80,535
Debt service	31,147	-	31,147	21,202
Education - K to 12	3,704	-	3,704	-
Education - higher education	1,313	-	1,313	-
Transportation	297,223	-	297,223	-
Recreation and resource development	56,626	389,602	446,228	-
Law, justice and public safety	47,194	-	47,194	-
Health services	293,491	-	293,491	-
Social services	845	-	845	-
Regulation of business	25,383	2	25,385	-
Scholarships	-	-	-	436,281
Loans	-	-	-	6,172
Operations and maintenance	-	-	-	714
Research and development	-	-	-	9,883
Other purposes	1,020	-	1,020	10,649
Funds held as permanent investments:				
Nonexpendable	341,268	-	341,268	381,994
Expendable	21	-	21	-
Unrestricted (deficit)	(1,888,144)	8,873	(1,879,271)	186,520
Total net position	$ 4,804,920	$ 1,166,231	$ 5,971,151	$ 2,759,129

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

Statement of Activities

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental activities:								
General government	$ 206,620	$ 180,648	$ 10,448	$ -	$ (15,524)	$ -	$ (15,524)	$ -
Health services	3,509,058	98,107	2,709,879	-	(701,072)	-	(701,072)	-
Social services	1,601,995	139,256	1,078,234	-	(384,505)	-	(384,505)	-
Education - K-12 state support	1,460,123	-	4,015	-	(1,456,108)	-	(1,456,108)	-
Education - K-12 administrative	524,397	2,781	275,869	-	(245,747)	-	(245,747)	-
Education - higher education	577,683	-	-	-	(577,683)	-	(577,683)	-
Law, justice and public safety	709,920	301,894	51,741	902	(355,383)	-	(355,383)	-
Regulation of business	299,093	83,263	172,385	-	(43,445)	-	(43,445)	-
Transportation	180,224	33,167	447,628	11,304	311,875	-	311,875	-
Recreation and resource development	144,940	46,530	40,253	297	(57,860)	-	(57,860)	-
Interest on long-term debt	79,527	-	1,236	-	(78,291)	-	(78,291)	-
Unallocated depreciation	2,680	-	-	-	(2,680)	-	(2,680)	-
Total governmental activities	9,296,260	885,646	4,791,688	12,503	(3,606,423)	-	(3,606,423)	-
Business-type activities:								
Unemployment insurance	342,279	2,974	12,971	-	-	(326,334)	(326,334)	-
Housing	27,099	18,934	11,626	-	-	3,461	3,461	-
Water loans	4,962	8,755	19,342	-	-	23,135	23,135	-
Workers' compensation and safety	31,024	38,639	3,236	-	-	10,851	10,851	-
Higher education tuition	25,108	19,369	9,266	-	-	3,527	3,527	-
Other	31,471	31,475	2,354	-	-	2,358	2,358	-
Total business-type activities	461,943	120,146	58,795	-	-	(283,002)	(283,002)	-
Total primary government	$ 9,758,203	$ 1,005,792	$ 4,850,483	$ 12,503	(3,606,423)	(283,002)	(3,889,425)	-
Total component units	$ 1,764,251	$ 702,656	$ 503,927	$ 4,978	-	-	-	(552,690)
General revenues:								
Taxes:								
Gaming					910,684	-	910,684	-
Sales and use					1,082,042	-	1,082,042	-
Modified business					562,867	-	562,867	-
Insurance premium					301,368	-	301,368	-
Cigarette taxes					153,033	-	153,033	-
Commerce taxes					143,508	-	143,508	-
Property and transfer					80,169	-	80,169	-
Motor and special fuel					2,338	-	2,338	-
Other					281,022	308	281,330	-

Restricted for unemployment compensation:				
Other taxes	-	566,243	566,243	-
Restricted for educational purposes:				
Sales and use taxes	137,109	-	137,109	-
Lodging taxes	167,159	-	167,159	-
Restricted for debt service purposes:				
Property and transfer taxes	144,906	-	144,906	-
Motor and special fuel taxes	68,527	-	68,527	-
Other	72,100	-	72,100	-
Restricted for recreation and resource development purposes:				
Other taxes	37,187	-	37,187	-
Other	1,516	-	1,516	-
Restricted for health services purposes:				
Property and transfer taxes	13,117	-	13,117	-
Other taxes	197,631	-	197,631	-
Restricted for social services purposes:				
Other taxes	11,563	-	11,563	-
Restricted for transportation purposes:				
Motor and special fuel taxes	219,044	-	219,044	-
Other taxes	51,344	-	51,344	-
Restricted for regulation of business:				
Other taxes	3,584	-	3,584	-
Settlement income	38,351	-	38,351	-
Unrestricted investment earnings	10,352	-	10,352	940
Other general revenues	155,383	-	155,383	5,615
Contributions to permanent funds	7,480	-	7,480	11,467
Payments from State of Nevada	-	-	-	579,029
Transfers	(127,364)	127,364	-	-
Total general revenues, contributions, payments, and transfers	4,726,020	693,915	5,419,935	597,051
Change in net position	1,119,597	410,913	1,530,510	44,361
Net position - beginning (as restated)	3,685,323	755,318	4,440,641	2,714,768
Net position - ending	$ 4,804,920	$ 1,166,231	$ 5,971,151	$ 2,759,129

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

Balance Sheet
Governmental Funds

June 30, 2016

	General Fund	State Highway	Municipal Bond Bank
Assets			
Cash and pooled investments:			
Cash with treasurer	$ 709,453,879	$ 573,909,412	$ 1,070
Cash in custody of other officials	5,672,897	144,976	-
Investments	11,888,748	-	-
Receivables:			
Accounts receivable	59,866,931	11,652,392	-
Taxes receivable	1,000,776,307	41,311,268	-
Intergovernmental receivables	387,134,763	36,606,580	-
Accrued interest and dividends	3,655,164	-	1,232,466
Notes/loans receivable	15,874,455	-	94,240,000
Capital lease receivable	-	-	-
Other receivables	15,830	-	-
Due from other funds	32,179,802	9,961,684	290
Due from fiduciary funds	430,587	-	-
Due from component units	769,980	-	-
Inventory	7,382,747	18,841,971	-
Advances to other funds	2,546,120	-	-
Restricted cash	3,043,317	-	-
Prepaid items	2,109,357	61,384	-
Total assets	$ 2,242,800,884	$ 692,489,667	$ 95,473,826
Liabilities			
Accounts payable and accruals:			
Accounts payable	$ 468,288,606	$ 37,556,022	$ -
Accrued payroll and related liabilities	58,940,199	9,192,856	-
Intergovernmental payables	185,219,894	49,043,376	-
Contracts/retentions payable	153,428	39,545,352	-
Due to other funds	30,197,507	14,942,482	-
Due to fiduciary funds	552,969,894	2,335,868	-
Due to component units	10,241,429	164,656	-
Unearned revenues	138,358,910	254,903	-
Other liabilities	77,308,322	2,109,897	-
Total liabilities	1,521,678,189	155,145,412	-
Deferred Inflows of Resources			
Unavailable revenue:			
Taxes	83,187,976	352,783	-
Intergovernmental	194,473,762	-	-
Licenses, fees and permits	3,189,662	-	-
Sales and charges for services	8,216,366	18,683	-
Settlement income	-	-	-
Lease principal payments	-	-	-
Interest	501,321	408,384	146,396
Other	32,546,579	3,825,669	-
Taxes	93,373	-	-
Fines and forfeitures	751,567	-	-
Total deferred inflows of resources	322,960,606	4,605,519	146,396
Fund Balances			
Nonspendable	26,952,839	18,903,355	89,700,000
Restricted	78,093,754	481,377,030	-
Committed	419,532,746	32,458,351	5,627,430
Unassigned	(126,417,250)	-	-
Total fund balances	398,162,089	532,738,736	95,327,430
Total liabilities, deferred inflows of resources and fund balances	$ 2,242,800,884	$ 692,489,667	$ 95,473,826

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

Permanent School Fund	Other Governmental Funds	Total Governmental Funds
$ 24,187,747	$ 398,880,577	$ 1,706,432,685
36,823,243	102,580,674	145,221,790
247,513,212	1,691,343	261,093,303
660	54,406,393	125,926,376
-	902,970	1,042,990,545
1,059,385	5,094,388	429,895,116
327,030	1,353,979	6,568,639
-	-	110,114,455
-	50,445,000	50,445,000
-	-	15,830
73,015	22,041,014	64,255,805
-	115,904	546,491
34,571,792	-	35,341,772
-	390,592	26,615,310
-	602,546	3,148,666
-	-	3,043,317
-	87,666	2,258,407
$ 344,556,084	$ 638,593,046	$ 4,013,913,507
$ -	$ 7,506,443	$ 513,351,071
-	3,469,524	71,602,579
-	1,433,014	235,696,284
-	10,695,223	50,394,003
2,840,217	26,282,299	74,262,505
-	37,696	555,343,458
-	14,799,844	25,205,929
-	3,530,475	142,144,288
463,405	3,500,336	83,381,960
3,303,622	71,254,854	1,751,382,077
-	-	83,540,759
-	-	194,473,762
-	112	3,189,774
-	9,748	8,244,797
-	19,450,184	19,450,184
-	50,445,000	50,445,000
13,813	206,633	1,276,547
660	488,532	36,861,440
-	-	93,373
-	-	751,567
14,473	70,600,209	398,327,203
341,237,989	508,258	477,302,441
-	255,576,309	815,047,093
-	240,653,416	698,271,943
-	-	(126,417,250)
341,237,989	496,737,983	1,864,204,227
$ 344,556,084	$ 638,593,046	$ 4,013,913,507

Fremont Street in downtown Las Vegas during the 1930s.

(Photo's Permission Granted by: Nevada Historical Society)

Las Vegas shops and hotels on Fremont Street with neon signs lit during the 1930s.

The Las Vegas welcome arch and downtown shops and hotels on Fremont Street, 1931.

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

June 30, 2016

Total fund balances - governmental funds		$ 1,864,204,227
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	$ 150,951,465	
Construction in progress	224,702,425	
Infrastructure assets	4,591,399,157	
Rights-of-way	654,989,854	
Buildings	1,714,407,558	
Improvements other than buildings	124,758,260	
Furniture and equipment	372,960,895	
Software costs	171,777,736	
Accumulated depreciation/amortization	(1,164,022,986)	
Total capital assets		6,841,924,364
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.		397,482,263
Intergovernmental receivable not providing current resources.		221,045
Amounts due to component unit for bonds authorized to be issued are not reported in the funds as they are not due and payable.		(24,362,000)
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.		6,441,270
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.		80,786,385
Deferred outflow of resources related to pensions are not reported in the governmental funds.		195,525,183
Deferred inflow of resources related to pensions are not reported in the governmental funds.		(344,023,305)
Certain liabilities for settlement agreements are not due and payable in the current period and therefore are not reported in the funds.		(16,620,000)
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	(1,813,890,034)	
Bonds payable	(2,162,514,398)	
Accrued interest on bonds	(20,987,906)	
Certificates of participation	(90,716,191)	
Capital leases	(19,527,807)	
Compensated absences	(89,023,127)	
Total long-term liabilities		(4,196,659,463)
Net position of governmental activities		$ 4,804,919,969

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, 2016

	General Fund	State Highway	Municipal Bond Bank
Revenues			
Gaming taxes, fees, licenses	$ 896,768,216	$ -	$ -
Sales taxes	1,214,113,229	-	-
Modified business taxes	561,778,352	-	-
Insurance premium taxes	309,113,304	-	-
Lodging taxes	167,159,268	-	-
Cigarette taxes	153,033,176	-	-
Commerce taxes	143,507,593	-	-
Property and transfer taxes	80,169,162	-	-
Motor and special fuel taxes	2,338,030	219,043,917	-
Other taxes	327,976,235	51,119,593	-
Intergovernmental	4,358,111,628	480,103,369	-
Licenses, fees and permits	353,306,217	221,313,865	-
Sales and charges for services	72,634,943	17,205,452	-
Interest and investment income	8,444,882	5,894,230	2,330,698
Settlement income	-	-	-
Land sales	-	-	-
Other	61,292,786	19,825,131	-
Total revenues	8,709,747,021	1,014,505,557	2,330,698
Expenditures			
Current:			
General government	127,247,048	-	347
Health services	3,535,984,366	-	-
Social services	1,510,685,017	-	-
Education - K-12 state support	1,460,122,985	-	-
Education - K-12 administrative	524,746,848	-	-
Education - higher education	549,228,265	-	-
Law, justice and public safety	473,773,627	188,807,552	-
Regulation of business	276,858,799	-	-
Transportation	-	816,275,069	-
Recreation and resource development	115,882,370	-	-
Capital outlay	-	-	-
Debt service:			
Principal	2,198,954	-	-
Interest, fiscal charges	1,154,300	-	-
Debt issuance costs	15,108	1,023,764	-
Total expenditures	8,577,897,687	1,006,106,385	347
Excess (deficiency) of revenues over expenditures	131,849,334	8,399,172	2,330,351
Other Financing Sources (Uses)			
Sale of general obligation bonds	1,805,000	167,485,000	44,950,000
Sale of general obligation refunding bonds	-	-	2,355,000
Premium on general obligation bonds	218,029	33,546,311	-
Payment to refunded bond agent	-	-	(2,570,344)
Sale of capital assets	631,761	-	-
Transfers in	89,696,940	6,374,094	-
Transfers out	(29,240,692)	(21,082,227)	(180,607,428)
Total other financing sources (uses)	63,111,038	186,323,178	(135,872,772)
Net change in fund balances	194,960,372	194,722,350	(133,542,421)
Fund balances, July 1 (as restated)	203,201,717	338,016,386	228,869,851
Fund balances, June 30	$ 398,162,089	$ 532,738,736	$ 95,327,430

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

	Permanent School Fund	Other Governmental Funds	Total Governmental Funds
	$ -	$ 13,539,353	$ 910,307,569
	-	-	1,214,113,229
	-	-	561,778,352
	-	-	309,113,304
	-	-	167,159,268
	-	-	153,033,176
	-	-	143,507,593
	-	158,022,813	238,191,975
	-	68,527,281	289,909,228
	-	204,958,682	584,054,510
	-	158,716,032	4,996,931,029
	-	24,830,034	599,450,116
	-	19,222,339	109,062,734
	4,179,710	3,166,751	24,016,271
	-	39,370,381	39,370,381
	3,564,422	-	3,564,422
	3,925,985	7,543,432	92,587,334
	11,670,117	697,897,098	10,436,150,491
	-	31,146,149	158,393,544
	-	-	3,535,984,366
	-	92,547,808	1,603,232,825
	-	-	1,460,122,985
	-	-	524,746,848
	-	13,673,123	562,901,388
	-	26,034,866	688,616,045
	-	21,765,522	298,624,321
	-	-	816,275,069
	-	28,120,075	144,002,445
	-	43,534,357	43,534,357
	-	381,643,000	383,841,954
	-	89,798,838	90,953,138
	-	2,545,144	3,584,016
	-	730,808,882	10,314,813,301
	11,670,117	(32,911,784)	121,337,190
	-	57,830,000	272,070,000
	-	344,898,000	347,253,000
	-	80,447,238	114,211,578
	-	(417,422,263)	(419,992,607)
	-	8,982	640,743
	-	226,574,296	322,645,330
	(4,049,881)	(222,026,208)	(457,006,436)
	(4,049,881)	70,310,045	179,821,608
	7,620,236	37,398,261	301,158,798
	333,617,753	459,339,722	1,563,045,429
	$ 341,237,989	$ 496,737,983	$ 1,864,204,227

Aerial view of Virginia City in 1935.

(Photo's Permission Granted by:
Nevada Historical Society)

Postcard displaying the interior of Piper's Opera House in Virginia City, c. 1940s

Parishioners celebrate the 60th Anniversary of St. Mary's Church in Virginia City, (1935)

Two men shake hands on C Street in Virginia City. Behind them, snow piled high between the boardwalk and street.

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

For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds		$ 301,158,798
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	$ 735,171,498	
Depreciation expense	(69,112,132)	
Excess of capital outlay over depreciation expense		666,059,366
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	(272,070,000)	
Refunding bonds issued	(347,253,000)	
Premiums on debt issued	(114,211,578)	
Total bond proceeds		(733,534,578)
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	378,419,677	
Certficates of participation retirement	2,710,000	
Payments to the bond refunding agent	419,992,607	
Capital lease payments	1,959,384	
Total long-term debt repayment		803,081,668
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.		770,574
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.		126,677,179
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.		(931,523)
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		(13,262,832)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		30,408,854
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	15,376,421	
Accrued interest payable	(3,519,285)	
Compensated absences	6,670,464	
Capital lease receivable	(43,398,670)	
Long term due to component unit	(24,362,000)	
Settlement agreement liability	(11,597,392)	
Total additional expenditures		(60,830,462)
Change in net position of governmental activities		$ 1,119,597,044

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

Statement of Net Position
Proprietary Funds

June 30, 2016

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current assets:							
Cash and pooled investments:							
Cash with treasurer	$ 689,133	$ -	$ 104,018,913	$ 2,935,759	$ 73,983,809	$ 181,627,614	$167,247,823
Cash in custody of other officials	516,999	576,250,119	-	346,952	241,459	577,355,529	-
Investments	37,037,445	-	-	223,871,703	-	260,909,148	-
Receivables:							
Accounts receivable	-	-	-	-	2,919,782	2,919,782	785,735
Assessments receivable	-	222,697,982	-	-	250	222,698,232	-
Intergovernmental receivables	-	-	591,242	-	570,965	1,162,207	4,110,770
Contracts receivable	-	-	-	9,701,679	-	9,701,679	-
Mortgages receivable	41,006,960	-	-	-	-	41,006,960	-
Accrued interest and dividends	8,484,392	-	4,205,157	273,762	-	12,963,311	-
Notes/loans receivable	-	-	24,626,755	-	-	24,626,755	5,000
Due from other funds	66,933	4,039,616	331,280	53,919	1,457,121	5,948,869	10,358,912
Due from fiduciary funds	-	-	-	-	5,348	5,348	5,567,243
Due from component units	-	-	-	-	470	470	819,356
Inventory	-	-	-	-	1,607,673	1,607,673	233,581
Prepaid items	-	-	785	-	8,775	9,560	73,535
Restricted assets:							
Investments	104,914,487	-	-	-	-	104,914,487	-
Total current assets	192,716,349	802,987,717	133,774,132	237,183,774	80,795,652	1,447,457,624	189,201,955
Noncurrent assets:							
Investments	136,956,984	-	-	-	-	136,956,984	-
Receivables:							
Contracts receivable	-	-	-	33,606,025	-	33,606,025	-
Mortgages receivable	372,256,036	-	-	-	-	372,256,036	-
Notes/loans receivable	622,960	-	320,580,691	-	-	321,203,651	75,000
Restricted assets:							
Investments	71,977,034	-	-	-	-	71,977,034	-
Other assets	-	-	-	-	15,000	15,000	3,761
Capital assets:							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	3,388,840	3,388,840	20,392,485
Improvements other than buildings	-	-	-	-	3,656,507	3,656,507	3,839,621
Furniture and equipment	798,555	-	11,820	173,374	13,649,287	14,633,036	57,646,618
Software costs	-	-	-	-	-	-	15,323,810
Less accumulated depreciation/ amortization	(545,677)	-	(11,820)	(83,271)	(8,754,353)	(9,395,121)	(72,283,845)
Total noncurrent assets	582,065,892	-	320,580,691	33,696,128	12,523,093	948,865,804	26,030,187
Total assets	774,782,241	802,987,717	454,354,823	270,879,902	93,318,745	2,396,323,428	215,232,142
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	989,278	-	188,021	1,177,299	-
Pension contributions	241,687	-	72,876	23,687	3,316,360	3,654,610	5,048,777
Total deferred outflows of resources	241,687	-	1,062,154	23,687	3,504,381	4,831,909	5,048,777

(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:							
Accounts payable and accruals:							
Accounts payable	$ 27,548,922	$ 7,389,417	$ 54,095	$ 210,815	$ 14,623,554	$ 49,826,803	$ 9,976,947
Accrued payroll and related liabilities	112,357	-	28,448	13,328	1,615,607	1,769,740	2,283,978
Interest payable	2,798,731	1,124,334	978,626	-	63,680	4,965,371	-
Intergovernmental payables	-	-	-	-	50,329	50,329	63,725
Bank overdraft	-	-	-	-	-	-	1,918,041
Due to other funds	5,711	764,959	293,178	28,959	2,839,630	3,932,437	2,368,644
Due to fiduciary funds	-	-	-	-	51,257	51,257	16,133
Due to component units	-	-	-	220,031	-	220,031	65,760
Unearned revenues	-	-	-	-	9,478,826	9,478,826	65,573
Other liabilities	-	-	-	-	16,450	16,450	-
Short-term portion of long-term liabilities.							
Reserve for losses	-	-	-	-	-	-	79,791,894
Compensated absences	68,682	-	17,503	14,465	1,007,081	1,107,731	1,725,516
Benefits payable	-	-	-	17,922,341	-	17,922,341	-
Bonds payable	26,139,562	160,403,575	9,935,929	-	275,194	196,754,260	513,323
Obligations under capital leases	-	-	-	-	-	-	648,976
Total current liabilities	56,673,965	169,682,285	11,307,779	18,409,939	30,021,608	286,095,576	99,438,510
Noncurrent liabilities:							
Advances from funds	-	-	-	-	206,700	206,700	2,941,966
Reserve for losses	-	-	-	-	-	-	46,939,358
Net pension obligation	2,604,548	-	693,422	190,731	31,889,889	35,378,590	49,775,578
Compensated absences	29,446	-	8,312	6,352	546,518	590,628	1,266,512
Benefits payable	-	-	-	193,197,216	-	193,197,216	-
Bonds payable	518,682,345	131,079,204	53,674,194	-	8,266,083	711,701,826	4,222,926
Arbitrage rebate liability	-	971,704	-	-	-	971,704	-
Total noncurrent liabilities	521,316,339	132,050,908	54,375,928	193,394,299	40,909,190	942,046,664	105,146,340
Total liabilities	577,990,304	301,733,193	65,683,707	211,804,238	70,930,798	1,228,142,240	204,584,850
Deferred Inflows of Resources							
Pension related amounts	491,186	-	130,771	35,969	6,014,050	6,671,976	9,365,103
Net Position							
Net investment in capital assets	252,878	-	-	90,103	3,966,816	4,309,797	20,665,300
Restricted for:							
Unemployment compensation	-	501,254,524	-	-	-	501,254,524	-
Tuition contract benefits	-	-	-	58,973,279	-	58,973,279	-
Security of outstanding obligations	186,168,400	-	-	-	-	186,168,400	-
Workers' compensation	-	-	-	-	17,047,556	17,047,556	-
Revolving loans	-	-	389,602,499	-	-	389,602,499	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	10,121,160	-	-	-	(1,138,094)	8,983,066	(14,334,334)
Total net position	$ 196,542,438	$ 501,254,524	$ 389,602,499	$ 59,063,382	$ 19,878,278	1,166,341,121	$ 6,330,966

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.	(110,304)
Net position of business-type activities	$ 1,166,230,817

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

Hotel and shops in downtown Beatty, Nevada (1934)

Fred Balzar, Nevada's 15th governor, poses at the Winnemucca Rodeo in 1930 alongside Death Valley Scotty, for whom Scotty's Castle is named, and actor/humorist Will Rogers.

(Photo's Permission Granted by: Nevada Historical Society)

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

For the Fiscal Year Ended June 30, 2016

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ 364,144,549
Sales	-	-	-	19,243,358	6,187,017	25,430,375	2,438,618
Assessments	-	566,243,172	-	-	307,956	566,551,128	-
Charges for services	-	-	129,547	125,798	14,971,860	15,227,205	53,322,369
Rental income	-	-	-	-	132,800	132,800	20,261,902
Interest income on loans/notes	9,604,284	-	8,622,108	-	-	18,226,392	-
Federal government	-	5,595,344	18,416,407	-	-	24,011,751	-
Licenses, fees and permits	-	-	-	-	44,463,535	44,463,535	-
Fines	-	-	-	-	3,386,363	3,386,363	-
Other	9,329,690	2,974,209	3,317	-	972,383	13,279,599	1,366,677
Total operating revenues	18,933,974	574,812,725	27,171,379	19,369,156	70,421,914	710,709,148	441,534,115
Operating Expenses							
Salaries and benefits	2,142,511	-	435,491	202,050	36,215,191	38,995,243	36,465,055
Operating	7,466,158	-	2,620,281	599,953	14,202,952	24,889,344	47,081,074
Claims and benefits expense	-	338,308,480	-	24,293,345	9,209,269	371,811,094	234,973,709
Interest on bonds payable	13,297,803	-	1,713,544	-	-	15,011,347	-
Materials or supplies used	-	-	-	-	2,609,155	2,609,155	671,164
Servicers' fees	65,145	-	-	-	-	65,145	-
Depreciation	40,485	-	-	17,031	254,978	312,494	4,330,255
Bond issuance costs	-	-	199,476	-	-	199,476	-
Insurance premiums	-	-	-	-	-	-	125,309,524
Total operating expenses	23,012,102	338,308,480	4,968,792	25,112,379	62,491,545	453,893,298	448,830,781
Operating income (loss)	(4,078,128)	236,504,245	22,202,587	(5,743,223)	7,930,369	256,815,850	(7,296,666)
Nonoperating Revenues (Expenses)							
Interest and investment income	7,604,145	7,375,685	925,440	9,265,904	865,148	26,036,322	1,311,371
Interest expense	-	(3,310,122)	-	-	(337,454)	(3,647,576)	(1,439)
Bond issuance costs	-	-	-	-	(11,824)	(11,824)	-
Federal grant revenue	4,022,189	-	-	-	4,724,261	8,746,450	-
Federal grant expense	(4,117,813)	-	-	-	-	(4,117,813)	-
Reed Act expenses	-	(649,206)	-	-	-	(649,206)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	148,041
Arbitrage rebate	-	(11,002)	-	-	-	(11,002)	-
Total nonoperating revenues (expenses)	7,508,521	3,405,355	925,440	9,265,904	5,240,131	26,345,351	1,457,973
Income (loss) before transfers	3,430,393	239,909,600	23,128,027	3,522,681	13,170,500	283,161,201	(5,838,693)
Transfers							
Transfers in	-	149,506,063	-	2,437,322	61,926	152,005,311	7,263,564
Transfers out	-	(8,441,427)	(1,779,685)	-	(14,420,077)	(24,641,189)	(266,580)
Change in net position	3,430,393	380,974,236	21,348,342	5,960,003	(1,187,651)	410,525,323	1,158,291
Net position, July 1 (as restated)	193,112,045	120,280,288	368,254,157	53,103,379	21,065,929		5,172,675
Net position, June 30	$ 196,542,438	$ 501,254,524	$ 389,602,499	$ 59,063,382	$ 19,878,278		$ 6,330,966
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.						387,718	
Change in net position of business-type activities						$ 410,913,041	

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

Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2016

	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	$ 41,985,402	$ 563,330,955	$ 132,864	$ 16,811,453	$ 83,019,072	$ 705,279,746	$ 57,655,113
Receipts for interfund services provided	-	1,693,036	-	25,955	3,409,287	5,128,278	294,229,913
Receipts from component units	-	-	-	-	-	-	85,712,551
Receipts of principal on loans/notes	59,281,414	-	-	-	-	59,281,414	5,000
Receipts of interest on loans/notes	10,314,283	-	-	-	-	10,314,283	-
Receipts from federal government	-	5,595,344	19,413,497	-	-	25,008,841	-
Payments to suppliers, other governments and beneficiaries	(4,307,299)	(339,517,297)	(2,542,708)	(6,053,695)	(18,698,158)	(371,119,157)	(387,028,514)
Payments to employees	(1,916,246)	-	(417,209)	(199,907)	(35,724,432)	(38,257,794)	(34,780,401)
Payments for interfund services	(552,942)	-	(111,367)	(153,119)	(6,683,278)	(7,500,706)	(19,154,593)
Payments to component units	-	-	-	(6,643,940)	(143,697)	(6,787,637)	(249,364)
Purchase of loans and notes	(17,038,594)	-	-	-	-	(17,038,594)	-
Net cash provided by (used for) operating activities	87,766,018	231,102,038	16,475,077	3,786,747	25,178,794	364,308,674	(3,610,295)
Cash flows from noncapital financing activities							
Grant receipts	4,022,189	-	-	-	5,024,817	9,047,006	-
Proceeds from sale of bonds	16,931,775	-	15,115,637	-	-	32,047,412	-
Transfers and advances from other funds	-	150,045,950	-	2,373,143	61,042	152,480,135	6,831,405
Payment on refunding bonds	-	-	(4,208,151)	-	-	(4,208,151)	-
Principal paid on noncapital debt	(71,337,095)	(131,165,000)	(14,412,042)	-	-	(216,914,137)	-
Interest paid on noncapital debt	(13,739,646)	(18,880,950)	(2,426,233)	-	-	(35,046,829)	-
Issue costs	-	-	(199,476)	-	-	(199,476)	-
Transfers and advances to other funds	-	(9,327,808)	(1,706,398)	-	(12,936,322)	(23,970,528)	(156,698)
Payments to other governments and organizations	(4,213,437)	(649,206)	-	-	-	(4,862,643)	-
Net cash provided by (used for) noncapital financing activities	(68,336,214)	(9,977,014)	(7,836,663)	2,373,143	(7,850,463)	(91,627,211)	6,674,707
Cash flows from capital and related financing activities							
Proceeds from capital debt	-	-	-	-	1,691,299	1,691,299	-
Proceeds from sale of capital assets	-	-	-	-	-	-	177,081
Purchase of capital assets	-	-	-	-	(247,667)	(247,667)	(6,266,788)
Payment on refunding bonds	-	-	-	-	(1,672,749)	(1,672,749)	-
Principal paid on capital debt	-	-	-	-	(257,670)	(257,670)	(1,662,862)
Interest paid on capital debt	-	-	-	-	(378,282)	(378,282)	(1,439)
Issue costs	-	-	-	-	(11,824)	(11,824)	-
Payments on construction projects	-	-	-	-	(398,429)	(398,429)	-
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(1,275,322)	(1,275,322)	(7,754,008)
Cash flows from investing activities							
Proceeds from sale of investments	508,410,224	-	-	45,797,918	-	554,208,142	-
Receipts of principal on loans/notes	-	-	24,762,847	-	-	24,762,847	-
Purchase of investments	(535,379,536)	-	-	(53,981,764)	-	(589,361,300)	-
Purchase of loans and notes	-	-	(59,581,317)	-	-	(59,581,317)	-
Interest, dividends and gains (losses)	7,690,150	7,375,685	9,144,875	3,732,580	775,001	28,718,291	1,299,328
Net cash provided by (used for) investing activities	(19,279,162)	7,375,685	(25,673,595)	(4,451,266)	775,001	(41,253,337)	1,299,328
Net increase (decrease) in cash	150,642	228,500,709	(17,035,181)	1,708,624	16,828,010	230,152,804	(3,390,268)
Cash and cash equivalents, July 1	1,055,490	347,749,410	121,054,094	1,574,087	57,397,258	528,830,339	170,638,091
Cash and cash equivalents, June 30	$ 1,206,132	$ 576,250,119	$ 104,018,913	$ 3,282,711	$ 74,225,268	$ 758,983,143	$ 167,247,823

(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)	$ (4,078,128)	$ 236,504,245	$ 22,202,587	$ (5,743,223)	$ 7,930,369	$ 256,815,850	$ (7,296,666)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	40,485	-	-	17,031	254,978	312,494	4,330,255
Interest on loans	-	-	(8,622,108)	-	-	(8,622,108)	-
Interest on bonds payable	13,297,802	-	1,713,544	-	-	15,011,346	-
Issue costs	-	-	199,476	-	-	199,476	-
Decrease (increase) in loans and notes receivable	92,975,718	-	997,090	-	-	93,972,808	(1,066,848)
Decrease (increase) in accrued interest and receivables	(168,017)	(4,193,390)	-	(2,531,748)	3,021,411	(3,871,744)	(2,633,044)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(1,819)	-	69,572	67,753	161,158
Decrease (increase) in deferred outflows of resources	2,548	-	(7,852)	(5,802)	(325,961)	(337,067)	(377,362)
Increase (decrease) in accounts payable, accruals, other liabilities	(14,409,376)	(1,208,817)	(33,791)	12,042,801	12,895,147	9,285,964	1,413,786
Increase (decrease) in unearned revenues	-	-	-	-	47,883	47,883	(233,032)
Increase (decrease) in net pension liability	279,391	-	74,383	20,460	3,420,805	3,795,039	5,419,376
Increase (decrease) in deferred inflows of resources	(174,405)	-	(46,433)	(12,772)	(2,135,410)	(2,369,020)	(3,327,918)
Total adjustments	91,844,146	(5,402,207)	(5,727,510)	9,529,970	17,248,425	107,492,824	3,686,371
Net cash provided by (used for) operating activities	$ 87,766,018	$ 231,102,038	$ 16,475,077	$ 3,786,747	$ 25,178,794	$ 364,308,674	$ (3,610,295)

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

Statement of Fiduciary Net Position
Fiduciary Funds

NEVADA

June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 3,204,523	$ -	$ 7,490,524	$ 90,506,039
Cash in custody of other officials	209,775,547	11,216,015	12,616,110	38,755,190
Investments:				
Investments	1,316,665	1,062,380,856	17,245,793,011	235,137,238
Fixed income securities	9,846,319,526	-	-	-
Marketable equity securities	15,228,027,486	-	-	-
International securities	6,629,944,368	-	-	-
Real estate	1,584,377,325	-	-	-
Alternative investments	1,433,191,372	-	-	-
Collateral on loaned securities	411,128,913	-	-	-
Receivables:				
Accounts receivable	-	-	3,516	-
Accrued interest and dividends	97,415,739	4,293,156	767,408	-
Taxes receivable	-	-	-	66,515,895
Trades pending settlement	120,714,743	-	33,172,862	-
Intergovernmental receivables	113,816,758	-	123,388	42,053
Contributions receivable	-	-	12,521,934	-
Other receivables	-	-	-	88,007
Due from other funds	100,875	-	185,161	555,124,812
Due from fiduciary funds	21,480,641	-	-	14,186,702
Due from component unit	2,256,424	-	-	-
Other assets	2,916,621	-	-	-
Furniture and equipment	41,550,920	-	48,222	-
Accumulated depreciation	(37,678,778)	-	(48,222)	-
Total assets	35,709,859,668	1,077,890,027	17,312,673,914	1,000,355,936
Liabilities				
Accounts payable and accruals:				
Accounts payable	11,000,623	77,681	2,850,154	-
Accrued payroll and related liabilities	-	-	714	2,221
Intergovernmental payables	-	23,225	2,826	628,194,524
Redemptions payable	-	-	5,713,703	-
Trades pending settlement	172,928,899	4,887,856	34,555,437	-
Bank overdraft	-	-	538,000	-
Obligations under securities lending	411,128,913	-	-	-
Due to other funds	5,819,503	-	299,579	-
Due to fiduciary funds	44,911	-	18,728	35,603,704
Other liabilities:				
Deposits	-	-	-	332,098,104
Other liabilities	-	20,547	-	4,457,383
Total liabilities	600,922,849	5,009,309	43,979,141	1,000,355,936
Net Position				
Held in trust for:				
Employees' pension benefits	35,107,604,909	-	-	-
OPEB benefits	1,331,910	-	-	-
Pool participants	-	1,072,880,718	-	-
Individuals	-	-	17,268,694,773	-
Total net position	$ 35,108,936,819	$ 1,072,880,718	$ 17,268,694,773	$ -

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
Additions			
Contributions:			
Employer	$ 1,607,851,484	$ -	$ -
Plan members	129,811,049	-	-
Participants	-	-	4,208,674,543
Repayment and purchase of service	62,005,158	-	-
Total contributions	1,799,667,691	-	4,208,674,543
Investment income:			
Net increase (decrease) in fair value of investments	(72,147,308)	(678,294)	(186,209,061)
Interest, dividends	746,121,655	9,803,639	362,816,873
Securities lending	5,823,399	-	-
Other	139,896,529	-	-
	819,694,275	9,125,345	176,607,812
Less investment expense:			
Other	(39,324,042)	(45,042)	-
Net investment income	780,370,233	9,080,303	176,607,812
Other:			
Investment from local governments	-	983,431,102	-
Reinvestment from interest income	-	2,035,442	-
Other	2,010,140	756	-
Total other	2,010,140	985,467,300	-
Total additions	2,582,048,064	994,547,603	4,385,282,355
Deductions			
Principal redeemed	-	865,103,277	2,940,307,068
Benefit payments	2,153,637,374	-	19,871,697
Refunds	26,763,925	-	-
Contribution distributions	-	6,500,000	-
Dividends to investors	-	184,633	-
Administrative expense	12,105,835	429,099	31,955,192
Total deductions	2,192,507,134	872,217,009	2,992,133,957
Change in net position	389,540,930	122,330,594	1,393,148,398
Net position, July 1	34,719,395,889	950,550,124	15,875,546,375
Net position, June 30	$ 35,108,936,819	$ 1,072,880,718	$ 17,268,694,773

