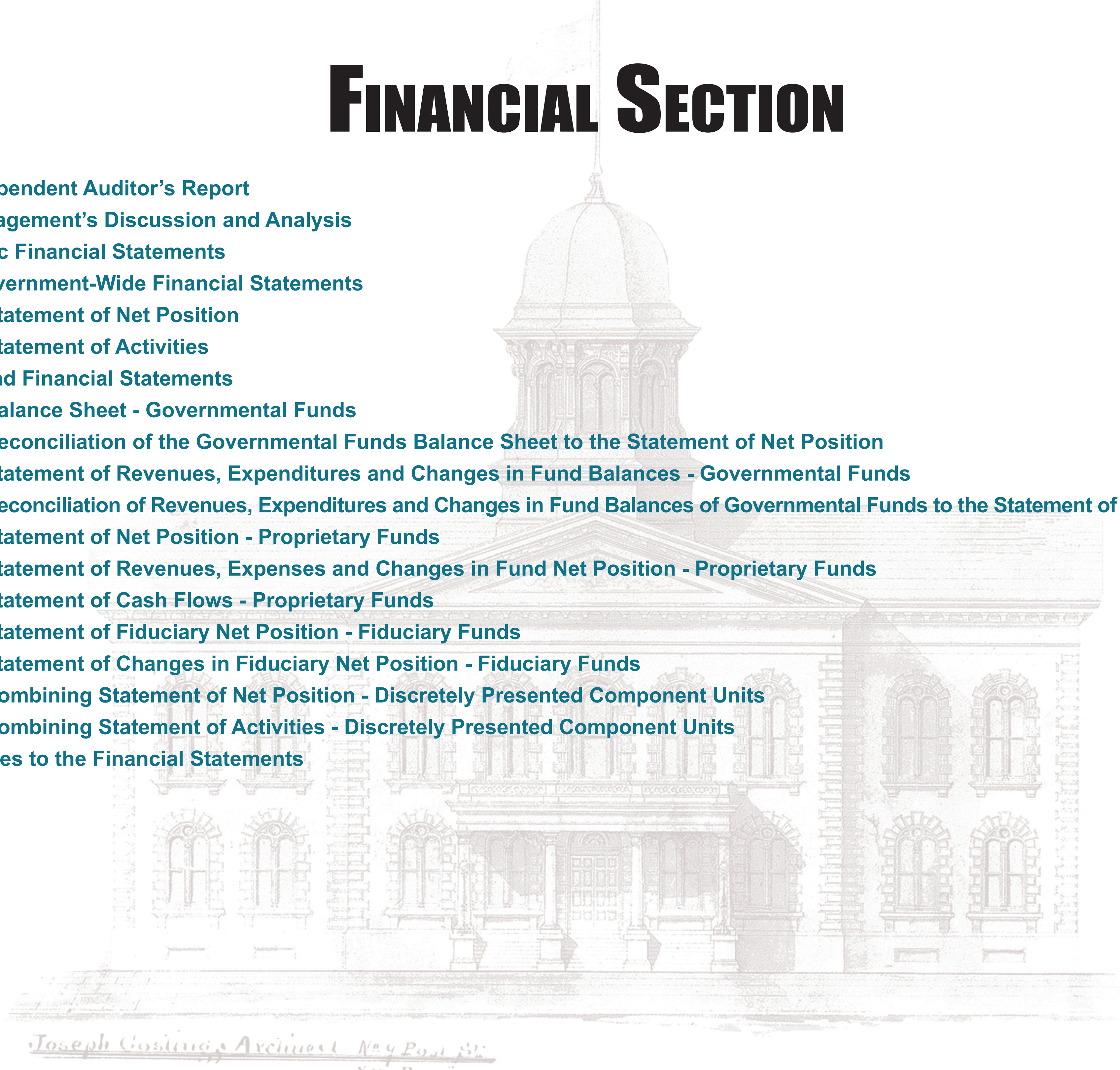
Financial Section



Independent Auditor's Report

The Honorable Catherine Byrne, CPA
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, 2020, 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 Nevada System of Higher Education, which is a discretely presented component unit, represent 97.54 percent of assets and deferred outflows of resources, 99.57 percent of net position, and 97.64 percent of revenues of the discretely presented component units;
- the financial statements of the Self Insurance and Insurance Premiums Internal Service Funds which, in the aggregate, represent less than one percent of the assets and deferred outflows of resources and the net position, and 2.25 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 58.36 percent of the assets and deferred outflows of resources, 58.98 percent of the net position and 28.70 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 35.69 percent of the assets and deferred outflows of resources, 36.67 percent of the net position and 22.49 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.

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 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.

Basis for Qualified Opinion on the Government-Wide Governmental Activities, General and Highway Funds – Inventory

We were unable to obtain sufficient appropriate audit evidence on the State's government-wide governmental activities inventory as it relates to the general fund donated personal protective equipment inventory nor the highway fund stockpile inventory. As a result, we were unable to determine whether additional adjustments were necessary on the State's governmental activities inventory as it relates to the general fund donated personal protective equipment inventory nor the highway fund stockpile inventory.

Qualified Opinion on the Government-Wide Governmental Activities, General and Highway Funds – Inventory

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As discussed in Note 19 to the financial statements, the State of Nevada has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of July 1, 2019. Our opinions are not modified with respect to this matter.

Correction of Errors
As discussed in Note 19 to the financial statements, the State of Nevada corrected errors in unemployment benefits payable and other postemployment benefit deferred outflows of resources - implicit subsidy which resulted in a restatement of net position as of July 1, 2019. 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 7 through 16, the budgetary comparison information, the notes to required supplementary information-budgetary reporting, the postemployment benefits other than pensions (OPEB) information, the pension plan information, and the schedule of infrastructure condition and maintenance data, collectively presented on pages 96 through 104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021, 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 solely 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 effectiveness of the State of Nevada's 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
May 21, 2021

Clown Motel

The Clown Motel in Tonopah boasts what's got to be the largest private collection of clown figurines and memorabilia under the sun. If the creepy clown theme which stretches beyond the lobby and into each room isn't enough to spook you, the added bonus of some resident ghosts slinking over nightly from the cemetery next door might just be the ticket. Even if you don't stay the night, drop by the lobby, get drowned in clowns, and snap up some truly unique souvenirs from the mini gift shop in the corner.

MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Annual Comprehensive Financial Report (ACFR) 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, 2020. 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 $10.9 billion (reported as net position). Of this amount, $9.6 billion is net investment in capital assets and $3.2 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 that no funds are available for discretionary purposes.
- The State's total net position decreased by $379.7 million or 3.4% over the prior year, after restatement. Net position of governmental activities increased by $469.5 million or 5.6%, after restatement. Net position of business-type activities decreased by $849.2 million or 30.6%, after restatement. Beginning net position of governmental activities was restated for an increase of $6.8 million to record the other post-employment benefit plan implicit subsidy, previously not recorded. Beginning net position of business-type activities was restated for a decrease of $1.9 million for a change in methodology for calculating unemployment benefits that resulted in higher claims expense.

Fund-level:

- The State's governmental funds reported combined ending fund balances of $2.3 billion, an increase of $73.4 million from the prior year. Of the ending fund balance, $436.6 million is nonspendable, $725.5 million is restricted, $1.1 billion is committed, $13.9 million is assigned, and $33.0 million is unassigned.
- The State's enterprise funds reported combined ending net position of $1.9 billion, a decrease of $850.0 million from the prior year, after restatement. Of the ending net position, $5.6 million is net investment in capital assets, $1.9 billion is restricted, and $59.3 million is unrestricted.

Capital Assets and Long-term Debt:

- The State's capital assets, net of depreciation, increased by $279.2 million or 2.6%.
- The State's total bonds payable and certificates of participation payable increased by $195.2 million or 6.8%.

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 Annual Comprehensive 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, a schedule of postemployment benefits other than pensions (OPEB) 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, 2020 and 2019, 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
	2020	2019	2020	2019	2020	2019	2020-2019
Assets							
Current and other assets	$ 5,899,978	$ 5,145,385	$ 4,345,062	$ 3,759,518	$ 10,245,040	$ 8,904,903	$ 1,340,137
Net capital assets	11,038,620	10,758,896	13,036	13,597	11,051,656	10,772,493	279,163
Total assets	16,938,598	15,904,281	4,358,098	3,773,115	21,296,696	19,677,396	1,619,300
Deferred outflows of resources	505,302	472,363	8,695	8,237	513,997	480,600	33,397
Liabilities							
Other liabilities	2,802,463	2,194,929	1,210,547	52,561	4,013,010	2,247,490	1,765,520
Non-current liabilities	5,436,690	5,491,932	1,227,133	951,333	6,663,823	6,443,265	220,558
Total liabilities	8,239,153	7,686,861	2,437,680	1,003,894	10,676,833	8,690,755	1,986,078
Deferred inflows of resources	269,229	223,765	4,949	4,068	274,178	227,833	46,345
Net position							
Net investment in capital assets	9,581,627	9,309,140	5,627	5,834	9,587,254	9,314,974	272,280
Restricted	1,309,935	1,215,626	1,858,847	2,734,062	3,168,782	3,949,688	(780,906)
Unrestricted (deficit)	(1,956,044)	(2,058,748)	59,690	33,494	(1,896,354)	(2,025,254)	128,900
Total net position	$ 8,935,518	$ 8,466,018	$ 1,924,164	$ 2,773,390	$ 10,859,682	$ 11,239,408	$ (379,726)

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 $10.9 billion at the end of 2020, compared with $11.2 billion at the end of the previous year.

The largest portion of the State's net position ($9.6 billion) 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 ($3.2 billion) 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 as compared to a $2.0 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 $102.7 million; from a deficit of $2.1 billion to a deficit of $2.0 billion. Changes in governmental activities were a result of several factors, including an increase in the unrestricted fund balance of the General Fund and other governmental funds of $26.6 million and $1.7 million, respectively, and an increase of $45.4 million in deferred inflows of resources for unrestricted and unavailable revenue recognized as revenue in the government-wide statement of activities. In business-type activities, the unrestricted net position increased by $26.2 million from a net position of $33.5 million to a net position of $59.7 million. The increase is primarily due to an increase in the unrestricted net position of the Housing Division fund in the amount of $24.7 million and an increase in the unrestricted net position of the Self-Insurance Fund in the amount of $26.5 million.

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

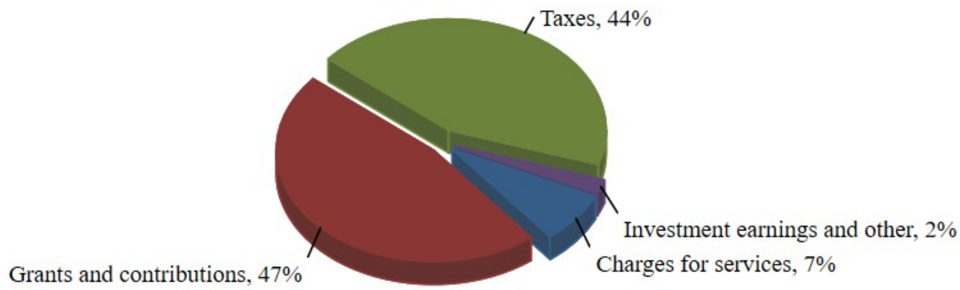
	Governmental Activities		Business-type Activities		Total		Total Change
	2020	2019	2020	2019	2020	2019	2020-2019
Revenue							
Program revenue							
Charges for services	$ 898,813	$ 919,023	$ 142,867	$ 135,853	$ 1,041,680	$ 1,054,876	$ (13,196)
Operating grants and contributions	5,592,299	5,521,790	3,952,488	97,884	9,544,787	5,619,674	3,925,113
Capital grants and contributions	27,732	42,688	-	-	27,732	42,688	(14,956)
General revenues:							
Gaming taxes	868,899	953,711	-	-	868,899	953,711	(84,812)
Sales and use taxes	1,502,046	1,473,990	-	-	1,502,046	1,473,990	28,056
Modified business taxes	666,232	640,552	-	-	666,232	640,552	25,680
Insurance premium taxes	450,749	422,106	-	-	450,749	422,106	28,643
Lodging taxes	157,099	208,477	-	-	157,099	208,477	(51,378)
Cigarette taxes	156,695	164,393	-	-	156,695	164,393	(7,698)
Commerce taxes	206,609	227,431	-	-	206,609	227,431	(20,822)
Property and transfer taxes	294,656	284,615	-	-	294,656	284,615	10,041
Motor and special fuel taxes	315,659	327,475	-	-	315,659	327,475	(11,816)
Other taxes	606,474	579,536	677,006	684,984	1,283,480	1,264,520	18,960
Unrestricted investment earnings	45,763	37,983	-	-	45,763	37,983	7,780
Other general revenues	192,497	216,122	1	-	192,498	216,122	(23,624)
Total revenue	11,982,222	12,019,892	4,772,362	918,721	16,754,584	12,938,613	3,815,971
Expenses							
General government	262,522	392,170	-	-	262,522	392,170	(129,648)
Health services	4,275,154	4,391,281	-	-	4,275,154	4,391,281	(116,127)
Social services	1,886,634	1,699,099	-	-	1,886,634	1,699,099	187,535
Education - K-12 state support	1,803,605	1,595,968	-	-	1,803,605	1,595,968	207,637
Education - K-12 administrative	638,858	606,585	-	-	638,858	606,585	32,273
Education - higher education	696,982	672,643	-	-	696,982	672,643	24,339
Law, justice and public safety	865,199	711,961	-	-	865,199	711,961	153,238
Regulation of business	312,520	332,615	-	-	312,520	332,615	(20,095)
Transportation	553,452	483,718	-	-	553,452	483,718	69,734
Recreation and resource development	184,811	183,102	-	-	184,811	183,102	1,709
Interest on long-term debt	71,861	75,913	-	-	71,861	75,913	(4,052)
Unallocated depreciation	2,439	2,306	-	-	2,439	2,306	133
Unemployment insurance	-	-	5,474,096	281,191	5,474,096	281,191	5,192,905
Housing	-	-	35,647	27,805	35,647	27,805	7,842
Water loans	-	-	5,758	4,361	5,758	4,361	1,397
Workers' compensation and safety	-	-	42,469	34,563	42,469	34,563	7,906
Higher education tuition	-	-	11,167	8,046	11,167	8,046	3,121
Other	-	-	32,632	31,919	32,632	31,919	713
Total expenses	11,554,037	11,147,361	5,601,769	387,885	17,155,806	11,535,246	5,620,560
Change in net position before contributions to permanent funds, special items and transfers	428,185	872,531	(829,407)	530,836	(401,222)	1,403,367	(1,804,589)
Contributions to permanent funds	16,589	8,259	-	-	16,589	8,259	8,330
Transfers	17,929	12,121	(17,929)	(12,121)	-	-	-
Change in net position	462,703	892,911	(847,336)	518,715	(384,633)	1,411,626	(1,796,259)
Net position - beginning of year	8,466,018	4,453,993	2,773,390	2,254,675	11,239,408	6,708,668	4,530,740
Net position restatement	6,797	3,119,114	(1,890)	-	4,907	3,119,114	(3,114,207)
Net position - beginning of year (as restated)	8,472,815	7,573,107	2,771,500	2,254,675	11,244,315	9,827,782	1,416,533
Net position - end of year	$ 8,935,518	$ 8,466,018	$ 1,924,164	$ 2,773,390	$ 10,859,682	$ 11,239,408	$ (379,726)

Changes in Net Position:

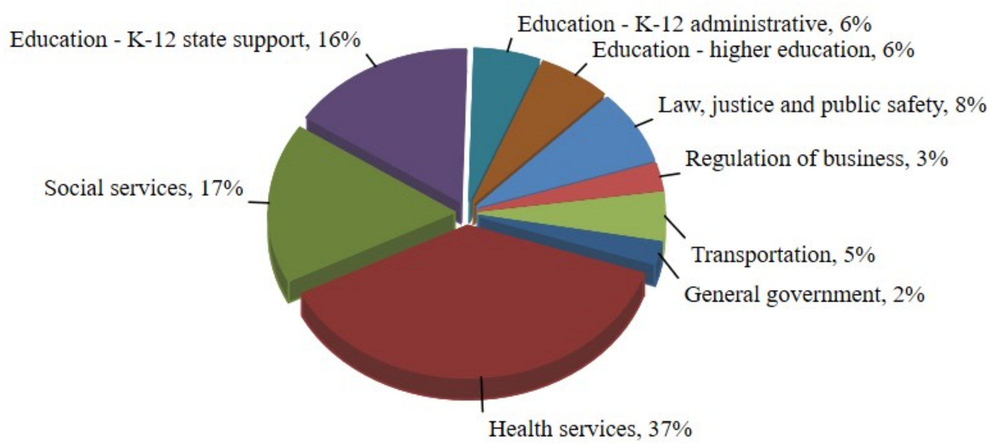
Total government-wide revenues increased by $3.8 billion during the current year. The increase in revenues is a result of several factors, including increases of $3.9 billion in federal funding, $28.1 million in sales and use taxes, and $28.6 million in insurance premium taxes.

Governmental activities – The current year net position increased by $462.7 million. Approximately 43.6% of the total revenue came from taxes, while 46.9% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 7.5% of the total revenues (see chart following). The State’s governmental activities expenses cover a range of services and the largest expenses were 37.2% for health services, 16.4% for social services, and 15.7% for state support of K-12 education (see chart following). In 2020, governmental activities expenses exceeded program revenues, resulting in the use of $5.0 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:



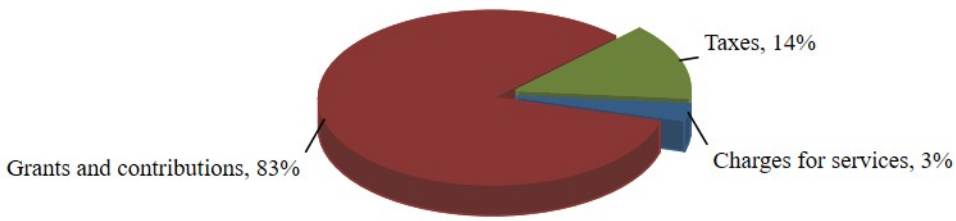
The following table depicts the total program revenues and expenses for each function of governmental activities:

Revenues and Expenses by Function: Governmental Activities
(expressed in thousands)

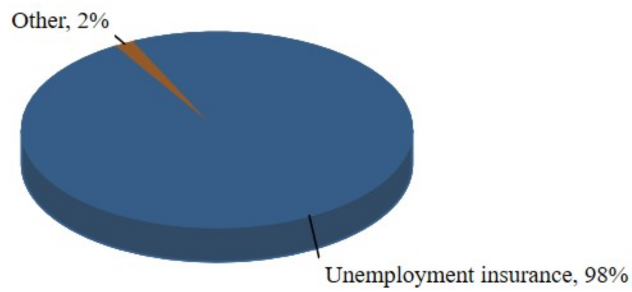
	Expenses	Revenues
General government	$ 262,522	$ 339,072
Health services	4,275,154	3,483,536
Social services	1,886,634	1,273,238
Education - K-12 state support	1,803,605	5,680
Education - K-12 administrative	638,858	300,329
Education - higher education	696,982	-
Law, justice and public safety	865,199	333,407
Regulation of business	312,520	269,114
Transportation	553,452	414,454
Recreation and resource development	184,811	99,378
Total	$ 11,479,737	$ 6,518,208

Business-type activities – The current year net position decreased by $847.3 million. Approximately 14.2% of the total revenue came from taxes, while 82.8% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 3.0% of the total revenues (see chart following). The State's business-type activities expenses cover a range of services. The largest expenses were 97.7% for unemployment compensation (see chart following). In 2020, business-type activities expenses exceeded program revenues by $1.5 billion. Of this amount, unemployment compensation was the largest, with net expenses of $1.6 billion, 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 insurance	$ 5,474,096	$ 3,907,045
Housing	35,647	45,366
Water loans	5,758	28,976
Workers' compensation and safety	42,469	54,430
Higher education tuition	11,167	24,590
Other	32,632	34,948
Total	$ 5,601,769	$ 4,095,355

The State's overall financial position declined over the past year. Current year operations resulted in a $462.7 million increase in the net position of the governmental activities and an $847.3 million decrease in the net position of the business-type activities. Key economic indicators from the State's sales and other taxes show a decline. Tax revenues for governmental activities decreased in the current fiscal year by $57.2 million or 1.1% compared to an increase of $318.1 million or 6.4% in the prior fiscal year. Operating grants and contributions for governmental activities increased by $70.5 million primarily due to Grant revenues.