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

Combining Statement of Net Position
Discretely Presented Component Units

June 30, 2016

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Assets				
Cash and pooled investments	$ 14,527,071	$ 249,252,000	$ -	$ 263,779,071
Investments	-	1,195,647,000	32,012,617	1,227,659,617
Due from primary government	517,073	49,336,647	-	49,853,720
Accounts receivable	9,452,312	47,616,353	-	57,068,665
Intergovernmental receivables	-	38,961,000	-	38,961,000
Accrued interest and dividends	36,844	-	-	36,844
Notes/loans receivable	-	10,701,000	-	10,701,000
Other receivables	-	105,073,000	-	105,073,000
Inventory	-	7,262,000	-	7,262,000
Prepaid expenses	34,030,665	-	-	34,030,665
Restricted assets:				
Cash	8,900,397	127,827,000	-	136,727,397
Investments	-	63,979,000	-	63,979,000
Other assets	-	55,449,000	-	55,449,000
Capital assets:				
Land, infrastructure and construction in progress	-	304,302,000	-	304,302,000
Other capital assets, net	52,623,612	1,833,299,000	-	1,885,922,612
Total assets	120,087,974	4,088,705,000	32,012,617	4,240,805,591
Deferred Outflows of Resources				
Deferred charge on refunding	163,767	14,288,000	-	14,451,767
Pension contributions	577,115	35,756,000	-	36,333,115
Total deferred outflows of resources	740,882	50,044,000	-	50,784,882
Liabilities				
Accounts payable	2,585,737	64,323,765	-	66,909,502
Accrued payroll and related liabilities	-	79,943,000	-	79,943,000
Interest payable	395,142	11,207,000	-	11,602,142
Due to primary government	13,571	1,576,235	34,571,792	36,161,598
Unearned revenues	3,316,087	48,710,000	-	52,026,087
Other liabilities	4,367,846	31,531,000	-	35,898,846
Long-term liabilities:				
Portion due or payable within one year:				
Obligations under capital leases	-	3,583,000	-	3,583,000
Compensated absences	183,206	33,283,000	-	33,466,206
Bonds payable	5,195,946	22,456,000	-	27,651,946
Portion due or payable after one year:				
Federal advances	-	8,256,000	-	8,256,000
Obligations under capital leases	-	48,358,000	-	48,358,000
Net pension obligation	5,597,589	324,708,000	-	330,305,589
Compensated absences	139,961	16,734,000	-	16,873,961
Bonds payable	34,024,134	614,265,000	-	648,289,134
Unearned revenue	58,690,598	-	-	58,690,598
Total liabilities	114,509,817	1,308,934,000	34,571,792	1,458,015,609
Deferred Inflows of Resources				
Donations	-	11,023,000	-	11,023,000
Lease revenues	-	4,077,000	-	4,077,000
Pension related amounts	1,055,639	58,290,000	-	59,345,639
Total deferred inflows of resources	1,055,639	73,390,000	-	74,445,639
Net Position				
Net investment in capital assets	52,623,612	1,572,555,000	-	1,625,178,612
Restricted for:				
Capital projects	-	80,535,000	-	80,535,000
Debt service	-	21,202,000	-	21,202,000
Scholarships	-	436,281,000	-	436,281,000
Loans	-	6,172,000	-	6,172,000
Operations and maintenance	714,403	-	-	714,403
Research and development	9,882,973	-	-	9,882,973
Other purposes	-	10,649,000	-	10,649,000
Funds held as permanent investments:				
Nonexpendable	-	381,994,000	-	381,994,000
Unrestricted (deficit)	(57,957,588)	247,037,000	(2,559,175)	186,520,237
Total net position	$ 5,263,400	$ 2,756,425,000	$ (2,559,175)	$ 2,759,129,225

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

For the Fiscal Year Ended June 30, 2016

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Expenses	$ 50,824,429	$ 1,713,086,000	$ 340,788	$ 1,764,251,217
Program revenues:				
Charges for services	49,410,536	653,246,000	-	702,656,536
Operating grants and contributions	-	503,927,000	-	503,927,000
Capital grants and contributions	-	4,978,000	-	4,978,000
Total program revenues	49,410,536	1,162,151,000	-	1,211,561,536
General revenues:				
Unrestricted investment earnings	146,357	3,849,000	(3,054,781)	940,576
Other general revenues	64,760	5,550,000	-	5,614,760
Contributions to permanent funds	-	11,467,000	-	11,467,000
Payments from State of Nevada	-	579,029,000	-	579,029,000
Total general revenues, contributions and payments	211,117	599,895,000	(3,054,781)	597,051,336
Change in net position	(1,202,776)	48,960,000	(3,395,569)	44,361,655
Net position, July 1	6,466,176	2,707,465,000	836,394	2,714,767,570
Net position, June 30	$ 5,263,400	$ 2,756,425,000	$ (2,559,175)	$ 2,759,129,225

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

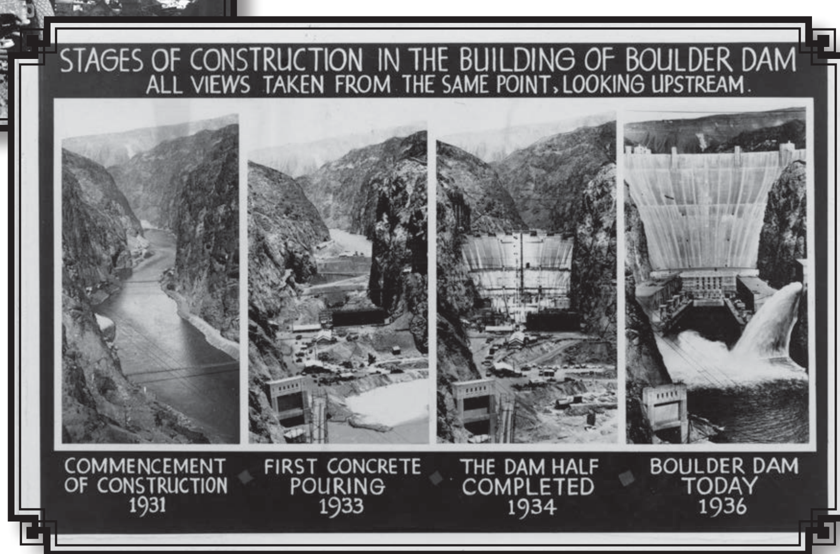
Workers cut and prepare building materials at the Boulder Dam site (1933).

(Photo's Permission Granted by: Nevada Historical Society)

Workers commute from residences in Boulder City to the Boulder Dam in 1932.

"Jumbo Rigs," like the one shown here, were used to facilitate faster drilling for the tunnels of the Boulder Dam. They consisted of scaffolding mounted onto a truck bed that allowed drillers to work on three levels simultaneously.

A Postcard from 1936 documents the progress of constructon on the Boulder Dam.



Index

Note 1 - Summary of Significant Accounting Policies

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

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

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

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

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

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

(Note 1 Continued)

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 described above, 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 statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual

(Note 1 Continued)

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 - provide 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 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.

(Note 1 Continued)

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 in 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 of the day. International securities prices incorporate end-of-day exchange rates. The fair value of real estate investments is based on estimated current value, and MAI (Member Appraisal Institute) 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.

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.

(Note 1 Continued)

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 appraised fair value at the time of donation or estimated fair value at time of donation, based on acquisition of comparable property, if appraised fair value is not available. 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 or fair value at date of donation in the case of gifts. 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(Note 1 Continued)

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 only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and Governor declare that a fiscal emergency exists. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2016 is $63,935,955.

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 $10,285,226 were made in the 2016 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, 2016, the bank balance of the primary government, private purpose trust, pension and other employee benefit trust, and investment trust funds totaled $747,559,255, of which $48,809,712 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, 2016 NSHE's deposits in money market funds totaled $206,200,000 and cash in bank was $8,848,000. 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, 2016 (expressed in thousands):

(Note 3 Continued)

	Fair Value	Less Than 1	1-5	6-10	More Than 10
		Maturities in Years			
U. S. Treasury securities	$ 768,764	$ 146,977	$ 457,358	$ 132,267	$ 32,162
Negotiable certificate of deposit	487,544	485,085	2,459	-	-
U. S. agencies	10,751,086	532,249	6,529,208	1,892,353	1,797,276
Mutual funds	121,479	121,479	-	-	-
Repurchase agreements	358,006	358,006	-	-	-
Asset backed corporate securities	97,680	227	71,730	19,076	6,647
Corporate bonds and notes	340,113	138,595	178,130	11,371	12,017
Commercial paper	374,446	374,446	-	-	-
Fixed income securities	794	794	-	-	-
Municipal bonds	10,792	7,708	3,084	-	-
Investment agreements	175	-	-	-	175
Other short-term investments	294,015	294,015	-	-	-
Other investments	17,162	15,105	2,057	-	-
Total	$ 13,622,056	$ 2,474,686	$ 7,244,026	$ 2,055,067	$ 1,848,277

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 mutual funds held by Vanguard, USAA, Upromise, and Putnam have various maturities from 28 days to 13.9 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, 2016 (expressed in thousands):

Less than 1 year	$ 206,331
1 to 5 years	135,424
6 to 10 years	159,292
More than 10 years	-
Total	$ 501,047

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, 2016 were rated by Standard & Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale (at fair value, expressed in thousands):

(Note 3 Continued)

	Quality Rating						
	AAA	AA	A	BBB	BB	B	Unrated
Negotiable certificate of deposit	$ 2,307	$ 10,007	$ 172,048	$ -	$ -	$ -	$ -
U.S. agencies	54,481	700,283	-	-	-	-	-
Mutual funds	1,923	-	-	-	-	-	16,955,948
Repurchase agreements	-	5,006	-	-	-	-	-
Asset backed corporate securities	16,899	69,401	434	646	874	363	-
Corporate bonds and notes	9,835	75,910	147,447	28,453	2,961	446	9,419
Commerical paper	-	-	242,552	-	-	-	-
Fixed income securities	-	-	-	-	-	-	126
Municipal bonds	-	10,791	-	-	-	-	-
Investment agreements	-	-	163	12	-	-	-
Other short-term investments	94,481	203	108,350	-	-	-	182,963
Other Investments	-	6,039	10,089	-	-	-	-
Total	$ 179,926	$ 877,640	$ 681,083	$ 29,111	$ 3,835	$ 809	$ 17,148,456

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, 2016 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	$ 527,735
Partnerships	95,524
Endowment cash/cash equivalents	130
Trust(s)	4,063
Private commingled funds	145,656
Total	$ 773,108

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, 2016, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2016, 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	$ 16,618	7.42%

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, 2016, the Housing Division's investments in Fannie Mae and Ginnie Mae are 3.94% and 42.04% 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, 2016 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, 2016. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2016 (expressed in thousands):

(Note 3 Continued)

	Currency by Investment and Fair Value			
	Equity	Pending Transactions	Cash	Total
Australian Dollar	$ 433,885	$ (200)	$ 401	$ 434,086
British Pound Sterling	1,174,188	(400)	1,518	1,175,306
Danish Krone	118,547	-	-	118,547
Euro	1,782,991	(800)	(169)	1,782,022
Hong Kong Dollar	186,619	(100)	1,009	187,528
Israeli Shekel	35,700	-	203	35,903
Japanese Yen	1,395,662	(3,400)	4,370	1,396,632
Norwegian Krone	11,322	-	100	11,422
Polish Zloty	38,633	-	101	38,734
Singapore Dollar	80,370	(100)	622	80,892
Swedish Krona	166,061	-	103	166,164
Swiss Franc	555,155	-	3	555,158
Total	$ 5,979,133	$ (5,000)	$ 8,261	$ 5,982,394

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, and Putnam for America 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, 2016 (expressed in thousands):

	Currency at Fair Value
British Pound	$ 2
Euro	(11)
Hong Kong Dollar	167
Japenese Yen	(16)
Taiwan Dollar	21
Swedish Krona	1
Swiss Franc	2
Total	$ 166

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has $176,008,000 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2016.

Fair Value of 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, 2016 (expressed in thousands):

(Note 3 Continued)

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
		Fair Value Measurements Using		
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 600,043	$ 541,818	$ 58,225	$ -
Negotiable certificates of deposit	462,391	-	462,391	-
U.S. agencies	526,540	27,964	498,576	-
Mutual funds	198,077	198,077	-	-
Repurchase agreements	353,000	-	353,000	-
Asset backed corporate securities	68,593	-	68,593	-
Corporate bonds and notes	166,927	14,666	152,261	-
Commercial paper	267,996	-	267,996	-
Municipal bonds	10,791	-	10,791	-
Collateralized mortgage obligations	20,948	710	20,238	-
Federal National Mortgage Association	24,057	14,103	9,954	-
Other investments	12,558	10,501	2,057	-
Total debt securities	2,711,921	807,839	1,904,082	-
Equity securities				
Financial services industry	1,691	-	1,691	-
Total equity securities	1,691	-	1,691	-
Total investments by fair value level	$ 2,713,612	$ 807,839	$ 1,905,773	$ -

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, 2016 (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, 2016 is $3,954,057,876. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of $411,128,913 and non-cash in the amount of $3,635,396,664. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2016, 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, 2016.

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, 2016, 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 Options, gross	$ 2,127	$ 10	$ 10
Forward Currency Contracts, net	$ 48,230	136	202
CC Interest Rate Swap Contracts, gross	$ 6,525	(34)	(47)
OTC Total Return Swap Contracts, gross	$ 16,379	(8)	18
OTC Credit Default Contracts, gross	$ 2,952	(36)	(50)
CC Credit Default Contracts, gross	$ 9,128	370	437
Futures Contracts, gross	172	(63)	(145)
Total		$ 375	$ 425

The Portfolios use options contracts to gain exposure to securities. 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 the

(Note 3 Continued)

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, 2016, 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, 2016 (expressed in thousands):

	Maturities in Years				
	Less than 1	1-5	6-10	Greater than 10	Total
Forward Currency Contracts	$ 136	$ -	$ -	$ -	$ 136
CC Interest Rate Swap Contracts	-	13	15	(62)	(34)
OTC Total Return Swap Contracts	(7)	-	-	(1)	(8)
OTC Credit Default Contracts	-	-	-	(36)	(36)
CC Credit Default Contracts	-	370	-	-	370
Futures Contracts	(63)	-	-	-	(63)
Total	$ 66	$ 383	$ 15	$ (99)	$ 365

(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, 2016 (expressed in thousands):

	Fair Value
Australian Dollar	$ (40)
British Pound	46
Canadian Dollar	4
Euro	(5)
Indonesian Rupiah	2
Japanese Yen	(5)
Malaysian Ringgit	1
New Zealand Dollar	81
Norwegian Krone	(6)
Polish Zloty	1
Russian Ruble	5
Singapore Dollar	(2)
South African Rand	5
South Korean Won	(3)
Swedish Krona	48
Swiss Franc	5
Total	$ 137

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

Note 4 - Receivables

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

	Major Governmental Funds			
	General	Municipal Bond Bank	Permanent School Fund	Total Governmental
As shown on financial statements:				
Intergovernmental receivables	$ 387,135	$ -	$ 1,059	$ 388,194
Notes/loans receivable	15,874	94,240	-	110,114
Due from Component Unit	770	-	34,572	35,342
Total	$ 403,779	$ 94,240	$ 35,631	$ 533,650
Classified:				
Current portion	$ 379,750	$ 4,540	$ 1,059	$ 385,349
Noncurrent portion:				
Intergovernmental receivables	9,114	-	-	9,114
Notes/loans receivable	14,915	89,700	-	104,615
Due from Component Unit	-	-	34,572	34,572
Total noncurrent portion	24,029	89,700	34,572	148,301
Total	$ 403,779	$ 94,240	$ 35,631	$ 533,650

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at $20.1 million, and uncollectible accounts receivable are estimated at $110.2 million. The proprietary funds have $37.1 million in uncollectible accounts receivable of which $9.1 million are from uninsured employers' fines and penalties, and $12.1 million are from unemployment contributions and benefit overpayments.

Note 5 - Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2016, follows (expressed in thousands):

	Advances From		
	General	Nonmajor Governmental	Total
Advances To			
Nonmajor enterprise	$ 207	$ -	$ 207
Internal service	2,339	603	2,942
Total other funds	$ 2,546	$ 603	$ 3,149

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, 2016, is shown below (expressed in thousands):

	Due To				
	Major Governmental Funds				
	General	State Highway	Permanent School	Nonmajor Governmental	Total Governmental
Due From					
Major Governmental Funds:					
General	$ -	$ 4,107	$ 73	$ 16,713	$ 20,893
State Highway	12,861	-	-	38	12,899
Permanent School Fund	2,840	-	-	-	2,840
Nonmajor governmental	12,605	4,986	-	4,358	21,949
Total Governmental	28,306	9,093	73	21,109	58,581
Major Enterprise Funds:					
Housing Division	-	-	-	-	-
Unemployment Comp	-	-	-	765	765
Water Projects Loans	292	-	-	-	292
Higher Ed Tuition Trust	26	-	-	-	26
Nonmajor enterprise	2,675	6	-	-	2,681
Total Enterprise	2,993	6	-	765	3,764
Internal Service	881	863	-	167	1,911
Total other funds	$ 32,180	$ 9,962	$ 73	$ 22,041	$ 64,256
Fiduciary	$ 431	$ -	$ -	$ 116	$ 547
Component Units:					
Colorado River Commission	$ 1	$ -	$ -	$ -	$ 1
Nevada System of Higher Education	769	-	-	-	769
Nevada Capital Investment Corporation	-	-	34,572	-	34,572
Total Component Units	$ 770	$ -	$ 34,572	$ -	$ 35,342

(Note 5 Continued)

	Due To								
	Major Enterprise Funds								
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Ed Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Due From									
Major Governmental Funds:									
General	$ 66	$ -	$ 331	$ 54	$ 1,380	$ 1,831	$ 7,473	$ 30,197	$ 552,970
State Highway	-	-	-	-	25	25	2,018	14,942	2,336
Permanent School Fund	-	-	-	-	-	-	-	2,840	-
Nonmajor governmental	-	4,040	-	-	3	4,043	291	26,283	38
Total Governmental	66	4,040	331	54	1,408	5,899	9,782	74,262	555,344
Major Enterprise Funds:									
Housing Division	-	-	-	-	-	-	6	6	-
Unemployment Comp	-	-	-	-	-	-	-	765	-
Water Projects Loans	-	-	-	-	-	-	1	293	-
Higher Ed Tuition Trust	-	-	-	-	-	-	3	29	-
Nonmajor enterprise	-	-	-	-	30	30	129	2,840	51
Total Enterprise	-	-	-	-	30	30	139	3,933	51
Internal Service	1	-	-	-	19	20	438	2,369	16
Total other funds	$ 67	$ 4,040	$ 331	$ 54	$ 1,457	$ 5,949	$ 10,359	$ 80,564	$ 555,411
Fiduciary	$ -	$ -	$ -	$ -	$ 5	$ 5	$ 5,567	$ 6,119	$ 35,667
Component Units:									
Colorado River Commission	$ -	$ -	$ -	$ -	$ 1	$ 1	$ 12	$ 14	$ -
Nevada System of Higher Education	-	-	-	-	-	-	807	1,576	2,256
Nevada Capital Investment Corporation	-	-	-	-	-	-	-	34,572	-
Total Component Units	$ -	$ -	$ -	$ -	$ 1	$ 1	$ 819	$ 36,162	$ 2,256

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
Due From			
Major Governmental Funds:			
General	$ 517	$ 9,724	$ 10,241
State Highway	-	165	165
Nonmajor governmental	-	14,800	14,800
Total Governmental Funds	517	24,689	25,206
Major Enterprise Fund:			
Higher Ed Tuition Trust	-	220	220
Total Enterprise	-	220	220
Internal Service	-	66	66
Total	$ 517	$ 24,975	$ 25,492

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. An exception is the long-term due to the Nevada System of Higher Education (NSHE) from the Primary Government in the amount of $24,427,760. This is the result of the 2015 Legislative Session which authorized funds for the UNLV hotel college, totaling approximately 50% of the construction cost with the remaining coming from donor funds, as well as funding for the ongoing NSHE Statewide deferred maintenance program ($15 million).

(Note 5 Continued)

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2016, is shown below (expressed in thousands):

	Transfers Out/To					
	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental	Total Governmental
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 19,931	$ -	$ 4,050	$ 49,423	$ 73,404
State Highway	2,049	-	-	-	4,325	6,374
Nonmajor governmental	17,832	816	180,607	-	18,715	217,970
Total Governmental	19,881	20,747	180,607	4,050	72,463	297,748
Major Enterprise Funds:						
Housing	-	-	-	-	-	-
Unemployment Comp	-	-	-	-	149,506	149,506
Higher Ed Tuition Trust	2,437	-	-	-	-	2,437
Nonmajor enterprise	1	-	-	-	50	51
Total Enterprise	2,438	-	-	-	149,556	151,994
Internal Service	6,922	335	-	-	7	7,264
Total other funds	$ 29,241	$ 21,082	$ 180,607	$ 4,050	$ 222,026	$ 457,006

	Transfers Out/To					
	Major Enterprise Fund					
	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds
Transfers In/From						
Major Governmental Funds:						
General	$ -	$ 1,780	$ 14,403	$ 16,183	$ 110	$ 89,697
State Highway	-	-	-	-	-	6,374
Nonmajor governmental	8,441	-	6	8,447	157	226,574
Total Governmental	8,441	1,780	14,409	24,630	267	322,645
Major Enterprise Funds:						
Housing	-	-	-	-	-	-
Unemployment Comp	-	-	-	-	-	149,506
Higher Ed Tuition Trust	-	-	-	-	-	2,437
Nonmajor enterprise	-	-	11	11	-	62
Total Enterprise	-	-	11	11	-	152,005
Internal Service	-	-	-	-	-	7,264
Total other funds	$ 8,441	$ 1,780	$ 14,420	$ 24,641	$ 267	$ 481,914

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, 2016 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Restricted:			
Cash	$ 3,043	$ -	$ 136,727
Investments	-	176,892	63,979
Total	$ 3,043	$ 176,892	$ 200,706
Restricted for:			
Debt service	$ -	$ 176,892	$ 4,156
Construction	-	-	127,827
Regulation of business	3,043	-	-
Other purposes	-	-	68,723
Total	$ 3,043	$ 176,892	$ 200,706

Note 7 - Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2016, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 150,711	$ 1,273	$ -	$ 151,984
Construction in progress	199,375	64,693	(39,366)	224,702
Infrastructure	3,965,220	626,180	-	4,591,400
Rights-of-way	642,842	12,148	-	654,990
Total capital assets, not being depreciated	4,958,148	704,294	(39,366)	5,623,076
Capital assets, being depreciated/amortized				
Buildings	1,699,700	35,100	-	1,734,800
Improvements other than buildings	128,248	350	-	128,598
Furniture and equipment	406,940	37,994	(14,326)	430,608
Software costs	184,001	3,112	(12)	187,101
Total capital assets, being depreciated/amortized	2,418,889	76,556	(14,338)	2,481,107
Less accumulated depreciation/amortization for:				
Buildings	(590,834)	(43,472)	-	(634,306)
Improvements other than buildings	(85,647)	(4,039)	-	(89,686)
Furniture and equipment	(338,265)	(22,351)	13,320	(347,296)
Software costs	(161,451)	(3,580)	12	(165,019)
Total accumulated depreciation/amortization	(1,176,197)	(73,442)	13,332	(1,236,307)
Total capital assets, being depreciated/amortized, net	1,242,692	3,114	(1,006)	1,244,800
Governmental activities capital assets, net	$ 6,200,840	$ 707,408	$ (40,372)	$ 6,867,876
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 568	$ -	$ -	$ 568
Construction in progress	10,703	399	(11,102)	-
Total capital assets, not being depreciated	11,271	399	(11,102)	568
Capital assets, being depreciated				
Buildings	3,389	-	-	3,389
Improvements other than buildings	631	3,025	-	3,656
Furniture and equipment *	6,369	8,324	(60)	14,633
Total capital assets, being depreciated	10,389	11,349	(60)	21,678
Less accumulated depreciation for:				
Buildings	(2,930)	(104)	-	(3,034)
Improvements other than buildings	(572)	-	-	(572)
Furniture and equipment *	(5,641)	(208)	60	(5,789)
Total accumulated depreciation	(9,143)	(312)	60	(9,395)
Total capital assets, being depreciated, net	1,246	11,037	-	12,283
Business-type activities capital assets, net	$ 12,517	$ 11,436	$ (11,102)	$ 12,851

* Beginning balance is adjusted to correct an error on the prior year's financial statement of the Housing Division. There is no effect on net position.

(Note 7 Continued)

Included in the table above are three Department of Correction facilities that have been closed and the Kinkead Building located in Carson City. These assets are idle, with a carrying value of $10.6 million.

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

Governmental activities:		
General government	$	4,226
Education, support services		835
Health Services		928
Law, justice, public safety		34,169
Recreation, resource development		5,561
Social Services		8,459
Transportation		9,806
Regulation of business		2,448
Unallocated		2,680
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		4,330
Total depreciation/amortization expense - governmental activities	$	73,442
Business-type activities:		
Enterprise	$	312
Total depreciation expense - business-type activities	$	312

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2016, 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	$ 172,724	$ 136,385	$ (169,374)	$ 139,735
Land	100,201	51,029	-	151,230
Land improvements	1,835	-	-	1,835
Collections	11,346	191	(35)	11,502
Total capital assets, not being depreciated	286,106	187,605	(169,409)	304,302
Capital assets, being depreciated				
Buildings	2,393,388	159,837	(1,686)	2,551,539
Land and improvements	131,568	9,575	-	141,143
Machinery and equipment	355,790	30,035	(21,375)	364,450
Intangibles	43,944	1,371	(2,356)	42,959
Library books and media	120,476	2,173	(1,845)	120,804
Total capital assets, being depreciated	3,045,166	202,991	(27,262)	3,220,895
Less accumulated depreciation for:				
Buildings	(816,316)	(61,580)	191	(877,705)
Land and improvements	(95,308)	(5,130)	-	(100,438)
Machinery and equipment	(263,047)	(25,070)	19,365	(268,752)
Intangibles	(23,457)	(4,352)	2,356	(25,453)
Library books and media	(114,541)	(2,537)	1,830	(115,248)
Total accumulated depreciation	(1,312,669)	(98,669)	23,742	(1,387,596)
Total capital assets, being depreciated, net	1,732,497	104,322	(3,520)	1,833,299
Nevada System of Higher Education activity capital assets, net	$ 2,018,603	$ 291,927	$ (172,929)	$ 2,137,601

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, and at the end of the lease, title to the buildings transfers to NSHE. As discussed in Note 10G, the construction is being financed by Lease Revenue Certificates of Participation Series 2013. Proceeds from the certificates of participation are used to pay the capitalized interest during the construction period, and NSHE will begin making capital lease principal and interest payments starting in fiscal year 2017.

For the fiscal year ended June 30, 2016, a capital lease receivable has been recorded by the primary government in the amount of $50,445,000, which represents the certificate of participation proceeds remitted to NSHE for construction of the building.

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

Year Ending June 30	Governmental Activities
2017	$ 3,383
2018	3,380
2019	3,381
2020	3,383
2021	3,383
2022-2043	74,402
Total future minimum lease revenues	$ 91,312

Note 9 - Short-Term Obligations

Primary Government - On May 17, 2016, the State issued short-term bonds of $4,042,042 to provide the necessary State match for all or a portion of the 2015, 2016, and 2017 Clean Water Capitalization Grant Awards. These bonds were paid off on May 24, 2016. There was no short-term debt outstanding at July 1, 2015 or June 30, 2016.

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, 2016 (expressed in thousands):

	Beginning Balance	Prior Year Adjustments	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Bonds payable:						
General obligation bonds	$ 1,607,930	$ -	$ 326,723	$ (576,223)	$ 1,358,430	$ 109,543
Special obligation bonds	486,140	-	292,600	(191,645)	587,095	48,595
Subtotal	2,094,070	-	619,323	(767,868)	1,945,525	158,138
Issuance premiums (discounts)	176,725	(36,367)	114,212	(32,844)	221,726	35,125
Total bonds payable	2,270,795	(36,367)	733,535	(800,712)	2,167,251	193,263
Certificates of participation	91,935	-	-	(2,710)	89,225	3,845
Issuance premiums (discounts)	2,720	(702)	-	(527)	1,491	480
Total certificates of participation	94,655	(702)	-	(3,237)	90,716	4,325
Other Governmental long-term activities:						
Obligations under capital leases	22,826	-	-	(2,649)	20,177	2,813
Compensated absences obligations	99,031	-	74,625	(81,641)	92,015	57,821
Total other governmental long-term activities	121,857	-	74,625	(84,290)	112,192	60,634
Governmental activities long-term obligations	$ 2,487,307	$ (37,069)	$ 808,160	$ (888,239)	$ 2,370,159	$ 258,222
Business-type activities:						
Bonds payable:						
General obligation bonds	$ 73,370	$ -	$ 12,307	$ (16,197)	$ 69,480	$ 9,377
Special obligation bonds	1,008,858	-	26,132	(211,702)	823,288	177,216
Subtotal	1,082,228	-	38,439	(227,899)	892,768	186,593
Issuance premiums (discounts)	42,691	(11,411)	458	(16,050)	15,688	10,162
Total bonds payable	1,124,919	(11,411)	38,897	(243,949)	908,456	196,755
Compensated absences obligations	2,008	-	1,198	(1,508)	1,698	1,108
Arbitrage rebate liability	961	-	11	-	972	-
Tuition benefits payable	199,391	-	14,679	(2,951)	211,119	17,922
Business-type activities long-term obligations	$ 1,327,279	$ (11,411)	$ 54,785	$ (248,408)	$ 1,122,245	$ 215,785

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 assessment during the national economic downturn. Special obligation housing bonds in the aggregate have a debt limit of $5 billion and are used for housing loans or to purchase mortgage loans having both fixed and variable interest rates. Special obligation bonds are payable solely from gross pledged revenues and are not general obligations of the State.

(Note 10 Continued)

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2016 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	1.145-6.17%	$ 1,712,230	$ 1,080,295
Exempt from Constitutional Debt Limitation	2.0-5.5%	739,808	278,135
Special obligation bonds:			
Exempt from Constitutional Debt Limitation-			
Highway Improvement Revenue Bonds	3.0-5.0%	899,055	587,095
Subtotal		3,351,093	1,945,525
Issuance premiums (discounts)		351,175	221,726
Governmental activities bonds payable		3,702,268	2,167,251
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	1.75-5.5%	97,997	69,480
Special obligation bonds:			
Unemployment Compensation Bonds	5.0%	548,900	279,145
Housing Bonds	*.50-6.95%	791,970	544,143
Subtotal		1,438,867	892,768
Issuance premiums (discounts)		67,110	15,688
Business-type activities bonds payable		1,505,977	908,456
Total bonds payable		$ 5,208,245	$ 3,075,707

*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, 2016, of the primary government are summarized in the table following (expressed in thousands):

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2017	$ 158,138	$ 98,324	$ 186,593	$ 27,202
2018	152,352	84,372	144,540	18,660
2019	143,248	75,672	17,490	13,446
2020	152,741	68,988	17,345	12,817
2021	159,133	61,144	16,522	12,155
2022-2026	707,485	195,222	64,804	52,620
2027-2031	415,663	42,780	91,918	40,392
2032-2036	53,685	4,696	162,486	26,833
2037-2041	3,080	166	152,991	13,163
2042-2046	-	-	16,694	4,634
2047-2051	-	-	21,385	820
Total	$ 1,945,525	$ 631,364	$ 892,768	$ 222,742

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, 2016, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	$ 2,166,631
Less : Bonds and leases payable as of June 30, 2016, subject to limitation	(1,082,845)
Remaining debt capacity	$ 1,083,786

(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. Twelve projects were funded through the Nevada Municipal Bond Bank as of June 30, 2016, and total outstanding loans to local governments amounted to $94,240,000.

E. Refunded Debt and Redemptions

During the fiscal year 2016, the State of Nevada refunded $248,480,000 in general obligation, limited tax, bonds related to capital improvement, natural resources and water project loans by issuing refunding bonds with a total par amount of $227,770,000 at a $44,923,783 premium. In addition, the State refunded $146,045,000 in special obligation bonds, payable and collectible solely out of the gross pledged revenue, by issuing refunding bonds with a total par amount of $125,115,000 at a $30,167,763 premium. Proceeds from refunding bonds were used to refund certain outstanding State bonds to realize debt service savings. The refunding decreased the aggregate debt service payments by $46,892,943 with an economic or present value gain of $41,296,322. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of $28,379,225. 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:				
Capital Improvement and Refunding Bonds Series 2015D	$ 230,821	$ 210,585	$ 24,076	$ 19,707
Natural Resources and Refunding Bonds Series 2015E	24,854	23,095	2,400	2,037
Nevada Municipal Bond Bank Project Nos.87, 88 and 89 Series 2015F	2,570	2,565	4,879	3,888
Open Space, Parks, Natural Resources and Refunding Bonds Series 2015G	8,917	8,170	1,036	811
Safe Drinking Water Revolving Fund Matching and Refunding Bonds Series 2015H	4,208	4,065	309	285
Special obligation bonds:				
Highway Revenue Improvement and Refunding Bonds Series 2016	154,504	146,045	14,193	14,568
Total	$ 425,874	$ 394,525	$ 46,893	$ 41,296

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, 2016 is $691,983,056.

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, 2016, include equipment with a historical cost of $2,255,789 with accumulated depreciation of $1,186,604 and building improvements of $27,810,128 with accumulated depreciation of $6,125,751.

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, 2016 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2017	$ 3,693
2018	3,157
2019	3,241
2020	3,069
2021	3,035
2022-2025	7,920
Total minimum lease payments	24,115
Less: amount representing interest	(3,938)
Obligations under capital leases	$ 20,177

(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 2007, the NRPC issued $5,760,000 of Lease Revenue Certificates of Participation Series 2006 at 4.0-5.0% interest 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. Currently, only the payment of principal and interest on the Series 2006 is being guaranteed by an insurance policy.

The following schedule presents future certificates of participation payments as of June 30, 2016 (expressed in thousands):

Year Ending June 30	Principal	Interest
2017	$ 3,845	$ 4,132
2018	4,080	3,957
2019	2,960	3,805
2020	3,160	3,676
2021	3,300	3,539
2022-2026	19,015	15,141
2027-2031	22,745	10,374
2032-2036	10,530	6,379
2037-2041	13,300	3,612
2042-2043	6,290	476
Total	$ 89,225	$ 55,091

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	$211,120
Net position available	270,183
Net position as a percentage of tuition benefits obligation	127.98%

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

	Universities	Community Colleges
2017-18	4.00%	4.00%
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, 2016, 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, 2016, there are five series of Industrial Revenue Bonds and one series of Charter School Bonds outstanding, with an aggregate principal amount payable of $633,670,616.

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, 2016, the outstanding balance of Highway Improvement Revenue and Refunding bonds is $587,095,000. The total of principal and interest remaining on the bonds is $780,048,647 payable through December 2029. Upon completion of eligible projects, federal aid of $324,971,600 is expected to be received in fiscal year 2017. For the current year, principal and interest paid was $65,852,363 and total motor vehicle fuel and special fuel tax revenues were $287,571,198.

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, 2016, the outstanding balance of Lease Revenue Certificates of Participation is $86,675,000. The total of principal and interest remaining on the certificates is $141,636,994 payable through June 2043. In fiscal year 2016, principal and interest of $5,614,156 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. As of June 30, 2016, $1,735,598 was held by the trustee for the benefit of the bondholders. Building rent of $5,000,000 is expected to be collected in fiscal year 2017, which, along with assets held by the trustee, will be used to pay the fiscal year 2017 debt service principal and interest of $6,635,856.

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, 2016, the outstanding balance of the bonds is $279,145,000. The total principal and interest remaining on the bonds is $296,124,125 payable through June 2018. In fiscal year 2016, principal and interest of $150,045,950 was paid. As of June 30, 2016, $55,137,513 was held by the trustee for the benefit of the bondholders. Special bond contributions of $246,152,623 are expected to be collected in fiscal year 2017, which, along with assets held by the trustee, will be used to pay the fiscal year 2017 debt service principal and interest of $163,480,875.

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.

(Note 10 Continued)

As of June 30, 2016, the outstanding balance of single-family and multi-unit bonds is $544,821,907. The total of principal and interest remaining on the bonds is $736,897,544 payable through June 2049. In fiscal year 2016, principal and interest of $53,552,576 was paid. As of June 30, 2016, $177,071,228 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2016 is $54,405,310. Fifty-five million is expected to be collected in fiscal year 2017, which, along with assets held by the trustee, will be used to pay the fiscal year 2017 debt service principal and interest of $38,379,320.

L. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2016, 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	$ 519,645	$ 234,646	$ (158,995)	$ 595,296	$ 19,449
Issuance premiums (discounts)	35,705	9,183	(3,662)	41,226	2,944
Total bonds payable	555,350	243,829	(162,657)	636,522	22,393
Obligations under capital leases	46,276	7,360	(1,695)	51,941	3,583
Compensated absences obligations	50,116	32,665	(32,976)	49,805	33,283
Total	$ 651,742	$ 283,854	$ (197,328)	738,268	59,259
Discretely presented component units of the NSHE:					
Compensated absences				212	-
Long-term debt				199	63
Total				$ 738,679	$ 59,322

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

The following table presents annual principal and interest payments for bonds and notes payable outstanding by NSHE at June 30, 2016 (expressed in thousands):

Year Ending June 30	Principal	Interest
2017	$ 22,393	$ 24,449
2018	27,863	24,358
2019	29,770	23,366
2020	30,211	22,240
2021	29,744	21,088
2022-2026	140,306	87,874
2027-2031	125,357	60,229
2032-2036	124,679	34,462
2037-2041	60,860	15,660
2042-2046	39,715	4,573
2047-2051	5,624	47
Total	$ 636,522	$ 318,346

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

Year Ending June 30	Amount
2017	$ 3,583
2018	3,580
2019	3,580
2020	3,580
2021	3,574
2022-2026	17,581
2027-2031	17,037
2032-2036	16,900
2037-2041	16,900
2042-2046	6,766
Total minimum lease payments	93,081
Less: amount representing interest	(41,140)
Obligations under capital leases	$ 51,941

(Note 10 Continued)

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2016, 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	$ 43,980	$ -	$ (4,785)	$ 39,195	$ 5,015
Issuance premiums (discounts)	591	-	(566)	25	181
Total bonds payable	44,571	-	(5,351)	39,220	5,196
Compensated absences obligations	342	183	(202)	323	183
Total	$ 44,913	$ 183	$ (5,553)	$ 39,543	$ 5,379

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
2017	$ 5,015	$ 1,465
2018	5,970	1,208
2019	730	1,062
2020	740	1,050
2021	755	1,033
2022-2026	4,085	4,841
2027-2031	4,825	4,085
2032-2036	5,845	3,027
2037-2041	6,700	1,678
2042-2044	4,530	294
Total	$ 39,195	$ 19,743

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 $1,899,044,202, deferred outflows of resources of $204,228,570, deferred inflows of resources of $360,060,384 and pension expense of $191,174,572. 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. The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2016 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, 2016 were $176,579,325.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the State reported a liability of $1,879,626,041, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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

(Note 11 Continued)

participating PERS employers and members. At June 30, 2015, the State's proportion was 16.4%, a decrease of .20% from its proportion measured at June 30, 2014.

For the year ended June 30, 2016, the State recognized pension expense of $187,305,225. At June 30, 2016, 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	$ -	$(141,380,420)
Net difference between projected and actual earnings on pension plan investments	-	(101,813,003)
Changes in proportion and differences between State contributions and proportionate share of contributions	3,413,400	(110,583,999)
State contributions subsequent to the measurement date	191,436,428	-
Total	$ 194,849,828	$(353,777,422)

Deferred outflows of resources of $191,436,428 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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:	
2017	$ (96,170)
2018	(96,170)
2019	(96,171)
2020	(6,406)
2021	(41,436)
2022	(14,011)
Thereafter	-

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2015, 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, 2015 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, 2015 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, 2015, 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, 2015. 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

(Note 11 Continued)

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 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, 2015.

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, 2015 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	$ 2,864,174	$ 1,879,626	$ 1,060,906

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, 2016, the State reported payables to the defined benefit pension plan of $14,598,437 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, 2015, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	78
Inactive vested members	13
Inactive non-vested members	26
Active members	35
Total	152

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, same as above, except the increases in paragraph (a) do not exceed 4% per 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 2015, 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, 2016 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, 2016, the State reported a net pension liability of $654,825. The net pension liability was measured as of June 30, 2015, 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, 2016, the State recognized pension income of $72,390. At June 30, 2016, 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	$ 157	$ (281)
Difference between expected and actual experience	-	(26)
State contributions subsequent to the measurement date	-	-
Total	$ 157	$ (307)

There were no deferred outflows of resources for contributions subsequent to the measurement date to be recognized in the year ended June 30, 2017.

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:	
2017	$ (81)
2018	(54)
2019	(54)
2020	39
2021	-
Thereafter	-

(Note 11 Continued)

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2015 (expressed in thousands):

		2015
Total pension liability		
Service cost	$	39
Interest		426
Differences between expected and actual experience		(109)
Benefit payments, including refunds		(497)
Net change in total pension liability		(141)
Total pension liability - beginning		5,531
Total pension liability - ending (a)	$	5,390
Plan fiduciary net position		
Contributions - employer	$	156
Contributions - employee		23
Net investment income		179
Benefit payments, including refunds		(497)
Administrative expense		(85)
Other		86
Net change in plan fiduciary net position		(138)
Plan fiduciary net position - beginning		4,873
Plan fiduciary net position - ending (b)	$	4,735
Net pension liability - beginning	$	658
Net pension liability - ending (a) - (b)	$	655
Plan fiduciary net position as a percentage of total pension liability		88%
Covered-employee payroll		N/A
Net pension liability as a percentage of covered-employee payroll		N/A

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.50%
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2015 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, 2015 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, 2015, 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, 2015. 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 contribu-

(Note 11 Continued)

tions 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	$ 1,111	$ 655	$ 263

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, 2016, 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, 2015, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	69
Inactive vested members	4
Active members	115
Total	188

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.

<u>Option 1 - 2003 Benefit Plan:</u> 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.

<u>Option 2 – Previous Benefit Plan:</u> 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 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.

Member and Employer Contributions – The JRS is an employer-paid plan and there is no contribution from active members. 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% pay-

(Note 11 Continued)

roll 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, 2016 was $5,443,188 and the actual contribution made was $5,227,905.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the State reported a liability of $18,763,336 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2015, 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, 2016, the State recognized pension expense of $3,504,834. At June 30, 2016, 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	$ 895	$ (1,479)
Net difference between projected and actual earnings on pension plan investments	3,099	(4,341)
Changes in proportion and differences between State contributions and proportionate share of contributions	-	(155)
State contributions subsequent to the measurement date	5,227	-
Total	$ 9,221	$ (5,975)

Deferred outflows of resources of $5,227,095 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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:	
2017	$ (979)
2018	(979)
2019	(980)
2020	957
2021	-
Thereafter	-

(Note 11 Continued)

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2015 (expressed in thousands):

		2015
Total pension liability		
Service cost	$	3,593
Interest		8,876
Differences between expected and actual experience		1,250
Benefit payments, including refunds		(4,896)
Other		2,357
Net change in total pension liability		11,180
Total pension liability - beginning		108,630
Total pension liability - ending (a)	$	119,810
Plan fiduciary net position		
Contributions - employer	$	6,155
Contributions - employee		96
Net investment income		3,206
Benefit payments, including refunds		(4,896)
Administrative expense		(86)
Other		2,357
Net change in plan fiduciary net position		6,832
Plan fiduciary net position - beginning		92,113
Plan fiduciary net position - ending (b)	$	98,945
Net pension liability - beginning	$	16,517
Net pension liability - ending (a) - (b)	$	20,865
Plan fiduciary net position as a percentage of total pension liability		83%
Covered-employee payroll (measurement as of end of fiscal year)	$	19,930
Net pension liability as a percentage of covered-employee payroll		105%

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	3.50%
Investment rate of return:	8.00%
Projected salary increases:	3.00% - 8.00% varies by service
Consumer price index:	3.50%
Other assumptions:	Same as those used in the June 30, 2015 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, 2015 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, 2015, 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, 2015. 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	$ 31,043	$ 18,763	$ 8,370

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, 2016, the State reported payables to the defined benefit pension plan of $258,496 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, 2015 through June 30, 2016 the rate assessed was 2.126% 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, 2016, the State, its component units, State Boards and Commissions, and other participating public employers contributed $32,213,079 to the plan, which is 100% of the contractually required contribution. For the years ended June 30, 2015 and 2014 the State, its component units, State Boards and Commissions, and other participating public employers contributed $37,758,981, and $32,697,856, 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, 2014	$ 47,154	$ 65,378
Claims and changes in estimates	221,215	11,899
Claim payments	(207,711)	(12,538)
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
Due Within One Year	$ 63,014	$ 16,778

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, 2016. 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 pol-

(Note 12 Continued)

icy for workers' compensation. Liabilities in the amount of $49,841,992 as of June 30, 2016 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, 2016.

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, 2016, 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 five-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 $5,224,500 to $18,779,100 for heart disease and $5,761,870 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, 2016 total liabilities exceeded total assets by $49,982,199. The Fund is liable for approximately $50,000,000 as of June 30, 2016 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 $2,258,085,033 of net position-restricted for the primary government, of which $207,583,030 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, 2016, is shown below (expressed in thousands):

(Note 13 Continued)

	Major Governmental Funds					
	General	State Highway	Municipal Bond Bank	Permanent School	Nonmajor Governmental Funds	Total Governmental
Fund balances:						
Nonspendable:						
Long term notes/loans receivable	$ 14,915	$ -	$ 89,700	$ -	$ -	$ 104,615
Inventory	7,383	18,842	-	-	391	26,616
Advances	2,546	-	-	-	-	2,546
Prepaid items	2,109	61	-	-	88	2,258
Permanent fund principal	-	-	-	341,238	30	341,268
Restricted for:						
Capital projects	-	-	-	-	64,155	64,155
Conservation, parks and land	30,810	-	-	-	8,754	39,564
Debt service	-	-	-	-	31,147	31,147
Economic development	3,655	-	-	-	-	3,655
Education K-12	3,090	-	-	-	-	3,090
Environmental protection	7,114	-	-	-	-	7,114
Health services	955	-	-	-	-	955
Housing, real estate & mortgage lending	3,708	-	-	-	21,401	25,109
Law and justice	2,282	-	-	-	21,907	24,189
Motor vehicles and public safety	-	32,394	-	-	-	32,394
Other purposes	1,371	-	-	-	2,916	4,287
Regulation of business	8,512	-	-	-	7,169	15,681
Social services	1,754	-	-	-	98,127	99,881
Transportation	-	448,984	-	-	-	448,984
Veterans' services	1,001	-	-	-	-	1,001
Wildlife	13,842	-	-	-	-	13,842
Committed to:						
Agriculture	4,724	-	-	-	987	5,711
Capital projects	-	-	-	-	3,040	3,040
College savings endowment	5,166	-	-	-	-	5,166
Commission on mineral resources	5,022	-	-	-	-	5,022
Conservation, parks and land	8,522	-	-	-	429	8,951
Debt service	-	-	5,627	-	138,854	144,481
Economic development	20,786	-	-	-	5,560	26,346
Education K-12	16,705	-	-	-	-	16,705
Environmental protection	62,926	-	-	-	7,555	70,481
Fiscal emergency	63,936	-	-	-	-	63,936
Health care financing and policy	46,310	-	-	-	-	46,310
Health services	19,874	-	-	-	-	19,874
Housing, real estate & mortgage lending	20,679	-	-	-	863	21,542
Law and justice	10,702	-	-	-	3,555	14,257
Legislative counsel bureau	46,900	-	-	-	-	46,900
Motor vehicles and public safety	16,141	1,470	-	-	-	17,611
Other purposes	12,980	-	-	-	-	12,980
Regulation of business	5,982	-	-	-	3,721	9,703
Silver state halth insurance	8,836	-	-	-	-	8,836
Social services	12,427	-	-	-	24,718	37,145
State energy office	8,992	-	-	-	-	8,992
Tobacco settlement programs	-	-	-	-	51,371	51,371
Transportation	-	30,988	-	-	-	30,988
Veterans' services	5,333	-	-	-	-	5,333
Wildlife	16,589	-	-	-	-	16,589
Unassigned:	(126,417)	-	-	-	-	(126,417)
Total fund balances	$ 398,162	$ 532,739	$ 95,327	$ 341,238	$ 496,738	$ 1,864,204

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 a decrease in net position of $1,519,921 for the year ended June 30, 2016, resulting in negative net position of $2,654,268 at June 30, 2016.

(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 $16,232 for the year ended June 30, 2016, resulting in a negative net position of $689,424 at June 30, 2016.

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 a decrease in net position of $20,899 for the year ended June 30, 2016, resulting in a negative net position of $3,608,157 at June 30, 2016.

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 an increase in net position of $180,586 for the year ended June 30, 2016, resulting in a negative net position of $172,420 at June 30, 2016.

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 $836,572 for the year ended June 30, 2016, resulting in negative net position of $49,982,199 at June 30, 2016.

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 $226,236 for the year ended June 30, 2016, resulting in negative net position of $2,867,990 at June 30, 2016.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of $305,995 for the year ended June 30, 2016, resulting in negative net position of $7,286,488 at June 30, 2016.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded an increase in net position of $429,670 for the year ended June 30, 2016, resulting in negative net position of $2,606,781 at June 30, 2016.

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 $2,289,300 for the year ended June 30, 2016, resulting in negative net position of $12,930,201 at June 30, 2016.

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 1.25%, 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-eights 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, prior to October 1, 2015, were imposed at 10% of all amounts paid for admission, food, merchandise or refreshment, while the establishment provided entertainment in facilities with less than occupancy/seating of 7,500. A 5% rate was imposed for facilities with at least 7,500 occupancy/seating. Beginning October 1, 2015 taxes are imposed at a rate of 9% on admission to a facility where live entertainment is provided with an occupancy over 200. Live entertainment provided by escort services is also subject to the tax.

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

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

Note 15 - Works of Art and Historical Treasures

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

In litigation filed against the Department of Taxation (DOT), the plaintiff is seeking a declaration that the Live Entertainment Tax is unconstitutional on its face and that they do not have to pay the tax. The Live Entertainment Tax is collected by the DOT as well as the Gaming Control Board. The Gaming Control Board's collection of the Live Entertainment Tax has not been challenged. Should a refund be granted, the estimated amount to date is $145.1 million. However, if the tax is found to be unconstitutional on its face, the statute may be completely stricken.

The Department of Taxation has litigated vigorously a lawsuit against a utility company. The lawsuit arose out of a claim for the refund of $200.0 million in use tax paid, plus interest, on coal purchased out of the state and used in Nevada. The company claims the use tax is unconstitutional. The State won the case in the 1st Judicial District Court. The utility company appealed to the Nevada Supreme Court and is waiting for a decision. The use tax distribution is shared between the State, counties and local governments. If the utility company's appeal is successful, the State's exposure upon a potentially unfavorable outcome is $26.6 million.

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, 2016 amounted to $38.9 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, 2016 (expressed in thousands):

For the Year Ending June 30	Amount
2017	$ 32,838
2018	27,681
2019	21,906
2020	17,367
2021	12,695
2022-2026	35,377
2027-2031	3,708
2032-2036	273
Total	$ 151,845

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, 2016, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.

Rebate Arbitrage - The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The present value of the rebatable arbitrage is $972,000 and has been recorded as a liability in the Statement of Net Position at June 30, 2016. Future calculations might result in different rebatable arbitrage amounts.

(Note 16 Continued)

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 at June 30, 2016 were $238.4 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, 2016, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	$ 7,412
State Highway	5,017
Nonmajor governmental funds	119
Total	$ 12,548

Construction Commitments – As of June 30, 2016, the Nevada Department of Transportation had total contractual commitments of approximately $231.1 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total $66.8 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2016, 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 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, 2016.

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, 2016 is $122.5 million. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

The Board of Regents, at its March 4, 2016 meeting, approved the issuance of a Promissory Note in an amount up to $5.0 million. The authorized note is expected to be issued in calendar year 2017.

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.

The CRC does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

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, 2016, the NCIC has fulfilled $35.9 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 17 - Subsequent Events

A. Primary Government

Bonds – On November 9, 2016, the State issued $48,790,000 in General Obligation Bonds. The Series 2016C bonds were issued primarily to finance various capital improvement projects, to award financial assistance to certain governmental entities and nonprofit organizations for the actual expenses of preserving or protecting historical buildings to be used to develop a network of cultural centers and activities. The Series 2016D bonds were issued to finance costs of environmental improvement projects for the Lake Tahoe Basin and to refund certain outstanding bonds.

On August 30, 2016, the State issued $1,023,500 in General Obligation (Limited Tax) Open Space, Parks, and Natural Resources Bonds, Series 2016B (not subject to the Constitutional Debt Limit). These “Question 1” project bonds as set forth in Section 28 of Chapter 445 statutes of Nevada 2013 will be used for Wildlife Projects.

Certificates of Participation – On August 9, 2016, the State approved the issuance of Series 2016, Certificates of Participation for $3,730,000. The Certificates refund the 2006 Certificates for the Nevada Legislative Counsel Bureau’s warehouse remodel. The Series evidences an undivided interest in the right to receive base rent under a lease purchase agreement to be paid by the State. The lease purchase agreement is with Nevada Real Property Corporation. The Certificates are not general obligations of the State.

B. Discretely Presented Component Units

Nevada System of Higher Education – The Board of Regents, at its September 9, 2016 meeting, approved a resolution authorizing the issuance of up to $14,800,000 of universities revenue bonds. The System issued the bonds in October 2016.

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 January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* (GASB 80), which improves financial reporting by clarifying the financial statement requirements for certain component units. The statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. GASB 80 is effective for fiscal years beginning after June 15, 2016. The anticipated impact of this pronouncement is uncertain at this time.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No.73* which addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68 (GASB 82).* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB 82 is effective for fiscal years beginning after June 15, 2017. The anticipated impact of this pronouncement is uncertain at this time.

Note 18 - Accounting Changes and Restatements

A. Primary Government

Net position as of July 1, 2015 has been restated in the Governmental Activities and the Business-type Activities to reflect a conversion from the straight line method of amortizing premiums and discounts to the interest method, for bond obligations. The change to the interest method affected the Unemployment Compensation Fund and the Water Projects Loans Fund which are major enterprise funds under Business-type Activities.

In addition, a prior period adjustment was made to decrease the General Fund balance and to increase the State Highway Fund balance to correct for the allocation of an investment loss related to the 2008 Lehman Brothers bankruptcy.

The following table shows the changes to the beginning net position as of July 1, 2015 for the primary government (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2015 as previously reported	$ 3,648,254	$ 743,907
Conversion from straight line amortization to the interest method for bond premiums/discounts	37,069	11,411
Net position at June 30, 2015 as restated	$ 3,685,323	$ 755,318

The following table shows the changes to the beginning fund balance/net position as of July 1, 2015 for the General Fund, State Highway Fund and proprietary funds (expressed in thousands):

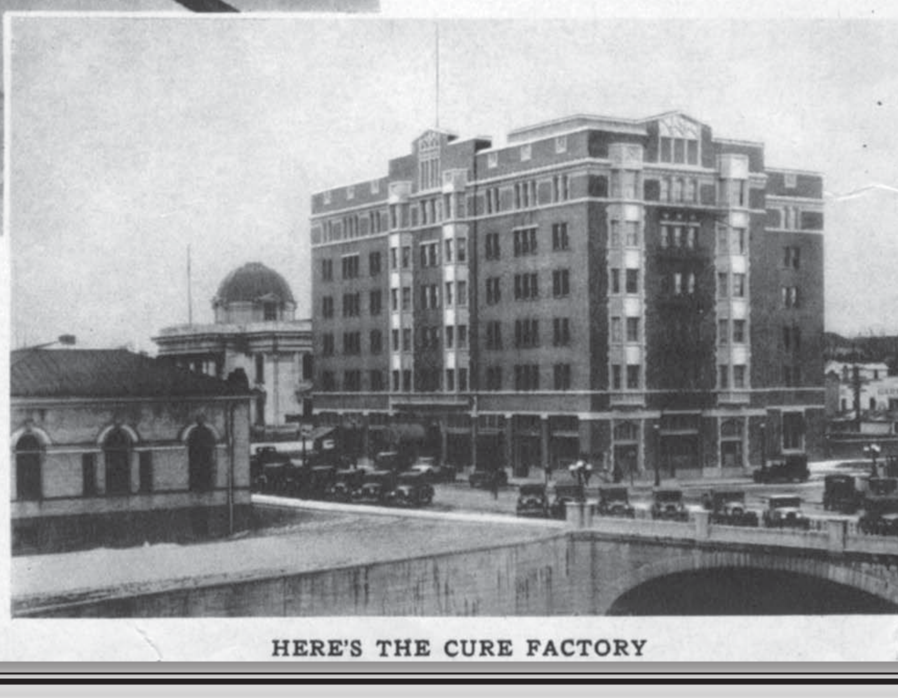
	Major Governmental Funds		Major Enterprise Funds	
	General	State Highway	Unemployment Compensation	Water Projects Loans
Fund balance/net position at June 30, 2015 as previously reported	$ 207,288	$ 333,930	$ 109,846	$ 367,277
Conversion from straight line amortization to the interest method for bond premiums/discounts	-	-	10,434	977
Allocation of investment loss	(4,086)	4,086	-	-
Fund balance/net position at June 30, 2015 as restated	$ 203,202	$ 338,016	$ 120,280	$ 368,254

Taking the Cure

Everyone wants to learn the truth about this astounding new racket—how a nation has gone mad over a scramble for new wives and husbands! In a fantastic race to win the divorce business, common sense has been thrown to the winds! In this chapter the fantastic laws of Reno are revealed, showing how it's done, what it costs, and how long it takes to "reno-vate."

(Magazine Page Permission Granted by: Nevada Historical Society)

GOODBYE WEDDING RINGS!
Tossing their discarded rings into the river from Reno's "Bridge of Sighs" are Mrs. Marjorie MacArthur (right) and Mrs. Dorothy Foltz, as they follow the custom of the liberated.

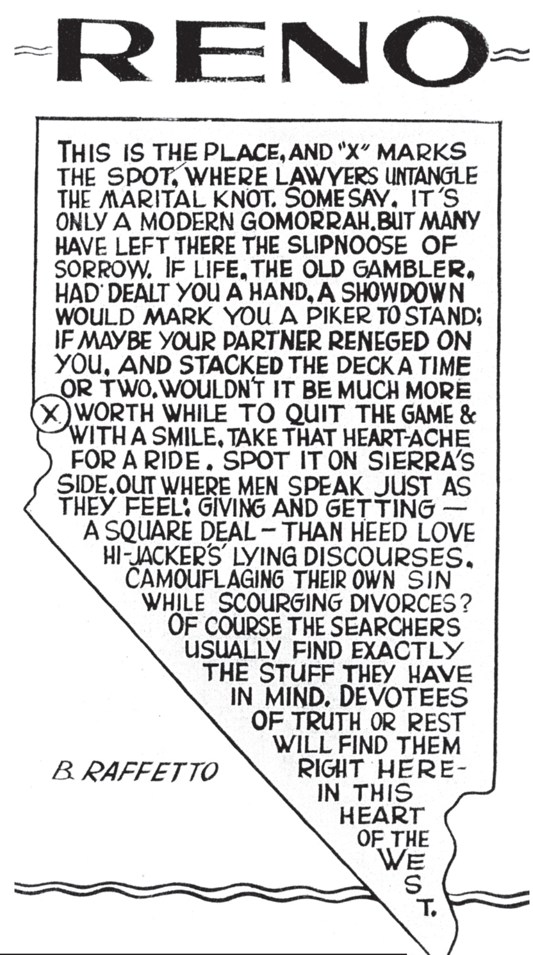


HERE'S THE CURE FACTORY

Required Supplemental Information

Guests appear on horseback at the Valley Ranch divorce colony near Reno, circa 1940.

(Photo and Postcard Permission Granted by: Nevada Historical Society)



The availability of quick divorces became a cottage industry for Northern Nevada during the 1930s. This cartoon depicts men and women moving to the area for just long enough to establish residency and file for divorce.

For the Fiscal Year Ended June 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Sources of Financial Resources				
Fund balances, July 1	$ 632,860,852	$ 632,860,852	$ 632,860,852	$ -
Revenues:				
Sales taxes	1,098,069,300	1,098,069,300	1,077,003,771	(21,065,529)
Gaming taxes, fees, licenses	858,556,838	858,706,838	847,477,237	(11,229,601)
Intergovernmental	3,589,248,446	4,003,097,067	3,617,438,749	(385,658,318)
Other taxes	1,804,714,693	1,834,213,861	1,874,012,350	39,798,489
Sales, charges for services	252,261,681	265,739,371	251,172,922	(14,566,449)
Licenses, fees and permits	657,700,562	696,822,230	689,649,422	(7,172,808)
Interest	9,736,894	10,908,575	4,136,765	(6,771,810)
Other	343,484,878	391,627,272	309,485,986	(82,141,286)
Other financing sources:				
Proceeds from sale of bonds	-	2,000,000	2,007,920	7,920
Transfers	622,789,471	696,676,154	608,005,785	(88,670,369)
Reversions from other funds	-	-	2,740,197	2,740,197
Total sources	9,869,423,615	10,490,721,520	9,915,991,956	(574,729,564)
Uses of Financial Resources				
Expenditures and encumbrances:				
Elected officials	131,221,293	132,313,663	96,754,559	35,559,104
Legislative and judicial	111,838,179	112,652,389	64,480,573	48,171,816
Finance and administration	79,725,162	82,280,285	63,244,313	19,035,972
Education - K to 12	2,176,806,987	2,330,769,007	2,168,109,773	162,659,234
Education - higher education	829,811,281	855,155,493	847,424,499	7,730,994
Human services	4,965,026,828	5,220,399,101	4,852,689,713	367,709,388
Commerce and industry	350,690,352	413,856,904	304,808,075	109,048,829
Public safety	419,919,261	434,717,839	388,918,193	45,799,646
Infrastructure	349,990,652	420,192,661	180,793,194	239,399,467
Special purpose agencies	72,708,044	91,880,798	52,226,365	39,654,433
Other financing uses:				
Transfers to other funds	37,302,768	44,055,715	44,055,715	-
Reversions to other funds	-	-	1,347,400	(1,347,400)
Projected reversions	(40,000,000)	(40,000,000)	-	(40,000,000)
Total uses	9,485,040,807	10,098,273,855	9,064,852,372	1,033,421,483
Fund balances, June 30	$ 384,382,808	$ 392,447,665	$ 851,139,584	$ 458,691,919

State Highway Fund				Municipal Bond Bank			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 317,361,548	$ 317,361,548	$ 317,361,548	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
322,144,038	473,184,803	454,387,049	(18,797,754)	-	-	-	-
297,815,566	341,330,129	338,690,791	(2,639,338)	-	-	-	-
18,554,524	20,685,475	18,642,913	(2,042,562)	-	-	-	-
214,131,340	225,492,494	221,857,563	(3,634,931)	-	-	-	-
769,792	1,590,529	2,614,576	1,024,047	10,903,442	10,903,442	2,263,977	(8,639,465)
40,482,587	47,782,217	42,436,379	(5,345,838)	16,702,047	16,702,047	4,825,000	(11,877,047)
100,000,000	205,000,000	200,007,547	(4,992,453)	-	-	-	-
8,454,648	15,361,920	14,977,819	(384,101)	-	-	-	-
-	-	-	-	-	-	-	-
1,319,714,043	1,647,789,115	1,610,976,185	(36,812,930)	27,605,489	27,605,489	7,088,977	(20,516,512)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
223,272,592	234,726,653	207,216,440	27,510,213	-	-	-	-
811,738,919	1,163,029,686	799,977,670	363,052,016	-	-	-	-
-	-	-	-	-	-	-	-
84,314,793	85,130,931	85,130,931	-	27,605,489	27,605,489	7,087,775	20,517,714
-	-	32,371	(32,371)	-	-	-	-
(55,507,960)	(113,507,960)	-	(113,507,960)	-	-	-	-
1,063,818,344	1,369,379,310	1,092,357,412	277,021,898	27,605,489	27,605,489	7,087,775	20,517,714
$ 255,895,699	$ 278,409,805	$ 518,618,773	$240,208,968	$ -	$ -	$ 1,202	$ 1,202

Women congregate around the roulette table at The Willows in 1931 to place newly legal bets. In addition to being an exclusive gambling hall, The Willows catered to men and women living in Reno's so-called "divorce colonies," where they had often moved from other states to secure a quick divorce.

A crowd gathers around the roulette table at The Willows (1931).

Gamblers place newly legal bets in 1931 with a crowd of onlookers.

(Photo's Permission Granted by: Nevada Historical Society)

For the Fiscal Year Ended June 30, 2016

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 23 are reported instead of the amounts disclosed in the original budget. The August 23, 2016 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, 2016 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, 2016	$ 851,140	$ 518,619	$ 1
Adjustments:			
Basis differences:			
Petty cash or outside bank accounts	5,673	145	-
Investments not recorded on the budgetary basis	11,889	-	-
Loans not recorded on the budgetary basis	-	-	94,240
Accrual of certain other receivables	242,056	8,124	1,086
Inventory	7,383	18,903	-
Advances to other funds	2,798	-	-
Accrual of certain accounts payable and other liabilities	(423,533)	(17,190)	-
Unearned revenues	(122,092)	-	-
Deferred inflows - unavailable	(194,972)	(2,642)	-
Encumbrances	7,413	5,017	-
Other	(3,018)	1,763	-
Perspective differences:			
Special revenue fund reclassified to General Fund for GAAP purposes	13,425	-	-
Fund balances (GAAP basis) June 30, 2016	$ 398,162	$ 532,739	$ 95,327

Total fund balance on the budgetary basis in the General Fund at June 30, 2016, 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)	$ 851,140
Restricted funds	(442,130)
Unrestricted fund balance (budgetary basis)	$ 409,010

For the Fiscal Year Ended June 30, 2016

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, 2015 (expressed in thousands):

	2015	2014
State's proportion of the net pension liability	16.4%	16.6%
State's proportionate share of the net pension liability	$ 1,879,626	$ 1,730,601
State's covered-employee payroll	$ 874,098	$ 872,316
State's proportionate share of the net pension liability as a percentage of its covered-employee payroll	215%	198%
Plan fiduciary net position as a percentage of the total pension liability	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):

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribtutions	$ 190,528	$ 176,579	$ 174,712	$ 162,484	$ 163,219	$ 160,959	$ 164,630	$ 153,768	$ 146,754	$ 136,270
Contributions in relation to the statutorialy required contribution	190,528	176,579	174,712	162,484	163,219	160,959	164,630	153,768	146,754	136,270
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	906,687	874,098	872,316	855,179	859,047	946,818	968,412	961,050	917,213	851,688
Contributions as a percentage of covered employee payroll	21%	20%	20%	19%	19%	17%	17%	16%	16%	16%

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, 2015 (expressed in thousands):

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

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

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

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

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

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

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

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

The State has adopted the modified approach for reporting infrastructure assets defined as a single roadway network that includes bridges. Bridges are not considered a subsystem as they are included in the cost of road construction. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. The single roadway network accounted for under the modified approach includes the combination of 5,400 centerline miles of roads and 1,160 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. The State realigned its goals to maintain a certain percentage of each category of its roadways. The realignment was based on the Pavement and Bridge Condition Notice of Proposed Rulemaking released by the Federal Highway Administration (FHWA). The new policy is to maintain each category with an IRI of 95 or less. The prior policy was to maintain each category with an IRI of 80 or less. Therefore, the first table shows the most current condition assessment under the new policy and the second table shows the condition assessment under the prior policy.

Condition Level of the Roadways

Percentage of roadways with an IRI of 95 or less

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

Condition Level of the Roadways

Percentage of roadways with an IRI of 80 or less

	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%
Actual results of 2012 condition assessment	84%	85%	84%	32%	9%

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 tables show the State's policy and the condition level of the roadways and bridges.

Condition Level of the Bridges

Percentage of substandard bridges

	2015	2014	2012
State Policy-maximum percentage	10%	10%	10%
Actual results condition assessment	4%	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)

	2016	2015	2014	2013	2012
Estimated	$ 306,532	$ 386,093	$ 433,338	$ 402,650	$ 322,210
Actual	295,244	329,677	360,904	325,313	304,333

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

Film crews document progress on the Boulder Dam construction in 1935.

(Photo's Permission Granted by: Nevada Historical Society)

Below earth and concrete, construction on Boulder Dam proceeds in 1932 with artificial light.

A construction worker bends over in the heat at the Boulder Dam site (1933).

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

Higher Education Capital Construction Accounts for the first $5,000,000 and 20% of the remaining annual slot machine tax, which is designated for capital construction and payment of principal and interest of construction bonds for higher education (NRS 463.385).

Cleaning Up Petroleum Discharges Accounts for fees collected and claims paid related to the use, storage or discharge of petroleum (NRS 590.830).

Hospital Care to Indigent Persons Accounts for taxes levied to provide care to indigent persons hospitalized from motor vehicle accidents, and for taxes received and payments to counties for supplemental medical assistance to indigent persons (NRS 428.175).

Tourism Promotion Accounts for room taxes and other monies designated for the support of the Commission on Tourism (NRS 231.250).

Offenders' Store Accounts for operations of the general merchandise stores and snack bars used by offenders. Earnings, except interest, must be expended for the welfare and benefit of all offenders (NRS 209.221).

Tobacco Settlement Accounts for proceeds from settlement agreements with and civil actions against manufacturers of tobacco products, forty percent of which is allocated to the Millennium Scholarship fund for the purpose of increasing the number of State residents who enroll in and attend a university or community college of the Nevada System of Higher Education (NRS 396.926), and sixty percent of which is allocated to the Healthy Nevada fund (NRS 439.620) for the purpose of assisting Nevada residents in obtaining and maintaining good health.

Attorney General Settlement Accounts for receipts from the National Mortgage Settlement for purposes of foreclosure relief and housing programs.

Gift Accounts for gifts and grants received by the Department of Conservation and Natural Resources (NRS 232.070), the Department of Wildlife (NRS 501.3585), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090), the Division of State Parks (NRS 407.075), the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960), and the Department of Health and Human Services (NRS 232.355).

Natural Resources Accounts for grants to publicly owned water systems for water conservation and capital improvements (NRS 349.952).

NV Real Property Corp General Fund Accounts for the general fund activity of the Nevada Real Property Corporation, a blended component unit incorporated to finance certain construction projects.

Miscellaneous Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); and the office of advocate for customers of public utilities (NRS 228.310). It also accounts for private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031; receipts for the care of sites for the disposal of radioactive waste (NRS 459.231); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215).

Nonmajor Debt Service Funds

Consolidated Bond Interest and Redemption Fund Accumulates monies for the payment of leases and of principal and interest on general obligation bonds of the State (NRS 349.090).

Highway Revenue Bonds Accumulates monies for the payment of principal and interest on highway revenue bonds of the State (NRS 349.300).

Nonmajor Capital Projects Funds

Parks Capital Project Construction Accounts for the parks improvements program for the Division of State Parks of the Department of Conservation and Natural Resources (NRS 407.065).

Capital Improvement Program - Motor Vehicle Accounts for capital improvement projects for the Department of Motor Vehicles and Public Safety (NRS 341.146).

Capital Improvement Program - Human Resources Accounts for capital improvement projects for the Department of Health and Human Services (NRS 341.146).

Capital Improvement Program - University System Accounts for capital improvement projects for the Nevada System of Higher Education (NRS 341.146).

Capital Improvement Program - General State Government Accounts for capital improvement projects for general government (NRS 341.146).

Capital Improvement Program - Prison System Accounts for capital improvement projects for the Department of Corrections (NRS 341.146).

Capital Improvement Program - Military Accounts for capital improvement projects for the Department of Military (NRS 341.146).

Capital Improvement Program - Wildlife Accounts for capital improvement projects for the Department of Wildlife (NRS 341.146).

Nonmajor Permanent Fund

Henry Wood Christmas Fund Accounts for the bequest of the late Henry Wood to provide Christmas gifts to orphans.