Financial Analysis of the State's Funds

Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $2.3 billion, an increase of $73.4 million from the prior year. Of these total ending fund balances, $436.6 million or 18.8% is nonspendable, either due to its form or legal constraints, and $725.5 million or 31.3% is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $1.1 billion or 47.8% of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. NRS 353.288

provides for the Account to Stabilize the Operation of the State Government (Stabilization Account) in the State General Fund. Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance (budgetary basis) exceeds 7% of General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency. In addition, 1% of the total anticipated revenue for the fiscal year, as projected by the Economic Forum, is deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists, or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2020, is $97.5 million. An additional $13.9 million or 0.6% of total fund balance is assigned. The remaining positive $33.0 million or 1.4% 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 $804.8 million compared to $808.7 million in the prior fiscal year. The fund balance decreased by $3.9 million or 0.5% over the previous year.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2020 and 2019 (expressed in thousands). Other financing sources are not included.

General Fund Revenues *(expressed in thousands)*

	2020		2019		Increase (Decrease)	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
Gaming taxes, fees, licenses	$ 856,817	8.3 %	$ 941,144	9.0 %	$ (84,327)	(9.0)%
Sales taxes	1,493,718	14.5 %	1,465,518	14.1 %	28,200	1.9 %
Modified business taxes	642,603	6.2 %	640,375	6.2 %	2,228	0.3 %
Insurance premium taxes	450,739	4.4 %	422,512	4.1 %	28,227	6.7 %
Lodging taxes	138,011	1.3 %	183,398	1.8 %	(45,387)	(24.7)%
Cigarette taxes	156,695	1.5 %	164,393	1.6 %	(7,698)	(4.7)%
Commerce taxes	204,984	2.0 %	226,770	2.2 %	(21,786)	(9.6)%
Property and transfer taxes	103,065	1.0 %	104,431	1.0 %	(1,366)	(1.3)%
Motor and special fuel taxes	2,190	0.0 %	2,289	0.0 %	(99)	(4.3)%
Other taxes	431,521	4.2 %	434,980	4.2 %	(3,459)	(0.8)%
Intergovernmental	5,273,127	51.2 %	5,246,960	50.4 %	26,167	0.5 %
Licenses, fees and permits	379,279	3.7 %	388,527	3.7 %	(9,248)	(2.4)%
Sales and charges for services	67,688	0.7 %	70,008	0.7 %	(2,320)	(3.3)%
Interest and investment income	49,745	0.5 %	44,986	0.4 %	4,759	10.6 %
Settlement income	1,390	0.0 %	22,780	0.2 %	(21,390)	(93.9)%
Other	57,352	0.6 %	52,108	0.5 %	5,244	10.1 %
Total revenues	$ 10,308,924	100.0 %	$ 10,411,179	100.0 %	$ (102,255)	(1.0)%

The total General Fund revenues decreased by $102.3 million or 1.0%. The largest decreases in revenue sources were $45.4 million or 24.7% in lodging taxes, $84.3 million or 9.0% in gaming taxes, fees and licenses, $21.8 million or 9.6% in commerce taxes, and $21.4 million or 93.9% in settlement income. The decreases in lodging taxes, commerce taxes, and gaming taxes, fees, and licenses are all primarily due to industry shutdowns due to the COVID-19 pandemic. The decrease in settlement income is primarily due to the timing of legal cases and has normal fluctuations.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2020 and 2019 (expressed in thousands). Other financing uses are not included.

General Fund Expenditures *(expressed in thousands)*

	2020		2019		Increase (Decrease)	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
General government	$ 198,363	1.9 %	$ 205,310	2.0 %	$ (6,947)	(3.4)%
Health services	4,269,152	41.1 %	4,397,082	43.3 %	(127,930)	(2.9)%
Social services	1,774,593	17.1 %	1,635,930	16.1 %	138,663	8.5 %
Education - K-12 state support	1,803,605	17.4 %	1,595,968	15.7 %	207,637	13.0 %
Education - K-12 administrative	633,393	6.1 %	602,009	5.9 %	31,384	5.2 %
Education - higher education	667,274	6.4 %	677,048	6.7 %	(9,774)	(1.4)%
Law, justice and public safety	588,164	5.7 %	559,392	5.5 %	28,772	5.1 %
Regulation of business	289,108	2.8 %	310,440	3.1 %	(21,332)	(6.9)%
Recreation and resource development	163,566	1.6 %	156,949	1.5 %	6,617	4.2 %
Debt service	3,487	0.0 %	3,669	0.0 %	(182)	(5.0)%
Total expenditures	$ 10,390,705	100.0 %	$ 10,143,797	100.0 %	$ 246,908	2.4 %

The total General Fund expenditures increased by 2.4%. The largest increase in expenditures was $207.6 million or 13.0% in Education - K-12 State support. This increase was primarily due to an increase in Distributive School Account distributions resulting from an increase in excise taxes.

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 $60.8 million or 13.2% during the current fiscal year compared to a decrease of $68.6 million, before restatement, or 13.0% in the prior year. Total revenues decreased by $37.4 million, due primarily to decreases in license, fees and permits, and motor vehhicle and special fuel taxes. These lost revenues were due to the effects of the COVID-19 pandemic on the transportation industry. Expenditures decreased by $145.2 million or 13.0% over the prior year. This was primarily due to a decrease of $157.1 million in transportation expenditures, due to major road construction projects either nearing completion or being completed, partially offset by an increase in salary expenditures and an aircraft purchase. Other financing sources and uses increased by $21.6 million or 271.0% over the prior year.

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 $1.9 billion, the net position of the nonmajor enterprise funds is $29.1 million and the total combined net position of all enterprise funds is $1.9 billion. The combined net position of all enterprise funds decreased by $850.0 million from the prior year, after restatement. 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 home buyers with low or moderate incomes. The net position increased by $9.7 million or 4.3%, resulting in an ending net position of $236.1 million. Revenues from interest on loans increased by 29.5% reflecting Nevada's strong housing market. Operating expenses increased by $11.0 million, and operating revenues increased by $5.0 million.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net position decreased by $897.3 million from the prior year, after restatement, resulting in an ending net position of $1.0 billion. The current year change in net position was a decrease of $895.3 million, and beginning net position was decreased by $1.9 million for a change in methodology for calculating unemployment benefits that resulted in higher claims expense. The current year decrease in net position is primarily due to expenses exceeding revenues by $890.5 million. During fiscal year 2020, $5.5 billion of unemployment compensation benefits was paid to unemployed State citizens compared to $281.2 million paid in fiscal year 2019, representing a 1,847% increase 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 $21.1 million during the current fiscal year, for a final net position of $479.9 million, which is a 4.6% 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 twenty-second enrollment period during the fiscal year with 517 new enrollments. The net position increased by $14.2 million, for an ending net position of $142.0 million, an 11.1% increase over last year. This change in net position is considered a normal fluctuation in current activity from contract purchases, benefit payments and investment earnings.

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 2020, total internal service fund net position increased by $28.2 million, for a final net position of $17.6 million. The three largest funds are:

The *Self-Insurance Fund* accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. Net position increased by $26.5 million or 45.6% during the current year, for a final net position of $84.6 million. The increase in net position from current activity is primarily due to an increase in the State subsidy that was set in the 2019 Legislative Session.

The *Information Services Fund* accounts for design, maintenance and operation of the State's central computer facility, radio communication, and telecommunication systems. The net position deficit decreased by $3.8 million or 18.5% during the current year, for a final net position deficit of $16.6 million. The increase in net position from current activity is a result of an increase in user charges, offset by a decrease in outside contracts. The remaining change is considered a normal fluctuation in services and expenses of the fund.

The Insurance Premiums Fund accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The net position deficit decreased by $0.1 million or 0.2% during the current year, resulting in an ending net position deficit of $42.9 million. The increase in net position from current activity is considered a normal fluctuation of insurance claims and expenses.

ANALYSIS OF GENERAL FUND BUDGET VARIATIONS

The General Fund budgetary revenues and other financing sources were $2.0 billion or 13.1% 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 $2.0 billion. Some of the differences originate because the original budget consists only of those budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. The non-executive budgets, not subject to legislative approval, only require approval by the Budget Division, and, if approved after July 1, are considered to be revisions. Increases due to the nonexecutive budgets approved after July 1 and increased estimated receipts were approximately $2.0 billion.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets:

The State’s capital assets for governmental and business-type activities as of June 30, 2020, amount to $12.6 billion, net of accumulated depreciation of $1.5 billion, resulting in a net book value of $11.1 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.

At June 30, 2020, the State had construction contract commitments of approximately $303.1 million in the Highway Fund for construction of various highway projects, and $30.1 million in capital projects funds for buildings and improvements. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on elected 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). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 95 and will also maintain its bridges so that not more than 10% are structurally deficient. The following table shows the State's policy and the condition level of the roadways and bridges:

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 2019 condition assessment	91%	86%	88%	57%	28%
Actual results of 2018 condition assessment	90%	88%	91%	58%	25%
Actual results of 2017 condition assessment	90%	85%	90%	61%	25%

Condition Level of the Bridges

	Percentage of substandard bridges		
	2020	2018	2016
State Policy-minimum percentage	7%	10%	10%
Actual results condition assessment	1%	1%	2%

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2020 by $25.8 million. Even though actual spending for maintenance and reservation 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.

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 $3.1 billion in bonds and certificates of participation outstanding, compared to $2.9 billion last year, an increase of $195.2 million or 6.8% during the current fiscal year. This increase was due primarily to the issuance of additional bonds.

The most current bond ratings for the State's general obligation debt were AA+ from Fitch Ratings, Aa1 from Moody's Investors Service, and AA+ from S&P Global Ratings. 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. 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.

Additional information on the State’s long-term debt obligations can be found in Note 9 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

Nevada State Animal, Desert Bighorn Sheep

The most conspicuous feature of the Desert Bighorn sheep is the large brown horns that continue to grow. Both rams (males) and ewes (females) have horns, though the horns of rams are much bigger and more curved. Each horn is in a "c" shape known as a "curl". The horns are permanent and consist of a sheath of keratin (a hard protein found in fingernails and hair) covering a boney core.

Courtesy of: Nevada Department of Wildlife
www.ndow.org

Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and pooled investments	$ 3,340,767	$ 1,218,034	$ 4,558,801	$ 215,857
Investments	362,648	577,765	940,413	1,500,901
Internal balances	(1,566)	1,566	-	-
Due from component unit	24,361	-	24,361	-
Due from primary government	-	-	-	190,843
Accounts receivable	135,072	5,384	140,456	109,308
Taxes/assessments receivable	1,215,005	288,688	1,503,693	-
Intergovernmental receivables	629,061	916,815	1,545,876	58,657
Accrued interest and dividends	10,913	30,932	41,845	125
Contracts receivable	-	36,642	36,642	-
Mortgages receivable	-	667,198	667,198	-
Notes/loans receivable	98,283	449,301	547,584	6,702
Capital lease receivable	46,355	-	46,355	-
Other receivables	64	-	64	8,416
Inventory	31,196	1,673	32,869	5,515
Prepaid expenses	4,492	85	4,577	26,061
Restricted assets:				
Cash	3,323	-	3,323	100,142
Investments	-	150,974	150,974	14,924
Other assets	4	5	9	96,677
Capital assets:				
Land, infrastructure and construction in progress	9,573,854	568	9,574,422	363,318
Other capital assets, net	1,464,766	12,469	1,477,235	2,186,991
Total assets	16,938,598	4,358,099	21,296,697	4,884,437
Deferred Outflows of Resources				
Deferred charge on refunding	40,021	212	40,233	11,193
Pension related amounts	415,644	7,646	423,290	83,110
OPEB related amounts	49,637	837	50,474	30,103
Total deferred outflows of resources	505,302	8,695	513,997	124,406
Liabilities				
Accounts payable	1,230,711	1,141,520	2,372,231	46,846
Accrued payroll and related liabilities	71,991	1,242	73,233	85,969
Intergovernmental payables	340,622	50,192	390,814	-
Interest payable	16,069	5,012	21,081	15,539
Due to component units	74,417	1	74,418	-
Due to primary government	-	-	-	24,361
Contracts/retentions payable	57,690	-	57,690	-
Unearned revenues	807,265	12,570	819,835	59,407
Other liabilities	203,697	11	203,708	83,890
Long-term liabilities:				
Portion due or payable within one year:				
Reserve for losses	108,950	-	108,950	-
Obligations under capital leases	3,724	-	3,724	2,854
Compensated absences	88,175	1,717	89,892	43,091
Tuition benefits payable	-	19,182	19,182	-
Bonds payable	218,184	65,117	283,301	70,416
Certificates of participation payable	3,600	-	3,600	-
Pollution remediation obligations	725	-	725	-
Portion due or payable after one year:				
Federal advances	-	-	-	5,370
Reserve for losses	43,964	-	43,964	-
Obligations under capital leases	7,543	-	7,543	49,008
Net pension liability	2,247,793	42,341	2,290,134	420,022

Statement of Net Position

June 30, 2020 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Net OPEB liability	794,677	15,611	810,288	571,535
Compensated absences	28,205	503	28,708	21,741
Tuition benefits payable	-	187,163	187,163	-
Bonds payable	1,815,889	895,499	2,711,388	748,749
Certificates of participation payable	70,987	-	70,987	-
Unearned revenue	-	-	-	42,247
Pollution remediation obligations	4,275	-	4,275	-
Total liabilities	8,239,153	2,437,681	10,676,834	2,291,045
Deferred Inflows of Resources				
Pension related amounts	219,905	4,001	223,906	33,105
OPEB related amounts	48,278	948	49,226	34,722
Taxes	105	-	105	-
Fines and forfeitures	941	-	941	-
Lease revenue	-	-	-	6,526
Split-interest agreements	-	-	-	2,465
Service concession arrangement	-	-	-	1,265
Total deferred inflows of resources	269,229	4,949	274,178	78,083
Net Position				
Net investment in capital assets	9,581,627	5,627	9,587,254	1,805,267
Restricted for:				
Unemployment compensation	-	1,036,741	1,036,741	-
Tuition contract benefits	-	141,934	141,934	-
Security of outstanding obligations	-	172,185	172,185	-
Workers' compensation	-	28,057	28,057	-
Capital projects	-	-	-	192,159
Debt service	27,655	-	27,655	32,179
Education - K to 12	5,702	-	5,702	3,681
Transportation	454,058	-	454,058	-
Recreation and resource development	45,288	-	45,288	-
Law, justice and public safety	64,527	-	64,527	-
Health services	295,630	-	295,630	-
Regulation of business	33,107	2	33,109	-
Scholarships	-	-	-	511,227
Loans	-	479,928	479,928	6,564
Research and development	-	-	-	11,811
Other purposes	282	-	282	5,877
Funds held as permanent investments:				
Nonexpendable	383,664	-	383,664	445,177
Expendable	22	-	22	-
Unrestricted (deficit)	(1,956,044)	59,690	(1,896,354)	(374,227)
Total net position	$ 8,935,518	$ 1,924,164	$ 10,859,682	$ 2,639,715

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

Statement of Activities

For the Year Ended June 30, 2020 (Expressed in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Function/Programs								
Primary Government								
Governmental activities:								
General government	$ 262,523	$ 234,368	$ 104,704	$ -	$ 76,549	$ -	$ 76,549	$ -
Health services	4,275,154	165,324	3,318,212	-	(791,618)	-	(791,618)	-
Social services	1,886,634	53,530	1,219,708	-	(613,396)	-	(613,396)	-
Education - K-12 state support	1,803,605	-	5,680	-	(1,797,925)	-	(1,797,925)	-
Education - K-12 administrative	638,858	2,839	297,490	-	(338,529)	-	(338,529)	-
Education - higher education	696,982	-	-	-	(696,982)	-	(696,982)	-
Law, justice and public safety	865,199	248,853	67,971	16,583	(531,792)	-	(531,792)	-
Regulation of business	312,520	94,024	175,090	-	(43,406)	-	(43,406)	-
Transportation	553,452	48,650	355,548	10,256	(138,998)	-	(138,998)	-
Recreation and resource development	184,811	51,225	47,260	893	(85,433)	-	(85,433)	-
Interest on long-term debt	71,861	-	636	-	(71,225)	-	(71,225)	-
Unallocated depreciation	2,439	-	-	-	(2,439)	-	(2,439)	-
Total governmental activities	11,554,038	898,813	5,592,299	27,732	(5,035,194)	-	(5,035,194)	-
Business-type activities:								
Unemployment insurance	5,474,097	4,946	3,902,099	-	-	(1,567,052)	(1,567,052)	-
Housing	35,647	31,677	13,689	-	-	9,719	9,719	-
Water loans	5,758	9,750	19,226	-	-	23,218	23,218	-
Workers' compensation and safety	42,469	50,181	4,249	-	-	11,961	11,961	-
Higher education tuition	11,167	11,709	12,881	-	-	13,423	13,423	-
Other	32,631	34,604	344	-	-	2,317	2,317	-
Total business-type activities	5,601,769	142,867	3,952,488	-	-	(1,506,414)	(1,506,414)	-
Total primary government	$ 17,155,807	$ 1,041,680	$ 9,544,787	$ 27,732	(5,035,194)	(1,506,414)	(6,541,608)	-
Total component units	$ 2,168,079	$ 812,266	$ 537,832	$ 1,551	-	-	-	(816,430)
General Revenues:								
Taxes:								
Gaming taxes					868,899	-	868,899	-
Sales and use taxes					1,272,268	-	1,272,268	-
Modified business taxes					666,232	-	666,232	-
Insurance premium taxes					450,749	-	450,749	-
Cigarette taxes					156,695	-	156,695	-
Commerce taxes					206,609	-	206,609	-
Property and transfer taxes					118,210	-	118,210	-
Lodging taxes					19,088	-	19,088	-
Motor and special fuel taxes					2,190	-	2,190	-
Other taxes					461,314	415	461,729	-
Restricted for unemployment compensation:								
Other taxes					-	676,591	676,591	-

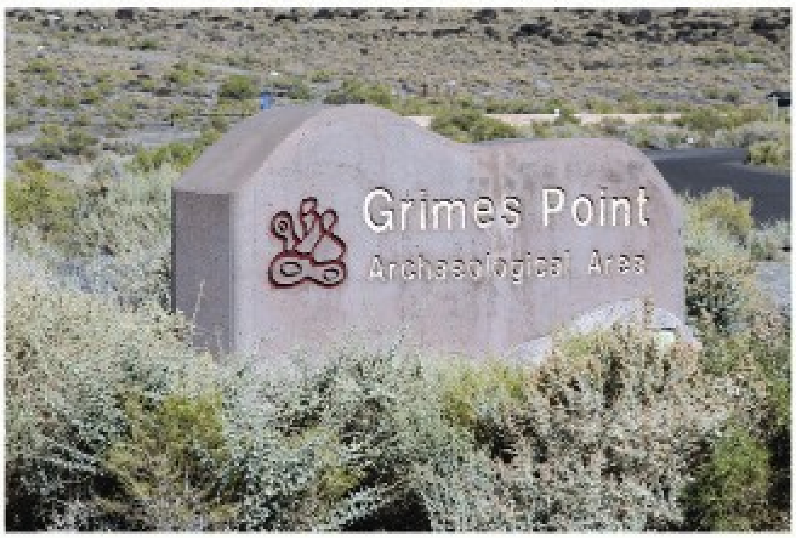
Restricted for general government purposes:				
Settlement income	1,292	-	1,292	-
Restricted for health services purposes:				
Other taxes	59,606	-	59,606	-
Restricted for social services purposes:				
Other taxes	14,627	-	14,627	-
Restricted for educational purposes:				
Sales and use taxes	229,778	-	229,778	-
Other taxes	60,410	-	60,410	-
Lodging taxes	138,011	-	138,011	-
Restricted for law, justice and public safety:				
Other	2,016	-	2,016	-
Other taxes	58	-	58	-
Restricted for regulation of business:				
Other taxes	4,365	-	4,365	-
Restricted for transportation purposes:				
Motor and special fuel taxes	238,863	-	238,863	-
Other taxes	5,390	-	5,390	-
Restricted for recreation and resources development:				
Other taxes	704	-	704	-
Settlement income	414	-	414	-
Restricted for debt service purposes:				
Property and transfer taxes	176,447	-	176,447	-
Motor and special fuel taxes	74,606	-	74,606	-
Other	4,929	-	4,929	-
Settlement income	37,561	-	37,561	-
Unrestricted investment earnings	45,763	-	45,763	46,306
Gain on sale of assets	-	1	1	18,651
Other general revenues	146,285	-	146,285	44,786
Contributions to permanent funds	16,589	-	16,589	13,504
Payments from State of Nevada	-	-	-	775,797
Transfers	17,929	(17,929)	-	-
Total general revenues, contributions, payments and transfers	5,497,897	659,078	6,156,975	899,044
Change in net position	462,703	(847,336)	(384,633)	82,614
Net position - beginning	8,466,018	2,773,390	11,239,408	2,557,101
Net position restatement	6,797	(1,890)	4,907	-
Net position - beginning (as restated)	8,472,815	2,771,500	11,244,315	2,557,101
Net position - ending	$ 8,935,518	$ 1,924,164	$ 10,859,682	$ 2,639,715

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

Grimes Point

The presence of Nevada's earliest inhabitants, beginning about 12,400 years ago, is marked by many prehistoric rock carvings called petroglyphs and archaeological sites.