June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 200,542,267	$ 162,399,754	$ 35,887,006	$ 51,550	$ 398,880,577
Cash in custody of other officials	56,983,711	-	45,596,963	-	102,580,674
Investments	1,691,343	-	-	-	1,691,343
Receivables:					
Accounts receivable	54,406,393	-	-	-	54,406,393
Taxes receivable	902,970	-	-	-	902,970
Intergovernmental receivables	4,233,156	503,016	358,216	-	5,094,388
Accrued interest and dividends	2,208	1,351,771	-	-	1,353,979
Capital lease receivable	50,445,000	-	-	-	50,445,000
Due from other funds	17,256,685	608,483	4,175,683	163	22,041,014
Due from fiduciary funds	115,904	-	-	-	115,904
Inventory	390,592	-	-	-	390,592
Advances to other funds	-	602,546	-	-	602,546
Prepaid items	87,666	-	-	-	87,666
Total assets	$ 387,057,895	$ 165,465,570	$ 86,017,868	$ 51,713	$ 638,593,046
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 7,424,262	$ 24,822	$ 57,359	$ -	$ 7,506,443
Accrued payroll and related liabilities	3,469,524	-	-	-	3,469,524
Intergovernmental payables	1,415,558	-	17,456	-	1,433,014
Contracts payable	-	-	9,608,459	-	9,608,459
Retention payable	-	-	1,086,764	-	1,086,764
Due to other funds	23,619,076	1,204,507	1,458,462	254	26,282,299
Due to fiduciary funds	37,696	-	-	-	37,696
Due to component units	5,869,189	-	8,930,655	-	14,799,844
Unearned revenues	3,530,475	-	-	-	3,530,475
Other liabilities	3,500,336	-	-	-	3,500,336
Total liabilities	48,866,116	1,229,329	21,159,155	254	71,254,854
Deferred Inflows of Resources					
Unavailable revenue:					
Licenses, fees and permits	112	-	-	-	112
Sales and charges for services	9,748	-	-	-	9,748
Settlement income	19,450,184	-	-	-	19,450,184
Lease principal payments	50,445,000	-	-	-	50,445,000
Interest	106,523	97,798	2,281	31	206,633
Other	488,532	-	-	-	488,532
Total deferred inflows of resources	70,500,099	97,798	2,281	31	70,600,209
Fund Balances					
Nonspendable	478,258	-	-	30,000	508,258
Restricted	162,591,682	31,147,211	61,815,988	21,428	255,576,309
Committed	104,621,740	132,991,232	3,040,444	-	240,653,416
Total fund balances	267,691,680	164,138,443	64,856,432	51,428	496,737,983
Total liabilities, deferred inflows of resources and fund balances	$ 387,057,895	$ 165,465,570	$ 86,017,868	$ 51,713	$ 638,593,046

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

NEVADA

For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Henry Wood Christmas Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Gaming taxes, fees, licenses	$ 13,539,353	$ -	$ -	$ -	$ 13,539,353
Property and transfer taxes	13,116,511	144,906,302	-	-	158,022,813
Motor and special fuel taxes	-	68,527,281	-	-	68,527,281
Other taxes	204,958,682	-	-	-	204,958,682
Intergovernmental	83,490,466	74,201,814	1,023,752	-	158,716,032
Licenses, fees and permits	24,830,034	-	-	-	24,830,034
Sales and charges for services	18,720,384	501,955	-	-	19,222,339
Interest and investment income	1,923,220	1,196,433	46,554	544	3,166,751
Settlement income	39,370,381	-	-	-	39,370,381
Other	7,518,606	-	24,826	-	7,543,432
Total revenues	407,467,637	289,333,785	1,095,132	544	697,897,098
Expenditures					
Current:					
General government	30,777,919	368,230	-	-	31,146,149
Social services	92,547,808	-	-	-	92,547,808
Education - higher education	7,748,018	-	5,925,105	-	13,673,123
Law, justice and public safety	26,034,866	-	-	-	26,034,866
Regulation of business	21,765,522	-	-	-	21,765,522
Recreation, resource development	28,120,075	-	-	-	28,120,075
Capital outlay	-	-	43,534,357	-	43,534,357
Debt service:					
Principal	-	381,643,000	-	-	381,643,000
Interest, fiscal charges	325	89,798,513	-	-	89,798,838
Debt issuance costs	3,946	2,233,397	307,801	-	2,545,144
Total expenditures	206,998,479	474,043,140	49,767,263	-	730,808,882
Excess (deficiency) of revenues over expenditures	200,469,158	(184,709,355)	(48,672,131)	544	(32,911,784)
Other Financing Sources (Uses)					
Sale of general obligation bonds	870,000	-	56,960,000	-	57,830,000
Sale of general obligation refunding bonds	-	344,898,000	-	-	344,898,000
Premium on general obligation bonds	132,772	74,759,355	5,555,111	-	80,447,238
Payment to refunded bond agent	-	(417,422,263)	-	-	(417,422,263)
Sale of capital assets	8,982	-	-	-	8,982
Transfers in	18,956,229	197,411,923	10,206,144	-	226,574,296
Transfers out	(217,257,685)	(7,876)	(4,760,393)	(254)	(222,026,208)
Total other financing sources (uses)	(197,289,702)	199,639,139	67,960,862	(254)	70,310,045
Net change in fund balances	3,179,456	14,929,784	19,288,731	290	37,398,261
Fund balances, July 1	264,512,224	149,208,659	45,567,701	51,138	459,339,722
Fund balances, June 30	$ 267,691,680	$164,138,443	$ 64,856,432	$ 51,428	$ 496,737,983

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2016

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 16,252,476	$ -	$ 16,544,682	$ 4,960,295
Cash in custody of other officials	125	55,137,513	2,000	-
Investments	-	-	-	-
Receivables:				
Accounts receivable	5,441	33,118,848	728,947	-
Taxes receivable	396,745	-	-	1,717
Intergovernmental receivables	3,785,753	-	-	-
Accrued interest and dividends	-	-	-	-
Capital lease receivable	-	-	-	-
Due from other funds	1,230,186	29,775	180,808	8,581,594
Due from fiduciary funds	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	87,666	-
Total assets	$ 21,670,726	$ 88,286,136	$ 17,544,103	$ 13,543,606
Liabilities				
Accounts payable and accruals:				
Accounts payable	$ 1,642,697	$ -	$ 201,085	$ -
Accrued payroll and related liabilities	1,808,436	-	1,008,102	-
Intergovernmental payables	862,563	-	-	-
Due to other funds	4,329,486	1,325,455	220,561	7,680,379
Due to fiduciary funds	339	-	-	-
Due to component units	254,978	-	-	-
Unearned revenues	-	-	3,530,475	-
Other liabilities	-	-	-	-
Total liabilities	8,898,499	1,325,455	4,960,223	7,680,379
Deferred Inflows of Resources				
Unavailable revenue:				
Licenses, fees and permits	-	-	112	-
Sales and charges for services	-	-	9,748	-
Settlement income	-	-	-	-
Lease principal payments	-	-	-	-
Interest	7,425	5,633	4,816	-
Other	-	-	-	-
Total deferred inflows of resources	7,425	5,633	14,676	-
Fund Balances				
Nonspendable	-	-	87,666	-
Restricted	9,441,447	86,955,048	6,911,125	-
Committed	3,323,355	-	5,570,413	5,863,227
Total fund balances	12,764,802	86,955,048	12,569,204	5,863,227
Total liabilities, deferred inflows of resources and fund balances	$ 21,670,726	$ 88,286,136	$ 17,544,103	$ 13,543,606

Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement
$ 12,040,171	$ 17,789,432	$ 5,246,326	$ 10,813,574	$ 55,170,396	$ 22,461,877
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,121	961,358	19,450,184	-
-	503,174	1,334	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,894	2,199,869	4,225,950	56,959	433,553	189,734
-	-	-	88,813	-	-
-	-	-	225,713	-	-
-	-	-	-	-	-
$ 12,070,065	$ 20,492,475	$ 9,483,731	$ 12,146,417	$ 75,054,133	$ 22,651,611
$ 19,577	$ -	$ 3,353,438	$ 231,510	$ 494,894	$ 881,095
-	-	129,821	245,124	21,025	63,162
-	-	294,953	180	66,777	-
4,489,590	-	145,854	375,938	3,538,318	292,513
-	-	-	37,357	-	-
-	-	-	-	79,937	-
-	-	-	-	-	-
-	-	-	-	-	-
4,509,167	-	3,924,066	890,109	4,200,951	1,236,770
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,450,184	-
-	-	-	-	-	-
5,655	11,485	92	10,606	31,508	14,144
-	-	-	488,532	-	-
5,655	11,485	92	499,138	19,481,692	14,144
-	-	-	225,713	-	-
-	-	-	10,531,457	-	21,400,697
7,555,243	20,480,990	5,559,573	-	51,371,490	-
7,555,243	20,480,990	5,559,573	10,757,170	51,371,490	21,400,697
$ 12,070,065	$ 20,492,475	$ 9,483,731	$ 12,146,417	$ 75,054,133	$ 22,651,611

	Gift	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 2,569,372	$ 9,506,800	$ 603,221	$ 26,583,645	$ 200,542,267
Cash in custody of other officials	16,482	-	1,735,598	91,993	56,983,711
Investments	302,208	-	-	1,389,135	1,691,343
Receivables:					
Accounts receivable	19,480	-	-	112,014	54,406,393
Taxes receivable	-	-	-	-	902,970
Intergovernmental receivables	-	625	-	446,778	4,233,156
Accrued interest and dividends	2,208	-	-	-	2,208
Capital lease receivable	-	-	50,445,000	-	50,445,000
Due from other funds	7,861	30,460	1,180	58,862	17,256,685
Due from fiduciary funds	-	-	-	27,091	115,904
Inventory	-	-	-	164,879	390,592
Prepaid items	-	-	-	-	87,666
Total assets	$ 2,917,611	$ 9,537,885	$ 52,784,999	$ 28,874,397	$ 387,057,895
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 14,300	$ 14,494	$ 775	$ 570,397	$ 7,424,262
Accrued payroll and related liabilities	-	-	-	193,854	3,469,524
Intergovernmental payables	-	176,301	-	14,784	1,415,558
Due to other funds	11,048	742,179	-	467,755	23,619,076
Due to fiduciary funds	-	-	-	-	37,696
Due to component units	-	-	-	5,534,274	5,869,189
Unearned revenues	-	-	-	-	3,530,475
Other liabilities	-	-	-	3,500,336	3,500,336
Total liabilities	25,348	932,974	775	10,281,400	48,866,116
Deferred Inflows of Resources					
Unavailable revenue:					
Licenses, fees and permits	-	-	-	-	112
Sales and charges for services	-	-	-	-	9,748
Settlement income	-	-	-	-	19,450,184
Lease principal payments	-	-	50,445,000	-	50,445,000
Interest	1,440	5,762	223	7,734	106,523
Other	-	-	-	-	488,532
Total deferred inflows of resources	1,440	5,762	50,445,223	7,734	70,500,099
Fund Balances					
Nonspendable	-	-	-	164,879	478,258
Restricted	2,461,801	8,599,149	2,339,001	13,951,957	162,591,682
Committed	429,022	-	-	4,468,427	104,621,740
Total fund balances	2,890,823	8,599,149	2,339,001	18,585,263	267,691,680
Total liabilities, deferred inflows of resources and fund balances	$ 2,917,611	$ 9,537,885	$ 52,784,999	$ 28,874,397	$ 387,057,895

An ox wagon leads parade for graduates of Churchill County High School in Fallon, NV.

(Photo's Permission Granted by: Nevada Historical Society)

An agricultural stronghold, Fallon quickly grew from its establishment in 1896 into one of Nevada's largest towns by the 1930s.

Churchill County High School in 1930. The building remains in use today as Churchill County Middle School.

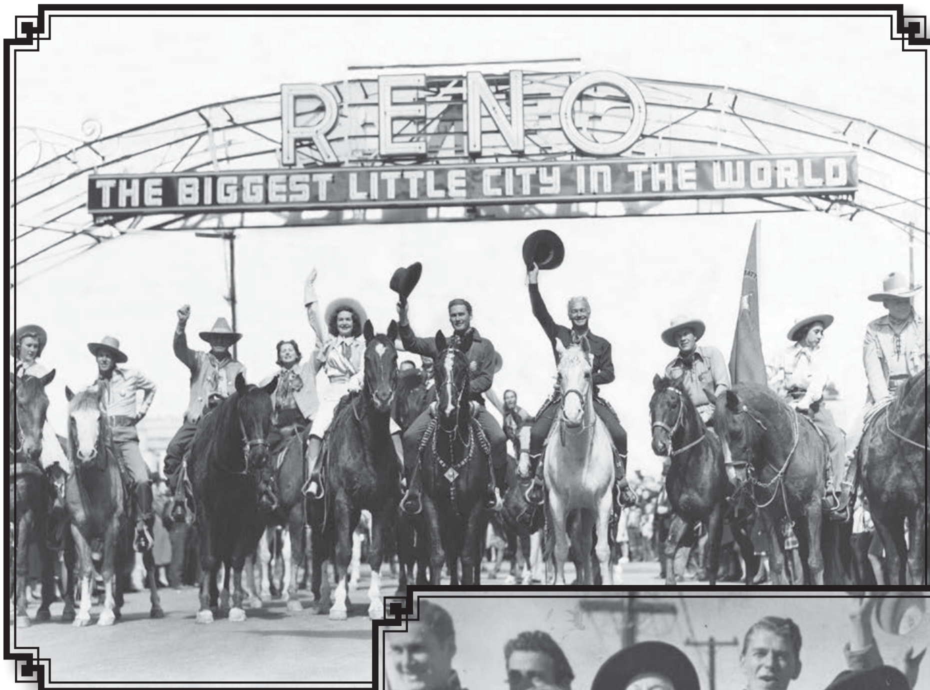
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2016

	Employment Security	Unemployment Comp Bond Fund	Regulatory	Higher Education Capital Construction
Revenues				
Gaming taxes, fees, licenses	$ -	$ -	$ -	$ 13,539,353
Property and transfer taxes	-	-	-	-
Other taxes	12,735,103	152,796,811	42,410	-
Intergovernmental	64,122,173	-	625,508	-
Licenses, fees and permits	459,718	-	20,216,224	-
Sales and charges for services	686,471	-	4,203	-
Interest and investment income	135,444	40,604	84,507	-
Settlement income	-	-	-	-
Other	5,010	-	886,839	-
Total revenues	78,143,919	152,837,415	21,859,691	13,539,353
Expenditures				
Current:				
General government	-	-	-	-
Social services	83,654,633	-	-	-
Education - higher education	-	-	-	-
Law, justice and public safety	-	-	-	-
Regulation of business	-	-	20,786,365	-
Recreation, resource development	-	-	-	-
Debt service:				
Interest	-	-	-	325
Debt issuance costs	-	-	-	-
Total expenditures	83,654,633	-	20,786,365	325
Excess (deficiency) of revenues over expenditures	(5,510,714)	152,837,415	1,073,326	13,539,028
Other Financing Sources (Uses)				
Sale of general obligation bonds	-	-	-	-
Premium on general obligation bonds	-	-	-	-
Sale of capital assets	4,557	-	4,425	-
Transfers in	10,098,640	-	223,028	-
Transfers out	(2,374,273)	(150,299,030)	(479,978)	(11,691,500)
Total other financing sources (uses)	7,728,924	(150,299,030)	(252,525)	(11,691,500)
Net change in fund balances	2,218,210	2,538,385	820,801	1,847,528
Fund balances, July 1	10,546,592	84,416,663	11,748,403	4,015,699
Fund balances, June 30	$ 12,764,802	$ 86,955,048	$ 12,569,204	$ 5,863,227

	Cleaning Up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Tobacco Settlement	Attorney General Settlement
	$ -	$ -	$ -	$ -	$ -	$ -
	-	13,116,511	-	-	-	-
	13,280,898	-	22,584,988	-	-	-
	-	16,282,421	-	-	-	-
	404,100	-	36,580	-	-	-
	-	-	-	17,356,849	-	-
	109,010	139,688	1,273	157,041	551,509	253,707
	-	-	-	-	39,370,381	-
	-	-	5,994	10,874	9,536	-
	13,794,008	29,538,620	22,628,835	17,524,764	39,931,426	253,707
	-	-	-	-	30,715,252	-
	-	59,999	-	-	8,765,440	-
	-	-	-	-	-	-
	-	-	-	12,981,176	-	3,800,079
	-	-	-	-	-	-
	7,931,518	-	17,575,679	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	7,931,518	59,999	17,575,679	12,981,176	39,480,692	3,800,079
	5,862,490	29,478,621	5,053,156	4,543,588	450,734	(3,546,372)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	7,924,804	114,831
	(5,801,551)	(12,606,535)	(4,549,769)	(1,989,391)	(20,001,421)	(1,332,906)
	(5,801,551)	(12,606,535)	(4,549,769)	(1,989,391)	(12,076,617)	(1,218,075)
	60,939	16,872,086	503,387	2,554,197	(11,625,883)	(4,764,447)
	7,494,304	3,608,904	5,056,186	8,202,973	62,997,373	26,165,144
	$ 7,555,243	$ 20,480,990	$ 5,559,573	$ 10,757,170	$ 51,371,490	$ 21,400,697

	Gift	Natural Resources	NV Real Property Corp General Fund	Miscellaneous	Total Nonmajor Special Revenue Funds
Revenues					
Gaming taxes, fees, licenses	$ -	$ -	$ -	$ -	$ 13,539,353
Property and transfer taxes	-	-	-	-	13,116,511
Other taxes	-	-	-	3,518,472	204,958,682
Intergovernmental	-	11,364	-	2,449,000	83,490,466
Licenses, fees and permits	-	-	-	3,713,412	24,830,034
Sales and charges for services	-	-	-	672,861	18,720,384
Interest and investment income	80,157	103,800	12,824	253,656	1,923,220
Settlement income	-	-	-	-	39,370,381
Other	439,744	-	4,326,113	1,834,496	7,518,606
Total revenues	519,901	115,164	4,338,937	12,441,897	407,467,637
Expenditures					
Current:					
General government	59,177	-	3,490	-	30,777,919
Social services	54,605	-	-	13,131	92,547,808
Education - higher education	-	-	7,748,018	-	7,748,018
Law, justice and public safety	-	-	-	9,253,611	26,034,866
Regulation of business	-	-	-	979,157	21,765,522
Recreation, resource development	234,908	2,377,970	-	-	28,120,075
Debt service:					
Interest	-	-	-	-	325
Debt issuance costs	-	3,946	-	-	3,946
Total expenditures	348,690	2,381,916	7,751,508	10,245,899	206,998,479
Excess (deficiency) of revenues over expenditures	171,211	(2,266,752)	(3,412,571)	2,195,998	200,469,158
Other Financing Sources (Uses)					
Sale of general obligation bonds	-	870,000	-	-	870,000
Premium on general obligation bonds	-	132,772	-	-	132,772
Sale of capital assets	-	-	-	-	8,982
Transfers in	254	7,876	-	586,796	18,956,229
Transfers out	(9,585)	(333,434)	(5,614,156)	(174,156)	(217,257,685)
Total other financing sources (uses)	(9,331)	677,214	(5,614,156)	412,640	(197,289,702)
Net change in fund balances	161,880	(1,589,538)	(9,026,727)	2,608,638	3,179,456
Fund balances, July 1	2,728,943	10,188,687	11,365,728	15,976,625	264,512,224
Fund balances, June 30	$ 2,890,823	$ 8,599,149	$ 2,339,001	$ 18,585,263	$ 267,691,680

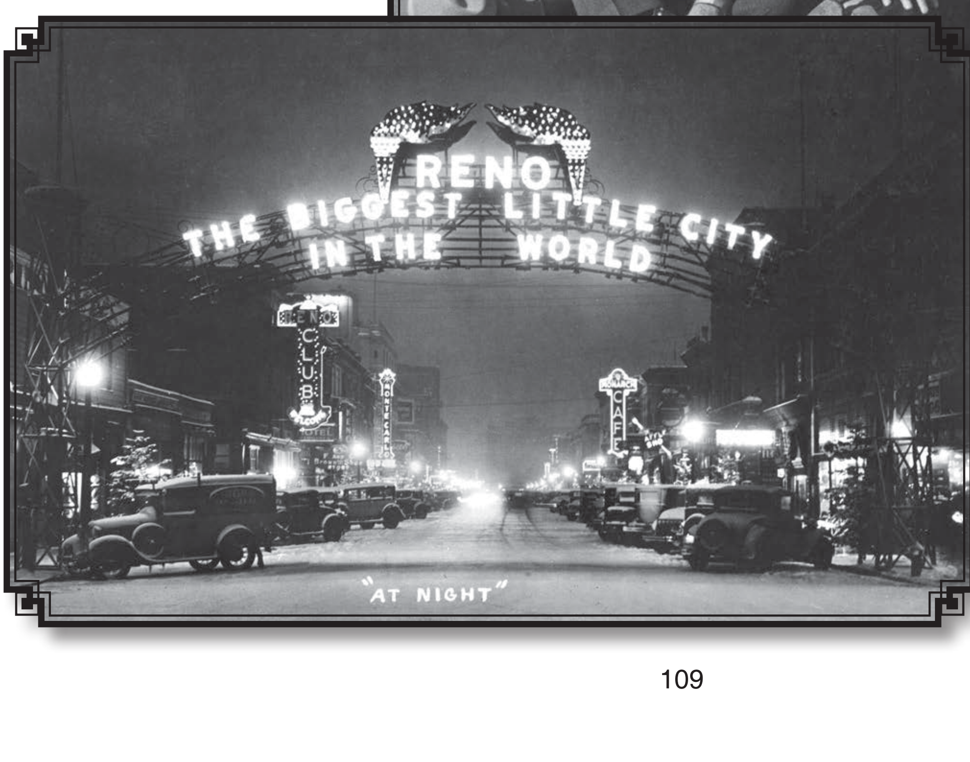


Actors on horseback under the Reno Arch for the March premiere of the film Virginia City.

(Photo's Permission Granted by: Nevada Historical Society)

Actors at premier of the movie, Virginia City.

Errol Flynn, Miriam Hopkins, Randolf Scott and Humphrey Bogart had leading roles.



The Reno Arch on Virginia Street lit at night during the 1930s.

Combining Balance Sheet
Other Nonmajor Governmental Funds

June 30, 2016

	Debt Service Funds			Capital Projects Funds	
	Consolidated Bond Interest and Redemption	Highway Revenue Bonds	Total	Parks Capital Project Construction	CIP Motor Vehicle
Assets					
Cash and pooled investments:					
Cash with treasurer	$ 131,252,543	$ 31,147,211	$ 162,399,754	$ 10	$ 190,577
Cash in custody of other officials	-	-	-	-	15,677,626
Receivables:					
Intergovernmental receivables	503,016	-	503,016	-	-
Accrued interest and dividends	1,351,771	-	1,351,771	-	-
Due from other funds	608,483	-	608,483	4	25,877
Advances to other funds	602,546	-	602,546	-	-
Total assets	$ 134,318,359	$ 31,147,211	$ 165,465,570	$ 14	$ 15,894,080
Liabilities					
Accounts payable and accruals:					
Accounts payable	$ 24,822	$ -	$ 24,822	$ 6	$ 3,495
Intergovernmental payables	-	-	-	-	-
Contracts payable	-	-	-	-	3,756,143
Retentions payable	-	-	-	-	447,429
Due to other funds	1,204,507	-	1,204,507	-	25,200
Due to component units	-	-	-	-	-
Total liabilities	1,229,329	-	1,229,329	6	4,232,267
Deferred Inflows of Resources					
Unavailable revenue:					
Interest	97,798	-	97,798	-	-
Total deferred inflows of resources	97,798	-	97,798	-	-
Fund Balances					
Restricted	-	31,147,211	31,147,211	-	11,863,301
Committed	132,991,232	-	132,991,232	8	(201,488)
Total fund balances	132,991,232	31,147,211	164,138,443	8	11,661,813
Total liabilities, deferred inflows of resources and fund balances	$ 134,318,359	$ 31,147,211	$ 165,465,570	$ 14	$ 15,894,080

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
$ 8,675,595	$ 10,108,556	$ 12,930,882	$ 3,828,790	$ 152,596	$ -	$ 35,887,006
-	-	-	-	-	29,919,337	45,596,963
-	-	-	346,530	11,686	-	358,216
-	-	-	-	-	-	-
3,419,219	393,676	164,578	82,594	89,735	-	4,175,683
-	-	-	-	-	-	-
$ 12,094,814	$ 10,502,232	$ 13,095,460	$ 4,257,914	$ 254,017	$ 29,919,337	$ 86,017,868
$ 1,459	$ 14,659	$ 23,658	$ 5,646	$ 8,436	$ -	$ 57,359
-	-	-	-	17,456	-	17,456
2,886,996	1,123,191	1,328,933	459,543	53,653	-	9,608,459
273,423	100,185	238,464	27,263	-	-	1,086,764
-	83,198	12,517	15,142	26,901	1,295,504	1,458,462
8,930,655	-	-	-	-	-	8,930,655
12,092,533	1,321,233	1,603,572	507,594	106,446	1,295,504	21,159,155
2,281	-	-	-	-	-	2,281
2,281	-	-	-	-	-	2,281
-	6,851,672	11,370,543	2,959,068	147,571	28,623,833	61,815,988
-	2,329,327	121,345	791,252	-	-	3,040,444
-	9,180,999	11,491,888	3,750,320	147,571	28,623,833	64,856,432
$ 12,094,814	$ 10,502,232	$ 13,095,460	$ 4,257,914	$ 254,017	$ 29,919,337	$ 86,017,868

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

For the Fiscal Year Ended June 30, 2016

	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	$ 144,906,302	$ -	$ 144,906,302	$ -	$ -
Motor and special fuel taxes	-	68,527,281	68,527,281	-	-
Intergovernmental	74,201,814	-	74,201,814	-	-
Sales and charges for services	501,955	-	501,955	-	-
Interest and investment income	1,196,433	-	1,196,433	11	16,443
Other	-	-	-	-	-
Total revenues	220,806,504	68,527,281	289,333,785	11	16,443
Expenditures					
Current:					
General government	368,230	-	368,230	-	-
Education - higher education	-	-	-	-	-
Capital outlay	-	-	-	116,577	11,730,774
Debt service:					
Principal	336,043,000	45,600,000	381,643,000	-	-
Interest	69,546,150	20,252,363	89,798,513	-	-
Debt issuance costs	1,454,419	778,978	2,233,397	-	123,994
Total expenditures	407,411,799	66,631,341	474,043,140	116,577	11,854,768
Excess (deficiency) of revenues over expenditures	(186,605,295)	1,895,940	(184,709,355)	(116,566)	(11,838,325)
Other Financing Sources (Uses)					
Sale of general obligation bonds	-	-	-	-	20,790,000
Sale of general obligation refunding bonds	219,783,000	125,115,000	344,898,000	-	-
Premium on general obligation bonds	44,591,592	30,167,763	74,759,355	-	2,285,551
Payment to refunded bond agent	(262,918,478)	(154,503,785)	(417,422,263)	-	-
Transfers in	197,411,923	-	197,411,923	116,574	253,960
Transfers out	(7,876)	-	(7,876)	-	-
Total other financing sources (uses)	198,860,161	778,978	199,639,139	116,574	23,329,511
Net change in fund balances	12,254,866	2,674,918	14,929,784	8	11,491,186
Fund balances, July 1	120,736,366	28,472,293	149,208,659	-	170,627
Fund balances, June 30	$ 132,991,232	$ 31,147,211	$ 164,138,443	$ 8	$ 11,661,813

CIP University System	CIP General State Government	CIP Prison System	CIP Military	CIP Wildlife	CIP Bond Proceeds	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	908,437	115,315	-	1,023,752
-	-	-	-	-	-	-
-	-	-	-	-	30,100	46,554
-	14,092	10,734	-	-	-	24,826
-	14,092	10,734	908,437	115,315	30,100	1,095,132
-	-	-	-	-	-	-
-	-	-	-	-	5,925,105	5,925,105
-	15,197,582	10,530,876	4,129,633	1,828,915	-	43,534,357
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	183,807	307,801
-	15,197,582	10,530,876	4,129,633	1,828,915	6,108,912	49,767,263
-	(15,183,490)	(10,520,142)	(3,221,196)	(1,713,600)	(6,078,812)	(48,672,131)
-	-	-	-	-	36,170,000	56,960,000
-	-	-	-	-	-	-
-	-	-	-	-	3,269,560	5,555,111
-	-	-	-	-	-	-
-	5,491,676	2,233,328	419,918	1,690,688	-	10,206,144
-	(6,418)	(10,000)	(7,060)	-	(4,736,915)	(4,760,393)
-	5,485,258	2,223,328	412,858	1,690,688	34,702,645	67,960,862
-	(9,698,232)	(8,296,814)	(2,808,338)	(22,912)	28,623,833	19,288,731
-	18,879,231	19,788,702	6,558,658	170,483	-	45,567,701
$ -	$ 9,180,999	$ 11,491,888	$ 3,750,320	$ 147,571	$ 28,623,833	$ 64,856,432

Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis
All General Fund Budgets

	Final Budget	Actual	Variance
General Fund Unbudgeted Activity/Refunds	$ -	$ 2,751,050	$ (2,751,050)
Elected Officials			
Office of the Governor	2,425,733	2,394,867	30,866
Governor's Mansion Maintenance	326,151	301,943	24,208
Science Innovation and Technology	2,008,935	1,890,002	118,933
Construction Education Account	331,551	259,196	72,355
Commission for Women	1,504	356	1,148
Budget and Planning	3,546,921	3,447,363	99,558
Internal Audit	1,464,382	1,346,815	117,567
Graffiti Reward Fund	16,521	-	16,521
Governor's Washington Office	259,433	259,433	-
Ethics Commission	897,671	742,446	155,225
High Level Nuclear Waste	1,577,395	1,504,542	72,853
Governor's Office Energy Conservation	2,109,736	1,658,969	450,767
Renewable Energy/Energy Efficiency Loan Program	465,506	45,761	419,745
Renewable Energy Account	12,252,463	2,743,971	9,508,492
WICHE Loan and Stipend	1,393,607	1,367,654	25,953
WICHE Administration	350,165	336,173	13,992
Lieutenant Governor	551,888	531,580	20,308
Attorney General Administrative Account	31,899,557	28,543,023	3,356,534
Attorney General Extradition Coordinator	678,660	528,804	149,856
Special Litigation Fund	3,216,706	1,833,844	1,382,862
Attorney General Workers' Compensation Fraud	4,229,738	3,599,882	629,856
Attorney General Crime Prevention	370,517	313,567	56,950
Attorney General Medicaid Fraud	4,006,545	2,143,402	1,863,143
Attorney General Violence Against Women Grants	5,684,741	2,610,164	3,074,577
Attorney General Council For Prosecuting Attorneys	378,634	167,994	210,640
Attorney General Victims of Domestic Violence	486,202	327,232	158,970
Attorney General Forfeiture	366,565	86,673	279,892
Private Investigators Licensing Board	1,803,014	1,391,503	411,511
Secretary of State	16,855,642	15,363,538	1,492,104
Secretary of State HAVA Elections Account	1,602,736	721,840	880,896
Secretary of State Advisory Committee Gift	61	-	61
Secretary of State Notary Training	396,421	91,689	304,732
Securities Forfeiture Account	179,340	79,808	99,532
State Treasurer	2,997,695	2,635,548	362,147
Silicosis and Disabled Pensions	74,088	35,429	38,659
Nevada College Savings Trust	3,917,040	3,810,174	106,866
Endowment Account	11,412,142	6,037,014	5,375,128
College Savings Private Entity	83,419	-	83,419
Unclaimed Property	2,405,562	1,926,916	478,646
Controller's Office	7,344,186	5,562,085	1,782,101
Debt Recovery	1,944,890	113,359	1,831,531
	132,313,663	96,754,559	35,559,104
Legislative–Judicial			
Judicial Branch			
Administrative Office of the Courts	5,503,730	3,283,884	2,219,846
Judicial Programs and Services Division	1,207,005	1,048,485	158,520
Uniform System of Judicial Records	3,308,904	1,063,781	2,245,123
Judicial Education	1,623,884	929,558	694,326
Court of Appeals	2,205,302	2,044,015	161,287
State Judicial Elected Officials	21,740,081	21,731,629	8,452
Judicial Support, Governance and Special Events	1,018,951	206,518	812,433
Judicial Retirement System State Share	1,815,862	1,815,862	-
Supreme Court	10,865,872	10,298,549	567,323
Specialty Courts	9,877,179	6,452,617	3,424,562
Senior Justice and Senior Judge Program	1,495,263	1,368,183	127,080
Judicial Selection	15,349	1,614	13,735
Foreclosure Mediation Program	2,562,256	1,528,441	1,033,815
Law Library Gift Fund	75,890	5,146	70,744
Law Library	1,745,869	1,629,351	116,518
Judicial Discipline	872,166	703,308	168,858
Legislative Branch			
Interim Finance Committee	39,956,751	10,341,680	29,615,071
Disaster Relief	6,755,754	27,952	6,727,802
So Nevada Community Project Fund	6,321	-	6,321
	112,652,389	64,480,573	48,171,816

	Final Budget	Actual	Variance
Finance and Administration			
Department of Administration			
Director's Office	$ 692,335	$ 583,719	$ 108,616
Grants Office	384,442	328,289	56,153
State Archives	1,559,116	1,500,136	58,980
NSLA - IPS Equipment/Software	36,452	3,047	33,405
Nevada State Library	4,538,915	4,010,756	528,159
Nevada State Library - CLAN	497,441	312,568	184,873
Special Appropriations	5,402,456	5,402,456	-
Judicial College/Juvenile and Family Justice	130,430	130,430	-
Merit Award Board	1,100	636	464
Roof Maintenance Reserve	721,787	62,500	659,287
Public Works Division Administration	963,421	931,125	32,296
Public Works Division	340,338	288,664	51,674
Public Works Inspection	5,389,532	4,039,442	1,350,090
Public Works Retention Payment	2,320	530	1,790
Building Official Admin	3,282,720	1,142,575	2,140,145
State Unemployment Compensation	3,590,030	1,344,955	2,245,075
Hearings and Appeals	4,906,883	4,590,927	315,956
General Fund Salary Adjustment	9,032,440	4,540,568	4,491,872
Stale Claims	3,944,443	1,960,720	1,983,723
Emergency Fund	279,841	-	279,841
Statutory Contingency	2,638,929	966,177	1,672,752
Department of Taxation			
Department of Taxation	33,944,914	28,353,043	5,591,871
	82,280,285	60,493,263	21,787,022
Education K-12			
Department of Education			
Distributive School Account	1,465,389,595	1,461,991,283	3,398,312
Educator Effectiveness	15,561,173	9,243,584	6,317,589
School Remediation	161,428,156	152,308,841	9,119,315
State Supplemental School Support	171,114,637	167,351,188	3,763,449
Office of the Superintendent	1,439,359	1,359,110	80,249
Educational Trust Fund	614,380	12,055	602,325
Career and Technical Education	11,094,684	9,074,782	2,019,902
Gear Up	7,126,614	4,194,046	2,932,568
Gear Up Scholarship Trust	8,771,555	1,137,428	7,634,127
Continuing Education	7,601,019	6,388,444	1,212,575
Assessments and Accountability	23,739,785	20,437,234	3,302,551
Other State Education Programs	70,626,686	63,402,669	7,224,017
Account for Health Education of Minors	553	-	553
Education Technology Trust	1,100	-	1,100
Educator Licensure	3,580,197	1,564,618	2,015,579
Parent Involve & Family Engage	215,867	166,468	49,399
Public Charter School Loan Program	640,112	-	640,112
Office of Early Learning & Development	22,452,459	10,128,078	12,324,381
Student and School Support	213,178,804	146,243,697	66,935,107
Literacy Programs	14,824,056	12,256,824	2,567,232
Individuals with Disabilities (IDEA)	83,136,843	66,726,390	16,410,453
District Support Services	1,344,046	1,289,964	54,082
Department Support Services	4,680,866	2,379,183	2,301,683
Incentives for Licensed Educational Personnel	2,000,000	1,033,874	966,126
Student Indemnification Account	483,217	-	483,217
Professional Development Program	12,447,381	11,857,161	590,220
Account for Alternative Schools	2,930,546	37,850	2,892,696
Achievement School District	154,660	28,711	125,949
Standards and Instructional Support	4,478,055	2,393,917	2,084,138
Anti-Bullying Gift Fund	90,810	34,799	56,011
Data Systems Management	4,457,406	4,223,037	234,369
Teacher's School Supplies Reimbursement	2,500,117	1,941,139	558,978
Teach NV Scholarship Prograrm	2,500,000	2,125,116	374,884
State Public Charter School Authority	9,758,135	6,391,782	3,366,353
Commission on Postsecondary Education	406,134	386,501	19,633
	2,330,769,007	2,168,109,773	162,659,234

	Final Budget	Actual	Variance
Higher Education			
Nevada System of Higher Education			
Special Projects	$ 3,808,869	$ 1,229,364	$ 2,579,505
Education for Dependent Children	45,571	300	45,271
University of Nevada, Reno	201,422,108	201,422,106	2
School of Medical Sciences	40,488,166	40,144,638	343,528
Intercollegiate Athletics - UNR	5,194,287	5,194,121	166
Statewide Programs - UNR	8,128,782	8,127,971	811
University System Administration	4,756,910	4,707,449	49,461
University of Nevada, Las Vegas	262,353,739	261,736,716	617,023
Intercollegiate Athletics - UNLV	7,334,607	7,334,607	-
Agricultural Experiment Station	6,840,431	6,840,431	-
Cooperative Extension Service	5,651,647	5,521,541	130,106
System Computing Center	17,521,825	17,521,825	-
UNLV Law School	13,945,858	13,940,603	5,255
National Direct Student Loan Program	35,793	35,793	-
University Press	422,431	422,404	27
Statewide Programs - UNLV	3,500,972	3,449,855	51,117
Business Center North	1,947,944	1,947,903	41
Business Center South	1,737,011	1,737,011	-
Anatomical Gift Account	386,385	30,000	356,385
UNLV Dental School	16,894,858	16,521,334	373,524
UNLV School of Medicine	7,097,569	7,097,569	-
Collegiate License Plate Account	730,657	599,329	131,328
Nevada State College at Henderson	21,206,332	21,071,129	135,203
College of Southern Nevada	134,255,069	131,902,715	2,352,354
NSHE Performance Funding Pool	318,456	-	318,456
Laboratory and Research	1,576,133	1,576,133	-
Silver State Opportunity Grant	2,500,000	2,500,000	-
Great Basin College	16,230,247	16,046,295	183,952
Desert Research Institute	7,517,002	7,517,002	-
Western Nevada College	17,853,177	17,847,826	5,351
Truckee Meadows Community College	43,452,657	43,400,529	52,128
	855,155,493	847,424,499	7,730,994
Human Services			
Director's Office			
Administration	1,685,339	1,641,167	44,172
Grants Management Unit	27,529,963	26,641,513	888,450
Prevention/Treatment of Problem Gambling	1,675,746	1,153,094	522,652
IDEA Part C Compliance	3,997,130	3,747,898	249,232
Developmental Disabilities	640,377	571,936	68,441
Victims of Human Trafficking	49,796	3,650	46,146
Public Defender	3,311,908	3,208,651	103,257
Consumer Health Assistance	1,319,781	1,158,519	161,262
DHR Children's Trust Account	1,017,274	559,965	457,309
UPL Holding Account	6,694,286	5,181,708	1,512,578
Aging and Disability Services Division			
Early Intervention Services	35,895,441	35,531,716	363,725
Family Preservation Program	2,836,416	2,821,830	14,586
Rural Regional Center	16,914,201	15,968,838	945,363
Desert Regional Center	110,176,789	105,214,879	4,961,910
Sierra Regional Center	39,642,312	38,601,996	1,040,316
Aging Federal Programs and Administration	32,921,092	25,564,167	7,356,925
Senior Tax Assistance Rebate	104,890	44,298	60,592
Disability Services	38,746,664	31,614,311	7,132,353
Division of Health Care Financing and Policy			
Intergovernmental Transfer Program	225,611,798	164,136,227	61,475,571
Health Care Financing and Policy	171,708,477	151,761,311	19,947,166
Increased Quality of Nursing Care	31,953,931	31,035,646	918,285
Nevada Check-Up Program	45,314,152	44,455,764	858,388
Nevada Medicaid	3,347,086,782	3,226,886,021	120,200,761

	Final Budget	Actual	Variance
Division of Public and Behavioral Health			
Radiation Control Program	$ 5,091,180	$ 2,824,089	$ 2,267,091
Cancer Control Registry	1,180,903	819,282	361,621
Behavioral Health Prevention & Treatment	37,083,197	26,688,981	10,394,216
Health Statistics and Planning	2,866,267	1,438,891	1,427,376
Consumer Protection	2,443,208	1,558,764	884,444
So NV Adult Mental Health Services	86,157,049	74,415,622	11,741,427
No NV Adult Mental Health Services	30,541,256	28,712,788	1,828,468
Behavioral Health Administration	3,650,968	3,464,576	186,392
Facility for the Mental Offender	11,590,712	11,137,965	452,747
Alcohol Tax Program	1,486,867	1,233,688	253,179
Rural Clinics	14,439,851	12,933,621	1,506,230
Immunization Program	9,629,740	7,424,469	2,205,271
Marijuana Health Registry	2,582,974	1,199,154	1,383,820
WIC Food Supplement	75,656,578	62,998,168	12,658,410
Communicable Diseases	24,356,684	20,921,359	3,435,325
Health Care Facility Reg	19,813,192	9,333,959	10,479,233
Health Facilities-Admin Penalty	143,556	11,207	132,349
Public Health Preparedness Program	13,624,005	11,280,040	2,343,965
Biostatistics and Epidemiology	6,454,967	5,396,574	1,058,393
Chronic Disease	8,896,409	7,604,853	1,291,556
Maternal Child Health Services	12,132,515	10,427,306	1,705,209
Office of State Health Administration	10,466,394	7,927,698	2,538,696
Community Health Services	3,943,967	2,991,540	952,427
Emergency Medical Services	1,086,551	819,050	267,501
Child Care Services	1,674,858	1,292,342	382,516
Division of Welfare and Supportive Services			
Welfare Administration	51,798,807	48,667,220	3,131,587
Temp Assistance for Needy Families	47,444,983	43,924,046	3,520,937
Assistance to Aged and Blind	9,662,136	9,624,085	38,051
Welfare Field Services	111,605,244	106,092,919	5,512,325
Child Support Enforcement Program	23,300,842	14,797,098	8,503,744
Child Support Federal Reimbursement	25,955,041	23,340,393	2,614,648
Child Care Assistance and Development	43,213,427	40,328,964	2,884,463
Energy Assistance - Welfare	24,402,584	21,775,618	2,626,966
Medical Marijuana Establishments	5,634,792	1,866,635	3,768,157
Division of Child and Family Services			
Community Juvenile Justice Programs	4,012,051	2,961,478	1,050,573
Washoe County Integration	33,284,865	33,249,054	35,811
Clark County Child Welfare	103,812,564	102,780,458	1,032,106
UNITY/SACWIS	6,036,863	5,692,395	344,468
Children, Youth and Family Administration	23,444,972	19,921,420	3,523,552
Youth Alternative Placement	4,191,465	4,191,465	-
Juvenile Correctional Facility	7,577,299	6,727,396	849,903
Caliente Youth Center	8,696,241	8,205,899	490,342
Victims of Domestic Violence	3,327,530	2,801,675	525,855
Rural Child Welfare	20,083,962	17,853,623	2,230,339
Transition from Foster Care	2,469,738	813,682	1,656,056
Review of Death of Children	450,289	93,806	356,483
Nevada Youth Training Center	7,678,509	6,992,688	685,821
Youth Parole Services	5,949,715	5,688,482	261,233
Farm Account - Youth Training Center	11,650	-	11,650
No NV Child and Adolescent Services	9,101,094	8,462,066	639,028
So NV Child and Adolescent Services	30,139,719	25,964,191	4,175,528
Department of Employment, Training and Rehabilitation			
Blind Business Enterprise Program	5,907,232	2,285,384	3,621,848
Services to the Blind	4,158,939	3,612,418	546,521
Vocational Rehabilitation	19,284,129	15,850,463	3,433,666
Rehabilitation Administration	1,379,311	1,094,151	285,160
Disability Adjudication	18,463,815	14,658,842	3,804,973
Office of Equal Rights	1,556,677	1,391,511	165,166
NV P20 Workforce Reporting	1,148,565	847,467	301,098

	Final Budget	Actual	Variance
DETR Administrative Services	$ 5,665,016	$ 4,940,237	$ 724,779
Research and Analysis	3,108,944	2,706,385	402,559
Information Develoment and Processing	12,611,698	10,125,008	2,486,690
	5,220,399,101	4,852,689,713	367,709,388
Commerce and Industry			
Office of Economic Development			
Governor's Office of Economic Development	14,417,957	8,959,699	5,458,258
WINN	2,504,167	-	2,504,167
Motion Pictures	902,791	664,718	238,073
Rural Community Development	3,321,658	3,270,878	50,780
NV SSBCI Program	8,709,709	1,041,233	7,668,476
Nevada Catalyst Fund	10,360,476	2,489,900	7,870,576
GOED Nevada Knowledge Fund	11,159,102	3,697,962	7,461,140
Small Business and Procurement	722,495	655,906	66,589
Commission on Mineral Resources			
Minerals	2,969,123	1,907,836	1,061,287
Bond Reclamation	4,924,075	391,877	4,532,198
Department of Agriculture			
Nevada Beef Council	240,717	210,852	29,865
Commodity Food Program	19,012,074	15,359,633	3,652,441
Nutrition Education Programs	175,291,850	161,799,438	13,492,412
Weed Abatement and Control	100,894	-	100,894
Plant Health and Quarantine Services	392,964	392,254	710
Grade and Certification of Ag Products	9,600	112	9,488
Agriculture Research and Promotion	116,737	12,072	104,665
Agricultural Registration/Enforcement	4,741,705	2,702,296	2,039,409
Livestock Inspection	1,899,797	1,361,945	537,852
USDA Specialty Crop Grant	-	-	-
Agriculture License Plates	28,286	11,539	16,747
Veterinary Medical Services	1,232,380	1,154,363	78,017
Consumer Equitibility	3,733,980	2,732,417	1,001,563
Pest, Plant Disease and Noxious Weed	976,732	681,732	295,000
Junior Agricultural Loan Program	242,445	240,000	2,445
Agriculture Administration	3,091,631	3,036,535	55,096
Rangeland Resources Commission	309,782	184,403	125,379
Rangeland Grasshopper and Morman Cricket	-	-	-
Predatory Animal and Rodent Control	779,576	685,355	94,221
Department of Tourism and Cultural Affairs			
Lost City Museum	471,216	439,369	31,847
LV Springs Preserve Museum Dev	19,901	19,901	-
Nevada Historical Society	571,420	502,546	68,874
Nevada State Museum	1,706,777	1,650,328	56,449
Museums and History Administration	420,853	409,914	10,939
Nevada State Museum, Las Vegas	1,554,424	1,382,620	171,804
State Railroad Museums	1,371,696	1,201,230	170,466
Nevada Humanities	75,000	75,000	-
Nevada Arts Council	2,482,621	2,346,022	136,599
Indian Commission	409,536	395,909	13,627
Gaming Control Board			
Gaming Control Board	45,122,992	40,698,053	4,424,939
Gaming Control Federal Forfeiture	1,101,157	28,000	1,073,157
Gaming Control - Forfeiture Account	561,004	-	561,004
Gaming Control - Other State Forfeiture	505,440	-	505,440
Federal Forfeiture Treasury	5,966,928	156,605	5,810,323
Gaming Commission	462,531	301,263	161,268
Department of Business and Industry			
Business and Industry Administration	4,746,193	4,237,853	508,340
New Market Performance Guarantee	5,250,000	5,250,000	-
Industrial Development Bonds	676,469	24,060	652,409
Special Housing Assistance	2,621,413	2,244	2,619,169
Low Income Housing Trust Fund	21,748,714	6,500,043	15,248,671
DOE Weatherization	8,508,906	5,259,023	3,249,883
Employee Management Relations	890,967	413,535	477,432
Common Interest Communities	3,784,566	2,204,417	1,580,149

	Final Budget	Actual	Variance
Real Estate	$ 3,289,682	$ 3,107,780	$ 181,902
Athletic Commission	1,820,810	885,289	935,521
Labor Relations	1,669,396	1,522,934	146,462
Division of Mortgage Lending	7,075,435	2,092,253	4,983,182
Attorney for Injured Workers	3,525,412	3,441,622	83,790
Financial Institutions Investigations	1,206,787	41,565	1,165,222
Financial Institutions	6,633,271	3,306,955	3,326,316
Financial Institutions Audit	271,868	16,937	254,931
Transportation Services Authority	4,302,065	3,129,459	1,172,606
TSA Administrative Fines	838,751	120,391	718,360
	413,856,904	304,808,075	109,048,829
Public Safety			
Department of Corrections			
Prison Medical Care	43,347,763	43,310,133	37,630
Corrections Administration	21,638,784	21,415,350	223,434
Correctional Programs	8,158,279	7,453,867	704,412
Endowment Fund Historical Preservation of NSP	50,150	-	50,150
So Nevada Correctional Center	238,535	230,129	8,406
Warm Springs Correctional Center	10,393,391	10,233,766	159,625
No Nevada Correctional Center	27,002,433	26,639,904	362,529
Nevada State Prison	94,429	88,089	6,340
Stewart Conservation Camp	1,857,482	1,778,876	78,606
Pioche Conservation Camp	1,685,720	1,623,306	62,414
No. Nevada Transitional Housing	1,318,553	1,301,173	17,380
Three Lakes Valley Conservation Camp	2,370,207	2,333,568	36,639
Southern Desert Correctional Center	23,337,652	23,066,002	271,650
Wells Conservation Camp	1,228,627	1,162,481	66,146
Humboldt Conservation Camp	1,266,366	1,220,367	45,999
Ely Conservation Camp	1,267,831	1,218,501	49,330
Jean Conservation Camp	1,462,370	1,426,354	36,016
Silver Springs Conservation Camp	3,509	3,509	-
Ely State Prison	26,211,108	25,709,612	501,496
Carlin Conservation Camp	1,341,270	1,258,871	82,399
Tonopah Conservation Camp	1,279,707	1,221,934	57,773
Lovelock Correctional Center	23,488,714	23,284,614	204,100
Florence McClure Women's Correctional Center	15,010,775	14,946,101	64,674
High Desert State Prison	48,483,475	47,791,015	692,460
Casa Grande Transitional Housing	4,253,425	4,223,756	29,669
Department of Public Safety			
Emergency Management Division	5,342,179	3,937,341	1,404,838
Emergency Mgmt Assistance Grant	17,393,279	10,758,570	6,634,709
Emergency Assistance Subaccount	440,221	170,226	269,995
Parole and Probation	48,185,545	46,117,238	2,068,307
Fund for Reentry Programs	5,000	-	5,000
Investigations	7,600,606	6,517,460	1,083,146
Training Division	1,077,333	1,000,645	76,688
Parole Board	2,767,985	2,662,004	105,981
Fire Marshal	3,663,877	2,585,852	1,078,025
Traffic Safety	10,561,298	4,966,152	5,595,146
Highway Safety Plan and Administration	7,105,297	3,676,026	3,429,271
Motorcycle Safety Program	799,614	474,617	324,997
Public Safety General Services	9,205,079	8,281,300	923,779
K-9 Program	34,804	21,354	13,450
Forfeitures	2,249,636	1,040,196	1,209,440
Justice Assistance Account	2,941,767	1,381,416	1,560,351
Justice Assistance Grant	3,387,208	2,033,244	1,353,964
Criminal History Repository	27,515,504	16,593,032	10,922,472
Office of Homeland Security	436,398	428,488	7,910
Child Volunteer Background Checks Trust	15,087	12,694	2,393
Contingency Account for Haz Mat	477,220	-	477,220
Cigarette Fire Safety Standard	232,789	101,421	131,368
Justice Grant	582,969	541,592	41,377

	Final Budget	Actual	Variance
Dignitary Protection	$ 1,085,551	$ 788,728	$ 296,823
Department of Motor Vehicles			
Motor Vehicle Pollution Control	12,334,540	9,892,260	2,442,280
Peace Officers Standards and Training	2,486,498	1,995,059	491,439
	434,717,839	388,918,193	45,799,646
Infrastructure			
Department of Wildlife			
Conservation Education	2,578,707	2,325,451	253,256
Law Enforcement	7,182,723	6,553,170	629,553
Game Management	8,424,129	7,028,105	1,396,024
Fisheries Management	8,109,001	7,695,514	413,487
Diversity	2,332,529	2,092,059	240,470
Habitat	8,487,057	6,061,546	2,425,511
Wildlife Director's Office	4,253,784	3,757,925	495,859
Wildlife Operations	8,562,495	7,112,274	1,450,221
Wildlife Heritage Account	8,636,074	649,822	7,986,252
Wildlife Fund	34,533,784	17,433,177	17,100,607
Wildlife Habitat Enhancements	6,602,985	738,941	5,864,044
Department of Conservation and Natural Resources			
State Environmental Commission	176,866	91,014	85,852
Natural Resources Administration	2,795,451	2,700,842	94,609
Conservation and Natural Resources Gift	217,187	-	217,187
NV State Parks/Cultural Resources Endowment	510,000	-	510,000
Water Resources Legal Cost	2,330,013	123,460	2,206,553
Tahoe Regional Planning Agency	17,168,859	2,250,187	14,918,672
Conservation Districts	623,106	545,078	78,028
Cultural Resource Program	611,471	607,134	4,337
Historic Preservation and Archives	1,640,656	1,296,254	344,402
Comstock Historic District	194,946	191,015	3,931
Comstock Historical District Gifts	24,052	7,452	16,600
Parks Federal Grant Programs	6,994,694	1,263,149	5,731,545
State Parks	13,623,510	11,019,741	2,603,769
State Parks Interpretive and Educational Program	1,125,146	613,275	511,871
Maintenance of State Parks	2,562,379	365,023	2,197,356
State Parks Facility and Grounds Maintenance	14,778,626	51,279	14,727,347
Coyote Srings Groundwater Basin	35,732	130	35,602
Flood Control Revenue Fund	250,000	-	250,000
USGS Co-Op	536,739	390,208	146,531
Groundwater Recharge Projects	287,344	69,435	217,909
Water Right Surveyors	68,701	9,413	59,288
Well Driller's Licenses	48,484	11,218	37,266
Water Resources	8,065,517	6,161,455	1,904,062
Water Resources Cooperative Project	2,623,093	661,201	1,961,892
State Engineer Revenue	260,319	70,824	189,495
Little Humboldt River	139,181	20,125	119,056
Quinn River Distribution	72,765	2,323	70,442
Water Studies	277,000	-	277,000
Adjudication Emergency	16,000	-	16,000
Channel Clearance	200,000	127,111	72,889
Steptoe Valley Water Basin	27,741	6,629	21,112
Diamond Valley Ground Water	76,280	18,558	57,722
Lake Valley Ground Water Basin	51,336	1,158	50,178
Middle Reese River Ground Water Basin	42,335	17,005	25,330
Dixie Creek/10 Mi Ground Water	14,395	7,677	6,718
Churchill Valley Ground Water	19,881	3,458	16,423
Colorado River Valley	17,258	837	16,421
Washoe Valley Ground Water	19,653	4,806	14,847
Amargosa Valley Ground Water	27,367	6,655	20,712
Las Vegas Basin Water District	4,447,368	1,680,253	2,767,115
San Emidio Desert Ground Water Basin	6,899	446	6,453
Hualapai Flat Ground Water Basin	7,746	500	7,246

	Final Budget	Actual	Variance
Pine Forest Valley Water Basin	$ 7,579	$ 490	$ 7,089
Kings River Valley Water Basin	12,291	794	11,497
Desert Valley Water Basin	16,416	2,646	13,770
Silver State Valley Water Basin	7,942	514	7,428
Quinn River Valley Water Basin	23,761	1,696	22,065
Kobeh Valley Groundwater Basin	16,479	801	15,678
Mary's River Water Basin	18,257	2,567	15,690
Mesquite Valley (Sandy Valley)	3,000	-	3,000
Lamoille Valley Water Basin	3,878	1,769	2,109
Panaca Valley Groundwater	3,913	532	3,381
Huntington Valley Water Basin	3,922	1,874	2,048
Elko Segment Water Basin	17,366	5,264	12,102
Penoyer Valley Groundwater	4,524	619	3,905
Mary's Creek Area Water Basin	7,909	3,760	4,149
Pine Valley Water Basin	5,748	2,513	3,235
Winnemucca Segment Water Basin	11,994	5,140	6,854
Fernley Area Water Basin	5,929	409	5,520
Tracy Segment Water Basin	6,000	3,008	2,992
Spanish Springs Valley Water Basin	6,000	403	5,597
Lake Tahoe Water Basin	8,800	389	8,411
Truckee Cyn Segment Water Basin	5,956	923	5,033
Carson Desert Water Basin	6,000	739	5,261
Antelope Valley Water Basin 106	1,890	-	1,890
Buena Vista Valley Water Basin	3,482	630	2,852
Muddy River Surface Water	39,015	12,209	26,806
Pahranagat Lake	99,069	46,432	52,637
Pahrump Artesian Basin	227,814	49,595	178,219
Boulder Flat Ground Water	136,953	61,615	75,338
Dayton Valley Ground Water	29,337	4,866	24,471
Mason Valley Ground Water	216,419	64,106	152,313
Humboldt Water District	349,097	282,454	66,643
Water District Revenue Fund	4,717,752	3,292,585	1,425,167
Smith Valley Artesian Basin	37,729	8,646	29,083
Currant Creek	5,251	1,833	3,418
Duckwater Creek	53,465	13,994	39,471
Paradise Valley Ground Water	74,811	36,844	37,967
Upper White River	7,660	3,087	4,573
Muddy River Springs	17,065	3,294	13,771
Kingston Creek	9,560	4,309	5,251
Warm Springs/Winnemucca Creek	19,658	4,272	15,386
Eagle Valley	100,149	6,919	93,230
Carson Valley Ground Water	63,666	13,671	49,995
Fish Lake Valley Artesian	26,515	5,446	21,069
Carico Creek	240	239	1
Lemmon Valley	72,205	8,486	63,719
Truckee Meadows/Sun Valley	192,324	23,287	169,037
Antelope Valley Ground Water Basin	22,335	10,688	11,647
Warm Springs Ground Water	37,793	1,965	35,828
Lower Moapa Valley Groundwater	13,425	194	13,231
Honey Lake Valley	22,517	1,866	20,651
Whirlwind Valley	11,881	4,518	7,363
Crescent Water Groundwater	36,653	19,470	17,183
Pumpernickel Valley	12,052	5,736	6,316
Clovers Area Groundwater	63,833	27,670	36,163
Cold Springs Valley	30,579	1,000	29,579
Imlay Ground Water	14,310	4,370	9,940
Kelly Creek Ground Water	47,158	22,317	24,841
Lower Reese River Valley	35,227	13,887	21,340
Maggie Creek	61,685	28,597	33,088
North Fork Ground Water	27,284	12,430	14,854
Pleasant Valley	12,024	1,639	10,385
Forestry	17,430,255	9,003,309	8,426,946
Forest Fire Suppression/Emergency Response	14,376,052	10,131,559	4,244,493
Forestry Conservation Camps	10,546,080	9,431,748	1,114,332
Forestry Inter-Gov Agreements	768,678	768,678	-
Wildland Fire Protection Program	3,812,555	930,988	2,881,567

	Final Budget	Actual	Variance
Tahoe License Plates	$ 1,995,310	$ 184,441	$ 1,810,869
Nevada Tahoe Regional Planning Agency	1,319	441	878
State Lands	1,853,082	1,576,513	276,569
State Lands Revolving Account	64,231	16,086	48,145
Tahoe Bond Sale	856,653	33,933	822,720
Tahoe Mitigation	3,302,515	46,368	3,256,147
Sagebrush Ecosystem Account	1,890,000	192,556	1,697,444
Nevada Natural Heritage	868,502	766,230	102,272
AB9/Q1 Bonds	7,842,025	3,002,263	4,839,762
Storage Tank Management	337,586	-	337,586
Environmental Protection Administration	8,413,163	6,049,565	2,363,598
Chemical Hazard Prevention	1,427,988	363,927	1,064,061
Dep Industrial Site Cleanup	4,232,484	2,517,646	1,714,838
Reclamation Surety Account	58,210,359	3,620,877	54,589,482
Air Quality Management Account	10,044,688	3,008,100	7,036,588
Air Quality	8,687,199	6,421,798	2,265,401
Bureau of Water	7,607,347	3,777,403	3,829,944
Water Quality Planning	5,886,594	3,109,533	2,777,061
Safe Drinking Water Regulatory Program	5,256,200	3,141,923	2,114,277
Bureau of Waste Management and Corrective Actions	14,975,092	9,172,323	5,802,769
Mining Regulation/Reclamation	6,470,371	2,317,088	4,153,283
Interim Fluid Management Trust	1,289,143	-	1,289,143
Hazardous Waste Management	18,170,932	3,923,335	14,247,597
Hazardous Waste - Beatty Site	11,092,537	1,138,712	9,953,825
Water Planning - Capital Improvement	109,058	9,963	99,095
Off-highway Vehicle Commission	2,501,753	149,560	2,352,193
	420,192,661	180,793,194	239,399,467
Special Purpose Agencies			
Department of Veterans' Services			
Department of Veterans' Services	3,808,487	3,460,300	348,187
Veterans' Home Account	28,005,471	18,501,531	9,503,940
Veterans' Home Gift Fund	2,500	-	2,500
Veterans' Home Donation	69,720	49,754	19,966
Veterans' Gifts and Donations	569,711	219,386	350,325
Gift Account for Veterans	1,603,538	603,818	999,720
Fallen Soldier Gift Fund	1,000	-	1,000
Office of the Military			
Military	28,090,338	22,441,076	5,649,262
Military Emergency Operations Center	575,684	303,087	272,597
Military Carlin Armory	-	-	-
Adjutant General Special Facilities Account	57,334	459	56,875
National Guard Benefits	57,824	57,824	-
Patriot Relief Account	127,435	117,325	10,110
Silver State Health Insurance Exchange Admin	28,059,741	5,958,241	22,101,500
Deferred Compensation Committee	801,925	477,290	324,635
Civil Air Patrol	50,090	36,274	13,816
	91,880,798	52,226,365	39,654,433
Appropriated Transfers to Other Funds			
Legislative Fund	33,867,256	33,867,256	-
Attorney General Special Fund	657,261	657,261	-
Highway Fund	167,553	167,553	-
Capital Project Funds	6,403,083	6,403,083	-
Internal Service Funds	2,960,562	2,960,562	-
	44,055,715	44,055,715	-
Reversions to Other Funds			
Reversion to Highway Fund	-	663,805	(663,805)
Reversion to Tourism Promotion Fund	-	13,802	(13,802)
Reversion to Contingency Fund	-	669,793	(669,793)
	-	1,347,400	(1,347,400)
Projected Reversions	(40,000,000)	-	(40,000,000)
Total General Fund	$ 10,098,273,855	$ 9,064,852,372	$ 1,033,421,483

	Final Budget	Actual	Variance
State Highway			
Finance and Administration			
Unbudgeted Activity	$ -	$ 472,211	$ (472,211)
Appropriations to Other Funds	16,603,650	16,603,650	-
Infrastructure			
Transportation Administration	849,369,351	730,337,419	119,031,932
Bond Construction	259,189,234	65,008,555	194,180,679
Aviation Trust Fund	138,310	47,207	91,103
AB 595 Revenue Rental Car Tax	2,022	-	2,022
AB 595 Revenue Clark Co.	36,542,809	2,849,339	33,693,470
AB 595 Revenue Washoe Co.	4,131,145	906,504	3,224,641
NDOT - SB 5 RTC Public Road Project	13,062,549	145,070	12,917,479
System of Providing Information to the Traveling Public	594,266	211,365	382,901
Public Safety			
Director's Office - Public Safety	3,083,818	2,848,380	235,438
Professional Responsibility	769,526	745,840	23,686
PS Highway Safety Grants Account	3,184,153	1,572,357	1,611,796
Emergency Response Commission	2,887,341	1,386,130	1,501,211
Highway Patrol	79,667,968	73,707,797	5,960,171
Evidence Vault	634,614	589,136	45,478
Department of Motor Vehicles			
System Modernization	14,834,123	13,364,168	1,469,955
Records Search	7,567,635	7,472,432	95,203
Motor Vehicle Information Technology	10,348,203	9,151,087	1,197,116
Motor Carrier	5,530,160	4,023,716	1,506,444
Verification of Insurance	2,685,232	2,076,405	608,827
License Plate Factory	5,704,971	4,454,794	1,250,177
Hearings - DMV	1,228,928	1,184,805	44,123
Special Plates Trust Account	2,247,156	706,010	1,541,146
Salvage Titles Trust Account	411,855	100,218	311,637
DMV Local Fuel Tax Indexing Fund	126,952	496	126,456
DMV Special Fuel Ind Reimb Clark	3,108,197	2,600,190	508,007
DMV Field Services	50,778,985	44,768,999	6,009,986
Forfeitures	407	203	204
Compliance Enforcement	4,973,229	4,464,752	508,477
Central Services	11,677,768	10,622,533	1,055,235
Management Services	1,915,980	1,366,893	549,087
Admin Off Highway Vehicle Titling and Registration	1,721,913	1,569,174	152,739
Assistance of Off Highway Vehicle Titling	28,992	2,167	26,825
Director's Office - DMV	4,722,548	4,519,451	203,097
Administrative Services	14,885,999	13,950,678	935,321
Debt Service Transfers			
Debt Service	68,527,281	68,527,281	-
Projected Reversions	(113,507,960)	-	(113,507,960)
Total	1,369,379,310	1,092,357,412	277,021,898
Municipal Bond Bank			
Elected Officials			
Municipal Bond Bank Revenue	27,605,489	7,087,775	20,517,714
Total	27,605,489	7,087,775	20,517,714
Employment Security			
Human Services			
Employment Security	94,877,791	77,973,096	16,904,695
Employment Security Special Fund	12,519,590	8,155,492	4,364,098
Total	107,397,381	86,128,588	21,268,793
Unemployment Comp Bond Fund			
Elected Officials			
Unemployment Comp Bond Account	199,821,044	157,908,227	41,912,817
Total	199,821,044	157,908,227	41,912,817

	Final Budget	Actual	Variance
Regulatory			
Commerce and Industry			
Manufactured Housing	$ 1,984,626	$ 1,176,277	$ 808,349
Real Estate Education and Research	1,405,928	496,761	909,167
Real Estate Recovery	1,195,600	466,509	729,091
Mobile Home Parks	423,834	201,169	222,665
Mfg Housing-Education/Recovery	396,201	72,758	323,443
Regulatory Fund	15,199,487	11,402,798	3,796,689
Administrative Fines	510,000	440,560	69,440
Taxicab Authority	12,534,828	6,761,531	5,773,297
Dairy Commission	2,086,847	1,008,751	1,078,096
Total	35,737,351	22,027,114	13,710,237
Higher Education Capital Construction			
Finance and Administration			
Higher Education Capital Construction	5,000,000	5,000,000	-
Higher Education Special Construction	9,015,024	9,015,024	-
Total	14,015,024	14,015,024	-
Cleaning Up Petroleum Discharges			
Infrastructure			
Petroleum Clean-Up Trust Fund	21,755,716	13,733,069	8,022,647
Total	21,755,716	13,733,069	8,022,647
Hospital Care to Indigent Persons			
Finance and Administration			
Supplemental Fund - Indigents	33,069,411	12,666,535	20,402,876
Total	33,069,411	12,666,535	20,402,876
Tourism Promotion			
Commerce and Industry			
Tourism Development	141,209	50,449	90,760
Division on Tourism	27,726,506	22,178,953	5,547,553
Total	27,867,715	22,229,402	5,638,313
Offenders' Store			
Public Safety			
Offenders' Store Fund	25,360,207	14,354,951	11,005,256
Inmate Welfare Account	3,609,561	3,372,460	237,101
Total	28,969,768	17,727,411	11,242,357
Tobacco Settlement			
Elected Officials			
Millennium Scholarship Fund	55,815,750	30,381,826	25,433,924
Millennium Scholarship Administration	357,918	324,804	33,114
Guinn Memorial Millennium Scholarship Fund	443,186	9,000	434,186
Trust Fund for Healthy Nevada	62,188,735	28,137,898	34,050,837
MSA Compliance Administration	1,013,132	629,338	383,794
Human Services			
Tobacco Settlement Program	6,211,654	5,995,897	215,757
Senior RX and Disability RX	3,325,000	3,261,885	63,115
Total	129,355,375	68,740,648	60,614,727
Attorney General Settlement			
Public Safety			
National Settlement Administration	26,425,044	5,133,263	21,291,781
Total	26,425,044	5,133,263	21,291,781
Gift			
Education			
Education Gift Fund	27,947	-	27,947
Library and Archives Gift Fund	651,349	69,505	581,844

	Final Budget	Actual	Variance
Human Services			
Rural Services Gift Account	$ 12,664	$ -	$ 12,664
SNAMHS Gift Fund	29,235	-	29,235
Public Health Gift Fund	2,509	-	2,509
Aging Services Gift	55,175	1,005	54,170
CBS Washoe Gift Fund	23,023	-	23,023
Indian Commission Gift Acct	81,228	27,288	53,940
Hospital Gift Fund	241,366	6,299	235,067
SRC Gift Fund	10,871	-	10,871
NV Equal Rights Commission Gift Fund	7,282	2,047	5,235
Blind Gift Fund	425,563	-	425,563
Welfare Gift Fund	9,887	-	9,887
Rehabilitation Gift Fund	16,957	-	16,957
Henry Woods Christmas Fund	781	-	781
Nevada Children's Gift Account	605,128	29,585	575,543
CYC Gift Fund	955	200	755
Youth Training Center Gift Fund	40,999	5,000	35,999
DRC Gift Fund	6,693	-	6,693
Infrastructure			
Wildlife Trust Account	672,635	207,142	465,493
Park Gift and Grants	273,583	27,766	245,817
Total	3,195,830	375,837	2,819,993
Natural Resources			
Infrastructure			
Grants To Water Purveyors	1,138,947	-	1,138,947
Erosion Control Bond Q12	342,864	11,364	331,500
Protect Lake Tahoe	10,151,628	2,700,040	7,451,588
Total	11,633,439	2,711,404	8,922,035
Miscellaneous			
Elected Officials			
Racketeering-Prosecution Account	125	-	125
Consumer Advocate	6,547,191	3,265,164	3,282,027
Unfair Trade Practices	750,000	38,588	711,412
Commerce and Industry			
Lot Rent Trust Subsidy	653,605	396,212	257,393
Museums and History Board Trust	41,279	37,503	3,776
Museums Administrator Trust	62,073	44,322	17,751
Nevada Historical Society Trust	297,642	84,456	213,186
Nevada State Museum Trust	880,832	355,944	524,888
Nevada Railroad Museum Trust	347,963	153,683	194,280
Lost City Museum Trust	126,704	96,359	30,345
LV Museum and Historical Society Trust	101,227	42,550	58,677
Human Services			
Radioactive Material Disposal	877,069	18,535	858,534
Finance and Administration			
Victims of Crime	17,441,650	6,119,515	11,322,135
Total	28,127,360	10,652,831	17,474,529
Legislative (Non-GAAP Fund)			
Legislative Branch			
Nevada Legislative Interim	794,745	776,568	18,177
Legislative Counsel Bureau	46,012,214	35,465,718	10,546,496
Audit Contingency Account	388,310	335,846	52,464
Total	47,195,269	36,578,132	10,617,137
Total Special Revenue Funds	$ 2,111,550,526	$ 1,570,072,672	$ 541,477,854

Schedule of Sources - Budget and Actual, Non-GAAP Budgetary Basis
All Nonmajor Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Employment Security			**Unemployment Compensation Bond**		
Fund balances, July 1	$ 10,473,802	$ 10,473,802	$ -	$ -	$ -	$ -
Revenues:						
Federal	80,156,729	70,699,189	(9,457,540)	-	-	-
Other taxes	-	-	-	199,746,044	157,877,153	(41,868,891)
Sales and charges for services	851,331	686,786	(164,545)	-	-	-
Licenses, fees and permits	307,845	459,718	151,873	-	-	-
Interest	64,443	54,498	(9,945)	75,000	31,074	(43,926)
Other	14,678,985	15,237,912	558,927	-	-	-
Other financing sources:						
Transfer from other funds	864,246	864,246	-	-	-	-
Total sources	$107,397,381	$ 98,476,151	$ (8,921,230)	$ 199,821,044	$ 157,908,227	$ (41,912,817)
	Regulatory			**Higher Education Capital Construction**		
Fund balances, July 1	$ 11,845,803	$ 11,845,803	$ -	$ -	$ -	$ -
Revenues:						
Gaming taxes, fees, licenses	-	-	-	13,539,353	13,539,353	-
Federal	629,638	626,840	(2,798)	-	-	-
Other taxes	11,549,842	11,485,179	(64,663)	-	-	-
Sales, charges for services	5,648,772	5,056,401	(592,371)	-	-	-
Licenses, fees and permits	4,025,804	3,721,082	(304,722)	-	-	-
Interest	23,266	39,413	16,147	-	-	-
Other	972,364	1,076,470	104,106	-	-	-
Other financing sources:						
Transfer from other funds	1,041,862	663,087	(378,775)	-	-	-
Total sources	$ 35,737,351	$ 34,514,275	$ (1,223,076)	$ 13,539,353	$ 13,539,353	$ -
	Cleaning Up Petroleum Discharges			**Hospital Care to Indigent Persons**		
Fund balances, July 1	$ 7,505,716	$ 7,505,716	$ -	$ 3,612,506	$ 3,612,506	$ -
Revenues:						
Other taxes	13,500,000	13,280,898	(219,102)	13,116,512	13,116,512	-
Intergovernmental	-	-	-	16,282,421	16,282,421	-
Licenses, fees and permits	550,000	404,100	(145,900)	-	-	-
Interest	100,000	42,355	(57,645)	48,972	48,972	-
Other	100,000	-	(100,000)	9,000	-	(9,000)
Total sources	$ 21,755,716	$ 21,233,069	$ (522,647)	$ 33,069,411	$ 33,060,411	$ (9,000)
	Tourism Promotion			**Offenders' Store**		
Fund balances, July 1	$ 5,060,227	$ 5,060,227	$ -	$ 7,966,240	$ 7,966,240	$ -
Revenues:						
Other taxes	22,663,629	22,585,614	(78,015)	-	-	-
Sales, charges for services	-	-	-	17,908,888	17,357,821	(551,067)
Licenses, fees and permits	36,580	36,580	-	-	-	-
Interest	-	539	539	46,186	57,438	11,252
Other	7,279	5,994	(1,285)	393,549	486,185	92,636
Other financing sources:						
Transfer from other funds	100,000	100,000	-	2,654,905	2,309,280	(345,625)
Total sources	$ 27,867,715	$ 27,788,954	$ (78,761)	$ 28,969,768	$ 28,176,964	$ (792,804)

(Continued)

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Tobacco Settlement			**Attorney General Settlement**		
Fund balances, July 1	$ 63,057,143	$ 63,057,143	$ -	$ 26,302,394	$ 26,302,394	$ -
Revenues:						
Interest	232,916	229,246	(3,670)	122,650	122,650	-
Other	48,570,744	39,379,917	(9,190,827)	-	-	-
Other financing sources:						
Transfer from other funds	17,494,572	17,182,586	(311,986)	-	114,831	114,831
Total sources	$129,355,375	$119,848,892	$ (9,506,483)	$ 26,425,044	$ 26,539,875	$ 114,831
	Gift			**Natural Resources**		
Fund balances, July 1	$ 2,466,562	$ 2,466,562	$ -	$ 10,197,596	$ 10,197,596	$ -
Revenues:						
Federal	-	-	-	262,910	11,364	(251,546)
Interest	25,538	12,049	(13,489)	164,230	48,998	(115,232)
Other	703,430	448,577	(254,853)	2,000	-	(2,000)
Other financing sources:						
Proceeds from sale of bonds	-	-	-	1,006,703	1,006,703	-
Transfer from other funds	300	254	(46)	-	-	-
Total sources	$ 3,195,830	$ 2,927,442	$ (268,388)	$ 11,633,439	$ 11,264,661	$ (368,778)
	Miscellaneous			**Legislative (Non-GAAP Fund)**		
Fund balances, July 1	$ 13,919,374	$ 13,919,374	$ -	$ 11,791,739	$ 11,791,739	$ -
Revenues:						
Federal	2,606,117	2,488,778	(117,339)	-	-	-
Other taxes	2,906,531	2,728,438	(178,093)	-	-	-
Sales, charges for services	889,728	773,796	(115,932)	587,869	530,135	(57,734)
Licenses, fees and permits	4,875,286	4,526,025	(349,261)	10,610	10,610	-
Interest	28,700	55,283	26,583	-	-	-
Other	2,244,363	2,280,308	35,945	255,583	255,583	-
Other financing sources:						
Transfer from other funds	657,261	657,261	-	34,452,411	34,451,461	(950)
Total sources	$ 28,127,360	$ 27,429,263	$ (698,097)	$ 47,098,212	$ 47,039,528	$ (58,684)
	Total Nonmajor Special Revenue Funds					
Fund balances, July 1	$174,199,102	$174,199,102	$ -			
Revenues:						
Gaming taxes, fees, licenses	13,539,353	13,539,353	-			
Federal	83,655,394	73,826,171	(9,829,223)			
Other taxes	263,482,558	221,073,794	(42,408,764)			
Sales, charges for services	25,886,588	24,404,939	(1,481,649)			
Intergovernmental	16,282,421	16,282,421	-			
Licenses, fees and permits	9,806,125	9,158,115	(648,010)			
Interest	931,901	742,515	(189,386)			
Other	67,937,297	59,170,946	(8,766,351)			
Other financing sources:						
Proceeds from sale of bonds	1,006,703	1,006,703	-			
Transfer from other funds	57,265,557	56,343,006	(922,551)			
Total sources	$713,992,999	$649,747,065	$(64,245,934)			

An Independence Day Parade proceeds across the Virginia Street Bridge in Reno during the 1930s.