Petroglyphs are almost impossible to date. Carbon-14 methods require once-living material to be analyzed. Carved or chipped rock can only be directly dated by the highly inaccurate method of examining the patina.



Minerals inside the rock leach to the surface from exposure to rain and sunlight. Over eons of time this forms a hard crust (or "patina") which usually takes on a darker color than the rock underneath.

Courtesy of: Nevada State Parks
www.parks.nv.gov

Balance Sheet
Governmental Funds

June 30, 2020

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 1,925,535,071	$ 522,033,333	$ 663,834,090	$ 3,111,402,494
Cash in custody of other officials	5,423,569	3,672,781	10,674,008	19,770,358
Investments	17,028,133	-	345,620,282	362,648,415
Receivables:				
Accounts receivable	63,140,736	22,577,549	29,456,452	115,174,737
Taxes receivable	1,172,179,581	40,794,517	2,030,999	1,215,005,097
Intergovernmental receivables	561,488,124	20,404,479	38,131,151	620,023,754
Accrued interest and dividends	9,530,306	-	1,382,957	10,913,263
Notes/loans receivable	14,543,207	-	83,680,000	98,223,207
Capital lease receivable	-	-	46,355,000	46,355,000
Other receivables	64,234	-	-	64,234
Due from other funds	128,835,656	35,222,700	100,678,868	264,737,224
Due from fiduciary funds	81,149	-	1,221,195	1,302,344
Due from component units	209,853	41	24,132,107	24,342,001
Inventory	7,960,529	22,515,416	478,727	30,954,672
Advances to other funds	3,973,917	3,469,892	-	7,443,809
Restricted cash	3,323,313	-	-	3,323,313
Prepaid items	3,801,723	382,066	94,665	4,278,454
Total assets	$ 3,917,119,101	$ 671,072,774	$ 1,347,770,501	$ 5,935,962,376
Liabilities				
Accounts payable and accruals:				
Accounts payable	$ 607,825,038	$ 34,889,718	$ 8,038,344	$ 650,753,100
Accrued payroll and related liabilities	50,958,861	16,594,316	2,729,721	70,282,898
Intergovernmental payables	305,347,918	34,425,756	779,850	340,553,524
Contracts/retentions payable	1,014,178	28,724,716	27,951,156	57,690,050
Due to other funds	81,227,979	16,507,557	174,807,873	272,543,409
Due to fiduciary funds	571,164,882	39,649	13,697	571,218,228
Due to component units	13,893,508	270,977	60,240,553	74,405,038
Unearned revenues	802,043,061	31,093	1,700,686	803,774,840
Other liabilities	179,354,776	7,377,717	16,964,448	203,696,941
Total liabilities	2,612,830,201	138,861,499	293,226,328	3,044,918,028
Deferred Inflows of Resources				
Unavailable revenue:				
Taxes	197,537,346	1,347,105	383,386	199,267,837
Intergovernmental	273,833,721	-	-	273,833,721
Licenses, fees and permits	1,037,136	3,352,674	199	4,390,009
Sales and charges for services	6,878,994	720,829	-	7,599,823
Settlement income	-	-	17,408,905	17,408,905
Lease principal payments	-	-	46,355,000	46,355,000
Interest	1,359,007	408,267	761,719	2,528,993
Other	17,803,306	3,347,810	1,108,116	22,259,232
Taxes	104,903	-	-	104,903
Fines and forfeitures	941,334	-	-	941,334
Total deferred inflows of resources	499,495,747	9,176,685	66,017,325	574,689,757
Fund Balances				
Nonspendable	29,476,341	22,897,482	384,237,470	436,611,293
Restricted	102,345,474	444,409,614	178,734,666	725,489,754
Committed	626,066,413	55,727,494	425,554,712	1,107,348,619
Assigned	13,900,197	-	-	13,900,197
Unassigned	33,004,728	-	-	33,004,728
Total fund balances	804,793,153	523,034,590	988,526,848	2,316,354,591
Total liabilities, deferred inflows of resources and fund balances	$ 3,917,119,101	$ 671,072,774	$ 1,347,770,501	$ 5,935,962,376

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

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

June 30, 2020

Total fund balances - governmental funds		$ 2,316,354,591
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	$ 173,229,949	
Construction in progress	2,597,711,873	
Infrastructure assets	5,842,526,696	
Rights-of-way	959,352,572	
Buildings	1,944,881,059	
Improvements other than buildings	160,986,290	
Furniture and equipment	450,394,257	
Software costs	308,607,615	
Accumulated depreciation/amortization	(1,428,738,409)	
Total capital assets		11,008,951,902
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.		573,643,520
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.		17,284,433
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.		40,021,152
Deferred outflow of resources related to pensions are not reported in the governmental funds.		405,195,892
Deferred outflow of resources related to other post-employment benefits are not reported in the governmental funds.		48,493,079
Deferred inflow of resources related to pensions are not reported in the governmental funds.		(214,343,274)
Deferred inflow of resources related to other post-employment benefits are not reported in the governmental funds.		(46,988,348)
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 liability	(2,190,249,951)	
Net OPEB liability	(773,450,462)	
Bonds payable	(2,031,389,754)	
Accrued interest on bonds	(16,069,334)	
Certificates of participation	(74,587,339)	
Capital leases	(9,871,233)	
Compensated absences	(112,477,041)	
Pollution remediation liability	(5,000,000)	
Total long-term liabilities		(5,213,095,114)
Net position of governmental activities		$ 8,935,517,833

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, 2020

	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Gaming taxes, fees, licenses	$ 856,816,611	$ -	$ 11,734,123	$ 868,550,734
Sales taxes	1,493,717,694	-	-	1,493,717,694
Modified business taxes	642,603,267	-	-	642,603,267
Insurance premium taxes	450,738,957	-	-	450,738,957
Lodging taxes	138,010,767	-	-	138,010,767
Cigarette taxes	156,694,742	-	-	156,694,742
Commerce taxes	204,983,790	-	-	204,983,790
Property and transfer taxes	103,064,985	-	191,591,221	294,656,206
Motor and special fuel taxes	2,190,399	238,863,155	74,605,842	315,659,396
Other taxes	431,520,916	126,331,069	51,728,514	609,580,499
Intergovernmental	5,273,127,125	384,787,472	114,368,423	5,772,283,020
Licenses, fees and permits	379,278,906	210,644,497	22,304,966	612,228,369
Sales and charges for services	67,688,334	17,777,061	21,585,098	107,050,493
Interest and investment income	49,745,192	15,758,342	35,688,858	101,192,392
Settlement income	1,390,300	-	39,046,996	40,437,296
Land sales	-	-	11,321,964	11,321,964
Other	57,351,860	24,658,713	22,512,332	104,522,905
Total revenues	10,308,923,845	1,018,820,309	596,488,337	11,924,232,491
Expenditures				
Current:				
General government	198,362,863	-	39,565,075	237,927,938
Health services	4,269,151,798	-	9,180	4,269,160,978
Social services	1,774,592,611	-	91,512,982	1,866,105,593
Education - K-12 state support	1,803,605,382	-	-	1,803,605,382
Education - K-12 administrative	633,392,932	-	4,923,268	638,316,200
Education - higher education	667,273,551	-	50,537,990	717,811,541
Law, justice and public safety	588,163,963	203,272,036	32,226,689	823,662,688
Regulation of business	289,108,182	-	20,353,033	309,461,215
Transportation	-	768,335,973	-	768,335,973
Recreation and resource development	163,565,863	-	26,424,818	189,990,681
Capital outlay	-	-	96,282,332	96,282,332
Debt service:				
Principal	2,888,296	-	173,340,000	176,228,296
Interest, fiscal charges	598,413	-	93,100,999	93,699,412
Debt issuance costs	-	-	645,946	645,946
Total expenditures	10,390,703,854	971,608,009	628,922,312	11,991,234,175
Excess (deficiency) of revenues over (under) expenditures	(81,780,009)	47,212,300	(32,433,975)	(67,001,684)
Other Financing Sources				
Bonds issued	-	-	116,245,000	116,245,000
Refunding bonds issued	-	-	43,925,000	43,925,000
Premium on bonds issued	-	-	19,687,000	19,687,000
Payment to refunded bond agent	-	-	(57,250,172)	(57,250,172)
Sale of capital assets	96,472	-	-	96,472
Transfers in	128,586,519	30,530,449	113,030,040	272,147,008
Transfers out	(50,796,830)	(16,889,349)	(186,806,802)	(254,492,981)
Total other financing sources	77,886,161	13,641,100	48,830,066	140,357,327
Net change in fund balances	(3,893,848)	60,853,400	16,396,091	73,355,643
Fund balances, July 1	808,687,001	462,181,190	972,130,757	2,242,998,948
Fund balances, June 30	$ 804,793,153	$ 523,034,590	$ 988,526,848	$ 2,316,354,591

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

Nevada State Fossil, Ichthyosaur

Berlin-Ichthyosaur State Park contains a town built in the 1890s that is preserved in a state of arrested decay. A true Nevada ghost town, many of Berlin's original buildings remain and some of its original residents are interred in the town's cemetery. Trails throughout the town site tell the story of Berlin and its mine. The park is also home to the most abundant concentration, and largest known remains, of Ichthyosaurs, an ancient marine reptile that swam in a warm ocean that covered central Nevada 225 million years ago. The fossils are protected and displayed at the park's Fossil House.

Courtesy of: Nevada State Parks
www.parks.nv.gov

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

For the Fiscal Year Ended June 30, 2020

Net change in fund balances - total governmental funds		$ 73,355,643
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	$ 371,513,711	
Depreciation expense	(93,468,494)	
Excess of capital outlay over depreciation expense		278,045,217
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	(116,245,000)	
Refunding bonds issued	(43,925,000)	
Premiums on debt issued	(19,687,000)	
Total bond proceeds		(179,857,000)
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	169,587,677	
Certficates of participation retirement	3,239,000	
Payments to the bond refunding agent	57,250,172	
Capital lease payments	2,529,296	
Total long-term debt repayment		232,606,145
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.		27,439,950
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		49,294,486
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 change in net assets differs from the change in fund balance by the cost of the asset sold.		341,791
Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.		(10,280,821)
Amortization of premiums on bonds and certificates of participation is reported as a reduction of interest expense for the statement of activities.		33,967,059
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	(57,583,713)	
Other post-employment benefit costs, net	4,556,972	
Accrued interest payable	1,040,563	
Compensated absences	(11,328,230)	
Long term due to component unit	20,830,000	
Settlement agreement liability	3,400	
Pollution remediation liability	272,000	
Total additional expenditures		(42,209,008)
Net change in net position - governmental activities		$ 462,703,462

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

Statement of Net Position
Proprietary Funds

June 30, 2020

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current assets:							
Cash and pooled investments:							
Cash with treasurer	$ 1,805,556	$ -	$ 150,611,474	$ 3,638,398	$ 83,609,975	$ 239,665,403	$ 209,594,106
Cash in custody of other officials	-	976,933,945	-	1,212,139	222,650	978,368,734	-
Investments	95,805,037	-	-	307,125,074	-	402,930,111	-
Receivables:							
Accounts receivable	-	-	-	-	5,377,218	5,377,218	6,894,692
Assessments receivable	-	288,688,280	-	-	-	288,688,280	-
Intergovernmental receivables	-	915,956,800	286,150	-	572,132	916,815,082	9,037,011
Contracts receivable	-	-	-	8,506,085	-	8,506,085	-
Mortgages receivable	59,452,954	-	-	-	-	59,452,954	-
Accrued interest and dividends	26,078,841	-	4,466,072	386,758	-	30,931,671	-
Notes/loans receivable	-	-	34,717,211	-	-	34,717,211	5,000
Due from other funds	38,830	16	902,520	19,967	3,825,103	4,786,436	11,536,626
Due from fiduciary funds	-	-	-	-	7,015	7,015	11,699,781
Due from component units	-	-	-	-	-	-	18,563
Inventory	-	-	-	-	1,672,923	1,672,923	241,547
Prepaid items	-	-	593	119	84,484	85,196	213,165
Restricted assets:							
Investments	72,879,494	-	-	-	-	72,879,494	-
Total current assets	256,060,712	2,181,579,041	190,984,020	320,888,540	95,371,500	3,044,883,813	249,240,491
Noncurrent assets:							
Investments	174,834,925	-	-	-	-	174,834,925	-
Receivables:							
Contracts receivable	-	-	-	28,136,144	-	28,136,144	-
Mortgages receivable	607,744,751	-	-	-	-	607,744,751	-
Notes/loans receivable	50,382,588	-	364,201,679	-	-	414,584,267	55,000
Restricted assets:							
Investments	78,094,316	-	-	-	-	78,094,316	-
Other assets	-	-	-	-	5,000	5,000	3,761
Capital assets:							
Land	-	-	-	-	567,812	567,812	1,032,737
Buildings	-	-	-	-	1,406,840	1,406,840	20,392,485
Improvements other than buildings	-	-	-	-	5,638,507	5,638,507	3,839,621
Furniture and equipment	798,555	-	5,910	168,025	16,172,552	17,145,042	56,439,736
Software costs	-	-	-	-	-	-	16,134,510
Less accumulated depreciation/amortization	(692,811)	-	(5,910)	(144,762)	(10,878,550)	(11,722,033)	(68,171,498)
Total noncurrent assets	911,162,324	-	364,201,679	28,159,407	12,912,161	1,316,435,571	29,726,352
Total assets	1,167,223,036	2,181,579,041	555,185,699	349,047,947	108,283,661	4,361,319,384	278,966,843
Deferred Outflows of Resources							
Deferred charge on refunding	-	-	36,138	-	175,883	212,021	-
Pensions related amounts	387,686	-	106,669	60,453	7,091,218	7,646,026	10,447,699
OPEB related amounts	42,612	-	12,225	6,486	775,378	836,701	1,143,675
Total deferred outflows of resources	430,298	-	155,032	66,939	8,042,479	8,694,748	11,591,374

[redacted]

(continued)

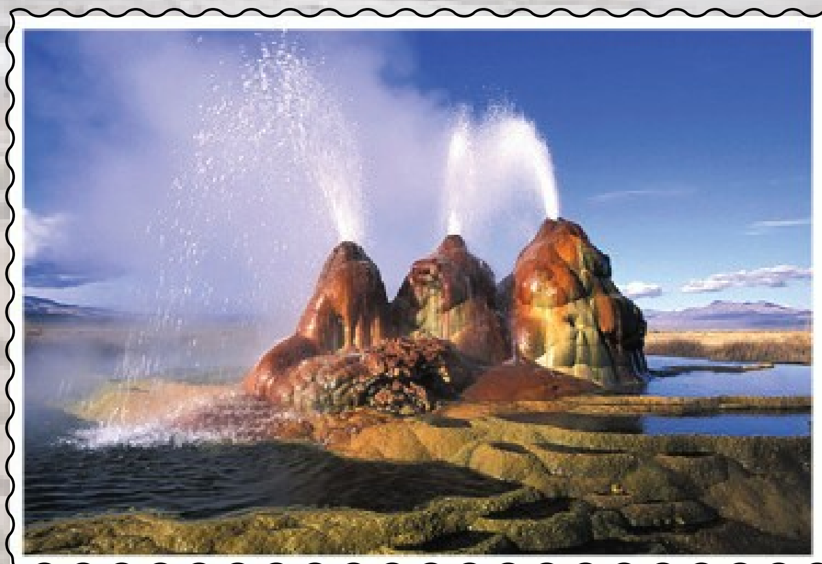
	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities							
Current liabilities:							
Accounts payable and accruals:							
Accounts payable	$ 44,076,371	$1,094,853,900	$ 86,707	$ 173,493	$ 2,268,352	$ 1,141,458,823	$ 5,302,262
Accrued payroll and related liabilities	61,419	-	28,625	6,516	1,145,197	1,241,757	1,708,572
Interest payable	3,780,366	-	1,173,768	-	58,215	5,012,349	-
Intergovernmental payables	-	49,962,329	5,114	-	224,871	50,192,314	68,096
Bank overdraft	-	-	-	-	-	-	3,428,332
Due to other funds	53,707	22,301	232,675	109,455	3,018,880	3,437,018	5,079,859
Due to fiduciary funds	-	-	-	-	60,786	60,786	8,936
Due to component units	-	-	-	-	650	650	11,500
Unearned revenues	-	-	-	-	12,569,920	12,569,920	3,489,755
Other liabilities	-	-	-	-	11,450	11,450	-
Short-term portion of long-term liabilities:							
Reserve for losses	-	-	-	-	-	-	108,950,006
Compensated absences	102,118	-	25,865	15,414	1,573,457	1,716,854	2,722,898
Benefits payable	-	-	-	19,181,635	-	19,181,635	-
Bonds payable	52,664,592	-	12,093,860	-	359,039	65,117,491	513,323
Obligations under capital leases	-	-	-	-	-	-	1,109,539
Total current liabilities	100,738,573	1,144,838,530	13,646,614	19,486,513	21,290,817	1,300,001,047	132,393,078
Noncurrent liabilities:							
Advances from other funds	-	-	-	-	124,020	124,020	7,319,789
Reserve for losses	-	-	-	-	-	-	43,964,147
Net pension obligation	2,154,048	-	585,322	341,136	39,260,256	42,340,762	57,542,725
Net OPEB liability	795,012	-	228,089	121,004	14,466,437	15,610,542	21,226,837
Compensated absences	31,848	-	10,601	6,269	454,706	503,424	1,180,197
Benefits payable	-	-	-	187,163,455	-	187,163,455	-
Bonds payable	827,575,483	-	60,872,635	-	7,050,403	895,498,521	2,169,634
Obligations under capital leases	-	-	-	-	-	-	285,456
Total noncurrent liabilities	830,556,391	-	61,696,647	187,631,864	61,355,822	1,141,240,724	133,688,785
Total liabilities	931,294,964	1,144,838,530	75,343,261	207,118,377	82,646,639	2,441,241,771	266,081,863
Deferred Inflows of Resources							
Pension related amounts	203,557	-	55,312	32,238	3,710,093	4,001,200	5,562,053
OPEB related amounts	48,299	-	13,857	7,351	878,854	948,361	1,289,268
Total deferred inflows of resources	251,856	-	69,169	39,589	4,588,947	4,949,561	6,851,321
Net Position							
Net investment in capital assets	105,744	-	-	23,263	5,497,719	5,626,726	25,619,238
Restricted for:							
Unemployment compensation	-	1,036,740,511	-	-	-	1,036,740,511	-
Tuition contract benefits	-	-	-	141,933,657	-	141,933,657	-
Security of outstanding obligations	172,185,496	-	-	-	-	172,185,496	-
Workers' compensation	-	-	-	-	28,057,217	28,057,217	-
Revolving loans	-	-	479,928,301	-	-	479,928,301	-
Regulation of business	-	-	-	-	2,000	2,000	-
Unrestricted (deficit)	63,815,274	-	-	-	(4,466,382)	59,348,892	(7,994,205)
Total net position	$ 236,106,514	$1,036,740,511	$ 479,928,301	$ 141,956,920	$ 29,090,554	$ 1,923,822,800	$ 17,625,033

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.	341,100
Net position of business-type activities	$ 1,924,163,900

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

The Fly Geyser, Fly Ranch

THE FLY GEYSER on Fly Ranch in Nevada is an unusual (and unplanned) collaboration between man and nature. The multi-colored geothermal geyser, constantly sprays water five feet in the air building up the landmark by depositing minerals and multi-colored thermophilic algae on the surrounding terraces. It is the result of a 1964 drilling project that was never properly capped.



The 3,800-acre Fly Ranch property, where the geyser resides was purchased by the Burning Man Project in 2016. Currently it's not open to the public, but they've got plans to create a permanent, year-round site for artists and visitors.

Courtesy of: Nevada Division of Tourism
www.travelnevada.com

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

For the Fiscal Year Ended June 30, 2020

	Enterprise Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues							
Net premium income	$ -	$ -	$ -	$ -	$ -	$ -	$ 416,187,991
Sales	-	-	-	11,631,484	6,650,749	18,282,233	2,627,187
Assessments	-	676,591,141	-	-	414,783	677,005,924	-
Charges for services	-	-	455,000	77,400	13,594,166	14,126,566	61,844,140
Rental income	-	-	-	-	144,200	144,200	22,024,302
Interest income on loans/notes	23,820,936	-	9,295,167	-	-	33,116,103	-
Federal government	-	3,858,426,706	16,122,978	-	-	3,874,549,684	-
Licenses, fees and permits	-	-	-	-	45,594,299	45,594,299	-
Fines	-	-	-	-	4,463,373	4,463,373	-
Other	7,855,925	4,945,676	-	-	2,336,634	15,138,235	329,221
Total operating revenues	31,676,861	4,539,963,523	25,873,145	11,708,884	73,198,204	4,682,420,617	503,012,841
Operating Expenses							
Salaries and benefits	1,605,434	-	458,725	228,370	40,739,820	43,032,349	44,055,487
Operating	1,686,116	-	3,667,938	726,387	13,477,739	19,558,180	42,552,268
Claims and benefits expense	-	5,474,093,872	-	10,201,469	6,417,273	5,490,712,614	319,202,120
Interest on bonds payable	28,869,851	-	1,295,041	-	-	30,164,892	-
Materials or supplies used	-	-	-	-	2,091,122	2,091,122	97,794
Servicers' fees	11,816	-	-	-	-	11,816	-
Depreciation	36,255	-	-	16,745	834,658	887,658	6,030,788
Bond issuance costs	2,216,663	-	347,005	-	-	2,563,668	-
Insurance premiums	-	-	-	-	-	-	66,896,631
Total operating expenses	34,426,135	5,474,093,872	5,768,709	11,172,971	63,560,612	5,589,022,299	478,835,088
Operating income (loss)	(2,749,274)	(934,130,349)	20,104,436	535,913	9,637,592	(906,601,682)	24,177,753
Nonoperating Revenues (Expenses)							
Interest and investment income	11,878,517	43,672,284	3,103,041	12,880,590	1,836,986	73,371,418	3,751,217
Interest expense	-	-	-	-	(270,657)	(270,657)	(67,227)
Federal grant revenue	1,810,683	-	-	-	2,756,111	4,566,794	-
Federal grant expense	(1,269,036)	-	-	-	-	(1,269,036)	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	98,805
Total nonoperating revenues (expenses)	12,420,164	43,672,284	3,103,041	12,880,590	4,322,440	76,398,519	3,782,795
Income (loss) before transfers	9,670,890	(890,458,065)	23,207,477	13,416,503	13,960,032	(830,203,163)	27,960,548
Transfers							
Transfers in	-	-	2,230	793,692	1,825,308	2,621,230	2,531,054
Transfers out	-	(4,877,420)	(2,066,058)	-	(13,606,547)	(20,550,025)	(2,256,286)
Change in net position	9,670,890	(895,335,485)	21,143,649	14,210,195	2,178,793	(848,131,958)	28,235,316
Net position, July 1	226,435,624	1,933,966,433	458,784,652	127,746,725	26,911,761		(10,610,283)
Net position restatement	-	(1,890,437)	-	-	-		-
Net position, July 1 (as restated)	226,435,624	1,932,075,996	458,784,652	127,746,725	26,911,761		(10,610,283)
Net position, June 30	$ 236,106,514	$1,036,740,511	$ 479,928,301	$ 141,956,920	$ 29,090,554		$ 17,625,033

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.	795,466
Change in net position of business-type activities	$ (847,336,492)

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, 2020

	Enterprise Funds						
	Major Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities							
Receipts from customers and users	$ -	$ 599,802,784	$ 454,840	$ 13,721,879	$ 69,171,049	$ 683,150,552	$ 70,985,917
Receipts for interfund services provided	487,660	2,031,203	-	1,064	2,404,616	4,924,543	400,389,106
Receipts from component units	-	-	-	-	-	-	14,650,739
Receipts of principal on loans/notes	35,975,036	-	-	-	-	35,975,036	5,000
Receipts of interest on loans/notes	21,043,792	-	-	-	-	21,043,792	-
Receipts from Federal government	-	2,998,951,653	16,066,916	-	-	3,015,018,569	-
Payments to suppliers, other governments and beneficiaries	(5,400,605)	(4,386,019,832)	(3,474,950)	(7,567,883)	(12,269,906)	(4,414,733,176)	(413,656,815)
Payments to employees	(1,478,464)	-	(448,127)	(213,969)	(39,394,426)	(41,534,986)	(41,638,241)
Payments for interfund services	(598,761)	-	(132,924)	(163,393)	(7,102,953)	(7,998,031)	(20,250,609)
Payments to component units	-	-	-	(7,922,748)	(20,630)	(7,943,378)	(170,156)
Purchase of loans and notes	(235,377,835)	-	-	-	-	(235,377,835)	-
Net cash provided by (used for) operating activities	(185,349,177)	(785,234,192)	12,465,755	(2,145,050)	12,787,750	(947,474,914)	10,314,941
Cash flows from noncapital financing activities							
Grant receipts	1,810,683	-	-	-	3,131,497	4,942,180	-
Proceeds from sale of bonds	295,537,601	-	42,197,677	-	-	337,735,278	-
Transfers and advances from other funds	(27)	-	2,230	869,982	435,783	1,307,968	10,948,848
Principal paid on noncapital debt	(46,095,395)	-	(10,720,000)	-	-	(56,815,395)	-
Interest paid on noncapital debt	(27,837,345)	-	(1,642,881)	-	-	(29,480,226)	-
Transfers and advances to other funds	-	-	(2,005,201)	-	(14,173,404)	(16,178,605)	(1,074,875)
Payments to other governments and organizations	(1,269,036)	-	-	-	-	(1,269,036)	-
Bond issuance costs	-	-	(347,005)	-	-	(347,005)	-
Net cash provided by (used for) noncapital financing activities	222,146,481	-	27,484,820	869,982	(10,606,124)	239,895,159	9,873,973
Cash flows from capital and related financing activities							
Proceeds from sale of capital assets	-	-	-	-	-	-	208,234
Purchase of capital assets	-	-	-	-	(327,334)	(327,334)	(7,477,078)
Principal paid on capital debt	-	-	-	-	(299,000)	(299,000)	(1,712,556)
Interest paid on capital debt	-	-	-	-	(302,983)	(302,983)	(67,227)
Net cash provided by (used for) capital and related financing activities	-	-	-	-	(929,317)	(929,317)	(9,048,627)
Cash flows from investing activities							
Proceeds from sale of investments	718,504,746	-	-	3,205,939	-	721,710,685	-
Receipts of principal on loans/notes	-	-	33,914,302	-	-	33,914,302	-
Purchase of investments	(764,845,648)	-	-	(10,356,009)	-	(775,201,657)	-
Purchase of loans and notes	-	-	(33,681,806)	-	-	(33,681,806)	-
Interest, dividends and gains (losses)	10,146,194	43,672,284	12,486,140	5,325,741	2,046,774	73,677,133	4,286,191
Net cash provided by (used for) investing activities	(36,194,708)	43,672,284	12,718,636	(1,824,329)	2,046,774	20,418,657	4,286,191
Net increase (decreases) in cash	602,596	(741,561,908)	52,669,211	(3,099,397)	3,299,083	(688,090,415)	15,426,478
Cash and cash equivalents, July 1	1,202,960	1,718,495,853	97,942,263	7,949,934	80,533,542	1,906,124,552	194,167,628
Cash and cash equivalents, June 30	$ 1,805,556	$ 976,933,945	$ 150,611,474	$ 4,850,537	$ 83,832,625	$ 1,218,034,137	$ 209,594,106

(continued)

	Enterprise Funds						
	Major Funds						
	Housing Division	Unemployment Compensation	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	$ (2,749,274)	$ (934,130,349)	$ 20,104,436	$ 535,913	$ 9,637,592	$ (906,601,682)	$ 24,177,753
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities							
Depreciation	36,255	-	-	16,745	834,658	887,658	6,030,788
Interest on loans	-	-	(9,295,167)	-	-	(9,295,167)	-
Interest on bonds payable	28,869,851	-	1,295,041	-	-	30,164,892	-
Debt issuance costs	-	-	347,005	-	-	347,005	-
Decrease (increase) in loans and notes receivable	(202,090,195)	-	-	-	-	(202,090,195)	5,000
Decrease (increase) in accrued interest and receivables	(25,904,305)	(982,467,263)	(56,222)	2,014,059	(1,871,127)	(1,008,284,858)	(17,783,534)
Decrease (increase) in inventory, deferred charges, other assets	-	-	(132)	(3)	322,319	322,184	76,977
Decrease (increase) in deferred outflow of resources	(39,761)	-	(9,117)	(4,922)	(586,238)	(640,038)	(893,104)
Increase (decrease) in accounts payable, accruals, other liabilities	16,361,522	1,131,363,420	63,903	(4,726,695)	2,827,486	1,145,889,636	(3,761,277)
Increase (decrease) in unearned revenues	-	-	-	-	248,588	248,588	(171,783)
Increase (decrease) in net pension liability	110,758	-	(3,043)	15,796	455,804	579,315	1,603,796
Increase (decrease) in net OPEB liability	5,263	-	7,354	(3,582)	106,909	115,944	(166,389)
Increase (decrease) in deferred inflows of resources	50,709	-	11,697	7,639	811,759	881,804	1,196,714
Total adjustments	(182,599,903)	148,896,157	(7,638,681)	(2,680,963)	3,150,158	(40,873,232)	(13,862,812)
Net cash provided by (used for) operating activities	$ (185,349,177)	$ (785,234,192)	$ 12,465,755	$ (2,145,050)	$ 12,787,750	$ (947,474,914)	$ 10,314,941

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

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2020

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
Assets				
Cash and pooled investments:				
Cash with treasurer	$ 2,570,445	$ -	$ 9,450,538	$ 64,749,248
Cash in custody of other officials	774,779,806	3,821,019	28,578,754	4,910,052
Investments:				
Investments	1,843,713	2,393,727,118	29,126,226,917	-
Fixed income securities	12,729,964,780	-	-	-
Marketable equity securiteis	18,986,672,050	-	-	-
International securities	9,344,950,306	-	-	-
Real estate	2,115,552,553	-	-	-
Alternative investments	2,635,864,456	-	-	-
Collateral on loaned securities	205,982,715	-	-	-
Receivables:				
Taxes receivable	-	-	-	67,467,363
Intergovernmental receivables	144,095,996	-	80,418	71
Accrued interest and dividends	143,898,330	15,537,002	803,646	-
Other receivables	2,655	-	-	102,481
Contributions receivables	-	-	23,768,884	-
Trades pending settlement	601,204,479	-	5,564,705	-
Due from other funds	26,749,277	-	159,685	544,378,988
Due from fiduciary funds	-	-	-	16,440
Due from component units	1,480,374	-	-	-
Other assets	4,131,236	-	-	-
Furniture and equipment	46,556,109	-	48,222	-
Less accumulated depreciation/amortization	(42,682,996)	-	(48,222)	-
Total assets	47,723,616,284	2,413,085,139	29,194,633,547	681,624,643
Liabilities				
Accounts payable and accruals:				
Accounts payable	21,109,624	84,964	3,799,877	1,360,201
Intergovernmental payables	-	35,667	18,602	671,461,199
Redemptions payable	-	-	16,252,064	-
Trades pending settlement	609,322,409	11,004,415	12,304,197	-
Bank overdraft	-	-	5,043,000	-
Obligations under securities lending	205,982,715	-	-	-
Due to other funds	11,699,781	9,384	1,299,975	-
Due to fiduciary funds	-	-	16,440	-
Other liabilities:				
Other liabilities	-	25,747	-	-
Total liabilities	848,114,529	11,160,177	38,734,155	672,821,400
Net Position				
Restricted for:				
Pension benefits	46,881,153,370	-	-	-
OPEB benefits	(5,651,615)	-	-	-
Pool participants	-	2,401,924,962	-	-
Individuals	-	-	29,155,899,392	8,803,243
Total net position	$ 46,875,501,755	$ 2,401,924,962	$ 29,155,899,392	$ 8,803,243

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, 2020

	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Private purpose trust funds	Custodial Funds
Additions				
Contributions:				
Employer	$ 1,094,423,119	$ -	$ -	$ -
Plan members	1,045,267,117	-	-	-
Participants	-	-	3,138,247,655	-
Repayment and purchase of service	67,539,938	-	-	-
Total contributions	2,207,230,174	-	3,138,247,655	-
Investment income:				
Net increase (decrease) in fair value of investments	2,168,850,144	28,665,674	(478,002)	-
Interest, dividends	911,196,672	43,860,421	1,086,743,381	4,150
Securities lending	4,086,256	-	-	-
Other	119,982,070	-	-	-
	3,204,115,142	72,526,095	1,086,265,379	4,150
Less investment expense:				
Other	(57,725,062)	(80,150)	-	-
Net investment income	3,146,390,080	72,445,945	1,086,265,379	4,150
Other:				
Investment from local governments	-	3,248,760,510	-	-
Taxes and fees collected for other governments	-	-	-	4,330,480,843
Child support collections	-	-	-	246,965,420
Other	3,150,847	496	-	2,954,522
Total other	3,150,847	3,248,761,006	-	4,580,400,785
Total additions	5,356,771,101	3,321,206,951	4,224,513,034	4,580,404,935
Deductions				
Principal redeemed	-	2,829,035,465	1,713,377,682	-
Benefit payments	2,862,019,445	-	26,678,611	161,827
Refunds	29,510,239	-	-	-
Contribution distributions	-	3,221,255	-	-
Administrative expense	12,584,878	489,806	39,473,637	-
Payment of taxes and fees to other governments	-	-	-	4,330,480,843
Child support payments	-	-	-	245,290,174
Restitution payments	-	-	-	2,008,392
Total deductions	2,904,114,562	2,832,746,526	1,779,529,930	4,577,941,236
Change in net position	2,452,656,539	488,460,425	2,444,983,104	2,463,699
Net position, July 1	44,422,845,216	1,913,464,537	26,710,916,288	-
Net position restatement	-	-	-	6,339,544
Net position, July 1 (as restated)	44,422,845,216	1,913,464,537	26,710,916,288	6,339,544
Net position, June 30	$ 46,875,501,755	$ 2,401,924,962	$ 29,155,899,392	$ 8,803,243