(Photo's Permission Granted by: Nevada Historical Society)

The White Hats riding group and band perform at the Reno Rodeo on July 4, 1938.

The First National Bank of Nevada, shown here on North Virginia Street in Reno, partnered with the Nevada State Journal in 1936 to finance the "One Sound State" campaign.

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, 2016

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Assets				
Current assets:				
Cash and pooled investments:				
Cash with treasurer	$ 51,713,363	$ 6,483,797	$ 11,893,782	$ 600,266
Cash in custody of other officials	250	-	241,009	100
Receivables:				
Accounts receivable	2,449,523	175,848	109,135	5,120
Assessments receivable	-	250	-	-
Intergovernmental receivables	-	90,645	-	-
Due from other funds	1,113,043	52,677	2,599	40,153
Due from fiduciary funds	-	-	-	-
Due from component units	-	-	-	-
Inventory	-	-	-	155,101
Prepaid items	-	1,060	4,994	-
Total current assets	55,276,179	6,804,277	12,251,519	800,740
Noncurrent assets:				
Receivables:				
Other assets	-	-	-	-
Capital assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Furniture and equipment	2,409,104	220,621	163,726	60,965
Less accumulated depreciation	(2,254,649)	(214,133)	(163,726)	(60,965)
Total noncurrent assets	154,455	6,488	-	-
Total assets	55,430,634	6,810,765	12,251,519	800,740
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Pension contributions	2,178,699	776,606	-	18,674
Total deferred outflows of resources	2,178,699	776,606	-	18,674
Liabilities				
Current liabilities:				
Accounts payable and accruals:				
Accounts payable	13,699,359	612,953	154,512	2,641
Accrued payroll and related liabilities	1,055,726	398,158	-	11,302
Interest payable	-	-	-	-
Intergovernmental payables	32,185	-	64	-
Due to other funds	90,830	96,356	2,597,167	21,649
Due to fiduciary funds	17	-	-	315
Unearned revenues	-	-	9,247,776	-
Other liabilities	-	-	-	-
Short-term portion of long-term liabilities:				
Compensated absences	640,547	238,813	-	4,363
Bonds payable	-	-	-	-
Total current liabilities	15,518,664	1,346,280	11,999,519	40,270
Noncurrent liabilities:				
Advances from general fund	-	-	-	206,700
Net pension obligation	20,653,383	7,400,256	-	175,147
Compensated absences	340,296	99,504	-	882
Bonds payable	-	-	-	-
Total noncurrent liabilities	20,993,679	7,499,760	-	382,729
Total liabilities	36,512,343	8,846,040	11,999,519	422,999
Deferred Inflows of Resources				
Pension related amounts	3,894,979	1,395,599	-	33,031
Total deferred inflows of resources	3,894,979	1,395,599	-	33,031
Net Position				
Net investment in capital assets	154,455	6,488	-	-
Restricted for workers' compensation	17,047,556	-	-	-
Restricted for regulation of business	-	-	2,000	-
Unrestricted (deficit)	-	(2,660,756)	250,000	363,384
Total net position	$ 17,202,011	$ (2,654,268)	$ 252,000	$ 363,384

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 3,074,263	$ 186,165	$ 32,173	$ 73,983,809
100	-	-	241,459
92,906	87,250	-	2,919,782
-	-	-	250
178,232	-	302,088	570,965
240,845	1,049	6,755	1,457,121
5,348	-	-	5,348
470	-	-	470
1,418,242	34,330	-	1,607,673
-	2,721	-	8,775
5,010,406	311,515	341,016	80,795,652
15,000	-	-	15,000
153,140	-	414,672	567,812
2,890,227	-	498,613	3,388,840
-	-	3,656,507	3,656,507
1,178,069	-	9,616,802	13,649,287
(3,533,777)	-	(2,527,103)	(8,754,353)
702,659	-	11,659,491	12,523,093
5,713,065	311,515	12,000,507	93,318,745
-	-	188,021	188,021
225,604	77,954	38,823	3,316,360
225,604	77,954	226,844	3,504,381
115,897	34,020	4,172	14,623,554
86,036	39,647	24,738	1,615,607
-	-	63,680	63,680
18,080	-	-	50,329
28,169	4,126	1,333	2,839,630
50,918	-	7	51,257
85,338	145,712	-	9,478,826
14,400	-	2,050	16,450
86,036	16,062	21,260	1,007,081
-	-	275,194	275,194
484,874	239,567	392,434	30,021,608
-	-	-	206,700
2,655,468	702,821	302,814	31,889,889
89,498	3,961	12,377	546,518
-	-	8,266,083	8,266,083
2,744,966	706,782	8,581,274	40,909,190
3,229,840	946,349	8,973,708	70,930,798
500,790	132,544	57,107	6,014,050
500,790	132,544	57,107	6,014,050
687,659	-	3,118,214	3,966,816
-	-	-	17,047,556
-	-	-	2,000
1,520,380	(689,424)	78,322	(1,138,094)
$ 2,208,039	$ (689,424)	$ 3,196,536	$ 19,878,278

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Operating Revenues				
Sales	$ -	$ -	$ -	$ 459,431
Assessments	-	307,956	-	-
Charges for services	13,285	498	14,406,090	-
Rental income	-	-	-	-
Licenses, fees and permits	34,621,752	9,841,783	-	-
Fines	3,331,608	54,755	-	-
Other	672,217	-	-	69,528
Total operating revenues	38,638,862	10,204,992	14,406,090	528,959
Operating Expenses				
Salaries and benefits	16,806,018	6,059,829	10,858,313	124,179
Operating	5,186,932	5,237,279	955,548	72,022
Claims and benefits expense	9,195,584	13,685	-	-
Materials or supplies used	-	-	-	217,805
Depreciation	91,358	19,328	-	-
Total operating expenses	31,279,892	11,330,121	11,813,861	414,006
Operating income (loss)	7,358,970	(1,125,129)	2,592,229	114,953
Nonoperating Revenues (Expenses)				
Interest and investment income	779,800	52,485	-	-
Interest expense	-	-	-	-
Bond issuance costs	-	-	-	-
Federal grants	2,455,940	553,316	-	-
Total nonoperating revenues (expenses)	3,235,740	605,801	-	-
Income (loss) before transfers	10,594,710	(519,328)	2,592,229	114,953
Transfers				
Transfers in	-	11,019	-	-
Transfers out	(10,708,380)	(1,011,612)	(2,592,229)	-
Change in net position	(113,670)	(1,519,921)	-	114,953
Net position, July 1	17,315,681	(1,134,347)	252,000	248,431
Net position, June 30	$ 17,202,011	$ (2,654,268)	$ 252,000	$ 363,384

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 3,695,611	$ 1,045,693	$ 986,282	$ 6,187,017
-	-	-	307,956
551,987	-	-	14,971,860
132,800	-	-	132,800
-	-	-	44,463,535
-	-	-	3,386,363
75,067	10,383	145,188	972,383
4,455,465	1,056,076	1,131,470	70,421,914
1,516,700	608,123	242,029	36,215,191
2,294,016	199,726	257,429	14,202,952
-	-	-	9,209,269
2,076,891	314,459	-	2,609,155
122,546	-	21,746	254,978
6,010,153	1,122,308	521,204	62,491,545
(1,554,688)	(66,232)	610,266	7,930,369
32,863	-	-	865,148
-	-	(337,454)	(337,454)
-	-	(11,824)	(11,824)
1,715,005	-	-	4,724,261
1,747,868	-	(349,278)	5,240,131
193,180	(66,232)	260,988	13,170,500
-	50,000	907	61,926
(101,675)	-	(6,181)	(14,420,077)
91,505	(16,232)	255,714	(1,187,651)
2,116,534	(673,192)	2,940,822	21,065,929
$ 2,208,039	$ (689,424)	$ 3,196,536	$ 19,878,278

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

	Workers' Compensation and Safety	Insurance Admin and Enforcement	Gaming Investigative	Forestry Nurseries
Cash flows from operating activities				
Receipts from customers and users	$ 54,400,148	$ 9,784,457	$ 14,419,406	$ 220,336
Receipts for interfund services provided	123,771	498,740	-	311,462
Payments to suppliers, other governments and beneficiaries	(11,237,849)	(2,716,071)	(801,107)	(233,332)
Payments to employees	(16,268,902)	(5,774,366)	(11,358,313)	(117,839)
Payments for interfund services used	(3,173,782)	(1,838,869)	(38,291)	(23,946)
Payments to component units	(101,359)	-	-	-
Net cash provided by (used for) operating activities	23,742,027	(46,109)	2,221,695	156,681
Cash flows from noncapital financing activities				
Grant receipts	2,748,055	537,705	-	-
Transfers and advances from other funds	-	11,019	-	-
Transfers and advances to other funds	(10,644,459)	(971,125)	(1,224,824)	-
Net cash provided by (used for) noncapital financing activities	(7,896,404)	(422,401)	(1,224,824)	-
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	-	-	-
Purchase of capital assets	(30,810)	-	-	-
Payment on refunding bonds	-	-	-	-
Principal paid on capital debt	-	-	-	(20,670)
Interest paid on capital debt	-	-	-	-
Bond issuance costs	-	-	-	-
Payments on construction projects	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(30,810)	-	-	(20,670)
Cash flows from investing activities				
Interest, dividends and gains (losses)	696,758	48,839	-	-
Net cash provided by (used for) investing activities	696,758	48,839	-	-
Net increase (decrease) in cash	16,511,571	(419,671)	996,871	136,011
Cash and cash equivalents, July 1	35,202,042	6,903,468	11,137,920	464,355
Cash and cash equivalents, June 30	$ 51,713,613	$ 6,483,797	$ 12,134,791	$ 600,366
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ 7,358,970	$ (1,125,129)	$ 2,592,229	$ 114,953
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	91,358	19,328	-	-
Decrease (increase) in accrued interest and receivables	2,947,906	78,205	(12,331)	2,839
Decrease (increase) in inventory, deferred charges, other assets	-	156,159	(602)	34,960
Decrease (increase) in deferred outflows of resources	(241,977)	(82,664)	-	(2,250)
Increase (decrease) in accounts payable, accruals, other liabilities	12,753,289	609,708	(383,248)	(881)
Increase (decrease) in unearned revenue	-	-	25,647	-
Increase (decrease) in net pension liability	2,215,473	793,820	-	18,788
Increase (decrease) in deferred inflows of resources	(1,382,992)	(495,536)	-	(11,728)
Total adjustments	16,383,057	1,079,020	(370,534)	41,728
Net cash provided by (used for) operating activities	$ 23,742,027	$ (46,109)	$ 2,221,695	$ 156,681

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total
$ 2,578,736	$ 713,324	$ 902,665	$ 83,019,072
2,116,318	358,996	-	3,409,287
(2,994,849)	(443,055)	(271,895)	(18,698,158)
(1,400,888)	(589,602)	(214,522)	(35,724,432)
(1,501,547)	(68,269)	(38,574)	(6,683,278)
(39,000)	-	(3,338)	(143,697)
(1,241,230)	(28,606)	374,336	25,178,794
1,739,057	-	-	5,024,817
-	50,000	23	61,042
(89,733)	-	(6,181)	(12,936,322)
1,649,324	50,000	(6,158)	(7,850,463)
-	-	1,691,299	1,691,299
(141,062)	-	(75,795)	(247,667)
-	-	(1,672,749)	(1,672,749)
-	-	(237,000)	(257,670)
-	-	(378,282)	(378,282)
-	-	(11,824)	(11,824)
-	-	(398,429)	(398,429)
(141,062)	-	(1,082,780)	(1,275,322)
29,404	-	-	775,001
29,404	-	-	775,001
296,436	21,394	(714,602)	16,828,010
2,777,927	164,771	746,775	57,397,258
$ 3,074,363	$ 186,165	$ 32,173	$ 74,225,268
$ (1,554,688)	$ (66,232)	$ 610,266	$ 7,930,369
122,546	-	21,746	254,978
227,758	5,839	(228,805)	3,021,411
(124,838)	3,893	-	69,572
23,406	(12,049)	(10,427)	(325,961)
(54,280)	1,209	(30,650)	12,895,147
11,831	10,405	-	47,883
284,850	75,391	32,483	3,420,805
(177,815)	(47,062)	(20,277)	(2,135,410)
313,458	37,626	(235,930)	17,248,425
$ (1,241,230)	$ (28,606)	$ 374,336	$ 25,178,794

The Waldorf Club in Reno on opening night in 1931, following Nevada's legalization of gambling.

(Photo and Postcard Permission Granted by: Nevada Historical Society)

Patrons celebrate an evening out at the Reno Country Club in the mid-1930s.

A 1939 postcard highlights many contemporary attractions of the Reno area.

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, 2016

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Assets				
Current assets:				
Cash and pooled investments:				
Cash with treasurer	$ 135,908,776	$ 4,495,822	$ 1,888,624	$ 508,418
Receivables:				
Accounts receivable	744,896	935	803	69
Intergovernmental receivables	3,986,574	-	2,333	1,221
Notes receivable	-	-	-	-
Due from other funds	2,108,935	933,541	510,922	728,842
Due from fiduciary funds	5,567,132	-	-	111
Due from component units	802,371	-	8,425	53
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total current assets	149,118,684	5,430,298	2,411,107	1,238,714
Noncurrent assets:				
Notes receivable	-	-	-	-
Other assets	-	-	-	-
Capital assets:				
Land	-	20,400	901,783	-
Buildings	-	2,268,068	2,476,962	-
Improvements other than buildings	-	291,216	-	422,451
Furniture and equipment	430,232	792,486	21,264,399	1,121,346
Software costs	-	-	-	-
Less accumulated depreciation/amortization	(302,543)	(2,378,892)	(14,321,803)	(1,241,761)
Total noncurrent assets	127,689	993,278	10,321,341	302,036
Total assets	149,246,373	6,423,576	12,732,448	1,540,750
Deferred Outflows of Resources				
Pension contributions	317,932	681,751	104,568	146,759
Liabilities				
Current liabilities:				
Accounts payable and accruals:				
Accounts payable	6,852,087	1,106,780	253,157	3,543
Accrued payroll and related liabilities	146,127	352,344	55,332	74,266
Intergovernmental payables	-	58,827	1,079	-
Bank overdraft	1,918,041	-	-	-
Due to other funds	17,343	100,462	371,493	32,350
Due to fiduciary funds	-	6,243	1,665	-
Due to component units	-	-	-	-
Unearned revenues	60,883	-	-	-
Short-term portion of long-term liabilities:				
Reserve for losses	63,014,304	-	-	-
Compensated absences	115,997	237,439	44,192	52,405
Bonds payable	-	-	-	-
Obligations under capital leases	-	-	-	-
Total current liabilities	72,124,782	1,862,095	726,918	162,564
Noncurrent liabilities:				
Advances:				
Advances from general fund	-	-	2,062,500	-
Advances from debt service fund	-	-	-	-
Reserve for losses	-	-	-	-
Net pension obligation	3,003,622	7,335,376	964,617	1,391,983
Compensated absences	70,718	132,649	55,360	42,871
Bonds payable	-	-	-	-
Total noncurrent liabilities	3,074,340	7,468,025	3,082,477	1,434,854
Total liabilities	75,199,122	9,330,120	3,809,395	1,597,418
Deferred Inflows of Resources				
Pension related amounts	566,447	1,383,364	181,914	262,511
Net Position				
Net investment in capital assets	127,689	993,278	10,321,341	302,036
Unrestricted (deficit)	73,671,047	(4,601,435)	(1,475,634)	(474,456)
Total net position	$ 73,798,736	$ (3,608,157)	$ 8,845,707	$ (172,420)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 14,681,702	$ 609,684	$ 861,907	$ 1,048,381	$ 5,494,524	$ 1,749,985	$ 167,247,823
1,324	-	58	7,365	30,285	-	785,735
-	-	-	-	120,642	-	4,110,770
5,000	-	-	-	-	-	5,000
1,335,774	1,386	1,068,897	22,752	3,603,041	44,822	10,358,912
-	-	-	-	-	-	5,567,243
33	-	6,020	-	2,454	-	819,356
-	-	-	-	-	233,581	233,581
67,762	-	5,095	-	678	-	73,535
16,091,595	611,070	1,941,977	1,078,498	9,251,624	2,028,388	189,201,955
75,000	-	-	-	-	-	75,000
-	-	-	-	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	161,062	152,380	29,756,928	3,878,668	57,646,618
-	-	15,323,810	-	-	-	15,323,810
(33,650)	(52,240)	(15,472,214)	(292,380)	(33,006,161)	(5,182,201)	(72,283,845)
78,227	-	12,658	95,554	11,532,366	2,567,038	26,030,187
16,169,822	611,070	1,954,635	1,174,052	20,783,990	4,595,426	215,232,142
99,749	325,610	741,028	285,857	2,119,324	226,199	5,048,777
522,419	2,513	64,755	10,041	1,147,064	14,588	9,976,947
49,605	138,359	332,548	107,620	957,640	70,137	2,283,978
-	-	-	42	3,777	-	63,725
-	-	-	-	-	-	1,918,041
776,235	10,359	403,501	117,612	535,477	3,812	2,368,644
-	-	454	-	136	7,635	16,133
35,738	-	13,763	-	16,259	-	65,760
-	-	-	-	4,690	-	65,573
16,777,590	-	-	-	-	-	79,791,894
28,987	124,248	241,663	81,668	732,399	66,518	1,725,516
-	-	-	-	513,323	-	513,323
-	-	-	-	648,976	-	648,976
18,190,574	275,479	1,056,684	316,983	4,559,741	162,690	99,438,510
-	-	-	-	276,920	-	2,339,420
-	-	-	-	602,546	-	602,546
46,939,358	-	-	-	-	-	46,939,358
924,174	2,911,869	7,338,336	3,098,297	21,560,782	1,246,522	49,775,578
23,376	68,178	203,209	67,109	544,496	58,546	1,266,512
-	-	-	-	4,222,926	-	4,222,926
47,886,908	2,980,047	7,541,545	3,165,406	27,207,670	1,305,068	105,146,340
66,077,482	3,255,526	8,598,229	3,482,389	31,767,411	1,467,758	204,584,850
174,288	549,144	1,383,922	584,301	4,066,104	213,108	9,365,103
3,227	-	12,658	95,554	6,242,479	2,567,038	20,665,300
(49,985,426)	(2,867,990)	(7,299,146)	(2,702,335)	(19,172,680)	573,721	(14,334,334)
$ (49,982,199)	$ (2,867,990)	$ (7,286,488)	$ (2,606,781)	$ (12,930,201)	$ 3,140,759	$ 6,330,966

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds

For the Fiscal Year Ended June 30, 2016

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Operating Revenues				
Net premium income	$ 340,632,349	$ -	$ -	$ -
Sales	-	-	-	-
Charges for services	-	1,347,393	70,936	6,858,364
Rental income	-	14,697,227	5,292,802	-
Other	715,395	61,392	-	-
Total operating revenues	341,347,744	16,106,012	5,363,738	6,858,364
Operating Expenses				
Salaries and benefits	2,333,626	5,525,338	934,921	1,103,997
Operating	6,161,665	10,497,253	2,161,599	5,537,455
Claims expense	220,237,890	-	-	-
Materials or supplies used	-	-	294,399	-
Depreciation	19,442	115,612	1,878,868	36,326
Insurance premiums	120,117,584	-	-	-
Total operating expenses	348,870,207	16,138,203	5,269,787	6,677,778
Operating income (loss)	(7,522,463)	(32,191)	93,951	180,586
Nonoperating Revenues (Expenses)				
Interest and investment income	1,311,214	-	-	-
Interest expense	-	-	-	-
Gain (loss) on disposal of assets	-	(1,603)	149,644	-
Total nonoperating revenues (expenses)	1,311,214	(1,603)	149,644	-
Income (loss) before transfers	(6,211,249)	(33,794)	243,595	180,586
Transfers				
Transfers in	-	12,895	3,217,686	-
Transfers out	-	-	-	-
Change in net position	(6,211,249)	(20,899)	3,461,281	180,586
Net position, July 1	80,009,985	(3,587,258)	5,384,426	(353,006)
Net position, June 30	$ 73,798,736	$ (3,608,157)	$ 8,845,707	$ (172,420)

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 23,512,200	$ -	$ -	$ -	$ -	$ -	$ 364,144,549
-	-	-	-	-	2,438,618	2,438,618
-	2,452,159	8,869,727	2,900,494	30,823,296	-	53,322,369
-	-	-	-	271,873	-	20,261,902
313,420	-	33,223	229,887	1,215	12,145	1,366,677
23,825,620	2,452,159	8,902,950	3,130,381	31,096,384	2,450,763	441,534,115
762,428	2,287,555	5,135,995	1,948,134	15,067,495	1,365,566	36,465,055
2,058,054	390,664	3,453,912	752,577	15,516,222	551,673	47,081,074
14,735,819	-	-	-	-	-	234,973,709
-	-	-	-	-	376,765	671,164
802	176	7,048	-	2,068,965	203,016	4,330,255
5,191,940	-	-	-	-	-	125,309,524
22,749,043	2,678,395	8,596,955	2,700,711	32,652,682	2,497,020	448,830,781
1,076,577	(226,236)	305,995	429,670	(1,556,298)	(46,257)	(7,296,666)
157	-	-	-	-	-	1,311,371
-	-	-	-	(1,439)	-	(1,439)
-	-	-	-	-	-	148,041
157	-	-	-	(1,439)	-	1,457,973
1,076,734	(226,236)	305,995	429,670	(1,557,737)	(46,257)	(5,838,693)
26,418	-	-	-	3,847,037	159,528	7,263,564
(266,580)	-	-	-	-	-	(266,580)
836,572	(226,236)	305,995	429,670	2,289,300	113,271	1,158,291
(50,818,771)	(2,641,754)	(7,592,483)	(3,036,451)	(15,219,501)	3,027,488	5,172,675
$ (49,982,199)	$ (2,867,990)	$ (7,286,488)	$ (2,606,781)	$ (12,930,201)	$ 3,140,759	$ 6,330,966

Combining Statement of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2016

	Self-Insurance	Buildings and Grounds	Fleet Services	Communications
Cash flows from operating activities				
Receipts from customers and users	$ 56,091,573	$ 12,001	$ 821	$ 23,087
Receipts for interfund services provided	198,477,983	15,871,212	5,213,490	6,732,684
Receipts from component units	84,716,314	-	88,589	4,398
Receipts of principal on loans and notes	-	-	-	-
Payments to suppliers, other governments and beneficiaries	(344,049,867)	(8,983,817)	(1,497,421)	(5,045,696)
Payments to employees	(2,235,157)	(5,156,962)	(897,019)	(1,060,919)
Payments for interfund services used	(1,568,866)	(1,556,239)	(914,472)	(489,770)
Payments to component units	-	(430)	-	-
Net cash provided by (used for) operating activities	(8,568,020)	185,765	1,993,988	163,784
Cash flows from noncapital financing activities				
Transfers and advances from other funds	-	332	3,270,663	-
Transfers and advances to other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	332	3,270,663	-
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	177,081	-
Purchase of capital assets	(109,967)	(65,215)	(4,883,434)	(38,742)
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Net cash provided by (used for) capital and related financing activities	(109,967)	(65,215)	(4,706,353)	(38,742)
Cash flows from investing activities				
Interest, dividends and gains (losses)	1,299,171	-	-	-
Net cash provided by (used for) investing activities	1,299,171	-	-	-
Net increase (decrease) in cash	(7,378,816)	120,882	558,298	125,042
Cash and cash equivalents, July 1	143,287,592	4,374,940	1,330,326	383,376
Cash and cash equivalents, June 30	$ 135,908,776	$ 4,495,822	$ 1,888,624	$ 508,418
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	$ (7,522,463)	$ (32,191)	$ 93,951	$ 180,586
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	19,442	115,612	1,878,868	36,326
Decrease (increase) in loans and notes receivable	-	-	-	-
Decrease (increase) in accrued interest and receivables	(1,824,152)	(222,799)	(60,838)	(98,195)
Decrease (increase) in inventory, deferred charges, other assets	-	-	-	-
Decrease (increase) in deferred outflows of resources	(36,274)	6,107	(14,114)	(16,229)
Increase (decrease) in accounts payable, accruals, other liabilities	912,082	23,367	57,240	5,189
Increase (decrease) in unearned revenue	(237,722)	-	-	-
Increase (decrease) in net pension liability	322,196	786,860	103,474	149,317
Increase (decrease) in deferred inflows of resources	(201,129)	(491,191)	(64,593)	(93,210)
Total adjustments	(1,045,557)	217,956	1,900,037	(16,802)
Net cash provided by (used for) operating activities	$ (8,568,020)	$ 185,765	$ 1,993,988	$ 163,784

Insurance Premiums	Administrative Services	Personnel	Purchasing	Information Services	Printing	Total
$ 334,390	$ -	$ 2,902	$ 205,268	$ 791,163	$ 193,908	$ 57,655,113
23,099,599	2,452,159	7,181,769	2,895,060	29,741,937	2,564,020	294,229,913
256,819	-	646,431	-	-	-	85,712,551
5,000	-	-	-	-	-	5,000
(10,992,147)	(63,252)	(753,154)	(51,853)	(14,977,975)	(613,332)	(387,028,514)
(744,570)	(2,175,762)	(4,971,171)	(1,890,338)	(14,288,974)	(1,359,529)	(34,780,401)
(11,042,971)	(334,484)	(2,358,941)	(608,773)	(7,731)	(272,346)	(19,154,593)
(177,742)	-	(14,043)	-	(57,149)	-	(249,364)
738,378	(121,339)	(266,207)	549,364	1,201,271	512,721	(3,610,295)
26,418	-	-	-	3,374,464	159,528	6,831,405
(156,698)	-	-	-	-	-	(156,698)
(130,280)	-	-	-	3,374,464	159,528	6,674,707
-	-	-	-	-	-	177,081
-	-	-	-	(1,146,430)	(23,000)	(6,266,788)
-	-	(202,988)	-	(1,459,874)	-	(1,662,862)
-	-	-	-	(1,439)	-	(1,439)
-	-	(202,988)	-	(2,607,743)	(23,000)	(7,754,008)
157	-	-	-	-	-	1,299,328
157	-	-	-	-	-	1,299,328
608,255	(121,339)	(469,195)	549,364	1,967,992	649,249	(3,390,268)
14,073,447	731,023	1,331,102	499,017	3,526,532	1,100,736	170,638,091
$ 14,681,702	$ 609,684	$ 861,907	$ 1,048,381	$ 5,494,524	$ 1,749,985	$ 167,247,823
$ 1,076,577	$ (226,236)	$ 305,995	$ 429,670	$ (1,556,298)	$ (46,257)	$ (7,296,666)
802	176	7,048	-	2,068,965	203,016	4,330,255
5,000	-	(1,071,848)	-	-	-	(1,066,848)
(134,812)	(1,386)	-	(30,053)	(567,974)	307,165	(2,633,044)
119,230	-	183	-	6	41,739	161,158
(13,087)	(52,556)	(52,894)	4,679	(97,513)	(105,481)	(377,362)
(352,583)	41,293	249,520	20,184	480,338	(22,844)	1,413,786
-	-	-	-	4,690	-	(233,032)
99,136	312,354	787,178	332,352	2,312,810	213,699	5,419,376
(61,885)	(194,984)	(491,389)	(207,468)	(1,443,753)	(78,316)	(3,327,918)
(338,199)	104,897	(572,202)	119,694	2,757,569	558,978	3,686,371
$ 738,378	$ (121,339)	$ (266,207)	$ 549,364	$ 1,201,271	$ 512,721	$ (3,610,295)

Crowd gathers in front of steam engine No. 10 at the Palisade Station of the Eureka-Nevada Railway in 1938.

(Photo's Permission Granted by: Nevada Historical Society)

Mining has always been a staple industry in Nevada. Here, a steam engine unloads ore from the Eureka mines.

Two crewmen and a third man occupy a passenger car on the Eureka-Nevada Railway (1935).

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 and district judges (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). Funding comes from employer contributions and investment earnings (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, 2016

	Pension Trust Funds				
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Other Employee Benefit Trust Fund - State Retirees' Fund	Total
Assets					
Cash and pooled investments:					
Cash with treasurer	$ -	$ -	$ -	$ 3,204,523	$ 3,204,523
Cash in custody of other officials	209,333,614	61,282	380,651	-	209,775,547
Investments:					
Investments	-	-	-	1,316,665	1,316,665
Fixed income securities	9,815,487,784	1,300,742	29,531,000	-	9,846,319,526
Marketable equity securities	15,156,704,122	3,004,865	68,318,499	-	15,228,027,486
International securities	6,627,477,668	104,051	2,362,649	-	6,629,944,368
Real estate	1,584,377,325	-	-	-	1,584,377,325
Alternative investments	1,433,191,372	-	-	-	1,433,191,372
Collateral on loaned securities	411,128,913	-	-	-	411,128,913
Receivables:					
Accounts receivable	-	-	-	-	-
Accrued interest and dividends	97,208,833	8,949	197,957	-	97,415,739
Trades pending settlement	120,155,081	10,264	549,398	-	120,714,743
Intergovernmental receivables	113,492,124	-	303,496	21,138	113,816,758
Contributions receivable	-	-	-	-	-
Due from other funds	583	-	-	100,292	100,875
Due from fiduciary funds	21,480,641	-	-	-	21,480,641
Due from component units	-	-	-	2,256,424	2,256,424
Other assets	2,916,621	-	-	-	2,916,621
Furniture and equipment	41,550,920	-	-	-	41,550,920
Accumulated depreciation	(37,678,778)	-	-	-	(37,678,778)
Total assets	35,596,826,823	4,490,153	101,643,650	6,899,042	35,709,859,668
Liabilities					
Accounts payable and accruals:					
Accounts payable	10,981,758	1,806	17,059	-	11,000,623
Intergovernmental payables	-	-	-	-	-
Redemptions payable	-	-	-	-	-
Trades pending settlement	172,389,964	14,284	524,651	-	172,928,899
Bank overdraft	-	-	-	-	-
Obligations under securities lending	411,128,913	-	-	-	411,128,913
Due to other funds	252,371	-	-	5,567,132	5,819,503
Due to fiduciary funds	44,911	-	-	-	44,911
Other liabilities	-	-	-	-	-
Total liabilities	594,797,917	16,090	541,710	5,567,132	600,922,849
Net Position					
Held in trust for:					
Employees' pension benefits	35,002,028,906	4,474,063	101,101,940	-	35,107,604,909
OPEB benefits	-	-	-	1,331,910	1,331,910
Pool participants	-	-	-	-	-
Individuals	-	-	-	-	-
Total net position	$35,002,028,906	$ 4,474,063	$ 101,101,940	$ 1,331,910	$ 35,108,936,819

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
$ -	$ -	$ -	$ -	$ 7,490,524	$ -	$ 7,490,524
-	-	11,216,015	11,216,015	-	12,616,110	12,616,110
581,137,576	132,493,048	348,750,232	1,062,380,856	-	17,245,793,011	17,245,793,011
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,516	-	3,516
879,840	227,495	3,185,821	4,293,156	-	767,408	767,408
-	-	-	-	-	33,172,862	33,172,862
-	-	-	-	123,388	-	123,388
-	-	-	-	-	12,521,934	12,521,934
-	-	-	-	185,161	-	185,161
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	48,222	-	48,222
-	-	-	-	(48,222)	-	(48,222)
582,017,416	132,720,543	363,152,068	1,077,890,027	7,802,589	17,304,871,325	17,312,673,914
-	47,632	30,049	77,681	127,838	2,723,030	2,850,868
23,225	-	-	23,225	2,826	-	2,826
-	-	-	-	-	5,713,703	5,713,703
-	-	4,887,856	4,887,856	-	34,555,437	34,555,437
-	-	-	-	-	538,000	538,000
-	-	-	-	-	-	-
-	-	-	-	299,579	-	299,579
-	-	-	-	18,728	-	18,728
20,547	-	-	20,547	-	-	-
43,772	47,632	4,917,905	5,009,309	448,971	43,530,170	43,979,141
-	-	-	-	-	-	-
-	-	-	-	-	-	-
581,973,644	132,672,911	358,234,163	1,072,880,718	-	-	-
-	-	-	-	7,353,618	17,261,341,155	17,268,694,773
$ 581,973,644	$ 132,672,911	$ 358,234,163	$ 1,072,880,718	$ 7,353,618	$17,261,341,155	$ 17,268,694,773

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, 2016

	Pension Trust Funds				
	Public Employees' Retirement	Legislators' Retirement	Judicial Retirement	Other Employee Benefit Trust Fund - State Retirees' Fund	Total
Additions					
Contributions:					
Employer	$ 1,569,709,596	$ 155,855	$ 5,772,954	$ 32,213,079	$ 1,607,851,484
Plan members	129,788,195	22,854	-	-	129,811,049
Participants	-	-	-	-	-
Repayment and purchase of service	61,736,428	-	268,730	-	62,005,158
Total contributions	1,761,234,219	178,709	6,041,684	32,213,079	1,799,667,691
Investment income:					
Net increase (decrease) in fair value of investments	(72,040,745)	(15,274)	(102,896)	11,607	(72,147,308)
Interest, dividends	744,325,442	78,244	1,674,614	43,355	746,121,655
Securities lending	5,823,399	-	-	-	5,823,399
Other	139,896,529	-	-	-	139,896,529
	818,004,625	62,970	1,571,718	54,962	819,694,275
Less investment expense:					
Other	(39,307,761)	(803)	(15,141)	(337)	(39,324,042)
Net investment income	778,696,864	62,167	1,556,577	54,625	780,370,233
Other:					
Investment from local governments	-	-	-	-	-
Reinvestment from interest income	-	-	-	-	-
Other	1,944,374	65,766	-	-	2,010,140
Total other	1,944,374	65,766	-	-	2,010,140
Total additions	2,541,875,457	306,642	7,598,261	32,267,704	2,582,048,064
Deductions					
Principal redeemed	-	-	-	-	-
Benefit payments	2,111,858,380	496,216	5,350,792	35,931,986	2,153,637,374
Refunds	26,757,635	6,290	-	-	26,763,925
Contribution distributions	-	-	-	-	-
Dividends to investors	-	-	-	-	-
Administrative expense	11,950,720	64,887	90,228	-	12,105,835
Total deductions	2,150,566,735	567,393	5,441,020	35,931,986	2,192,507,134
Change in net position	391,308,722	(260,751)	2,157,241	(3,664,282)	389,540,930
Net position, July 1	34,610,720,184	4,734,814	98,944,699	4,996,192	34,719,395,889
Net position, June 30	$ 35,002,028,906	$ 4,474,063	$ 101,101,940	$ 1,331,910	$ 35,108,936,819

	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
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-
	-	-	-	-	21,783,315	4,186,891,228	4,208,674,543
	-	-	-	-	-	-	-
	-	-	-	-	21,783,315	4,186,891,228	4,208,674,543
	243,582	243,800	(1,165,676)	(678,294)	-	(186,209,061)	(186,209,061)
	310,350	1,969,147	7,524,142	9,803,639	-	362,816,873	362,816,873
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	553,932	2,212,947	6,358,466	9,125,345	-	176,607,812	176,607,812
	-	-	(45,042)	(45,042)	-	-	-
	553,932	2,212,947	6,313,424	9,080,303	-	176,607,812	176,607,812
	912,442,786	1,524,387	69,463,929	983,431,102	-	-	-
	2,035,442	-	-	2,035,442	-	-	-
	-	-	756	756	-	-	-
	914,478,228	1,524,387	69,464,685	985,467,300	-	-	-
	915,032,160	3,737,334	75,778,109	994,547,603	21,783,315	4,363,499,040	4,385,282,355
	739,941,652	125,161,625	-	865,103,277	-	2,940,307,068	2,940,307,068
	-	-	-	-	19,871,697	-	19,871,697
	-	-	-	-	-	-	-
	-	-	6,500,000	6,500,000	-	-	-
	184,633	-	-	184,633	-	-	-
	125,717	265,560	37,822	429,099	-	31,955,192	31,955,192
	740,252,002	125,427,185	6,537,822	872,217,009	19,871,697	2,972,262,260	2,992,133,957
	174,780,158	(121,689,851)	69,240,287	122,330,594	1,911,618	1,391,236,780	1,393,148,398
	407,193,486	254,362,762	288,993,876	950,550,124	5,442,000	15,870,104,375	15,875,546,375
	$581,973,644	$ 132,672,911	$ 358,234,163	$ 1,072,880,718	$ 7,353,618	$17,261,341,155	$ 17,268,694,773