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

Combining Statement of Net Position
Discretely Presented Component Units

June 30, 2020

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Assets				
Cash and pooled investments	$ 18,434,731	$ 197,422,000	$ -	$ 215,856,731
Investments	-	1,473,280,000	27,620,969	1,500,900,969
Due from primary government	111,976	190,731,212	-	190,843,188
Accounts receivable	1,825,184	107,482,788	-	109,307,972
Intergovernmental receivables	-	58,657,000	-	58,657,000
Accrued interest and dividends	111,977	-	12,569	124,546
Notes/loans receivable	-	6,702,000	-	6,702,000
Other receivables	-	8,416,000	-	8,416,000
Inventory	-	5,515,000	-	5,515,000
Prepaid expenses	26,061,227	-	-	26,061,227
Restricted assets:				
Cash	2,602,818	97,539,000	-	100,141,818
Investments	-	14,924,000	-	14,924,000
Other assets	-	96,677,000	-	96,677,000
Capital assets:				
Land, infrastructure and construction in progress	-	363,318,000	-	363,318,000
Other capital assets, net	45,172,737	2,141,818,000	-	2,186,990,737
Total assets	94,320,650	4,762,482,000	27,633,538	4,884,436,188
Deferred Outflows of Resources				
Deferred charge on refunding	-	11,193,000	-	11,193,000
Pension related amounts	1,083,150	82,027,000	-	83,110,150
OPEB related amounts	121,517	29,981,000	-	30,102,517
Total deferred outflows of resources	1,204,667	123,201,000	-	124,405,667
Liabilities				
Accounts payable	2,829,185	44,015,960	-	46,845,145
Accrued payroll and related liabilities	181,463	85,788,000	-	85,969,463
Interest payable	260,564	15,278,000	-	15,538,564
Due to primary government	154,917	253,040	23,952,607	24,360,564
Unearned revenues	3,213,751	56,193,000	-	59,406,751
Other liabilities	2,922,918	80,967,000	-	83,889,918
Long-term liabilities:				
Portion due or payable within one year:				
Obligations under capital leases	-	2,854,000	-	2,854,000
Compensated absences	328,966	42,762,000	-	43,090,966
Bonds payable	755,000	69,661,000	-	70,416,000
Portion due or payable after one year:				
Federal advances	-	5,370,000	-	5,370,000
Obligations under capital leases	-	49,008,000	-	49,008,000
Net pension liability	5,986,027	414,036,000	-	420,022,027
Net OPEB liability	2,267,165	569,268,000	-	571,535,165
Compensated absences	189,443	21,552,000	-	21,741,443
Bonds payable	25,847,118	722,902,000	-	748,749,118
Unearned revenue	42,247,331	-	-	42,247,331
Total liabilities	87,183,848	2,179,908,000	23,952,607	2,291,044,455
Deferred Inflows of Resources				
Lease revenue	-	6,526,000	-	6,526,000
Split-interest agreements	-	2,465,000	-	2,465,000
Service concession arrangement	-	1,265,000	-	1,265,000
Pension related amounts	565,680	32,539,000	-	33,104,680
OPEB related amounts	137,733	34,584,000	-	34,721,733
Total deferred inflows of resources	703,413	77,379,000	-	78,082,413
Net Position				
Net investment in capital assets	45,172,737	1,760,094,000	-	1,805,266,737
Restricted for:				
Capital projects	-	192,159,000	-	192,159,000
Debt service	-	32,179,000	-	32,179,000
Scholarships	-	511,227,000	-	511,227,000
Loans	-	6,564,000	-	6,564,000
Education - K to 12	-	-	3,680,931	3,680,931
Research and development	11,810,958	-	-	11,810,958
Other purposes	-	5,877,000	-	5,877,000
Funds held as permanent investments:				
Nonexpendable	-	445,177,000	-	445,177,000
Unrestricted (deficit)	(49,345,639)	(324,881,000)	-	(374,226,639)
Total net position	$ 7,638,056	$ 2,628,396,000	$ 3,680,931	$ 2,639,714,987

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

Combining Statement of Activities
Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2020

	Major Component Units		Nonmajor Component Unit	
	Colorado River Commission	Nevada System of Higher Education	Nevada Capital Investment Corporation	Total
Expenses	$ 47,475,210	$ 2,111,586,000	$ 9,017,702	$ 2,168,078,912
Program revenue:				
Charges for services	47,741,420	764,525,000	-	812,266,420
Operating grants and contributions	-	537,832,000	-	537,832,000
Capital grants and contributions	-	1,551,000	-	1,551,000
Total program revenue	47,741,420	1,303,908,000	-	1,351,649,420
General revenues:				
Unrestricted investment earnings	522,367	40,898,000	4,885,443	46,305,810
Gain on sale of assets	-	18,651,000	-	18,651,000
Other general revenues	70,191	44,716,000	-	44,786,191
Contributions to permanent funds	-	13,504,000	-	13,504,000
Payments from State of Nevada	-	775,797,000	-	775,797,000
Total general revenues, contributions and payments	592,558	893,566,000	4,885,443	899,044,001
Change in net position	858,768	85,888,000	(4,132,259)	82,614,509
Net position, July 1	6,779,288	2,542,508,000	7,813,190	2,557,100,478
Net position, June 30	$ 7,638,056	$ 2,628,396,000	$ 3,680,931	$ 2,639,714,987

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

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Note 1. Summary of Significant Accounting Policies

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

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

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

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

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

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

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

Discretely Presented Component Units: A component unit should be included in the reporting entity financial statements using the discrete presentation method if the component unit's governing body is not substantively the same as the governing body of the primary government, the component unit does not provide services entirely or almost entirely to the primary government, and the component unit's total debt outstanding is not expected to be repaid entirely or almost entirely with resources of the primary government. The following discretely presented component units meet these criteria and are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the State.

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

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

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

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

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

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

C. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary and blended component units. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The State reports the following major governmental funds:

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

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 perpaid tuition contracts.

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

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

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

Additionally, the State reports the following fund types:

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

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

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

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

Custodial Funds - report fiduciary activities not held in a trust or equivalent arrangement. Examples include 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.

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, private-purpose trust and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

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

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

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

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. Inventories are stated at cost on the first-in, first-out basis. Inventory items in the governmental funds are offset by nonspendable fund balance to indicate that they will not be converted to cash.

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

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

Capital Assets and Depreciation - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Position at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at acquisition value at time of donation. The government defines capital assets as assets with a unit cost of $5,000 or more for furniture and equipment, or $500,000 or more for buildings and improvements or $1,000,000 or more for internally generated software, and an estimated useful life in excess of one year. Interest incurred during construction is only capitalized in proprietary funds.

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

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition. Collections are capitalized at the acquisition value at the date of donation. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 10 to 15 years for land improvements and 3 to 11 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 9.

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.

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. Additionally, commencing with the fiscal year that began on July 1, 2017, 1% of the total anticipated revenue for the fiscal year in which the transfer will be made as projected by the Economic Forum for that fiscal year, is also deposited to the Stabilization Account. Expenditures may occur if actual revenues for the biennium fall short by 5% or more from anticipated revenues, if the Legislature and Governor declare that a fiscal emergency exists or if the Legislature allocates it to be used for any other purpose. The balance in the Stabilization Account committed for fiscal emergency at June 30, 2020 is $97,545,079.

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.

Postemployment Benefits Other than Pensions (OPEB) – For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, 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. Plan assets 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.

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 $24,379,347 were made in the 2020 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, fiduciary funds 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 and Fiduciary 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. NRS 356 directs 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. Cash and cash equivalents consist of deposits in money market funds, which are not federally insured, and cash in the bank. As of June 30, 2020, deposits in money market funds totaled $756,244,337, and cash in bank was $297,234,152 of which $45,909,331 was uncollateralized and uninsured. In addition, the State has custody of Time Certificates of Deposits in the amount of $3,445,604 that are uncollateralized and uninsured. Cash in bank includes $105,478 which is insured by American Share Insurance which is not FDIC.

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, 2020 NSHE's deposits in money market funds totaled $92,252,000 and cash in bank was $47,200,000. 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.

The College Savings Plan of Nevada was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. The plan is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust. The Board of Trustees is responsible for the overall administration of the program, subject to implementing regulations set forth in the Nevada Administration Code. Pursuant to NRS 353B.005 the Board of Trustees consists of five members, the State Treasurer, who may name a designee to serve on the Board on his or her behalf; the Director of the Office of Finance, or designee; the Chancellor of the System, or a designee; and two members appointed by the Governor. The State of Nevada, acting through the Board of the College Savings Plan, and acting by and through its Administrator, the State Treasurer, offers and administers the various plans.

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 and Fiduciary 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, 2020 (expressed in thousands):

		Maturities in Years			
	Fair Value	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. Treasury securities	$ 13,905,812	$ 458,702	$ 13,234,047	$ 88,204	$ 124,859
Negotiable certificate of deposit	1,026,298	1,023,794	2,504	-	-
U.S. agencies	736,316	415,577	213,248	11,583	95,908
Asset backed corporate securities	42,012	541	35,130	6,341	-
Corporate bonds and notes	962,401	533,978	421,795	6,347	281
Commercial paper	1,109,065	1,109,065	-	-	-
Other investments	61,777	57,894	3,883	-	-
Short term investments	64,114	64,114	-	-	-
Money market funds	1,726,599	1,726,599	-	-	-
Total	$ 19,634,394	$ 5,390,264	$ 13,910,607	$ 112,475	$ 221,048

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, 2020 (expressed in thousands):

Less than 1 year	$ 100,237
1 to 5 years	68,375
6 to 10 years	203,881
Total	$ 372,493

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 and Fiduciary 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). Investments having credit risk are included in the table below.

The State’s investments as of June 30, 2020 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):

	Quality Rating				
	AAA	AA	A	BBB	Unrated
U.S. Treasury securities	$ 149,045	$ 325,280	$ -	$ -	$ 13,431,486
Negotiable certificate of deposit	-	1,821	336,245	-	688,232
U.S. agencies	83,288	573,076	-	-	78,373
Mutual funds	-	-	-	-	29,510,485
Asset backed corporate securities	20,940	4,773	-	-	1,947
Corporate bonds and notes	5,944	143,352	794,125	18,981	-
Commercial paper	-	-	1,109,065	-	-
Investment agreements	16,000	-	-	-	-
Short-term investments	134,445	-	6,108	-	-
Other investments	15,296	14,990	31,491	-	32
Equity securities	-	-	-	-	28,801,400
Real estate	-	-	-	-	2,115,564
Private equity	-	-	-	-	2,635,865
Money market funds	112,009	-	-	-	1,614,590
Total	$ 536,967	$ 1,063,292	$ 2,277,034	$ 18,981	$ 78,877,974

Component Units – 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, 2020 is as follows (at fair value, expressed in thousands):

	Unrated
Mutual funds publicly traded	$ 556,444
Partnerships	60,786
Endowment cash/cash equivalents	140,752
Trust(s)	4,033
Private commingled funds	258,156
	1,020,171
Less: GBC Foundation Endowments	(7,601)
Total	$ 1,012,570

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, 2020, no individual investment exceeded 5% of the total portfolio of the Primary Government.

At June 30, 2020, 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	$ 17,594	5.73%

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, 2020, the Housing Division's investments in Fannie Mae and Ginnie Mae are 16.7% and 27.2% 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, and 99.9% equity interest in Accion, LLC, a New Mexico limited liability company, for the purpose of obtaining income. At June 30, 2020 the investment in equity interest of SSOF and Accion 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 and Fiduciary 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, 2020. The following table summarizes the pension and investment trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2020 (expressed in thousands):

	Currency by Investment and Fair Value				
	Equity	Private Equity	Pending Transactions	Cash	Total
Australian Dollar	$ 541,975	$ -	$ 200	$ 114	$ 542,289
British Pound Sterling	1,130,675	23,400	(100)	1,520	1,155,495
Canadian Dollar	805,489	-	(700)	1,327	806,116
Danish Krone	188,137	-	(100)	113	188,150
Euro	2,573,494	282,700	400	703	2,857,297
Hong Kong Dollar	256,427	-	-	1,037	257,464
Israeli Shekel	25,562	-	(100)	218	25,680
Japanese Yen	2,043,626	-	(2,500)	6,428	2,047,554
New Zealand Dollar	26,388	-	-	117	26,505
Norwegian Krone	41,823	-	-	234	42,057
Singapore Dollar	89,502	-	-	1,018	90,520
Swedish Krona	245,372	-	-	116	245,488
Swiss Franc	827,037	-	(100)	113	827,050
Total	$ 8,795,507	$ 306,100	$ (3,000)	$ 13,058	$ 9,111,665

Component Unit - The NSHE does not directly invest in foreign currency investments and is therefore not subject to foreign currency risk. However, it has $170,480 in mutual funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2020.

Fair Value of Investments: The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using quoted prices for identical securities in markets that are not active; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements of the primary government and fiduciary funds as of June 30, 2020 (expressed in thousands):

	Fair Value Measurements Using			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Investments by fair value level				
U.S. Treasury securities	$ 13,791,031	$ 164	$ -	$ 13,791,195
Negotiable certificates of deposit	-	1,026,299	-	1,026,299
U.S. agencies	8,861	656,882	-	665,743
Mutual funds	384,258	-	-	384,258
Asset backed corporate securities	1,715	40,297	-	42,012
Corporate bonds & notes	9,252	953,150	-	962,402
Commercial paper	-	1,109,065	-	1,109,065
Short-term investments	93,146	5,372	-	98,518
Other investments	32	61,777	-	61,809
Equity securities	28,769,386	-	-	28,769,386
Money market funds	1,726,599	-	-	1,726,599
Total investments by fair value level	$ 44,784,280	$ 3,853,006	$ -	48,637,286
Investments at NAV				
Equity securities				32,015
Mutual funds (unrated)				29,126,227
Real estate				2,115,564
Private equity				2,635,864
Total investments at NAV				33,909,670
Investments at amortized cost				
U.S. Treasury				114,617
U.S. Agencies				70,573
Investment agreements				16,000
Short-term investments				43,475
Total investments at amortized cost				244,665
Total of Investments				$ 82,791,621

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, 2020 (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, U.S. 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 market 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 market 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, 2020 is $1,325,374,331. Collateral received for outstanding securities lending arrangements consisted of cash in the amount of $205,982,715 and non-cash in the amount of $1,176,884,160. The cash collateral is reported on the Statement of Fiduciary Net Position as an asset with a related liability. At June 30, 2020, 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, 2020.

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):

	General Fund	Nonmajor Governmental Funds	Total
As shown on financial statements:			
Intergovernmental receivables	$ 561,488	$ 38,131	$ 599,619
Notes/loans receivable	14,543	83,680	98,223
Due from component units	210	24,132	24,342
Total	$ 576,241	$ 145,943	$ 722,184
Classified:			
Current portion:	$ 519,521	$ 42,925	$ 562,446
Noncurrent portion:			
Intergovernmental receivables	42,980	-	42,980
Notes/loans receivable	13,740	79,065	92,805
Due from component units	-	23,953	23,953
Total noncurrent portion	56,720	103,018	159,738
Total	$ 576,241	$ 145,943	$ 722,184

Not included in the receivable balances are amounts considered to be uncollectible. In the governmental funds, uncollectible taxes receivable are estimated at $19.3 million, and uncollectible accounts receivable are estimated at $195.5 million. The proprietary funds have $45.5 million in uncollectible accounts receivable of which $8.0 million are from uninsured employers' fines and penalties, and $11.8 million are from unemployment contributions and benefit overpayments.

Note 5. Interfund Transactions

A. Interfund Advances

A summary of interfund advances at June 30, 2020, follows (expressed in thousands):

	Advances From			
	General Fund	State Highway	Nonmajor Governmental	Total
Advances To				
Nonmajor enterprise	$ 124	$ -	$ -	$ 124
Internal Service Funds	3,850	3,470	-	7,320
Total other funds	$ 3,974	$ 3,470	$ -	$ 7,444

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 following.

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, 2020, is shown below (expressed in thousands):

	Due To			
	Major Governmental Funds			
	General Fund	State Highway	Nonmajor Governmental	Total Governmental
Due From				
Major Governmental Funds:				
General	$ -	$ 31,893	$ 35,460	$ 67,353
State Highway	2,839	-	12,678	15,517
Nonmajor governmental	119,201	2,822	52,236	174,259
Total Governmental	122,040	34,715	100,374	257,129
Major Enterprise Funds:				
Housing Division	51	-	-	51
Unemployment Comp	-	-	22	22
Water Projects Loans	232	-	-	232
Higher Ed Tuition Trust	108	-	-	108
Nonmajor enterprise	2,441	7	131	2,579
Total Enterprise	2,832	7	153	2,992
Internal Service	3,963	501	152	4,616
Total other funds	$ 128,835	$ 35,223	$ 100,679	$ 264,737
Fiduciary	$ 81	$ -	$ 1,221	$ 1,302
Component Units:				
Colorado River Commission	$ 152	$ -	$ -	$ 152
Nevada System of Higher Education	58	-	179	237
Nevada Capital Investment Corporation	-	-	23,953	23,953
Total Component Units	$ 210	$ -	$ 24,132	$ 24,342

	Due To							
	Major Enterprise Funds							
	Housing Division	Water Projects Loans	Higher Education Tuition Trust	Nonmajor Enterprise	Total Enterprise	Internal Service	Total Other Funds	Fiduciary
Due From								
Major Governmental Funds:								
General	$ 39	$ 902	$ 20	$ 3,734	$ 4,695	$ 9,180	$ 81,228	$ 571,165
State Highway	-	-	-	24	24	966	16,507	39
Nonmajor governmental	-	-	-	33	33	516	174,808	14
Total Governmental	39	902	20	3,791	4,752	10,662	272,543	571,218
Major Enterprise Funds:								
Housing Division	-	-	-	-	-	3	54	-
Unemployment Comp	-	-	-	-	-	-	22	-
Water Projects Loans	-	-	-	-	-	1	233	-
Higher Ed Tuition Trust	-	-	-	-	-	1	109	-
Nonmajor enterprise	-	-	-	27	27	413	3,019	61
Total Enterprise	-	-	-	27	27	418	3,437	61
Internal Service	-	-	-	7	7	457	5,080	9
Total other funds	$ 39	$ 902	$ 20	$ 3,825	$ 4,786	$ 11,537	$ 281,060	$ 571,288
Fiduciary	$ -	$ -	$ -	$ 7	$ 7	$ 11,700	$ 13,009	$ 16
Component Units:								
Colorado River Commission	$ -	$ -	$ -	$ -	$ -	$ 3	$ 155	$ -
Nevada System of Higher Education	-	-	-	-	-	16	253	1,480
Nevada Capital Investment Corporation	-	-	-	-	-	-	23,953	-
Total Component Units	$ -	$ -	$ -	$ -	$ -	$ 19	$ 24,361	$ 1,480

	Due To		
	Component Units		
	Colorado River Commission	Nevada System of Higher Education	Total Component Units
Due From			
Major Governmental Funds:			
General	$ 112	$ 13,782	$ 13,894
State Highway	-	271	271
Nonmajor governmental	-	60,240	60,240
Total Governmental	112	74,293	74,405
Major Enterprise Funds:			
Nonmajor Enterprise	-	1	1
Total Enterprise	-	1	1
Internal Service	-	12	12
Total	$ 112	$ 74,306	$ 74,418

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.

C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2020, is shown below (expressed in thousands):

	Transfers Out/To			
	Major Governmental Funds			
Transfers In/From	General Fund	State Highway	Nonmajor Governmental	Total Governmental
Major Governmental Funds:				
General	$ -	$ 11,125	$ 99,634	$ 110,759
State Highway	27,700	-	2,805	30,505
Nonmajor governmental	17,973	5,764	84,351	108,088
Total Governmental	45,673	16,889	186,790	249,352
Major Enterprise Funds:				
Higher Ed Tuition Trust	794	-	-	794
Water Project Loans	2	-	-	2
Nonmajor enterprise	1,797	-	17	1,814
Total Enterprise	2,593	-	17	2,610
Internal Service	2,531	-	-	2,531
Total other funds	$ 50,797	$ 16,889	$ 186,807	$ 254,493

	Transfers Out/To					
	Major Enterprise Funds					
Transfers In/From	Unemployment Compensation	Water Projects Loans	Nonmajor Enterprise Funds	Total Enterprise	Internal Service	Total Other Funds
Major Governmental Funds:						
General	$ -	$ 2,066	$ 13,580	$ 15,646	$ 2,181	$ 128,587
State Highway	-	-	-	-	25	30,530
Nonmajor governmental	4,877	-	15	4,892	50	113,030
Total Governmental	4,877	2,066	13,595	20,538	2,256	272,147
Major Enterprise Funds:						
Higher Ed Tuition Trust	-	-	-	-	-	794
Water Project Loans	-	-	-	-	-	2
Nonmajor enterprise	-	-	12	12	-	1,825
Total Enterprise	-	-	12	12	-	2,621
Internal Service	-	-	-	-	-	2,531
Total other funds	$ 4,877	$ 2,066	$ 13,607	$ 20,550	$ 2,256	$ 277,299

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, 2020 are as follows (expressed in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Restricted:			
Cash	$ 3,323	$ -	$ 100,142
Investments	-	150,974	14,924
Total	$ 3,323	$ 150,974	$ 115,066
Restricted for:			
Debt service	$ -	$ 150,974	$ 1,052
Capital projects	-	-	97,539
Regulation of business	3,323	-	-
Other purposes	-	-	16,475
Total	$ 3,323	$ 150,974	$ 115,066

Note 7. Capital Assets

Capital asset activity of the primary government for the year ended June 30, 2020, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	$ 169,895	$ 4,395	$ (27)	$ 174,263
Construction in progress	2,315,178	323,135	(40,601)	2,597,712
Infrastructure	5,844,907	19,222	(21,602)	5,842,527
Rights-of-way	961,597	1,303	(3,548)	959,352
Total capital assets, not being depreciated	9,291,577	348,055	(65,778)	9,573,854
Capital assets, being depreciated/amortized				
Buildings	1,935,294	29,980	-	1,965,274
Improvements other than buildings	158,348	6,478	-	164,826
Furniture and equipment	460,817	58,458	(12,441)	506,834
Software costs	323,415	1,792	(465)	324,742
Total capital assets, being depreciated/amortized	2,877,874	96,708	(12,906)	2,961,676
Less accumulated depreciation/amortization for				
Buildings	(767,646)	(50,438)	-	(818,084)
Improvements other than buildings	(100,582)	(4,329)	-	(104,911)
Furniture and equipment	(354,693)	(29,431)	12,745	(371,379)
Software costs	(187,634)	(15,296)	394	(202,536)
Total accumulated depreciation/amortization	(1,410,555)	(99,494)	13,139	(1,496,910)
Total capital assets, being depreciated/amortized, net	1,467,319	(2,786)	233	1,464,766
Governmental activities capital assets, net	$ 10,758,896	$ 345,269	$ (65,545)	$ 11,038,620

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated				
Land	$ 568	$ -	$ -	$ 568
Total capital assets, not being depreciated	568	-	-	568
Capital assets, being depreciated				
Buildings	1,407	-	-	1,407
Improvements other than buildings	5,638	-	-	5,638
Furniture and equipment	16,883	327	(65)	17,145
Total capital assets, being depreciated	23,928	327	(65)	24,190
Less accumulated depreciation for				
Buildings	(1,214)	(48)	-	(1,262)
Improvements other than buildings	(2,780)	(76)	-	(2,856)
Furniture and equipment	(6,905)	(764)	65	(7,604)
Total accumulated depreciation	(10,899)	(888)	65	(11,722)
Total capital assets, being depreciated, net	13,029	(561)	-	12,468
Business-type activities capital assets, net	$ 13,597	$ (561)	$ -	$ 13,036

Included in the table above are three Department of Corrections facililties that have been closed. These assets are idle, with a carrying value of $8 million.

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

Governmental activities:	
General government	$ 6,315
Education, support services	137
Health services	1,109
Law, justice, public safety	38,875
Recreation, resource development	6,628
Social services	18,741
Transportation	15,923
Regulation of business	3,297
Unallocated	2,439
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	6,030
Total depreciation/amortization expense - governmental activities	$ 99,494
Business-type activities:	
Enterprise	$ 888
Total depreciation/amortization expense - business-type activities	$ 888

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2020, 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	$ 199,188	$ 141,630	$ (157,913)	$ 182,905
Land	165,906	1,710	(191)	167,425
Land improvements	288	-	(61)	227
Intangibles	642	61	-	703
Collections	11,981	122	(45)	12,058
Total capital assets, not being depreciated	378,005	143,523	(158,210)	363,318
Capital assets, being depreciated				
Buildings	2,951,584	213,343	(3,019)	3,161,908
Land improvements	164,173	10,231	(179)	174,225
Machinery and equipment	404,002	32,509	(17,045)	419,466
Intangibles	47,522	1,797	(18)	49,301
Library books and media	123,698	1,870	(1,629)	123,939
Total capital assets, being depreciated	3,690,979	259,750	(21,890)	3,928,839
Less accumulated depreciation for				
Buildings	(1,082,663)	(95,960)	-	(1,178,623)
Land improvements	(118,909)	(5,288)	115	(124,082)
Machinery and equipment	(307,548)	(27,099)	14,121	(320,526)
Intangibles	(38,909)	(5,019)	-	(43,928)
Library books and media	(119,373)	(2,115)	1,626	(119,862)
Total accumulated depreciation	(1,667,402)	(135,481)	15,862	(1,787,021)
Total capital assets being depreciated, net	2,023,577	124,269	(6,028)	2,141,818
Nevada System of Higher Education activity capital assets, net	$ 2,401,582	$ 267,792	$ (164,238)	$ 2,505,136

Note 8. Capital Lease Receivable

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

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

Year Ending June 30	Governmental Activities
2021	$ 3,383
2022	3,381
2023	3,380
2024	3,381
2025	3,380
2026-2044	60,880
Total future minimum lease revenues	$ 77,785

Note 9. Short and Long -Term Obligations

A. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2020 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 1,207,097	$ 160,170	$ (184,986)	$ 1,182,281	$ 144,303
General obligation bonds-private placement	1,175	-	(1,175)	-	-
Special obligation bonds	745,295	-	(40,835)	704,460	42,875
Subtotal	1,953,567	160,170	(226,996)	1,886,741	187,178
Issuance premiums (discounts)	161,348	19,687	(33,703)	147,332	31,006
Total bonds payable	2,114,915	179,857	(260,699)	2,034,073	218,184
Certificates of participation	75,125	-	(2,880)	72,245	3,005
Certificates of participation-private placement	2,662	-	(359)	2,303	371
Subtotal	77,787	-	(3,239)	74,548	3,376
Issuance premiums (discounts)	315	-	(276)	39	224
Total certificates of participation	78,102	-	(3,515)	74,587	3,600
Other governmental long-term activities:					
Obligations under capital leases	14,870	-	(3,604)	11,266	3,724
Compensated absences obligations	104,659	92,372	(80,651)	116,380	88,175
Pollution remediation obligations	5,272	-	(272)	5,000	725
Total other governmental long-term activities	124,801	92,372	(84,527)	132,646	92,624
Governmental activities long-term obligations	$ 2,317,818	$ 272,229	$ (348,741)	$ 2,241,306	$ 314,408
Business-type activities:					
Bonds payable:					
General obligation bonds	$ 48,963	$ 36,180	$ (11,019)	$ 74,124	$ 11,197
Special obligation bonds	628,948	292,857	(45,890)	875,915	52,517
Subtotal	677,911	329,037	(56,909)	950,039	63,714
Issuance premiums (discounts)	3,142	8,698	(1,263)	10,577	1,403
Total bonds payable	681,053	337,735	(58,172)	960,616	65,117
Compensated absences obligations	1,919	1,840	(1,539)	2,220	1,717
Tuition benefits payable	211,105	5,592	(10,352)	206,345	19,182
Business-type activities long-term obligations	$ 894,077	$ 345,167	$ (70,063)	$ 1,169,181	$ 86,016

The General Fund and special revenue funds typically liquidate the capital lease obligations. Compensated absence obligations are payable by the funds in which they are incurred and are primarily the General Fund and State Highway Fund. 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 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.

General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2020 are comprised of the following (expressed in thousands):

	Interest Rates	Original Amount	Principal Outstanding
Governmental activities:			
General obligation bonds:			
Subject to Constitutional Debt Limitation	3.0-5.0%	$ 1,288,520	$ 981,760
Exempt from Constitutional Debt Limitation	2.0-6.0%	267,176	200,521
Special obligation bonds:			
Exempt from Constitutional Debt Limitation- Highway Improvement Revenue Bonds	3.0-5.0%	869,925	704,460
Subtotal		2,425,621	1,886,741
Issuance premiums (discounts)		363,202	147,332
Governmental activities bonds payable		2,788,823	2,034,073
Business-type activities:			
General obligation bonds:			
Exempt from Constitutional Debt Limitation	2.0-5.5%	126,582	74,124
Special obligation bonds:			
Housing Bonds	*.50-6.95%	1,178,136	875,915
Subtotal		1,304,718	950,039
Issuance premiums (discounts)		18,308	10,577
Business-type activities bonds payable		1,323,026	960,616
Total bonds payable		$ 4,111,849	$ 2,994,689

*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, 2020, of the primary government are summarized in the table following (expressed in thousands):

	Governmental Activities				Business-Type Activities			
Year Ending	General Obligation		Special Obligation		General Obligation		Special Obligation	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 144,303	$ 52,809	$ 42,875	$ 30,658	$ 11,197	$ 2,884	$ 52,517	$ 28,925
2022	123,108	45,603	35,545	28,698	8,292	2,457	27,940	27,318
2023	117,924	39,419	37,225	26,943	7,756	2,121	8,191	32,993
2024	108,084	33,513	38,855	25,118	4,601	1,861	7,507	33,721
2025	111,727	28,156	40,675	23,142	5,458	1,629	10,781	33,272
2026-2030	376,315	68,452	233,715	83,698	20,085	5,097	50,794	128,599
2031-2035	158,110	21,654	235,115	31,703	15,055	1,513	132,774	114,456
2036-2040	42,710	2,538	40,455	2,124	1,680	91	130,839	86,613
2041-2045	-	-	-	-	-	-	71,861	72,640
2046-2050	-	-	-	-	-	-	38,248	64,109
2051-2055	-	-	-	-	-	-	254,463	32,991
2056-2060	-	-	-	-	-	-	90,000	12,439
Total	$ 1,182,281	$ 292,144	$ 704,460	$ 252,084	$ 74,124	$ 17,653	$ 875,915	$ 668,076

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, 2020, the debt limitation and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	$ 2,886,475
Less: Bonds and leases payable as of June 30, 2020, subject to limitation	(981,760)
Remaining debt capacity	$ 1,904,715

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A. These bonds are subject to statutory limitation of $1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Eleven projects were funded through the Nevada Municipal Bond Bank as of June 30, 2020, and total outstanding loans to local governments amounted to $83,680,000.

E. Refunded Debt and Redemptions

During the fiscal year 2020, the State of Nevada refunded $56,895,000 in general obligation, limited tax, bonds related to capital improvement, cultural affairs and refunding by issuing refunding bonds with a total par amount of $43,925,000 at a $8,426,056 premium. Proceeds from refunding bonds and certificates were used to refund certain outstanding State debt to realize debt service savings. The refunding decreased the aggregate debt service payments by $7,264,412 with an economic or present value gain of $6,690,674. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of $343,719. 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):

	Refunding Amount	Refunded Amount	Cash Flow Gain (Loss)	Present Value Gain
Capital Improvement Bonds Series 2009A	$ 55,134	$ 54,790	$ 6,886	$ 6,342
Capital Improvement, Cultural Affairs and Refunding Bonds Series 2009B	2,116	2,106	378	349
Total	$ 57,250	$ 56,896	$ 7,264	$ 6,691

F. Capital Leases

The State has entered into various agreements for the lease of vehicles and improvement of buildings. Assets of the primary government acquired under such leases at June 30, 2020 include vehicles and building improvements of $32,159,486 with accumulated depreciation of $12,511,624.

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, 2020 follow (expressed in thousands):

Year Ending June 30	Governmental Activities
2021	$ 4,177
2022	2,981
2023	1,902
2024	1,977
2025	1,348
Total minimum lease payments	12,385
Less: amount representing interest	(1,119)
Obligations under capital leases	$ 11,266

G. Certificates of Participation

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

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

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

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

The following schedule presents future certificates of participation payments as of June 30, 2020 (expressed in thousands):

Year Ending June 30	Certificates of Participation Principal	Certificates of Participation Interest	Certificates of Participation-Private Placements Principal	Certificates of Participation-Private Placements Interest
2021	$ 3,005	$ 3,411	$ 371	$ 51
2022	3,140	3,270	377	43
2023	3,295	3,113	388	35
2024	3,465	2,948	393	26
2025	3,640	2,775	402	17
2026-2030	20,860	11,193	372	8
2031-2035	12,945	6,996	-	-
2036-2040	12,685	4,228	-	-
2041-2045	9,210	936	-	-
Total	$ 72,245	$ 38,870	$ 2,303	$ 180

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	$	206,345
Net position available		348,302
Net position as a percentage of tuition benefits obligation		168.80 %

The actuarial valuation used an investment yield assumption of 5.25% per year and tuition growth assumptions as follows:

	Universities	Community Colleges
2021-22	2.80%	2.80%
2022-23	2.80%	2.80%
2023-24	2.50%	2.50%
2024-25 and later	4.00%	3.50%

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 calculated as of June 30, 2020 is $0.

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, 2020 there are seven series of Industrial Revenue Bonds and five series of Charter School Bonds outstanding, with an aggregate principal amount payable of $389,757,000.

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, 2020, the outstanding balance of Highway Improvement Revenue and Refunding bonds is $704,460,000. The total of principal and interest remaining on the bonds is $956,544,381 payable through December 2037. Upon completion of eligible projects, federal aid of $368,000,000 is expected to be received in fiscal year 2021. For the current year, principal and interest paid was $73,585,988 and total motor vehicle fuel and special fuel tax revenues were $296,392,580.

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, 2020, the outstanding balance of Lease Revenue Certificates of Participation is $74,548,000. The total of principal and interest remaining on the certificates is $113,598,980 payable through June 2043. In fiscal year 2020, principal and interest of $6,835,984 was paid. Building rent of $7,000,000 is expected to be collected in fiscal year 2021, which will be used to pay the fiscal year 2021 debt service principal and interest of $6,838,514.

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

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

As of June 30, 2020, the outstanding balance of single-family and multi-unit bonds is $875,914,539. The total of principal and interest remaining on the bonds is $1,548,316,293 payable through February 2058. In fiscal year 2020, principal and interest of $63,498,003 was paid. As of June 30, 2020, $151,373,095 was held by the trustee for the benefit of the single-family bondholders. The amount of payments received for mortgage loans in fiscal year 2020 is $249,442,206. One hundred million is expected to be collected in fiscal year 2021, which, along with assets held by the trustee, will be used to pay the fiscal year 2021 debt service principal and interest of $81,589,554.

L. Pollution Remediation Obligation

Currently there are three sites in Nevada in various stages of pollution cleanup associated with contaminated soil and groundwater. The pollution remediation liabilities associated with these sites were measured using the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution. As of June 30, 2020 the total pollution remediation obligation is $5,000,000.

M. Component Unit Obligations

Nevada System of Higher Education (NSHE) – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2020 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	$ 717,562	$ 74,460	$ (43,813)	$ 748,209	$ 65,980
Issuance premiums (discounts)	41,358	4,889	(3,495)	42,752	3,341
Total bonds payable	758,920	79,349	(47,308)	790,961	69,321
Obligations under capital leases	52,104	1,588	(2,283)	51,409	2,600
Compensated absences obligations	55,048	41,571	(32,740)	63,879	42,762
Total	$ 866,072	$ 122,508	$ (82,331)	906,249	114,683
Discretely presented component units of the NSHE:					
Bonds and notes payable				1,602	340
Compensated absences obligations				435	-
Obligations under capital leases				453	254
Total				$ 908,739	$ 115,277

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, 2020 (expressed in thousands):

Year Ending June 30	Principal	Interest
2021	$ 65,980	$ 25,566
2022	39,464	23,417
2023	37,444	22,108
2024	33,053	20,788
2025	30,340	19,471
2026-2030	144,138	79,390
2031-2035	154,225	50,831
2036-2040	105,900	27,675
2041-2045	85,610	13,093
2046-2050	48,750	2,664
2051-2055	3,305	50
	748,209	285,053
Premiums	42,752	-
Total	$ 790,961	$ 285,053

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
2021	$ 5,057
2022	4,827
2023	3,806
2024	3,863
2025	3,704
2026-2030	17,184
Thereafter	46,135
Total minimum lease payments	84,576
Less: amount representing interest	(33,167)
Obligations under capital leases	$ 51,409

Colorado River Commission (CRC) – Bonds and compensated absences payable by CRC at June 30, 2020, 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	$ 27,480	$ -	$ (740)	$ 26,740	$ 755
Issuance premiums (discounts)	(144)	-	6	(138)	-
Total bonds payable	27,336	-	(734)	26,602	755
Compensated absences obligations	458	247	(186)	519	329
Total	$ 27,794	$ 247	$ (920)	$ 27,121	$ 1,084

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
2021	$ 755	$ 1,033
2022	770	1,015
2023	800	994
2024	815	971
2025	835	945
2026-2030	4,655	4,258
2031-2035	5,610	3,266
2036-2040	6,580	1,960
2041-2045	5,920	516
Total	$ 26,740	$ 14,958

N. Short-Term Obligations

Primary Government - There was no short-term debt outstanding at July 1, 2019 or June 30, 2020.

Note 10. Pensions

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

The aggregate pension related amounts for the primary government consist of a net pension liability of $2,290,133,549, deferred outflows of resources of $423,289,621, deferred inflows of resources of $223,906,429, pension expenditures of $231,781,268 and pension expense of $11,560,514. Pension expenditures and expense total $243,341,782. The State's defined benefit pension plans are described in detail below.

The aggregate pension related amounts for discretely presented component units consist of a net pension liability of $420,022,027, deferred outflows of resources of $83,110,150, deferred inflows of resources of $33,104,680 and pension expense of $16,964,410.

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:

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

Required contribution rates for employers and for active plan members, as a percentage of covered payroll, for the fiscal year ended June 30, 2020 were as follows:

	Statutory Rate	
	Employer	**Employees**
Regular employees:		
Employer-pay plan	29.25 %	-
Employee/employer plan (matching rate)	15.25 %	15.25 %
Police and Fire employees:		
Employer-pay plan	42.50 %	-
Employee/employer plan (matching rate)	22.00 %	22.00 %

The primary government contributions recognized as part of pension expense for the current fiscal year ended June 30, 2020 were $161,627,368 and discretely presented component unit contributions totaled $28,972,042.

Pension Liabilities, Pension Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Primary Government - At June 30, 2020, the State reported a liability of $2,278,610,292, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2019, the State's proportion was 16.71%, an increase of .22% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the State recognized pension expenditure of $228,152,923 and pension expense of $11,560,514. At June 30, 2020, 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	$ 85,445	$ (65,724)
Changes of assumption	92,730	-
Net difference between projected and actual earnings on pension plan investments	-	(113,353)
Changes in proportionate share of contributions	62,575	(40,173)
State contributions subsequent to the measurement date	177,255	-
Total	$ 418,005	$ (219,250)

Deferred outflows of resources of $177,255,222 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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:	
2021	$ 2,934
2022	(32,115)
2023	25,119
2024	13,951
2025	10,025
Thereafter	1,586

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Nevada System of Higher Education (NSHE) - At June 30, 2020, the NSHE reported a liability of $414,036,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NSHE's proportion of the net pension liability was based on the NSHE's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2019, the NSHE's proportion was 3.04%, an increase of .12% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the NSHE recognized pension expense of $16,420,000. At June 30, 2020, the NSHE 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	$ 15,526	$ (11,675)
Changes of assumption	16,850	-
Net difference between projected and actual earnings on pension plan investments	-	(20,136)
Changes in proportionate share of contributions	19,088	(728)
NSHE contributions subsequent to the measurement date	30,564	-
Total	$ 82,028	$ (32,539)

Deferred outflows of resources of $30,564,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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:	
2021	$ 134,780
2022	(908,084)
2023	249,473
2024	309,038
2025	175,630
Thereafter	20,238

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Colorado River Commission (CRC) - At June 30, 2020, the CRC reported a liability of $5,986,027, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The CRC's proportion of the net pension liability was based on the CRC's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2019, the CRC's proportion was .04%, no change from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the CRC recognized pension expense of $544,410. At June 30, 2020, the CRC 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	$ 224	$ (173)
Changes of assumption	244	-
Net difference between projected and actual earnings on pension plan investments	-	(298)
Changes in proportionate share of contributions	150	(95)
CRC contributions subsequent to the measurement date	465	-
Total	$ 1,083	$ (566)

Deferred outflows of resources of $465,000 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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:	
2021	$ 24
2022	(102)
2023	51
2024	45
2025	29
Thereafter	5

Actuarial Assumptions – The net pension liability was measured as of June 30, 2019, 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:	2.75%
Payroll growth:	5.00%, including inflation
Investment rate of return:	7.50%
Productivity pay increase:	0.50%
Projected salary increases:	Regular: 4.25% to 9.15%, depending on service
	Police/Fire: 4.55% to 13.90%, depending on service
	Rates include inflation and productivity increases
Consumer price index:	2.75%
Other assumptions:	Same as those used in the June 30, 2019 funding actuarial valuation

Mortality rates were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled members were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement members were based on the Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation were based on an experience study for the period from July 1, 2012, through June 30, 2016.