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	Intergovernmental	State Agency Fund for Bonds	Motor Vehicle	Child Support Disbursement
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 11,784,261	$ 26,448,498	$ 38,019,436	$ -
Cash in custody of other officials	-	21,968,475	14,205,191	2,581,524
Investments	-	235,137,238	-	-
Receivables:				
Taxes receivable	11,604,564	-	54,911,331	-
Intergovernmental receivables	-	-	-	-
Other receivables	-	-	88,007	-
Due from other funds	512,905,346	32,685,379	669,019	-
Due from fiduciary funds	14,123,063	-	1,339	-
Total assets	$ 550,417,234	$ 316,239,590	$ 107,894,323	$ 2,581,524
Liabilities				
Accounts payable and accruals:				
Accrued payroll and related liabilities	$ -	$ -	$ -	$ -
Intergovernmental payables	550,417,234	190	77,776,397	-
Due to fiduciary funds	-	-	14,123,063	-
Other liabilities:				
Deposits	-	316,239,400	15,858,704	-
Other liabilities	-	-	136,159	2,581,524
Total liabilities	$ 550,417,234	$ 316,239,590	$ 107,894,323	$ 2,581,524

Child Welfare Trust	Restitution Trust	State Payroll	Total
$ 53,799	$ 1,668,930	$ 12,531,115	$ 90,506,039
-	-	-	38,755,190
-	-	-	235,137,238
-	-	-	66,515,895
-	-	42,053	42,053
-	-	-	88,007
221	64	8,864,783	555,124,812
-	17,389	44,911	14,186,702
$ 54,020	$ 1,686,383	$ 21,482,862	$ 1,000,355,936
$ -	$ -	$ 2,221	$ 2,221
703	-	-	628,194,524
-	-	21,480,641	35,603,704
-	-	-	332,098,104
53,317	1,686,383	-	4,457,383
$ 54,020	$ 1,686,383	$ 21,482,862	$ 1,000,355,936

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Fiscal Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Intergovernmental				
Assets				
Cash with treasurer	$ 11,207,370	$ 3,352,280,240	$ 3,351,703,349	$ 11,784,261
Taxes receivable	10,255,493	46,438,301	45,089,230	11,604,564
Due from other funds	492,659,580	512,905,379	492,659,613	512,905,346
Due from fiduciary funds	13,293,048	14,123,063	13,293,048	14,123,063
Total assets	$ 527,415,491	$ 3,925,746,983	$ 3,902,745,240	$ 550,417,234
Liabilities				
Intergovernmental payables	$ 527,415,491	$ 3,924,724,898	$ 3,901,723,155	$ 550,417,234
Total liabilities	$ 527,415,491	$ 3,924,724,898	$ 3,901,723,155	$ 550,417,234
State Agency Fund for Bonds				
Assets				
Cash with treasurer	$ 23,385,174	$ 7,730,952	$ 4,667,628	$ 26,448,498
Cash in custody of other officials	21,839,680	1,910,534	1,781,739	21,968,475
Investments	222,312,599	36,263,000	23,438,361	235,137,238
Due from other funds	33,221,865	907,769	1,444,255	32,685,379
Total assets	$ 300,759,318	$ 46,812,255	$ 31,331,983	$ 316,239,590
Liabilities				
Deposits	$ 300,759,318	$ 45,236,964	$ 29,756,692	$ 316,239,590
Total liabilities	$ 300,759,318	$ 45,236,964	$ 29,756,692	$ 316,239,590
Motor Vehicle				
Assets				
Cash with treasurer	$ 34,478,187	$ 1,371,683,902	$ 1,368,142,653	$ 38,019,436
Cash in custody of other officials	6,103,919	8,210,207	108,935	14,205,191
Taxes receivable	48,078,572	47,791,244	40,958,485	54,911,331
Other receivables	99,064	-	11,057	88,007
Due from other funds	453,417	669,019	453,417	669,019
Due from fiduciary funds	1,101	1,339	1,101	1,339
Total assets	$ 89,214,260	$ 1,428,355,711	$ 1,409,675,648	$ 107,894,323
Liabilities				
Intergovernmental payables	$ 68,096,487	$ 1,405,920,117	$ 1,396,240,207	$ 77,776,397
Due to fiduciary funds	13,293,048	14,123,063	13,293,048	14,123,063
Deposits	7,705,809	9,295,625	1,142,730	15,858,704
Other liabilities	118,916	17,243	-	136,159
Total liabilities	$ 89,214,260	$ 1,429,356,048	$ 1,410,675,985	$ 107,894,323
Child Support Disbursement				
Assets				
Cash in custody of other officials	$ 3,207,217	$ 214,739,849	$ 215,365,542	$ 2,581,524
Total assets	$ 3,207,217	$ 214,739,849	$ 215,365,542	$ 2,581,524
Liabilities				
Other liabilities	$ 3,207,217	$ 215,561,110	$ 216,186,803	$ 2,581,524
Total liabilities	$ 3,207,217	$ 215,561,110	$ 216,186,803	$ 2,581,524
Child Welfare Trust				
Assets				
Cash with treasurer	$ 89,788	$ 267,066	$ 303,055	$ 53,799
Due from other funds	265	223	267	221
Total assets	$ 90,053	$ 267,289	$ 303,322	$ 54,020
Liabilities				
Intergovernmental payables	$ -	$ 703	$ -	$ 703
Other liabilities	90,053	266,793	303,529	53,317
Total liabilities	$ 90,053	$ 267,496	$ 303,529	$ 54,020

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Restitution Trust				
Assets				
Cash with treasurer	$ 1,660,281	$ 3,057,490	$ 3,048,841	$ 1,668,930
Due from other funds	20	64	20	64
Due from fiduciary funds	25,739	17,389	25,739	17,389
Total assets	$ 1,686,040	$ 3,074,943	$ 3,074,600	$ 1,686,383
Liabilities				
Other liabilities	$ 1,686,040	$ 3,183,161	$ 3,182,818	$ 1,686,383
Total liabilities	$ 1,686,040	$ 3,183,161	$ 3,182,818	$ 1,686,383
State Payroll				
Assets				
Cash with treasurer	$ 9,896,401	$ 756,556,908	$ 753,922,194	$ 12,531,115
Intergovernmental receivables	20,178	42,755	20,880	42,053
Due from other funds	7,207,194	8,864,784	7,207,195	8,864,783
Due from fiduciary funds	-	44,911	-	44,911
Due from component unit	2,263,225	-	2,263,225	-
Total assets	$ 19,386,998	$ 765,509,358	$ 763,413,494	$ 21,482,862
Liabilities				
Accrued payroll and related liabilities	$ 80,001	$ 403,301,150	$ 403,378,930	$ 2,221
Due to fiduciary funds	19,306,997	277,036,232	274,862,588	21,480,641
Deposits	-	86,332,485	86,332,485	-
Total liabilities	$ 19,386,998	$ 766,669,867	$ 764,574,003	$ 21,482,862
Totals - All Agency Funds				
Assets				
Cash with treasurer	$ 80,717,201	$ 5,491,576,558	$ 5,481,787,720	$ 90,506,039
Cash in custody of other officials	31,150,816	224,860,590	217,256,216	38,755,190
Investments	222,312,599	36,263,000	23,438,361	235,137,238
Taxes receivable	58,334,065	94,229,545	86,047,715	66,515,895
Intergovernmental receivables	20,178	42,755	20,880	42,053
Other receivables	99,064	-	11,057	88,007
Due from other funds	533,542,341	523,347,238	501,764,767	555,124,812
Due from fiduciary funds	13,319,888	14,186,702	13,319,888	14,186,702
Due from component unit	2,263,225	-	2,263,225	-
Total assets	$ 941,759,377	$ 6,384,506,388	$ 6,325,909,829	$ 1,000,355,936
Liabilities				
Accrued payroll and related liabilities	$ 80,001	$ 403,301,150	$ 403,378,930	$ 2,221
Intergovernmental payables	595,511,978	5,330,645,718	5,297,963,362	628,194,334
Due to fiduciary funds	32,600,045	291,159,295	288,155,636	35,603,704
Deposits	308,465,127	140,865,074	117,231,907	332,098,294
Other liabilities	5,102,226	219,028,307	219,673,150	4,457,383
Total liabilities	$ 941,759,377	$ 6,384,999,544	$ 6,326,402,985	$ 1,000,355,936

Heavyweight champion boxer Jack Dempsey poses in the ring with a young boy.

(Photo's Permission Granted by:
Nevada Historical Society)

Heavyweight boxing champ Jack Dempsey, who first came to Nevada as a freight car stowaway, didn't just work inside the ring. Here, he is shown lobbing ore into a mining cart.

Statistical Section

This part of the State of Nevada's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report of the relevant year.

Table 1 - Net Position by Component

Last Ten Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	$ 3,486,155	$ 3,522,177	$ 3,492,205	$ 3,622,787	$ 3,875,141	$ 4,017,147	$ 4,357,735	$ 4,672,738	$ 4,895,213	$ 5,588,027
Restricted	613,375	697,168	702,743	683,526	749,818	700,341	741,250	866,071	976,650	1,105,037
Unrestricted (deficit)	623,787	289,123	(236,912)	(224,799)	(276,924)	(59,069)	(3,135)	(124,344)	(2,223,609)	(1,888,144)
Total governmental activities net position	$ 4,723,317	$ 4,508,468	$ 3,958,036	$ 4,081,514	$ 4,348,035	$ 4,658,419	$ 5,095,850	$ 5,414,465	$ 3,648,254	$ 4,804,920
Business-type Activities										
Net investment in capital assets	$ 2,783	$ 3,393	$ 3,286	$ 3,615	$ 3,120	$ 3,076	$ 3,422	$ 3,434	$ 3,791	$ 4,310
Restricted	1,293,737	1,297,613	819,348	464,346	503,090	538,143	560,410	599,806	651,863	1,153,048
Unrestricted (deficit)	9,441	10,206	(5,466)	(303,705)	(558,265)	(544,418)	(360,488)	(223,987)	88,253	8,873
Total business-type activities net position	$ 1,305,961	$ 1,311,212	$ 817,168	$ 164,256	$ (52,055)	$ (3,199)	$ 203,344	$ 379,253	$ 743,907	$ 1,166,231
Primary Government										
Net investment in capital assets	$ 3,488,938	$ 3,525,570	$ 3,495,491	$ 3,626,402	$ 3,878,261	$ 4,020,223	$ 4,361,157	$ 4,676,172	$ 4,899,004	$ 5,592,337
Restricted	1,907,112	1,994,781	1,522,091	1,147,872	1,252,908	1,238,484	1,301,660	1,465,877	1,628,513	2,258,085
Unrestricted (deficit)	633,228	299,329	(242,378)	(528,504)	(835,189)	(603,487)	(363,623)	(348,331)	(2,135,356)	(1,879,271)
Total primary government net position	$ 6,029,278	$ 5,819,680	$ 4,775,204	$ 4,245,770	$ 4,295,980	$ 4,655,220	$ 5,299,194	$ 5,793,718	$ 4,392,161	$ 5,971,151

Table 2 - Changes in Net Position

Last Ten Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 421,291	$ 439,682	$ 389,943	$ 375,219	$ 334,616	$ 240,417	$ 229,136	$ 202,620	$ 280,465	$ 206,620
Health and social services	2,340,884	2,454,843	2,667,419	3,017,013	3,209,237	3,250,926	3,464,334	3,784,055	4,887,130	-
Health services **(c)**	-	-	-	-	-	-	-	-	-	3,509,058
Social services **(c)**	-	-	-	-	-	-	-	-	-	1,601,995
Education - K-12 state support **(c)**	-	-	-	-	-	-	-	-	-	1,460,123
Education - K-12 administrative **(c)**	-	-	-	-	-	-	-	-	-	524,397
Education - K-12 **(b)**	1,547,378	1,663,725	1,770,627	1,810,353	1,818,869	1,794,579	1,812,992	1,830,605	1,892,519	-
Education - higher education **(b)**	707,248	718,006	704,789	620,570	574,667	486,320	477,852	495,893	490,407	577,683
Law, justice and public safety	624,149	650,657	687,410	690,104	667,598	646,701	657,728	662,330	695,023	709,920
Regulation of business	104,385	114,786	118,086	100,380	122,679	101,687	85,688	303,020	259,106	299,093
Transportation	680,281	576,815	762,610	644,976	630,657	801,797	505,354	327,519	462,386	180,224
Recreation and resource development	173,037	167,627	165,741	161,048	153,404	138,599	134,578	139,188	145,000	144,940
Interest on long-term debt	150,486	146,312	138,304	132,238	128,606	122,080	106,126	121,224	94,987	79,527
Unallocated depreciation	720	992	976	1,448	1,402	1,755	2,023	2,150	2,137	2,680
Total governmental activities expenses	6,749,859	6,933,445	7,405,905	7,553,349	7,641,735	7,584,861	7,475,811	7,868,604	9,209,160	9,296,260
Business-type activities:										
Unemployment insurance	296,784	439,632	1,336,043	2,233,382	1,767,632	1,286,839	867,600	552,246	380,166	342,279
Housing	46,152	43,953	44,382	57,342	83,467	50,979	34,247	31,954	23,442	27,099
Water loans	7,885	6,836	6,218	14,697	16,476	8,249	8,942	7,837	6,372	4,962
Workers' compensation and safety	25,381	26,258	26,801	26,084	29,642	27,706	28,685	26,715	27,644	31,024
Higher education tuition	10,504	8,109	13,103	14,051	18,959	26,067	25,081	21,325	25,768	25,108
Other	16,424	20,496	16,967	23,175	28,905	26,187	32,107	32,944	30,263	31,471
Total business-type activities expenses	403,130	545,284	1,443,514	2,368,731	1,945,081	1,426,027	996,662	673,021	493,655	461,943
Total primary government expenses	$ 7,152,989	$ 7,478,729	$ 8,849,419	$ 9,922,080	$ 9,586,816	$ 9,010,888	$ 8,472,473	$ 8,541,625	$ 9,702,815	$ 9,758,203

Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 254,947	$ 254,198	$ 281,997	$ 285,927	$ 301,856	$ 183,278	$ 180,169	$ 174,265	$ 172,468	$ 180,648
Health and social services	125,915	147,785	141,473	131,408	156,698	212,730	212,310	172,459	222,917	-
Health services **(c)**	-	-	-	-	-	-	-	-	-	98,107
Social services **(c)**	-	-	-	-	-	-	-	-	-	139,256
Law, justice and public safety	256,015	257,355	252,755	236,004	234,385	253,431	267,060	273,895	295,582	301,894
Other	148,959	135,034	118,668	143,689	177,342	145,116	128,126	146,567	138,010	165,741
Operating grants and contributions	2,025,361	1,982,315	2,544,032	3,141,986	3,050,092	3,091,556	3,116,377	3,416,382	4,337,546	4,791,688
Capital grants and contributions	16,010	21,871	19,608	56,719	164,711	73,749	56,003	9,349	10,385	12,503
Total governmental activities program revenues	2,827,207	2,798,558	3,358,533	3,995,733	4,085,084	3,959,860	3,960,045	4,192,917	5,176,908	5,689,837
Business-type activities:										
Charges for services:										
Unemployment insurance	-	-	1,460	1,669	1,587	1,544	1,556	1,393	1,753	2,974
Housing	32,372	30,721	26,604	23,693	21,385	20,105	19,840	16,003	17,058	18,934
Water loans	9,907	8,978	8,648	8,409	8,370	8,371	8,873	8,924	8,233	8,755
Workers' compensation and safety	36,037	35,632	38,955	30,144	35,071	37,946	34,322	40,671	34,804	38,639
Higher education tuition **(a)**	6,044	4,405	6,222	8,222	9,284	14,065	20,074	22,063	18,643	19,369
Other	24,652	31,844	29,504	23,352	30,854	25,856	32,358	32,210	31,394	31,475
Operating grants and contributions **(a)**	93,578	83,982	519,401	1,327,044	1,242,754	848,585	503,960	196,653	75,716	58,795
Total business-type activities program revenues	202,590	195,562	630,794	1,422,533	1,349,305	956,472	620,983	317,917	187,601	178,941
Total primary government program revenues	$ 3,029,797	$ 2,994,120	$ 3,989,327	$ 5,418,266	$ 5,434,389	$ 4,916,332	$ 4,581,028	$ 4,510,834	$ 5,364,509	$ 5,868,778
Net (Expense)/Revenue										
Governmental activities	$ (3,922,652)	$ (4,134,887)	$ (4,047,372)	$ (3,557,616)	$ (3,556,651)	$ (3,625,001)	$ (3,515,766)	$ (3,675,687)	$ (4,032,252)	$ (3,606,423)
Business-type activities	(200,540)	(349,722)	(812,720)	(946,198)	(595,776)	(469,555)	(375,679)	(355,104)	(306,054)	(283,002)
Total primary government net expense	$ (4,123,192)	$ (4,484,609)	$ (4,860,092)	$ (4,503,814)	$ (4,152,427)	$ (4,094,556)	$ (3,891,445)	$ (4,030,791)	$ (4,338,306)	$ (3,889,425)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sales and use taxes	$ 1,149,456	$ 1,101,741	$ 943,787	$ 870,474	$ 931,911	$ 967,374	$ 1,027,124	$ 1,085,656	$ 1,160,968	$ 1,219,151
Gaming taxes	1,029,044	1,011,506	883,054	844,470	850,021	884,928	901,085	922,999	906,382	910,684
Modified business taxes	282,729	297,161	281,605	381,300	378,971	373,156	386,928	382,976	413,749	562,867
Insurance premium taxes	261,378	256,847	241,252	233,280	233,334	238,083	252,195	256,587	301,226	301,368
Lodging taxes **(d)**	-	-	-	-	-	-	-	-	-	167,159
Cigarette taxes **(d)**	-	-	-	-	-	-	-	-	-	153,033
Commerce taxes **(d)**	-	-	-	-	-	-	-	-	-	143,508
Property and transfer taxes	296,498	280,896	278,881	266,878	231,758	215,649	215,211	209,784	219,188	238,192
Motor and special fuel taxes	300,182	297,087	272,614	268,554	267,649	267,181	269,232	269,544	277,305	289,909
Other taxes	427,109	425,250	407,469	642,979	688,752	696,431	685,650	688,399	833,960	582,331
Investment earnings	143,013	105,075	9,026	(1,246)	(4,182)	(11,543)	2,892	5,462	14,780	10,352
Other	99,476	116,082	148,321	146,879	214,277	300,430	229,733	160,298	231,042	267,350
Contributions to permanent fund	12,208	8,801	7,019	8,165	6,637	6,705	5,376	5,908	9,038	7,480
Transfers	18,740	19,592	23,912	19,361	24,044	(3,009)	(22,229)	6,689	(147,100)	(127,364)
Total governmental activities	4,019,833	3,920,038	3,496,940	3,681,094	3,823,172	3,935,385	3,953,197	3,994,302	4,220,538	4,726,020
Business-type activities:										
Other taxes	372,741	374,565	342,588	314,657	403,509	515,402	565,925	537,372	555,187	566,551
Other	-	-	-	-	-	-	212	-	-	-
Special item	-	-	-	-	-	-	-	330	5,000	-
Transfers	(18,740)	(19,592)	(23,912)	(19,361)	(24,044)	3,009	22,229	(6,689)	147,100	127,364
Total business-type activities	354,001	354,973	318,676	295,296	379,465	518,411	588,366	531,013	707,287	693,915
Total primary government	$ 4,373,834	$ 4,275,011	$ 3,815,616	$ 3,976,390	$ 4,202,637	$ 4,453,796	$ 4,541,563	$ 4,525,315	$ 4,927,825	$ 5,419,935
Change in Net Position										
Governmental activities	$ 97,181	$ (214,849)	$ (550,432)	$ 123,478	$ 266,521	$ 310,384	$ 437,431	$ 318,615	$ 188,286	$ 1,119,597
Business-type activities	153,461	5,251	(494,044)	(650,902)	(216,311)	48,856	212,687	175,909	401,233	410,913
Total primary government	$ 250,642	$ (209,598)	$ (1,044,476)	$ (527,424)	$ 50,210	$ 359,240	$ 650,118	$ 494,524	$ 589,519	$ 1,530,510

(a) Revised figures for years 2006-2013
(b) Beginning with fiscal year 2015, educational expenditures are reported separately for K-12 and higher education; accordingly, fiscal years 2006 through 2014 have been revised to report these separately
(c) Beginninng with fiscal year 2016, health and social services expenditures are reported separately, and educational K-12 expenditures are reported separately for state support and for administrative
(d) Beginninng with fiscal year 2016, lodging, cigarette and commerce taxes revenues are reported separately (previously included with other taxes)

Table 3 - Fund Balances of Governmental Funds

Last Ten Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	$ 17,585	$ 15,088	$ 13,512	$ 12,463	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	427,506	384,663	179,310	222,095	-	-	-	-	-	-
Nonspendable	-	-	-	-	18,456	23,801	33,113	39,255	35,134	26,953
Restricted	-	-	-	-	73,687	61,049	59,359	65,342	62,114	78,094
Committed	-	-	-	-	270,568	281,751	345,248	306,050	315,131	419,532
Unassigned	-	-	-	-	(115,965)	(96,272)	(66,701)	(135,789)	(205,092)	(126,417)
Total General fund	$ 445,091	$ 399,751	$ 192,822	$ 234,558	$ 246,746	$ 270,329	$ 371,019	$ 274,858	$ 207,287	$ 398,162
All Other Governmental Funds										
Reserved	$ 1,244,430	$ 1,311,024	$ 947,719	$ 1,078,045	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	771,887	403,715	396,520	203,466	-	-	-	-	-	-
Capital projects funds	87,057	17,402	73,892	59,944	-	-	-	-	-	-
Permanent funds	22	22	20	20	-	-	-	-	-	-
Nonspendable	-	-	-	-	607,134	614,697	604,111	599,746	578,695	450,349
Restricted	-	-	-	-	414,040	276,666	324,473	597,389	544,993	736,953
Committed	-	-	-	-	188,796	212,311	245,888	235,265	232,070	278,740
Unassigned	-	-	-	-	(191)	-	-	-	-	-
Total all other governmental funds	$ 2,103,396	$ 1,732,163	$ 1,418,151	$ 1,341,475	$ 1,209,779	$ 1,103,674	$ 1,174,472	$ 1,432,400	$ 1,355,758	$ 1,466,042

Note: GASB Statement 54 changed the presentation of fund balance categories and classifications beginning in fiscal year 2011.

Table 4 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Gaming taxes, fees, licenses	$ 1,028,663	$ 1,008,516	$ 880,573	$ 842,359	$ 849,733	$ 884,331	$ 896,685	$ 927,824	$ 908,491	$ 910,308
Sales taxes	1,132,418	1,088,024	953,112	870,539	925,899	965,060	1,024,624	1,081,735	1,161,893	1,214,113
Modified business taxes	278,953	284,600	277,516	385,110	381,901	369,661	386,610	384,886	411,914	561,778
Insurance premium taxes	259,275	256,693	238,524	233,906	234,831	236,787	248,512	263,532	292,665	309,113
Lodging taxes **(e)**	-	-	-	-	-	-	-	-	-	167,159
Cigarette taxes **(e)**	-	-	-	-	-	-	-	-	-	153,033
Commerce taxes **(e)**	-	-	-	-	-	-	-	-	-	143,508
Property and transfer taxes	296,498	280,895	278,881	266,878	231,758	215,649	215,211	209,784	219,189	238,192
Motor and special fuel taxes	300,182	297,088	272,614	268,554	267,649	267,181	269,232	269,543	277,305	289,909
Other taxes	373,436	372,652	387,449	620,543	664,427	657,138	685,948	692,192	835,552	584,055
Intergovernmental	2,108,916	2,058,071	2,672,751	3,273,266	3,372,565	3,335,558	3,340,627	3,552,327	4,518,221	4,996,931
Licenses, fees and permits	429,501	432,729	419,514	452,838	497,847	490,240	487,123	508,401	536,486	599,450
Sales and charges for services	97,408	95,407	85,401	84,422	81,923	85,211	87,595	90,322	105,241	109,063
Interest and investment income	239,651	185,006	44,831	37,855	31,853	22,599	23,496	25,397	22,082	24,017
Settlement income	37,351	45,976	50,062	41,963	39,517	40,291	147,071	40,120	39,788	39,370
Land sales	5,756	2,503	663	965	560	397	632	1,933	4,922	3,564
Other	91,086	105,475	141,808	112,728	143,461	160,921	151,708	83,277	112,395	92,587
Total revenues	6,679,094	6,513,635	6,703,699	7,491,926	7,723,924	7,731,024	7,965,074	8,131,273	9,446,144	10,436,150

Expenditures										
General government	230,011	212,659	166,909	137,994	141,366	134,889	143,135	112,757	153,682	158,394
Health and social services **(d)**	2,220,212	2,298,239	2,510,530	2,833,205	3,009,386	3,096,457	3,264,884	3,593,828	4,862,598	-
Health services **(d)**	-	-	-	-	-	-	-	-	-	3,535,984
Social services **(d)**	-	-	-	-	-	-	-	-	-	1,603,233
Education and support services **(c)**	39,257	45,240	57,815	57,196	53,796	53,959	53,119	30,845	-	-
Education - K-12 **(c)**	-	-	-	-	-	-	-	-	1,891,259	-
Education - K-12 state support **(d)**	-	-	-	-	-	-	-	-	-	1,460,123
Education - K-12 administrative **(d)**	-	-	-	-	-	-	-	-	-	524,747
Education - higher education **(c)**	-	-	-	-	-	-	-	-	610,543	562,901
Law, justice and public safety	583,601	617,151	628,500	633,890	609,230	604,364	595,649	622,066	633,559	688,616
Regulation of business	100,119	104,844	105,631	107,145	109,928	91,792	80,594	293,438	253,132	298,624
Transportation	776,852	612,493	747,425	691,931	751,647	846,335	578,231	452,821	635,049	816,275
Recreation and resource development	144,245	166,347	135,272	130,800	129,770	125,809	121,330	132,682	141,177	144,003
Intergovernmental **(b)**	2,502,222	2,634,976	2,706,025	2,704,690	2,716,157	2,569,693	2,592,985	2,638,028	-	-
Capital outlay	71,999	167,959	176,599	59,520	41,105	34,222	61,330	29,741	39,564	43,534
Debt service:										
Principal	348,072	424,971	183,976	176,982	194,920	171,004	163,889	166,021	199,845	383,842
Interest, fiscal charges	137,972	143,181	145,169	140,495	135,842	125,978	116,183	106,871	103,998	90,953
Debt issuance costs	3,167	2,440	2,080	1,734	1,300	1,795	1,901	2,282	1,941	3,584
Arbitrage payment	-	-	-	-	-	22	180	730	24	-
Total expenditures	7,157,729	7,430,500	7,565,931	7,675,582	7,894,447	7,856,319	7,773,410	8,182,110	9,526,371	10,314,813
Excess (deficiency) of revenues over (under) expenditures	(478,635)	(916,865)	(862,232)	(183,656)	(170,523)	(125,295)	191,664	(50,837)	(80,227)	121,337
Other Financing Sources (Uses)										
Capital leases	8,487	2,926	20	18,209	408	-	-	-	-	-
Sale of general obligation bonds	387,155	448,379	300,384	109,244	22,655	42,020	-	141,045	78,335	272,070
Sale of general obligation refunding bonds	118,346	-	-	33,746	117,415	243,080	353,470	4,125	213,270	347,253
Premium on general obligation bonds	17,635	17,861	18,494	3,928	13,172	40,530	52,780	21,012	54,686	114,212
Payment to refunded bond agent	(122,039)	-	-	(35,677)	(128,529)	(279,916)	(404,178)	(4,425)	(261,893)	(419,993)
Sale of certificates of participation	5,760	-	-	-	-	-	-	50,445	-	-
Sale of refunding certificates of participation	-	-	-	7,900	-	-	-	35,785	-	-
Premium (discount) on certificates of participation	(78)	-	-	743	-	-	-	2,794	-	-
Payment to refunded certificates of participation agent	-	-	-	(8,466)	-	-	-	(42,799)	-	-
Sale of capital assets	646	11,489	684	92	89	103	99	335	365	641
Transfers in	587,137	763,988	476,147	358,113	221,167	156,037	194,136	192,193	160,472	322,645
Transfers out	(579,970)	(744,350)	(454,439)	(339,116)	(195,362)	(159,081)	(216,483)	(187,907)	(309,220)	(457,006)
Total other financing sources (uses)	423,079	500,293	341,290	148,716	51,015	42,773	(20,176)	212,603	(63,985)	179,822
Net change in fund balances	$ (55,556)	$ (416,572)	$ (520,942)	$ (34,940)	$ (119,508)	$ (82,522)	$ 171,488	$ 161,766	$ (144,212)	$ 301,159
Total expenditures	$ 7,157,729	$ 7,430,500	$ 7,565,931	$ 7,675,582	$ 7,894,447	$ 7,856,319	$ 7,773,410	$ 8,182,110	$ 9,526,371	$10,314,813
Less: Capitalized assets included in the functional categories	245,032	295,926	227,812	209,123	245,790	221,991	232,772	271,655	252,136	735,171
Total noncapital expenditures	$ 6,912,697	$ 7,134,574	$ 7,338,119	$ 7,466,459	$ 7,648,657	$ 7,634,328	$ 7,540,638	$ 7,910,455	$ 9,274,235	$ 9,579,642
Debt service (principal and interest) as a percentage of noncapital expenditures (a)	7.03%	7.96%	4.49%	4.25%	4.32%	3.89%	3.71%	3.45%	3.28%	4.96%

(a) The percentages have been revised for fiscal years 2006 through 2010 to only include debt service prinicipal and interest in the calculation.

(b) Beginninng with fiscal year 2015, intergovernmental expenditures are classified by functional expenditures.

(c) Beginninng with fiscal year 2015, educational expenditures are reported separately for K-12 and higher education.

(d) Beginninng with fiscal year 2016, health and social services expenditures are reported separately, and educational K-12 expenditures are reported separately for state support and for administrative.

(e) Beginninng with fiscal year 2016, lodging, cigarette and commerce taxes revenues are reported separately (previously included with other taxes)

Table 5 - Taxable Sales by County

Last Ten Fiscal Years, (Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxable Sales by County:										
Carson City	$ 991,893	$ 919,266	$ 761,379	$ 678,626	$ 735,161	$ 756,079	$ 779,297	$ 804,368	$ 892,530	$ 961,717
Churchill	306,426	294,411	321,713	251,257	249,112	320,188	387,570	252,675	283,497	282,998
Clark	36,262,388	35,930,374	31,378,242	27,969,288	29,046,720	31,080,881	32,566,665	35,040,892	37,497,074	39,242,730
Douglas	765,218	691,609	584,679	537,187	532,984	557,660	592,823	599,623	653,187	663,490
Elko	1,193,449	1,148,379	1,101,164	1,093,158	1,477,347	1,545,691	1,595,351	1,426,133	1,437,625	1,483,842
Esmeralda	16,523	12,645	9,226	6,551	11,832	20,399	19,806	16,826	18,193	15,315
Eureka	501,077	328,505	285,942	266,356	304,276	367,340	370,492	315,756	260,130	235,117
Humboldt	474,811	508,713	498,791	533,667	748,153	740,656	921,112	780,774	577,537	486,077
Lander	280,378	228,213	264,109	220,348	249,321	443,458	440,677	302,691	308,198	274,632
Lincoln	15,398	26,967	25,257	25,871	33,116	50,417	30,055	29,501	28,955	28,159
Lyon	375,523	385,591	340,284	290,241	300,843	346,511	305,525	356,890	396,525	380,805
Mineral	35,679	38,843	37,247	36,280	42,181	57,696	66,463	62,661	74,178	83,582
Nye	540,377	473,291	427,505	397,570	466,836	498,130	832,077	624,761	497,920	547,020
Pershing	68,332	67,279	62,892	65,681	78,096	106,443	96,442	94,633	82,473	91,181
Storey	204,717	121,244	59,578	48,299	61,863	70,859	77,729	108,434	246,041	240,804
Washoe	7,202,641	6,823,701	5,707,791	5,176,982	5,282,935	5,522,605	5,824,726	6,370,685	6,817,589	7,550,466
White Pine	192,877	197,818	220,815	174,705	314,235	469,737	296,598	253,042	275,884	220,360
Total	$ 49,427,707	$ 48,196,849	$ 42,086,614	$ 37,772,067	$ 39,935,011	$ 42,954,750	$ 45,203,408	$ 47,440,345	$ 50,347,536	$ 52,788,295

The State receives a portion of sales taxes at a rate of 2% on taxable sales.

Source: Department of Taxation

Table 6 - Principal Sales Tax Payers by Business Type

Current Year and Nine Years Ago, (Expressed in Thousands)

	Fiscal Year 2007			Fiscal Year 2016		
	Taxable Sales	Percentage of Total Taxable Sales	Tax Liability	Taxable Sales	Percentage of Total Taxable Sales	Tax Liability
Business Type:						
Food services and drinking places	$ 7,542,940	15.3%	$ 150,858	$ 11,800,136	22.4%	$ 236,003
Motor vehicle and parts dealers	5,833,077	11.8%	116,662	6,269,654	11.9%	125,393
General merchandise stores	4,335,675	8.8%	86,714	4,666,122	8.8%	93,322
Clothing and clothing accessories stores	2,963,304	6.0%	59,266	3,764,593	7.1%	75,292
Merchant wholesalers, durable goods	3,799,464	7.7%	75,989	3,528,611	6.7%	70,572
Building material, garden equipment, supplies	2,690,438	5.4%	53,809	2,187,403	4.1%	43,748
Food and beverage stores	1,752,713	3.5%	35,054	1,765,257	3.3%	35,306
Rental and leasing services	1,748,698	3.5%	34,974	1,748,807	3.3%	34,976
Electronics and appliance stores	-	-	-	1,351,849	2.6%	27,037
Furniture and home furnishings stores	-	-	-	1,025,157	1.9%	20,503
Health and personal care stores	2,495,645	5.0%	49,913	-	-	-
Accommodation	1,489,032	3.0%	29,781	-	-	-
Total	$ 34,650,986	70.0%	$ 693,020	$ 38,107,589	72.1%	$ 762,152

Source: Department of Taxation

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the source of the State's revenue.

Table 7 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years, (Expressed in Thousands, Except for Per Capita)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General obligation bonds	$ 1,964,616	$ 1,909,725	$ 2,079,805	$ 2,067,615	$ 1,952,885	$ 1,870,455	$ 1,754,520	$ 1,703,840	$ 1,607,930	$ 1,358,430
Special obligation bonds	693,285	774,300	722,880	668,840	612,045	557,735	497,650	527,450	486,140	587,095
Premiums (discounts)	91,543	100,771	109,407	103,270	104,921	118,509	143,968	146,792	176,725	221,726
Total bonds payable	2,749,444	2,784,796	2,912,092	2,839,725	2,669,851	2,546,699	2,396,138	2,378,082	2,270,795	2,167,251
Certificates of participation	60,455	59,320	58,030	56,080	55,475	53,815	52,000	94,455	91,935	89,225
Premiums (discounts)	-	-	-	690	591	492	339	2,956	2,720	1,491
Total certficates of participation	60,455	59,320	58,030	56,770	56,066	54,307	52,339	97,411	94,655	90,716
Obligations under capital leases	15,955	19,891	17,916	33,846	30,970	28,395	25,096	25,094	22,826	20,177
Total governmental activities	2,825,854	2,864,007	2,988,038	2,930,341	2,756,887	2,629,401	2,473,573	2,500,587	2,388,276	2,278,144
Business-type Activities										
General obligation bonds	117,310	115,805	113,055	105,060	108,975	101,680	90,720	83,025	73,370	69,480
Special obligation bonds	782,307	886,195	911,783	994,044	920,508	810,892	739,797	1,156,634	1,008,858	823,288
Premiums (discounts)	2,221	2,090	1,987	1,971	2,465	4,984	5,942	55,914	42,691	15,688
Total business-type activities	901,838	1,004,090	1,026,825	1,101,075	1,031,948	917,556	836,459	1,295,573	1,124,919	908,456
Total primary government	$ 3,727,692	$ 3,868,097	$ 4,014,863	$ 4,031,416	$ 3,788,835	$ 3,546,957	$ 3,310,032	$ 3,796,160	$ 3,513,195	$ 3,186,600
Debt as a Percentage of Personal Income	4.03%	3.72%	3.79%	4.18%	3.82%	3.46%	3.05%	3.47%	3.04%	2.63%
Amount of Debt per Capita	$ 1,493	$ 1,508	$ 1,513	$ 1,501	$ 1,402	$ 1,305	$ 1,201	$ 1,360	$ 1,237	$ 1,102

Notes: Details regarding the State's debt can be found in the notes to the financial statements.
See table 11 for personal income and population data.
Debt as a Percentage of Personal Income is based on prior year Personal Income.
Amount of Debt per Capita is based on prior year Population.