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, 2019, are included in the following table:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are 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, 2019.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the proportionate share of the net pension liability at June 30, 2019 calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Primary government - net pension liability	$ 3,528,152	$ 2,278,610	$ 1,239,924
Nevada System of Higher Education - net pension liability	641,086	414,036	225,301
Colorado River Commission - net pension liability	9,269	5,986	3,257

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, 2020, the primary government reported payables to the defined benefit pension plan of $18,230,405 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, 2019, the LRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	72
Inactive vested members	11
Inactive non-vested members	33
Active members	35
Total	151

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

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

Members are eligible for post-retirement benefit increases based on their effective date of membership. For members with an effective date of membership before January 1, 2010, the lesser of: (a) 2% per year following the third anniversary of the commencement of benefits, 3% per year following the sixth anniversary, 3.5% per year following the ninth anniversary, 4% per year following the twelfth anniversary and 5% per year following the fourteenth anniversary, or (b) the average percentage increase in the Consumer Price Index (or other Board approved index) for the three preceding years. In any event, a member's benefit must be increased by the percentages in (a) if it has not been increased at a rate greater than or equal to the average of the Consumer Price Index (CPI) (All items) (or other Board approved index) for the period between retirement and the date of increase. For members with an effective date of membership on or after January 1, 2010, and prior to July 1, 2015, same as above, except the increases in (a) above do not exceed 4% per year. For members with an effective date of membership on or after July 1, 2015, 2% per year following the third through fifth anniversaries of the commencement of benefits; 2.5% per year following the sixth through eighth anniversaries. On succeeding anniversaries, the annual increase shall be the lesser of 3% or the CPI for the preceding calendar year. For future retirees, those hired prior to 2010 are assumed to reach the cap after 16 years of retirement. Those hired in between 2010 and 2015 are also assumed to reach the cap after 16 years of retirement. Those hired after 2015 will never receive an annual increase that exceeds 2.75. Underlying all of these assumptions is that CPI will grow over time at a rate of 2.75% 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 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 $195,870 for fiscal years 2019 and 2020, 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 2019, of which $97,935 (half) was recognized as employer contributions in the fiscal year 2019, and the other half has been recognized as employer contributions in fiscal year 2020.

State contributions recognized as part of pension expense for the fiscal year ended June 30, 2020 were $97,935.

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 Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the State reported a net pension liability of $126,739. The net pension liability was measured as of June 30, 2019, 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, 2020, the State recognized pension income of $167,401. At June 30, 2020, 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	$ -	$ (10)
Differences between expected and actual experience	-	(52)
State contributionss subsequent to the measurement date	98	-
Total	$ 98	$ (62)

Deferred outflows of resources of $97,935 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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	
2021	$ 1
2022	(50)
2023	(13)
2024	-
2025	-
Thereafter	-

The following table presents the changes in the net pension liability for LRS for the year ended June 30, 2019 (expressed in thousands):

	2019
Total pension liability	
Service cost	$ 29
Interest	372
Difference between expected and actual experience	(266)
Benefit payments, including refunds	(470)
Net change in total pension liability	(335)
Total pension liability - beginning	5,165
Total pension liability - ending (a)	$ 4,830
Plan fiduciary net position	
Contributions - employer	$ 98
Contributions - plan member	24
Net investment income	342
Benefit payments, including refunds	(470)
Administration expenses	(75)
Other	76
Net change in plan fiduciary net position	(5)
Plan fiduciary net position - beginning	4,708
Plan fiduciary net position - ending (b)	$ 4,703
Net pension liability - beginning	$ 457
Net pension liability - ending (a) - (b)	$ 127
Plan fiduciary net position as a percentage of total pension liability	97%
Covred payroll	N/A
Net pension liability as a percentage of covered payroll	N/A

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2019, 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:	2.75%
Investment rate of return:	7.50%
Projected salary increases:	2.75%
Consumer price index:	2.75%
Other assumptions:	Same as those used in the June 30, 2019 funding actuarial valuation

Mortality rates were based on the Headcount-Weighted RP-2014 Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality at age 50 from the Employee mortality tables. The mortality rates are projected to 2020 with Scale MP-2016. The RP-2014 Headcount-Weighted Mortality Tables, set forward one year for spouses and beneficiaries, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of 6 years is a provision made for future mortality improvement. No pre-retirement mortality is assumed.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actuarial experience study for the period July 1, 2012, through June 30, 2017.

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, 2019, are included in the following table.

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return
U.S. stocks	51%	5.50%
International stocks	22%	5.50%
U.S. bonds	28%	0.75%

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	$ 545	$ 127	$ (232)

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, 2020, 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, 2019, the JRS pension plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	83
Inactive vested members	2
Active members	112
Total	197

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

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

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

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

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

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

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

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

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

The State's annual actuarially determined contribution to fund the System at June 30, 2020 was $5,299,834 and the actual contribution made was $4,776,295.

Pension Liability, Pension Expenditure, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the State reported a liability of $11,396,418 for its net pension liability for the JRS pension plan. The net pension liability was measured as of June 30, 2019, 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, 2020, the State recognized pension expenditure of $3,795,746. At June 30, 2020, 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	$ 334	$ (3,284)
Change of assumptions	23	(1,211)
Changes in proportion and differences between State contributions and proportionate share of contributions	53	(99)
State contributions subsequent to the measurement date	4,776	-
Total	$ 5,186	$ (4,594)

Deferred outflows of resources of $4,776,295 for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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:	
2021	$ (1,267)
2022	(1,918)
2023	(953)
2024	(46)
2025	-
Thereafter	-

The following table presents the changes in the net pension liability for JRS for the year ended June 30, 2019 (expressed in thousands):

	2019
Total pension liability	
Service cost	$ 4,092
Interest	10,415
Differences between expected and actual experience	(30)
Benefit payments, including refunds	(6,119)
Other	220
Net change in total pension liability	8,578
Total pension liability - beginning	137,726
Total pension liability - ending (a)	$ 146,304
Plan fiduciary net position	
Contributions - employer	$ 5,265
Employee purchase of service	473
Net investment income	9,551
Benefit payments, including refunds	(6,119)
Administrative expenses	(106)
Other	220
Net change in plan fiduciary net position	9,284
Plan fiduciary net position - beginning	124,374
Plan fiduciary net position - ending (b)	$ 133,658
Net pension liability - beginning	$ 13,352
Net pension liability - ending (a) - (b)	$ 12,646
Plan fiduciary net position as a percentage of total pension liability	91%
Covered payroll (measurement as of end of fiscal year)	$ 20,353
Net pension liability as a percentage of covered payroll	62%

Actuarial Assumptions – The State's net pension liability was measured as of June 30, 2019, 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:	2.75%
Investment rate of return:	7.50%
Projected salary increases:	3.00% to 8.00%, varying by service
Consumer Price Index:	2.75%
Other assumptions:	Same as those used in the June 30, 2019 funding actuarial valuation

Post-Retirement mortality rates were based on Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables, projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 to the mortality at age 50 from the Employee mortality tables. The motality rates are then projected to 2020 with Scale MP-2016. Pre-Retirement mortality rates were based on Headcount-Weighted RP-2014 Employee Mortality Tables, projected to 2020 with Scale MP-2016.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actuarial experience study for the period July 1, 2012, through June 30, 2016.

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, 2019, are included in the following table:

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
U.S. stocks	49%	6.60%
International stocks	21%	7.37%
U.S. bonds	30%	0.36%

Discount Rate – The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. 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.

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 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (expressed in thousands):

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net pension liability	$ 26,276	$ 11,396	$ (1,233)

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

Payables to the Pension Plan – At June 30, 2020, the State reported payables to the defined benefit pension plan of $273,154 for legally required employer contributions not yet remitted to JRS.

Note 11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the State's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, 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. Plan assets are reported at fair value.

Plan description – Officers and employees of the State of Nevada and of certain other participating local governmental agencies within the State of Nevada are provided with OPEB through the Nevada Public Employees' Benefits Program (PEBP), a multiple-employer cost-sharing defined postemployment benefit plan. The program is administered by the PEBP Board, whose ten members are appointed by the governor. NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. NRS 287.043 grants the PEBP Board the authority to establish and amend the benefit terms of the program. PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Benefits provided – Benefits other than pensions are provided to eligible retirees and their dependents through the payment of subsidies from the State Retirees' Health & Welfare Benefits Fund. The "base" subsidy rates are set by PEBP and approved by the Legislature and vary depending on the number of dependents and the medical plan selected. These subsidy rates are subtracted from the premium to arrive at the "participant premium". The "years of service" subsidy rates are then used to adjust the "participant premium" based on years of service. The current subsidy rates can be found on the PEBP website at www.pebp.state.nv.us. Benefits include health, prescription drug, dental and life insurance coverage. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Officers and employees hired after December 31, 2011 are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive subsidies from the Retirees' Fund:

Any PEBP covered retiree with State service whose last employer was the State or a participating local government entity and who:

- Was initially hired by the State prior to January 1, 2010 and has at least five years of public service; or
- Was initially hired by the State on or after January 1, 2010, but before January 1, 2012 and has at least fifteen years of public service; or
- Was initially hired by the State on or after January 1, 2010, but before January 1, 2012 and has at least five years of public service and has a disability; or
- Any PEBP covered retiree with State service whose last employer was not the State or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government entity is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to obtain group insurance.

Contributions – The State Retirees' Health and Welfare Benefits Fund (Retirees' Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund 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). The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. According to NRS 287.046 the Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012, and have retired with State service. The money assessed must be deposited into the Retirees' Fund and must be based upon an amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered-employee payroll, for the fiscal year ended June 30, 2019 was 2.34%. Contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2020 were $25,957,354 for the primary government, $17,715,000 for the Nevada System of Higher Education, and $72,666 for the Colorado River Commission.

OPEB Liabilities, OPEB Expenditure/Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Primary Government - At June 30, 2020, the State reported a liability of $810,287,841, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The State's proportion of the collective net OPEB liability was based on the State's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2020, the State's proportion was 58.14%, a decrease of 1.74% from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the State recognized OPEB expenditure of $19,511,325 and OPEB expense of $81,443. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 14,477
Changes of assumptions	17,459	34,612
Net Differences between projected and actual investment earnings on OPEB plan investments	-	137
Contributions subsequent to the measurement date and implicit subsidy paid	33,015	-
Total	$ 50,474	$ 49,226

Of the total amount reported as deferred outflows of resources related to OPEB, $25,957,354 resulting from State contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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

Year Ended June 30:	
2021	$ (16,182)
2022	(13,445)
2023	(2,738)
2024	598
2025	-
Thereafter	-

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Nevada System of Higher Education (NSHE) - At June 30, 2020, the NSHE reported a liability of $569,268,000, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2018. The NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2020, the NSHE's proportion was 40.85%, an increase of 1.72% from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the NSHE recognized OPEB expense of $37,523,000. At June 30, 2020, the NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,171
Changes of assumptions	12,266	24,316
Net Differences between projected and actual investment earnings on OPEB plan investments	-	97
Contributions subsequent to the measurement date	17,715	-
Total	$ 29,981	$ 34,584

Of the total amount reported as deferred outflows of resources related to OPEB, $17,715,000 resulting from NSHE contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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

Year Ended June 30:	
2021	$ (11,369)
2022	(9,446)
2023	(1,923)
2024	420
2025	-
Thereafter	-

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB - Colorado River Commission (CRC) - At June 30, 2020, the CRC reported a liability of $2,267,166, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30 ,2019. The CRC's proportion of the collective net OPEB liability was based on the CRC's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2020, the CRC's proportion was 0.1627%, a decrease of 0.0048% from its proportion measured at June 30, 2019.

For the year ended June 30, 2020, the CRC recognized OPEB expense of $123,598. At June 30, 2020, the CRC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 49	$ 97
Net Differences between projected and actual investment earnings on OPEB plan investments	-	41
Contributions subsequent to the measurement date	73	-
Total	$ 122	$ 138

Of the total amount reported as deferred outflows of resources related to OPEB, $72,666 resulting from CRC contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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

Year Ended June 30:	
2020	$ (45)
2021	(38)
2022	(8)
2023	2
2024	-
Thereafter	-

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	0.50% productivity pay increase, 2.73% average promotional and merit salary increase
Investment rate of return:	3.51% based on a 20-Year Municipal Bond Index
Healthcare cost trend rates:	7.00% initially, decreasing to a 4.50% long-term trend rate after seven years

Healthy mortality rates for Pre-Retirement were based on the RP-2014, Headcount-weighted Employee table projected to 2020 with Scale MP-2016. Post-Retirement rates were based on Headcount-Weighted RP-2014 Healthy Annuitant table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. Disabled mortality rates were based on the RP-2014 Headcount-weighted Disability Retiree table, set forward four years.

The actuarial assumptions used in the January 1, 2018 valuation were based upon certain demographic and other actuarial assumptions as recommended by the actuary Aon, in conjunction with the State and guidance from the GASB statement.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87%, which is consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2019 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for continuing the discount rate at the 20-Year Municipal Bond Index rate.

Sensitivity of the Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the collective net OPEB liability, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (expressed in thousands):

	1% Decrease in Discount Rate (2.87%)	Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
State's proportionate share of the collective net OPEB liability	$ 893,407	$ 810,288	$ 738,173
NSHE's proportionate share of the collective net OPEB liability	627,664	569,268	518,604
CRC's proportionate share of the collective net OPEB liability	2,500	2,267	2,065

Sensitivity of the Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the proportionate share of the collective net OPEB liability, as well as what the proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (expressed in thousands):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's proportionate share of the collective net OPEB liability	$ 751,772	$ 810,288	$ 879,797
NSHE's proportionate share of the collective net OPEB liability	528,158	569,268	618,103
CRC's proportionate share of the collective net OPEB liability	2,103	2,267	2,462

OPEB plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PEBP financial report.

Payables to the OPEB Plan – At June 30, 2020, the primary government and the NSHE reported payables to the defined benefit OPEB plan of $130,776 and $1,608,000, respectively, for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.

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	Insurance Premiums
Balance June 30, 2018	$ 71,683	$ 61,191
Claims and changes in estimates	314,547	13,949
Claim payments	(291,349)	(13,802)
Balance June 30, 2019	94,881	61,338
Claims and changes in estimates	303,889	15,313
Claim payments	(309,068)	(13,439)
Balance June 30, 2020	$ 89,702	$ 63,212
Due Within One Year	$ 89,702	$ 19,248

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, 2020. 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 four 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 sixty-five public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of ten members, nine members appointed by the Governor, and the Director of the Department of Administration or their designee.

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

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

B. Insurance Premiums Fund

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

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy for workers' compensation. Liabilities in the amount of $49,923,541 as of June 30, 2020 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, 2020.

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, $100,000 through June 30, 2020, $150,000 through June 30, 2022, and $200,000 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, 2020, 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, lung and cancer disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the two-year employment period under this act is eligible for coverage under Workers' Compensation for heart and lung disease. Any fireman that satisfies the five-year employment period under this act is eligible for coverage under Workers' Compensation for cancer disease. A range of estimated losses from $6,422,800 to $22,860,000 for heart disease, $7,676,230 for lung disease and $7,108,000 for cancer 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.

Loss reserve estimates are inherently uncertain because the ultimate amount the Fund will pay for many of the claims it has incurred as of the balance sheet date will not be known for many years. The estimate of loss reserves is intended to equal the difference between the expected ultimate losses of all claims that have occurred as of a balance sheet date and amounts already paid. The Fund establishes loss reserves based on its own analysis of emerging claims and review of the results of actuarial projections. The Fund's aggregate carried reserve for unpaid losses is the sum of its reserves for each accident year and represents its best estimate of outstanding loss reserves.

At June 30, 2020 total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $42,893,926. The Fund is liable for approximately $43 million as of June 30, 2020 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 $3,168,782,000 of net position-restricted for the primary government, of which $158,112,099 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, 2020, is shown below (expressed in thousands):

	Major Governmental Funds			
	General Fund	State Highway	Nonmajor Governmental Funds	Total Governmental
Fund balances:				
Nonspendable:				
Long term notes/loans receivable	$ 13,740	$ -	$ (1)	$ 13,739
Inventory	7,960	22,515	479	30,954
Advances	3,974	-	-	3,974
Prepaid items	3,802	382	95	4,279
Permanent fund principal	-	-	383,664	383,664
Restricted for:				
Administration	120	-	4,347	4,467
Agriculture	425	-	-	425
Business and industry	11,996	-	16,737	28,733
Capital projects	-	-	71,031	71,031
Conservation and natural resources	32,864	-	8,894	41,758
Corrections	13	-	22,305	22,318
Debt service	-	-	27,655	27,655
Economic development	3,324	-	-	3,324
Education K-12	94	-	337	431
Elected officials	14,732	-	-	14,732
Gaming control	8,053	-	-	8,053
Health and human services	4,747	-	17,085	21,832
Motor vehicles	-	41,589	-	41,589
Other purposes	-	-	10,344	10,344
Public safety	10,191	11,513	-	21,704
Transportation	-	391,309	-	391,309
Veteran's services	1,167	-	-	1,167
Wildlife	14,619	-	-	14,619
Committed to:				
Administration	10,352	-	-	10,352
Agriculture	7,678	-	728	8,406
Business and industry	44,941	-	5,642	50,583
Capital projects	-	-	48,474	48,474
Conservation and natural resources	107,185	-	10,237	117,422
Corrections	4,259	-	-	4,259
Debt service	-	-	248,254	248,254
Economic development	12,687	-	4,863	17,550
Education K-12	50,210	-	-	50,210
Elected Officials	72,640	-	1,930	74,570
Employment and training	3,201	-	-	3,201
Fiscal emergency	97,545	-	-	97,545
Gaming control	5,117	-	-	5,117
Health and human services	43,218	-	1,674	44,892
Judicial	8,886	-	-	8,886
Legislative	87,565	-	-	87,565
Military	420	-	-	420
Motor vehicles	1,425	-	-	1,425
Other purposes	7,367	-	-	7,367
Public safety	24,306	2,268	-	26,574
Silver state health insurance	5,578	-	-	5,578
Social services	-	-	40,034	40,034
Tobacco setlement program	-	-	63,719	63,719
Taxation	3,578	-	-	3,578
Transportation	-	53,459	-	53,459
Veteran's services	7,987	-	-	7,987
Wildlife	19,921	-	-	19,921
Assigned to:				
Administration	198	-	-	198
Business and industry	68	-	-	68
Conservation and natural resources	8,354	-	-	8,354
Corrections	813	-	-	813
Education K-12	483	-	-	483
Elected officials	95	-	-	95
Employment and training	2,359	-	-	2,359
Health and human services	151	-	-	151
Judicial	278	-	-	278
Military	1,072	-	-	1,072
Other purposes	30	-	-	30
Unassigned:	33,005	-	-	33,005
Total fund balances	$ 804,793	$ 523,035	$ 988,527	$ 2,316,355

C. Individual Fund Deficit

Nonmajor Enterprise Funds:

Insurance Administration and Enforcement - The Insurance Administration and Enforcement Fund accounts for activities related to the administration and enforcement of the Nevada Insurance Code and other laws and regulations enforced by the Department of Business and Industry Division of Insurance. The fund recorded an increase in net position of $1,293,573 for the year ended June 30, 2020, resulting in a negative net position of $6,553,591 at June 30, 2020.

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 $27,443 for the year ended June 30, 2020, resulting in a negative net position of $1,172,705 at June 30, 2020.

Internal Service Funds:

Buildings and Grounds – The Buildings and Grounds Fund accounts for the maintenance, housekeeping and security of most State buildings. The fund recorded an increase in net position of $1,461,863 for the year ended June 30, 2020, resulting in a negative net position of $4,314,086 at June 30, 2020.

Communications – The Communications Fund accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko. The fund recorded a decrease in net position of $186,169 for the year ended June 30, 2020, resulting in a negative net position of $1,244,081 at June 30, 2020.

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 $105,198 for the year ended June 30, 2020, resulting in a negative net position of $42,893,926 at June 30, 2020.

Administrative Services – The Administrative Services Fund provides administrative and accounting services to various divisions of the Department of Administration. The fund recorded an increase in net position of $41,989 for the year ended June 30, 2020, resulting in a negative net position of $3,780,923 at June 30, 2020.

Personnel – The Personnel Fund accounts for the costs of administering the State personnel system. The fund recorded an increase in net position of $649,915 for the year ended June 30, 2020, resulting in a negative net position of $6,742,264 at June 30, 2020.

Purchasing – The Purchasing Fund provides purchasing services to State agencies and other governmental units. The fund recorded a decrease in net position of $682,421 for the year ended June 30, 2020, resulting in a negative net position of $3,081,772 at June 30, 2020.

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 $3,829,461 for the year ended June 30, 2020, resulting in a negative net position of $16,647,322 at June 30, 2020.

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 1.525%, 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.

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

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

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

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

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

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

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

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

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

Note 15. Works of Art and Historical Treasures

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

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

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

Note 16. Tax Abatements

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

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

- New businesses locating in urban areas require fifty or more full-time employees on the payroll by the eighth calendar quarter following the calendar quarter in which the abatement becomes effective; in rural areas, the requirement is ten or more full-time employees. For an existing business that is expanding, the number of employees on the payroll must increase either by 10% more than the number of employees prior to the abatement becoming effective, or by 25 employees for urban areas (6 for rural areas), whichever is greater.

- New businesses locating in urban areas must make a capital investment of $1 million in eligible equipment within two years; in rural areas, the requirement is $250,000 in eligible equipment. For an existing business that is expanding, the capital investment must equal at least 20% of the value of the tangible property owned by the business.

- The average hourly wage paid to new employees must meet a specified minimum, and the business must provide a health insurance plan for all employees and their dependents by a specified time period.

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

- New businesses must invest a minimum of $500,000 in capital assets. For an existing business that is expanding, the investment in capital assets is a minimum of $250,000 (NRS 274.310 through 274.320).

- The business must hire one or more dislocated workers, pay a wage of not less than 100 percent of federally designated levels and provide medical benefits to the employees and their dependents which meet the minimum requirements (NRS 274.330).

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

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

Local Sales and Use Tax Abatement (NRS 374.357 through 374.358) – The tax abatement is on the gross receipts from the sale, and the storage, use or other consumption, of eligible capital equipment. The sale and use tax rates vary by county within Nevada. The abatement reduces the local sales and use tax rate to 2%, which is the State's portion of the tax. Therefore, none of the State's sales and use tax is abated; only local sales and use taxes are abated. The approved business is eligible for tax abatements for not less than 1 year but not more than 5 years beginning the date the abatement becomes effective. This is effective through June 30, 2032.

Modified Business Tax Abatement (NRS 363B.120) – The current excise tax imposed on each employer is at the rate of 1.475% on taxable wages over $50,000 in a quarter. A business may qualify for a partial abatement of up to 50% of the amount of the business tax due during the first four years of operations. For a new company, the abatement of the modified business tax applies to the number of new employees stated in its application. For an expanding business, the abatement does not apply to existing employees of the business, but does apply to the number of new employees directly related to the expansion. This is effective through June 30, 2032.

Personal Property Tax Abatement (NRS 361.0687) – The abatement can be up to 50% of the tax due, or 75% in certain areas of Economic Development, for not less than 1 year and up to 10 years beginning from when the abatement becomes effective. The applicant must apply for abatement not more than one year before the business begins to develop for expansion or operation in Nevada. The personal property tax abatement applies only to the same list of machinery and equipment eligible for the local sales and use tax abatement allowed under NRS 374.357 or 374.358. Property tax rates vary by taxing district within Nevada. This is effective through June 30, 2032.

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

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

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

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

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

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

Economic Development with Capital Investment of at least $3.5 Billion (NRS 360.945 through 360.980) – The 2014 28th Special Session of the State Legislature required the Governor's Office of Economic Development (GOED) to issue transferable tax credits for certain qualifying projects that may be used against the modified business, insurance premium and/or the gaming percentage fee taxes. A qualifying project is required to be located within the geographical borders of the State of Nevada, make a new capital investment in the State of at least $3.5 billion during the 10-year period immediately following approval of the application, employ Nevada residents in at least half of the project's construction jobs and operational jobs, and provides health insurance to all employees. The amount of transferable tax credits is equal to $12,500 for each qualified employee employed by the participants in the project (to a maximum of 6,000 employees), plus 5% of the first

$1 billion and 2.8% of the next $2.5 billion in new capital investment in the State made collectively by the participants in the qualifying project. The amount of tax credits approved by GOED may not exceed $45 million per fiscal year (although any unissued credits may be issued in any subsequent fiscal year ending on or before June 30, 2022), and GOED may not issue total tax credits in excess of $195 million. This is effective through June 30, 2036.

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

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

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

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

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

The State's tax abatement programs as of June 30, 2020, on an accrual basis, are summarized in the following table (expressed in thousands):

	Taxes Abated			
Abatement Program	**Modified Business Tax**	**Property Tax**	**Gaming Tax**	**Total**
Businesses	$ 1,441	$ 1,632	$ -	$ 3,073
Capital Investment $3.5B	1,341	-	-	1,341
Renewable Energy	-	1,007	-	1,007
Green Building	-	5,094	-	5,094
Transferable Tax Credits	-	-	22,250	22,250
Total	$ 2,782	$ 7,733	$ 22,250	$ 32,765

Note 17. Commitments and Contingencies

A. Primary Government

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

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State's liability of $50,000 per cause of action through October 1, 2007, and $75,000 per cause of action through October 1, 2011, $100,000 through June 30, 2020, $150,000 through June 30, 2022, and $200,000 per cause of action thereafter. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under federal law or to actions in other states. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

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

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

The State is a defendant on two lawsuits associated with groundwater rights. The State has filed a Motion to Dismiss, which remains to be decided. As the amount of potential loss is not capable of reasonable estimation at this time, the accompanying financial statements do not include a liability for any potential loss.

The State is a defendant on a lawsuit associated with an alleged taking of property rights. The State has filed a Motion to Dismiss, which remains to be decided. Although there is a reasonable possibility of an unfavorable outcome for the State, the amount of potential loss is not capable of reasonable estimation at this time. Therefore, the accompanying financial statements do not include a liability for any potential loss.

The State of Nevada Unemployment Compensation Enterprise Fund is currently involved in a lawsuit where a contingent liability is reasonably possible, but the loss cannot be estimated at this time. Although it is not possible to predict the outcome of these proceedings, they could, if unfavorably resolved from the point of view of Fund management, have a material effect on the financial position of the Fund.

Due to staffing restrictions and the high volume of claims related to the COVID-19 pandemic, as well as the implementation of additional funding programs available to claimants as a result of the passage of the CARES Act, an unusually high number of claims were not processed timely during the last quarter of the fiscal year. This resulted in a larger than normal amount of benefits payable as of June 30.

Subsequent to June 30, Fund management identified a significant number of claims filed for which the identity of the claimant was questioned. Many of these claimants had access to their funds restricted, including the unloading of funds previously authorized and loaded to the claimant's unemployment compensation debit card. Claimants have a right to appeal to reinstate their benefits if their claim is denied or to have funds on their debit card released if they provide the additional documentation required. Management has currently identified over $310.4 million in payments made where the identity of the claimant was questioned. Of this amount, over $87.4 million had been unloaded from the claimants' debit cards and is held in the Bank of America checking account. Of the $310.4 million, approximately $172.3 million relates to supplemental federal funding received by the claimants through the CARES Act programs. This amount may be owed back to the federal government since the claimants may not have met the eligibility requirements of the program(s). Under normal circumstances, benefit claim overpayments due to the federal government are predicated on the recoupment of funds from the individual claimants.

However, the CARES Act is unclear as to whether normal rules will be applied to the supplemental funding programs provided under the Act. Fund management has not received any formal guidance from the U.S. Department of Labor regarding the potential recoupment of overpayments made from CARES Act programs. At this time, Fund management cannot determine the likelihood that overpayment amounts from the CARES Act programs will need to be repaid to the federal government. However, approximately $48.3 million of the $87.4 million from unloaded debit cards has been estimated to be associated with federal programs under the CARES Act. Since these monies can be recouped, the Fund has recognized a liability at June 30, 2020 as part of intergovernmental payables due back to the federal government.

Furthermore, claims are still being processed for benefits related to the year ended June 30, 2020. In addition to recognizing benefits payable for claims that have been processed, management has estimated an amount for claims related to benefit weeks in 2020 that have not yet been processed and accrued a liability of $24.8 million for those estimated unprocessed claims along with an intergovernmental receivable of $19.5 million for the amount of the unprocessed claims related to the various federal programs.

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, 2020, amounted to approximately $50.0 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, 2020, (expressed in thousands):

For the Year Ending June 30	Amount
2021	$ 46,283
2022	42,411
2023	35,155
2024	28,283
2025	21,782
2026-2030	38,387
2031-2035	5,764
2036-2040	6,695
2041-2045	2,219
2046-2050	4
Total	$ 226,983

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, 2020, 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.

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, 2020, were $157.0 million which includes accrued interest of $1.0 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, 2020, encumbered expenditures in governmental funds were as follows (expressed in thousands):

	Amount
General Fund	$ 3,878
State Highway	4,741
Nonmajor governmental funds	118
Total	$ 8,737

Construction Commitments – As of June 30, 2020, the Nevada Department of Transportation had total contractual commitments of approximately $303.1 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total $30.1 million.

B. Discretely Presented Component Units

Nevada System of Higher Education (NSHE) – As of June 30, 2020, the NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, the 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 the NSHE.

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

The 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, 2020.

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, 2020, is $73.8 million. These costs will be financed by State appropriations, private donations, available resources, and/or long-term borrowings.

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

Nevada Capital Investment Corporation (NCIC) - The NCIC currently has commitments to the Silver State Opportunity Fund (SSOF) of $50.0 million (the First Tranche) and to Accion 2017G, LLC, of $1.0 million. As of June 30, 2020, the NCIC has fulfilled $46.3 million of its total commitment to SSOF and $1.0 million to Accion. The NCIC has the right, but not the obligation, to increase its capital commitment to SSOF by which would be effective after the end of the First Tranche (or such other date as the NCIC and Manager may agree). If the NCIC elects to make such an additional commitment, both the amount of the NCIC's additional commitment and an additional commitment from the Manager shall be established by agreement between the NCIC and the Manager (the Second Tranche).

Note 18. Subsequent Events

A. Primary Government

Bonds – On November 12, 2020, the State issued $106,575,000 in General Obligation Bonds. The 2020A Bonds were issued to finance the 2019 various capital improvement project, the Historic Preservation Project and the Refunding Project. The 2020B Bonds were issued to finance the Water Grant Project and the Refunding Project.

The Insurance Premium Trust Fund (IPTF) – The IPTF reports that subsequent to year end in a special session of the Legislature, Assembly Bill, AB, 3 was passed which required certain transfers to the State General Fund. In December 2020 a transfer of $960,000 was made pursuant to AB 3.

Litigation Settlement – On July 22, 2020, Nevada Attorney General Aaron D. Ford announced that Nevada and 46 other states, territories and the federal government were to settle allegations of fraud against Universal Health Services, Inc. (UHS). UHS is a for-profit holding company that directly or indirectly owns the assets or stock of inpatient and residential psychiatric and behavioral health facilities. The total value of the settlement is $117,000,000. Of this amount, Nevada will receive $442,331.

On August 25, 2020, more than $85 million multistate settlement with American Honda Motor Co., Inc. and Honda of America Mfg., Inc. (collectively "Honda"), over allegations Honda concealed safety issues related to defects in the frontal airbag systems installed in certain Honda and Acura vehicles sold in the United States. Under the terms of the consent judgment, Honda has agreed to strong injunctive relief. Honda also agreed to pay the participating attorneys general a total of $85,151,210, of which Nevada's share is $1,238,738.

On September 30, 2020, Nevada along with 42 other attorneys general reached a $39.5 million settlement with Anthem stemming from their massive 2014 data breach that involved the personal information of 78.8 million Americans. Through the settlement, Anthem has reached a resolution with the coalition of attorneys general. In addition to the payment, Anthem has also agreed to a series of data security and good governance provisions designed to strengthen its practices going forward. Nevada's share of the settlement is $397,306.

On October 21, 2020 the Insurance Premium Trust Fund, IPTF, reached a settlement agreement and release in the Little Valley Fire with one of the remaining plaintiffs.

On November 18, 2020, Nevada Attorney General Aaron D. Ford and a coalition of over 30 attorneys general announced a $113 million settlement with Apple, Inc. over Apple's 2016 decision to throttle consumers' iPhone speeds in order to address unexpected shutdowns in some iPhones. Under the terms of the settlement, Apple will pay $1,577,469 to the State of Nevada.

On November 24, 2020, Nevada Attorney General Aaron D. Ford and 46 other attorneys general announced a $17.5 million joint settlement with The Home Depot. The settlement resolves a multistate investigation into their 2014 data breach that exposed the payment card information of approximately 40 million Home Depot customers across the nation. Nevada will receive $150,712 from the settlement.

On December 7, 2020, Attorney General Aaron D. Ford joined with 50 attorneys general and other federal and state agencies to reach an $86.3 million settlement with Nationstar Mortgage. Nationstar is the country's fourth-largest mortgage servicer. In Nevada, the settlement affects 941 loans for a total of $1,233,963 in relief.

B. Discretely Presented Component Units

*Nevada System of Higher Educatio*n – The System evaluated subsequent events through November 23, 2020, the date of issuance, and has determined the following subsequent events to report.

Since March 17, 2020, the spread of COVID-19 has severely impacted our state economy and resulted in reductions in state appropriations and revenues generated from operations. Measures taken to contain the spread of the virus included placing capital projects on hold, furloughs, travel bans, quarantines, social distancing, and closures of non-essential services. The U.S. Government has responded with monetary and fiscal interventions to stabilize the economic conditions. In Fiscal 2020 the universities and colleges have received direct awards for Fiscal 2020 with student financial aid and essential services. Those funds are reported in the financial statements as of June 30, 2020. The U.S. Government also provided direct awards to the State of Nevada. The State requested all state agencies submit invoices that met the criteria for reimbursement established by the U.S. Government. The universities and colleges submitted $11,100,000 in invoices. As of June 30, 2020, the date of these financial statements, the authority to receive that reimbursement had not been established by the State and is not included in these statements. The reimbursement was approved by the State in August of 2020 (Fiscal 2021) and will be include in next year financial statements. The System has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended June 30, 2020 have not been adjusted to reflect their impact.

C. New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement is effective for reporting periods beginning after June 15, 2021. The anticipated impact of this pronouncement is uncertain at this time.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for reporting periods beginning after December 15, 2020. The anticipated impact of this pronouncement is uncertain at this time.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for reporting periods beginning after December 15, 2021. The anticipated impact of this pronouncement is uncertain at this time.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have identified during implementation and application of certain GASB Statements. This Statement extends the effective due dates of the following GASB Statements:

- The requirements related to intra-entity transfers of assets and those related to the applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, are effective for reporting periods beginning after June 15, 2021.

- Statement 84, *Fiduciary Activities*, effective for reporting periods beginning after June 15, 2021.

- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition, effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The State has implemented Statement No. 84, *Fiduciary Activities*, in its FY 2020 financial statement. The anticipated impact of the other Statements mentioned in this pronouncement is uncertain at this time

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. As LIBOR is expected to cease to exist in its current form at the end of 2021, this Statement provides guidance to Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 87, *Leases*. This Statement is effective for reporting periods ending after December 31, 2021 for the removal of LIBOR and for reporting periods beginning after June 15, 2020 for all other requirements of this Statement. The anticipated impact of this pronouncement is uncertain at this time.

D. COVID-19 and CARES Act

The COVID-19 pandemic is likely to impact the State’s revenue for the future years. The CARES Act authorized $842,741,212 for the State of Nevada to help cover necessary funding needs arising from COVID-19 pandemic. The State anticipates that the CARES Act funding, along with service reductions and certain budget cuts starting during 2020, will allow Nevada to evaluate long-term financial impacts and make necessary adjustments.

As a result of the COVID-19 pandemic, the Unemployment Compensation Enterprise Fund exhausted its available balance on December 14, 2020. The Department applied for and received approval of a Title XII advance under section 1201(a)(1) of the Social Security Act to continue paying unemployment compensation benefits. The U.S. Treasury approved Title XII advance amount of $830.5 million for months from December 2020 through May 2021. The Fund started drawing on the Title XII advance on December 14, 2020. The Fund has borrowed $332.4 million of its available line of credit and has an advance authorization of $110.6 million available to be borrowed under Title XII for the month of May 2021.

Note 19. Accounting Changes and Restatements

Beginning net position of governmental activities was restated for an increase of $6.8 million, to record the other post-employment benefit plan deferred outflows of resources for an implicit subsidy not previously recorded.

Beginning net position of business-type activities was restated for a decrease of $1.9 million, to record revised accounts payable and claims expense based on the change to methodology for calculating unemployment benefits that resulted in higher claims expense.

In addition, the State implemented GASB Statement No. 84, *Fiduciary Activities*, that enhances the consistency and comparability of fiduciary activity reporting by state and local governments. This change resulted in recording beginning net position of $6.3 million for the custodial funds to recognize net additions from prior years.

The following table shows the changes to the beginning net position as of July 1, 2019, for the following funds (expressed in thousands):

	Governmental Activities	Business-type Activities
Net position at June 30, 2019, as previously reported	$ 8,466,018	$ 2,773,390
Unemployment benefits payable	-	(1,890)
Deferred outflows of resources adjustment for implicit subsidy	6,797	-
Net position at July 1, 2019, as restated	$ 8,472,815	2,771,500

The following table shows the changes to the beginning net position as of July 1, 2019, for the following funds (expressed in thousands):

	Major Enterprise Funds	Fiduciary Funds
	Unemployment Compensation	Custodial Funds
Net position at June 30, 2019, as previously reported	$ 1,933,966	$ -
Unemployment benefits payable	(1,890)	-
GASB 84 implementation	-	6,340
Net position at July 1, 2019, as restated	$ 1,932,076	$ 6,340