Table 8 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years, (Expressed in Thousands, Except for Per Capita)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General obligation bonds	$ 1,964,616	$ 1,909,725	$ 2,079,805	$ 2,067,615	$ 1,952,885	$ 1,870,455	$ 1,754,520	$ 1,703,840	$ 1,607,930	$ 1,358,430
Premiums (discounts)	49,165	56,770	69,950	68,356	74,551	86,292	96,909	92,714	129,441	132,082
Subtotal	2,013,781	1,966,495	2,149,755	2,135,971	2,027,436	1,956,747	1,851,429	1,796,554	1,737,371	1,490,512
Certificates of participation	10,940	10,155	9,335	7,900	7,900	6,935	5,920	4,855	3,730	2,550
Premiums (discounts)	-	-	-	689	591	492	394	295	197	36
Subtotal	10,940	10,155	9,335	8,589	8,491	7,427	6,314	5,150	3,927	2,586
Business-type activities:										
General obligation bonds	117,310	115,805	113,055	105,060	108,975	101,680	90,720	83,025	73,370	69,480
Premiums (discounts)	2,221	2,090	1,987	1,822	2,338	4,870	5,853	5,091	4,209	2,671
Subtotal	119,531	117,895	115,042	106,882	111,313	106,550	96,573	88,116	77,579	72,151
Total general bonded debt	$ 2,144,252	$ 2,094,545	$ 2,274,132	$ 2,251,442	$ 2,147,240	$ 2,070,724	$ 1,954,316	$ 1,889,820	$ 1,818,877	$ 1,565,249
Actual Taxable Property Value	$ 327,140,473	$ 383,571,013	$ 410,130,698	$ 341,886,423	$ 264,840,276	$ 246,391,220	$ 234,900,598	$ 239,048,328	$ 260,130,702	$ 283,624,300
Percentage of Actual Taxable Value of Property (b)	0.66%	0.55%	0.55%	0.66%	0.81%	0.84%	0.83%	0.79%	0.70%	0.55%
Debt Per Capita (a) (b)	$ 859	$ 817	$ 857	$ 839	$ 794	$ 762	$ 709	$ 677	$ 641	$ 541

Note: Details regarding the State's outstanding debt can be found in the notes to the financial statements.
Only the general obligation certificates of participation subject to the debt limitation are included above.
(a) See Table 11 for population data.
(b) Revised for fiscal years 2006 through 2014 to exclude special obligation bonds.

Table 9 - Legal Debt Margin Information

Last Ten Fiscal Years, (Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	$ 2,756,849	$ 2,963,124	$ 2,482,138	$ 1,900,366	$ 1,756,111	$ 1,671,513	$ 1,701,164	$ 1,854,550	$ 2,028,293	$ 2,166,631
Total debt applicable to limit	1,015,375	1,214,991	1,405,781	1,410,211	1,342,660	1,293,386	1,178,185	1,151,010	1,127,220	1,082,845
Legal debt margin	$ 1,741,474	$ 1,748,133	$ 1,076,357	$ 490,155	$ 413,451	$ 378,127	$ 522,979	$ 703,540	$ 901,073	$ 1,083,786
Legal debt margin as a percentage of the debt limit	63.17%	59.00%	43.36%	25.79%	23.54%	22.62%	30.74%	37.94%	44.43%	50.02%

Computation of Legal Debt Margin at June 30, 2016:

Assessed value of taxable property at June 30, 2016 (a)			$	108,331,564
Debt limitation (2% of assessed value)			$	2,166,631
General Obligation Bonds subject to limit	$	1,080,295		
Certificates of participation		89,225		
Less obligations exempt from debt margin:				
Lease revenue certificates of participation		(86,675)		
Debt subject to debt limitation				(1,082,845)
Legal debt margin at June 30, 2016			$	1,083,786

Note:

(a) On June 30 of each year, the most current assessed value available is the assessed value used for calculating and assessing taxes for the following fiscal year. Therefore, the debt limitation as of June 30 of each year is calculated using the assessed value for the following fiscal year. For purposes of this computation, assessed valuation includes 35% of actual taxable property value, plus statewide redevelopment agency assessed values.

Table 10 - Pledged Revenue Coverage

Last Ten Fiscal Years, (Expressed in Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Highway Improvement Revenue Bonds										
Revenue - fuel taxes	$ 297,142	$ 293,941	$ 269,479	$ 265,487	$ 264,699	$ 264,369	$ 266,564	$ 266,872	$ 274,838	$ 287,571
Debt service										
Principal	$ 41,125	$ 48,955	$ 51,420	$ 54,040	$ 56,795	$ 120,800	$ 191,330	$ 56,220	$ 41,310	$ 45,600
Interest	30,106	32,727	37,157	33,876	31,136	28,450	25,011	22,422	24,345	20,252
Total	$ 71,231	$ 81,682	$ 88,577	$ 87,916	$ 87,931	$ 149,250	$ 216,341	$ 78,642	$ 65,655	$ 65,852
Coverage **(c)**	4.17	3.60	3.04	3.02	3.01	1.77	1.23	3.39	4.19	4.37
Unemployment Compensation Bonds										
Revenue - special bond contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,003	$ 191,548	$ 152,837
Debt service										
Principal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 138,590	$ 131,165
Interest	-	-	-	-	-	-	-	13,644	23,360	18,881
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,644	$ 161,950	$ 150,046
Coverage **(c)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.25	1.18	1.02
Mortgage Revenue Bonds										
Revenue **(a)**	$ 355,328	$ 129,286	$ 70,051	$ 42,123	$ 126,957	$ 109,194	$ 83,366	$ 100,729	$ 58,737	$ 78,571
Expenses **(b)**	4,595	4,368	5,277	6,548	7,610	15,751	8,867	9,481	4,043	9,674
Net available revenues	$ 350,733	$ 124,918	$ 64,774	$ 35,575	$ 119,347	$ 93,443	$ 74,499	$ 91,248	$ 54,694	$ 68,897
Debt service										
Principal **(d)**	$ 51,003	$ 37,897	$ 33,592	$ 67,079	$ 132,536	$ 157,962	$ 71,095	$ 151,432	$ 80,745	$ 71,337
Interest	37,002	38,051	36,354	33,236	29,111	26,444	23,226	17,882	15,149	13,298
Total	$ 88,005	$ 75,948	$ 69,946	$ 100,315	$ 161,647	$ 184,406	$ 94,321	$ 169,314	$ 95,894	$ 84,635
Coverage **(c)**	3.99	1.64	0.93	0.36	0.74	0.51	0.79	0.54	0.57	0.81
Lease Revenue Certificates of Participation										
Revenue - lease rent (net)	$ 2,088	$ 2,867	$ 1,614	$ 2,961	$ 3,045	$ 2,878	$ 2,972	$ 4,098	$ 2,996	$ 4,335
Assets - held by the trustee **(e)**	4,712	4,948	4,779	4,837	4,643	4,709	4,558	46,902	12,442	1,736
Total	$ 6,800	$ 7,815	$ 6,393	$ 7,798	$ 7,688	$ 7,587	$ 7,530	$ 51,000	$ 15,438	$ 6,071
Debt service										
Principal	$ 230	$ 350	$ 470	$ 515	$ 605	$ 695	$ 800	$ 1,795	$ 1,395	$ 1,530
Interest	2,150	2,256	2,245	2,229	2,212	2,188	2,163	3,418	4,128	4,084
Total	$ 2,380	$ 2,606	$ 2,715	$ 2,744	$ 2,817	$ 2,883	$ 2,963	$ 5,213	$ 5,523	$ 5,614
Coverage **(c)**	2.86	3.00	2.35	2.84	2.73	2.63	2.54	9.78	2.80	1.08

Notes: Details regarding the State's outstanding debt can be found in the notes to the financial statements.
(a) Consists of interest and investment income and principal collections of the Housing Division Enterprise Fund.
(b) Consists of operating expenses, nonoperating expenses and transfers out less interest expense and depreciation.
(c) Coverage equals net available revenues divided by total debt service.
(d) Principal paid on mortgage revenue bonds is updated for years 2010 and 2011. There is no change to coverage ratio.
(e) Assets - held by the trustee are the combination of additional lease rent, investment income, and bond proceeds.

Table 11 - Demographic and Economic Statistics

Last Ten Calendar Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population										
Nevada **(a)**	2,495,529	2,565,382	2,653,630	2,684,665	2,703,230	2,718,586	2,754,874	2,790,366	2,838,281	2,890,845
Percentage change	3.3%	2.8%	3.4%	1.2%	0.7%	0.6%	1.3%	1.3%	1.7%	1.9%
United States **(a)**	299,389,484	301,621,157	304,093,966	306,771,529	309,326,295	311,721,632	314,102,623	316,427,395	318,907,401	321,418,820
Percentage change	1.0%	0.7%	0.8%	0.9%	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%
Total Personal Income										
Nevada *(in millions)* **(a)**	$ 92,557	$ 103,847	$ 105,824	$ 96,430	$ 99,092	$ 102,612	$ 107,930	$ 108,504	$ 114,923	$ 121,096
Percentage change	6.8%	12.2%	1.9%	-8.9%	2.8%	3.6%	5.2%	0.5%	5.9%	5.4%
United States *(in millions)* **(a)**	$10,860,917	$11,645,882	$12,451,660	$11,852,715	$12,417,659	$13,233,436	$13,904,485	$14,068,960	$14,801,624	$15,463,981
Percentage change	5.9%	7.2%	6.9%	-4.8%	4.8%	6.6%	5.1%	1.2%	5.2%	4.5%
Per Capita Personal Income										
Nevada **(a)**	$ 37,089	$ 40,480	$ 39,879	$ 35,919	$ 36,657	$ 37,745	$ 39,178	$ 38,885	$ 40,490	$ 41,889
Percentage change	3.4%	9.1%	-1.5%	-9.9%	2.1%	3.0%	3.8%	-0.7%	4.1%	3.5%
United States **(a)**	$ 36,276	$ 38,611	$ 40,947	$ 38,637	$ 40,144	$ 42,453	$ 44,267	$ 44,462	$ 46,414	$ 48,112
Percentage change	4.9%	6.4%	6.1%	-5.6%	3.9%	5.8%	4.3%	0.4%	4.4%	3.7%
Labor Force and Employment										
Nevada Labor Force	1,295,085	1,335,852	1,373,462	1,369,891	1,350,309	1,385,872	1,378,876	1,372,862	1,393,639	1,425,711
Unemployed	54,217	64,380	91,450	161,270	200,772	187,732	152,468	135,071	107,856	96,159
Unemployment Rate	4.2%	4.8%	6.7%	11.8%	14.9%	13.5%	11.1%	9.8%	7.7%	5.3%
United States Labor Force	151,428,000	153,124,000	154,287,000	154,142,000	153,889,000	153,617,000	154,975,000	155,389,000	155,922,000	157,130,000
Unemployed	7,001,000	7,078,000	8,924,000	14,265,000	14,825,000	13,747,000	12,506,000	11,460,000	9,617,000	8,296,000
Unemployment Rate	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	6.7%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Nevada Department of Employment, Training, and Rehabilitation

Note: Total personal income is composed of wages and salaries, proprietors' income, personal interest and dividend income, rental income, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated by dividing total personal income by population.
(a) Revised estimates for 2012 through 2014

Table 12 - Principal Employers

Current Year and Nine Years Ago

	Calendar Year 2006			Calendar Year 2015		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Employer:						
Clark County School District	30,000 - 39,999	1	2.70%	30,000 - 39,999	1	2.45%
State of Nevada	30,000 - 39,999	2	2.70%	30,000 - 39,999	2	2.45%
Washoe County School District	8,000 - 8,499	7	0.64%	8,500 - 8,999	3	0.61%
Clark County	9,500 - 9,999	3	0.75%	8,500 - 8,999	4	0.61%
Wynn Las Vegas	8,500 - 9,999	4	0.71%	8,000 - 8,499	5	0.58%
MGM Grand Hotel/Casino	8,500 - 9,999	5	0.71%	8,000 - 8,499	6	0.58%
Bellagio, LLC	8,500 - 9,999	6	0.71%	7,500 - 7,999	7	0.54%
Aria Resort & Casino, LLC	-	-	-	7,000 - 7,499	8	0.51%
Mandalay Bay Resort & Casino	7,500 - 7,999	8	0.60%	7,000 - 7,499	9	0.51%
Caesar's Palace	5,500 - 5,999	9	0.44%	5,000 - 5,499	10	0.37%
Mirage Casino-Hotel	5,500 - 5,999	10	0.44%	-		-
Total	121,500 - 148,490		10.40%	119,500 - 143,490		9.21%

Sources: Nevada Department of Employment, Training, and Rehabilitation and Nevada Department of Administration

Note: Percentage of total state employment is based on the midpoints in the ranges given.

Table 13 - School Enrollment

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public School Enrollment										
Primary (Pre-K - 6)	239,418	240,453	235,295	239,723	240,774	243,668	244,425	253,230	258,617	261,450
Secondary (7 - 12)	193,822	196,325	196,014	196,921	198,092	200,335	200,095	205,922	208,910	212,245
Total	433,240	436,778	431,309	436,644	438,866	444,003	444,520	459,152	467,527	473,695
Public Higher Education Enrollment										
University of Nevada, Reno	12,429	12,709	12,889	13,601	14,025	14,330	14,830	16,240	17,380	18,018
University of Nevada, Las Vegas	20,007	20,297	20,670	20,160	19,217	19,142	19,848	21,012	21,724	22,687
Nevada State College	1,418	1,340	1,622	1,867	1,963	2,045	2,061	2,218	2,248	2,368
College of Southern Nevada	19,501	20,906	21,751	22,286	20,231	19,536	18,904	19,141	18,445	18,626
Great Basin College	1,613	1,781	2,002	1,996	1,826	1,743	1,796	1,753	1,853	1,934
Truckee Meadows Community College	6,454	6,800	7,312	7,143	6,262	6,499	6,249	6,144	6,350	6,104
Western Nevada College	2,427	2,438	2,908	2,960	2,380	2,283	2,248	2,353	2,375	2,199
Total	63,849	66,271	69,154	70,013	65,904	65,578	65,936	68,861	70,375	71,936

Sources: Nevada Department of Education and Nevada System of Higher Education

Note: Public higher education enrollment represents full-time equivalent students at fall enrollment.

Table 14 - Full-time Equivalent State Government Employees by Function

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
General government	1,558	1,570	1,539	1,487	1,443	1,445	1,548	1,539	1,633	1,624
Health and social services **(a)**	5,773	6,145	5,823	6,151	6,061	5,937	5,925	6,239	6,394	-
Health services	-	-	-	-	-	-	-	-	-	1,786
Social services	-	-	-	-	-	-	-	-	-	4,805
Education - K-12 administrative	8,670	9,030	8,930	8,670	8,383	8,015	7,663	8,380	8,647	9,096
Law, justice and public safety	5,946	5,924	5,815	5,812	5,707	5,760	5,838	5,831	5,846	5,993
Regulation of business	1,412	1,390	1,363	1,374	1,309	1,284	1,289	1,363	1,338	1,440
Transportation	1,792	1,829	1,810	1,776	1,769	1,797	1,776	1,770	1,793	1,759
Recreation and resource development	1,403	1,186	1,172	1,172	1,142	1,134	1,145	1,181	1,169	1,213
Total	26,554	27,074	26,452	26,442	25,814	25,372	25,184	26,303	26,820	27,716

Sources: Nevada Department of Administration, Nevada System of Higher Education and Legislative Counsel Bureau

(a) Beginning in 2016, health and social services are presented separately, as health services and social services.

Table 15 - Operating Indicators by Function

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Department of Taxation										
Number of sales and use tax audits	1,994	1,346	1,397	1,254	1,066	950	1,461	1,198	1,176	N/A
Public Employees Benefits Program										
Number of plan participants	38,936	42,049	44,232	43,943	42,830	40,615	40,176	40,635	41,449	42,259
Generic drug utilization **(b)**	65%	65%	72%	72%	78%	78%	80%	81%	82%	81%
Department of Administration										
Square feet of non-state owned space leased (major urban areas) **(i)**	1,547,467	1,547,467	1,393,872	1,393,872	1,466,102	1,408,617	1,511,207	1,526,579	1,606,012	1,614,381
Job applications processed	92,353	66,041	68,552	76,129	77,428	88,394	101,062	81,916	85,578	98,104
Nevada State Library and Archives										
Volumes (excludes documents and microfilm)	79,917	82,913	81,368	82,848	84,460	86,231	87,942	89,785	91,497	93,429
Government publications (U.S., Nevada and California)	813,142	827,697	833,705	849,112	851,855	854,727	862,764	864,898	869,670	871,764
Health and Social Services										
Health Care Financing & Policy										
Nevada Medicaid - average monthly eligibles	168,197	180,369	197,313	240,528	279,840	303,214	315,434	392,315	558,787	608,246
NV Check-Up Program - average monthly enrollment **(i)**	29,075	29,075	21,713	21,713	21,193	21,296	21,132	21,771	22,606	22,630
Health Division										
Women, Infants and Children Program participants (FFY)	602,784	711,018	793,166	870,398	887,796	896,465	884,946	874,462	860,468	839,845
Welfare Division										
Average monthly number of TANF recipients	17,706	21,022	22,556	29,084	30,854	29,331	28,837	32,239	31,928	26,717
Average monthly number of Mental Health clients	13,249	14,582	15,575	15,160	15,138	14,058	14,414	14,238	13,585	11,281
Average monthly number of Mental Health inpatients	246	265	253	225	211	209	221	277	301	498
Average monthly number of SNAP (Food Stamp) recipients	119,596	137,589	179,790	260,417	323,290	352,156	358,611	375,506	411,447	438,330
Average monthly number of Developmental Services clients	4,387	4,672	4,876	5,086	5,346	5,550	5,694	5,865	6,184	6,433
Percent of current child support owed that is collected (FFY) **(f)**	48%	48%	48%	49%	51%	56%	58%	60%	62%	N/A
TANF recipient children receiving child care	16,797	24,705	19,119	17,407	20,269	19,883	18,742	20,122	23,346	19,434
Non-TANF children receiving child care	112,452	113,426	84,517	69,541	83,399	67,955	43,215	39,309	44,725	59,739
Applications for energy assistance received	27,515	27,515	38,674	38,674	42,611	38,643	36,764	41,190	40,726	41,448
Households served with energy assistance	16,846	16,846	25,458	25,458	32,544	20,484	26,008	24,348	27,370	26,936
Education and Support Services										
Nevada Department of Education **(a)**										
Percent of occupational education students receiving a diploma	N/A	93%	95%	88%	85%	75%	70%	85%	74%	84%
Number of special education students receiving a high school diploma	458	437	703	560	747	725	677	745	799	884
Law, Justice and Public Safety										
The Supreme Court of Nevada										
Cases filed **(c)**	2,124	2,212	2,169	2,267	2,514	2,406	2,362	2,426	2,351	N/A
Cases disposed **(c)**	1,976	2,058	2,238	2,468	2,217	2,248	2,392	2,582	2,663	N/A
Number of opinions written **(c)**	61	103	63	57	87	71	104	99	105	N/A
Nevada Department of Corrections										
Total admissions **(e)**	6,016	N/A	5,781	5,801	5,971	5,818	5,666	5,749	5,937	6,286
Total releases **(e)**	5,308	N/A	6,120	6,056	6,098	5,678	5,614	5,672	5,750	5,576
In-house population at year-end **(e)**	12,967	12,853	12,742	12,591	12,458	12,564	12,665	12,824	12,999	13,685
Department of Public Safety, Highway Patrol Division										
Total number of DUI arrests **(g)**	5,093	4,720	4,676	3,981	3,846	3,286	3,177	2,977	3,156	3,095
Total number of safety inspections **(g)**	24,227	22,669	26,478	26,056	25,491	27,492	28,737	25,923	33,570	31,752
Department of Motor Vehicles										
Motor vehicle registrations	2,351,581	2,345,500	2,335,778	2,284,437	2,153,918	2,119,167	2,190,660	2,259,552	2,326,319	2,398,762

Regulation of Business										
Nevada Department of Agriculture										
Number of meals served in the Children & Adult Food Care Program **(i)**	3,093,889	3,093,889	4,330,289	4,330,289	4,063,461	4,592,266	4,724,529	4,800,386	4,527,435	4,600,171
Percent of K-12 students participating in the Nat'l School Lunch Program **(b) (j)**	43%	43%	42%	42%	47%	52%	54%	54%	54%	58%
Nevada Gaming Commission										
Licenses issued & active at fiscal year-end	2,961	2,933	2,882	2,827	2,875	2,859	2,933	2,981	2,961	2,929
Licensed devices at fiscal year-end:										
Games	6,133	6,135	6,019	5,985	5,948	5,887	5,676	5,731	5,818	5,700
Tables	1,102	1,001	1,063	1,132	1,070	1,016	902	848	871	799
Slots	202,362	198,080	194,180	190,135	190,217	184,150	179,776	176,073	174,548	169,728
Department of Business and Industry										
Units of affordable housing produced **(b) (i)**	403	403	792	792	773	592	727	1,117	848	1,019
Taxicab Authority notices of violation issued	3,129	4,066	4,292	3,474	3,453	3,128	4,419	3,306	3,672	4,385
Taxicab Authority vehicle inspections made	6,486	7,025	7,507	7,471	7,165	7,693	6,849	7,374	9,210	9,589
Number of worksite safety & health inspections	2,399	2,566	2,835	2,040	1,223	1,322	1,272	1,659	1,131	1,424
Number of boiler and elevator inspections	18,323	19,233	21,200	16,382	19,701	14,890	14,564	13,061	12,306	15,884
Insurance license and renewal applications processed **(b) (i)**	44,765	44,765	39,065	39,065	42,506	42,748	41,382	66,763	51,006	53,652
Transportation										
Nevada Department of Transportation										
Miles of highways - rural **(e)**	4,757	4,736	4,802	4,782	4,782	4,750	4,726	4,726	4,735	4,735
Miles of highways - urban **(e)**	665	662	618	618	618	633	654	667	662	663
Recreation and Resource Development										
Commission on Tourism										
Inquiries from advertising campaign **(d)**	301,223	417,269	363,677	196,058	199,471	222,197	162,117	31,998	23,542	42,913
Tourism web site visitors **(d)**	1,951,193	3,459,745	1,685,237	2,056,349	2,424,567	2,422,893	1,249,030	1,226,380	708,795	864,412
Commission on Economic Development										
Number of projects requesting Community Development Block Grants	42	37	21	46	28	42	35	40	36	32
Number of projects funded	27	26	20	38	24	31	27	24	20	14
Department of Conservation and Natural Resources										
Percent of human caused wildland fires in NDF's jurisdiction investigated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Number of State Park users **(h)**	3,343,053	3,004,037	3,150,693	3,008,942	3,030,364	3,093,257	3,046,049	2,999,315	3,028,859	3,051,329

N/A = not available

Sources: Nevada Departments of Taxation, Administration, Health and Human Services, Education, Agriculture, Corrections, Motor Vehicles, Public Safety, Transportation, Business and Industry, Conservation and Natural Resources; Supreme Court of Nevada; Nevada Gaming Commission and Control Board; Public Employees Benefit Program; State of Nevada Executive Budgets.

Notes:

(a) See table 13 for public school enrollment.
(b) The Executive Budget is prepared biennially, and actual figures are only available for the base year (even numbered years). Base year figures have been used for odd numbered years in this table.
(c) Data based on calendar year.
(d) Revised figures provided by Commission on Tourism for 2006 and 2009.
(e) Data prior to 2009 was based on calendar year.
(f) Revised figures for 2007, 2008, 2010, 2011
(g) Revised figures for 2011, 2012
(h) 2006 through 2011 data based on calendar year. 2012 through 2015 data is fiscal year.
(i) Data from Executive Budget prior to 2011
(j) Data from Executive Budget prior to 2012

Table 16 - Capital Asset Statistics by Function

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
State owned office space (square feet)	215,867	201,688	201,688	202,229	214,611	219,927	215,416	213,896	213,896	213,896
Vehicles (motor pool)	790	849	851	828	798	775	777	865	909	1,046
Health and Social Services										
State owned office space (square feet)	52,626	33,093	33,344	70,939	70,770	64,506	68,648	68,648	68,648	68,648
Mental health centers	5	5	5	5	5	5	5	5	5	5
Veterans' home	1	1	1	1	1	1	1	1	1	1
Youth correctional centers	3	3	3	2	2	2	2	3	3	3
Vehicles	240	225	232	219	193	183	167	155	147	145
Education and Support Services										
State owned office space (square feet)	28,200	28,200	27,949	28,031	28,200	28,200	28,200	28,200	28,200	28,200
Number of State museums	7	7	7	7	7	7	7	7	7	7
State library	1	1	1	1	1	1	1	1	1	1
Law, Justice and Public Safety										
State owned office space (square feet)	540,125	596,564	596,564	646,446	646,223	645,775	645,322	645,322	645,322	645,322
Supreme Court building	1	1	1	1	1	1	1	1	1	1
Department of Corrections facilities	21	19	20	20	20	19	19	19	19	19
Vehicles	1,067	1,172	1,217	1,199	1,161	1,191	1,118	1,128	1,088	1,066
Regulation of Business										
State owned office space (square feet)	107,547	107,547	107,547	106,027	102,038	102,478	102,245	103,765	103,765	103,765
Vehicles	285	292	293	323	263	253	242	259	249	262
Transportation										
State owned office space (square feet)	251,658	251,658	251,658	258,056	280,728	273,327	308,532	308,532	337,094	337,094
NDOT lane miles	13,131	13,137	13,055	13,055	13,055	13,368	13,613	13,622	13,628	13,708
NDOT bridges	1,045	1,092	1,092	1,092	1,109	1,116	1,101	1,154	1,164	1,164
NDOT vehicles	864	901	826	625	538	628	633	631	639	639
NDOT heavy equipment	1,900	1,913	1,886	2,033	2,058	1,943	1,931	1,918	1,926	1,926
NDOT maintenance stations (staffed)	51	48	45	45	42	42	42	44	44	44
Recreation and Resource Development										
State owned office space (square feet)	137,353	139,874	139,874	140,998	142,638	142,140	143,150	143,150	143,150	143,150
Number of State Parks	24	25	24	24	24	24	24	23	23	23
Acres of State Parks	132,800	132,117	145,750	145,750	145,750	145,745	145,760	146,225	146,225	148,625
Number of Fish Hatcheries	4	4	4	4	4	4	4	4	4	4
Wildlife Management Areas	11	11	11	11	11	11	11	11	11	11
Acres of Wildlife Management Areas	117,959	117,959	116,888	118,993	118,993	120,254	121,086	119,212	119,212	119,212
Vehicles	803	811	854	919	805	797	790	826	850	810

Sources: Nevada Attorney General's Office; Nevada Departments of Administration, Conservation and Natural Resources, Tourism and Cultural Affairs, Health & Human Services, Transportation and Wildlife

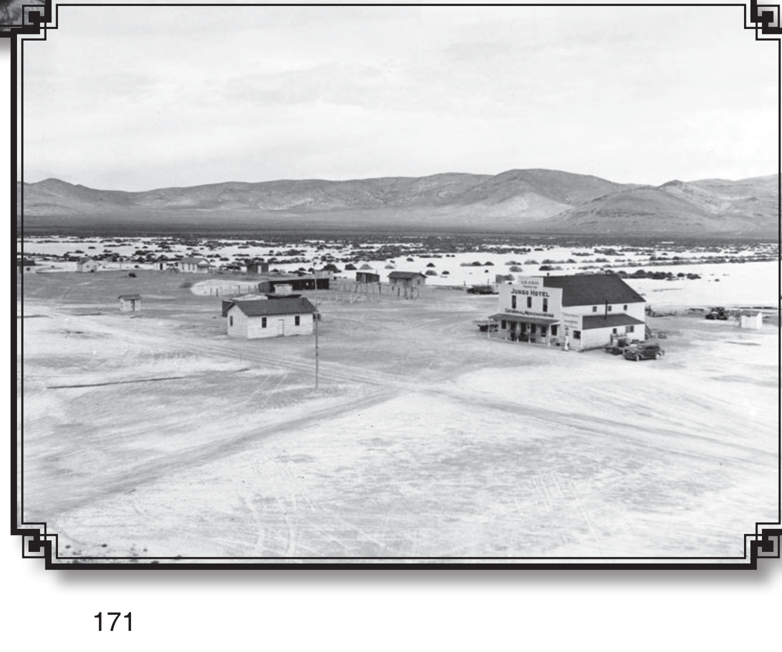
Compliance Section

Workers extract gold ore from the Jumbo Mine in Jumbo, Nevada (1937).

A worker at the Jumbo Mine in Jungo, Nevada pours mercury to bond with free gold particles in a practice called amalgamation (1936).

(Photo's Permission Granted by: Nevada Historical Society)

A bird's-eye view of Jungo, Nevada in Humboldt County, c. 1937. A ghost town today, Jungo was home to a prominent gold-mining operation in the 1930s.



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, 2016, 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 December 21, 2016. Our report includes a reference to other auditors who audited the financial statements of the Nevada System of Higher Education and the Colorado River Commission, discretely presented component units; 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 2016-A, 2016-B, and 2016-C 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.

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 response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Reno, Nevada
December 21, 2016

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2016-A Amortization of Bond Premiums and Discounts
Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly calculating and reporting amortization of bond premiums and discounts are key components of effective internal control over financial reporting.

Condition: A prior period adjustment of approximately $48,480,000 was required to correct the amortization of bond premiums and discounts when the State of Nevada converted from the straight line method to the interest method of amortization.

Cause: Prior to July 1, 2015, the internal controls in place did not ensure that the amortization of bond premiums and discounts was calculated using the interest method.

Effect: In prior years, net position in the governmental activities of the government wide financial statements was understated by approximately $37,069,000 and net position in the business-type activities was understated by approximately $11,411,000. The Unemployment Compensation Fund was understated by $10,434,000 while the Water Projects Loans was understated by $977,000.

Recommendation: We recommend the State of Nevada enhance internal controls to ensure the interest method is used when calculating and recording amortization of bond premiums and discounts.

Views of Responsible Officials: Management agrees with this finding.

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2016-B Allocation of Investment Losses
Material Weakness

Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Properly allocating investment losses among the various funds is a key component of effective internal control over financial reporting.
Condition:	A prior period adjustment of $4,085,616 was required to correct a journal entry made in 2014-15 allocating a portion of an investment loss to the Highway Fund.
Cause:	The internal controls in place did not ensure that the allocation of an investment loss among the funds was accurate.
Effect:	In 2014-15, fund balance in the Highway Fund was understated and fund balance in the General Fund was overstated by $4,085,616.
Recommendation:	We recommend the State of Nevada enhance internal controls to ensure the allocation of investment losses among the various funds is accurate.
Views of Responsible Officials:	Management agrees with this finding.

STATE OF NEVADA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

Findings Relating to the Financial Statements Reported in Accordance with GAGAS:

2016-C Highway Fund - Accounts Payable, Deferred Inflow of Resources, and Inventory Material Weakness

Criteria:	Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Proper reporting of accounts payable, deferred inflow of resources, and inventory is a key aspect of a strong system of internal control.
Condition:	During our audit procedures, we became aware of several transactions in the Highway Fund that were not recorded in the appropriate accounting period under the modified accrual basis of accounting. We also became aware of a transaction that was posted incorrectly due to a formula error on an inventory spreadsheet.
Cause:	The internal controls in place did not ensure that receipts and payments after year end were recorded in the accounting period in which the goods or services were received or provided. In addition, the internal controls in place did not ensure that inventory was accurately reported.
Effect:	Prior to adjustment, fund balance in the Highway Fund was overstated by $17,190,328 as a result of unrecorded contracts payable and understated by $1,012,347 due to unrecorded revenues. In addition, inventory was overstated by $3,410,142.
Recommendation:	We recommend the State of Nevada enhance internal controls to ensure deferred inflow of resources and accounts payable are recorded in the accounting period in which the goods or services are received or provided. We also recommend the State of Nevada enhance internal controls to ensure inventory is accurately reported.
Views of Responsible Officials:	Management agrees with this finding.

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

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

GEOFFREY LAWRENCE
Assistant Controller

OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2016-A

Finding: A prior period adjustment of approximately $48,480,000 was required to correct the amortization of bond premiums and discounts when the State of Nevada converted from the straight line method to the interest method of amortization.

Recommendation: The State of Nevada enhance internal controls to ensure the interest method is used when calculating and recording amortization of bond premiums and discounts.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: The Controller's Office identified and corrected the error in fiscal year 2016. As a result, the Controller's Office purchased software for tracking long-term debt obligations, and the software calculates amortization using the interest method.

Date of Completion or Estimated Completion: Completed July 2016

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Brenda Laird, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5621
blaird@controller.state.nv.us

State Capitol
101 N. Carson Street, Suite 5
Carson City, NV 89701-4786
(775) 684-5750
Fax (775) 684-5696

www.controller.nv.gov

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 4300
Las Vegas, Nevada 89101-1071
(702) 486-3895
Fax (702) 486-3896

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

STATE OF NEVADA

JAMES W. SMACK
Chief Deputy Controller

GEOFFREY LAWRENCE
Assistant Controller

OFFICE OF THE
STATE CONTROLLER

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2016-B

Finding: A prior period adjustment of $4,085,616 was required to correct a journal entry made in 2014-15 allocating a portion of an investment loss to the Highway Fund.
Recommendation: The State of Nevada enhance internal controls to ensure the allocation of investment losses among the various funds is accurate.

Agency Response

Does the Agency Agree with Finding: Yes
Additional Comments: This particular instance was unique in that the Treasurer's Office deferred recognition of an unusually large investment loss on a cash basis to the participating funds over a period of years, while the losses were recognized for financial reporting in accordance with Governmental GAAP. In the normal course of business, insignificant investment losses are allocated to the funds during the Treasurer's quarterly interest distribution, and not deferred.

Corrective Action Taken or to be Taken

Action: The Controller's Office identified and corrected the error in fiscal year 2016. In addition, a procedure will be established to ensure any future allocations of large and unusual investment losses, where the decision is made to defer recognition in the distribution process, are properly recorded among the various funds.
Date of Completion or Estimated Completion: Error corrected February 2016 and procedure estimated to be completed January 2017.

Department or Agency Responsible for Corrective Action Plan

Agency: Controller's Office
Contact: Brenda Laird, CAFR Accountant II
101 N. Carson Street, Suite 5
Carson City, NV 89701
775-684-5621
blaird@controller.state.nv.us

STATE OF NEVADA

DEPARTMENT OF TRANSPORTATION

1263 S. Stewart Street

Carson City, Nevada 89712

BRIAN SANDOVAL
Governor

RUDY MALFABON, P.E., *Director*

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2016-C1

Finding: Several transactions in the Highway Fund were not recorded in the appropriate accounting period under the modified accrual basis of accounting.

Recommendation: The State of Nevada enhances internal controls to ensure accounts receivable and accounts payable are recorded in the accounting period in which the goods or services were received or provided.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: Nevada Department of Transportation (NDOT) will raise the awareness of the State's fiscal year cutoff for financial reporting purpose. NDOT Accounting Division will begin a log for the transactions posted to the new fiscal year that should post to the old fiscal year. Such information will be provided to the Controller's Office Financial Reporting to make an adjusting entry during the Highway Fund preparation.

Besides providing adequate training, an additional procedure will be added to cross check for payments received between July 1st and Aug 31st posted in the system against the Accounts Receivable report.

Date of Completion or Estimated Completion: By November 1st, 2017

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Accounting Division

Contact: Hua Riley, Chief Accountant
1263 S. Stewart Street
Carson City, NV 89712
775-888-7451

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION
1263 S. Stewart Street
Carson City, Nevada 89712

BRIAN SANDOVAL
Governor

RUDY MALFABON, P.E., *Director*

CORRECTIVE ACTION PLAN FOR AUDIT FINDING

Audit Finding 2016-C2

Finding: NDOT's inventory was overstated by approximately $3,400,000 due to a formula error.

Recommendation: The State of Nevada enhances internal controls to ensure inventory is accurately reported.

Agency Response

Does the Agency Agree with Finding: Yes

Additional Comments: None

Corrective Action Taken or to be Taken

Action: NDOT's Inventory Report is redesigned to include a comparison of current year vs. prior year and an explanation for each significant change.

Date of Completion or Estimated Completion: Completed December 2016

Department or Agency Responsible for Corrective Action Plan

Agency: Nevada Department of Transportation, Equipment Division

Contact: Teres Dawson, Admin Services Office 2
310 Galletti Way,
Sparks, NV 89431
775-834-8404

2015-A **Amortization of the Gain/Loss on Refunding**
Significant Deficiency

Initial Fiscal Year Finding Occurred: 2015

The State of Nevada's policy to refund debt on the first available call date, the State of Nevada calculated the life of the old debt as ending on the call date. The state of Nevada became aware of a recently issued Question and Answer that clarified that the life of the old debt should run through the original end date of the issue. In prior years, net position in the government wide financial statements was understated and amortization expense was overstated and required that a material prior period adjustment be made to report the correct amount of net position and amortization expense..

Status: Corrected

2015-B **Capital Assets**
Significant Deficiency

Initial Fiscal Year Finding Occurred: 2015

During our testing of capital assets, we identified a capital asset addition during fiscal year 2015 was recorded as an asset in 2012 and inadvertently recorded again in 2015 as part of the completed project. Thus capital assets were overstated and required that a material adjustment be made to report the correct amount of capital assets.

Status: Corrected