

Financial Statements  
For the Years Ended June 30, 2024 and 2023  
**State of Nevada**  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
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June 30, 2024 and 2023

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## Independent Auditor's Report

To the Board of the  
Public Employees' Benefits Program  
Carson City, Nevada

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of the Self Insurance Internal Service Fund (the Fund), Public Employees' Benefits Program, of the State of Nevada, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund of the State of Nevada, as of June 30, 2024 and 2023, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Nevada, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of a Matter***

As discussed in Note 1, the financial statements present only the Fund, and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 State of Nevada's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedule of the Fund's proportionate share of the net pension liability, the schedule of the Fund's contributions – pension, schedule of the Fund's proportionate share of the net OPEB liability, and the schedule of the Fund's contributions – OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2026 on our consideration of the Fund 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 Fund 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 Fund of the State of Nevada’s internal control over financial reporting and compliance.

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

Reno, Nevada  
April 29, 2026

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Statements of Net Position  
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 107,698,133	\$ 128,251,217
Prepaid insurance	10,740	7,975
Receivables		
Accounts receivable, net	11,067,048	3,922,217
Intergovernmental receivable	875,118	928,279
Due from other State of Nevada funds	1,662,663	1,813,347
Due from State of Nevada Retiree Health and Welfare fund	16,813,187	34,414,831
Due from Nevada System of Higher Education	699	38
Total current assets	138,127,588	169,337,904
Capital Assets		
Equipment	137,064	137,064
Right to use leased assets	2,254,145	2,239,384
Less accumulated depreciation and amortization	(433,888)	(244,429)
Total capital assets, net	1,957,321	2,132,019
Total assets	140,084,909	171,469,923
Deferred Outflows of Resources		
Pension related amounts	1,143,165	1,354,022
OPEB related amounts	90,807	89,230
Total deferred outflows of resources	1,233,972	1,443,252

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Statements of Net Position  
June 30, 2024 and 2023

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Bank overdraft	\$ 1,422,964	\$ 1,207,902
Accounts payable	1,227,840	1,699,174
Accrued payroll and related benefits	147,202	131,257
Due to other State of Nevada funds	1,212,958	29,624
Unearned revenue	11,638,428	9,664,653
Current maturities of compensated absences	163,931	115,928
Current maturities of lease liabilities	184,828	171,712
Current maturities of net OPEB liability	58,104	34,009
Reserve for claims liability	90,099,752	80,174,935
Total current liabilities	106,156,007	93,229,194
Noncurrent Liabilities		
Compensated absences, net of current maturities	95,186	54,656
Lease liabilities, net of current maturities	1,871,575	2,018,932
Net OPEB liability, net of current maturities	1,189,732	1,154,935
Net pension liability	3,610,068	4,034,515
Total noncurrent liabilities	6,766,561	7,263,038
Total liabilities	112,922,568	100,492,232
Deferred Inflows of Resources		
Pension related amounts	266,988	183,925
OPEB related amounts	103,138	139,064
Total deferred inflows of resources	370,126	322,989
Net Position		
Net investment in capital assets	(99,082)	(58,625)
Restricted for future claims and related expenses	28,125,269	72,156,578
Total net position	\$ 28,026,187	\$ 72,097,953

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Insurance premiums	\$ 371,114,418	\$ 365,997,765
Other	11,640	36,650
	<u>371,126,058</u>	<u>366,034,415</u>
Operating Expenses		
Salaries and benefits	2,699,433	2,161,003
Operating	2,748,105	4,418,205
Claims expense	366,557,041	326,861,514
Depreciation/amortization	214,060	129,590
Insurance premiums and contractual obligations	61,841,197	60,410,337
	<u>434,059,836</u>	<u>393,980,649</u>
Operating Loss	<u>(62,933,778)</u>	<u>(27,946,234)</u>
Nonoperating Revenues (Expenses)		
Payments from other State of Nevada funds	11,727,499	6,038,836
Payments to other State of Nevada funds	-	(727,330)
Interest expense	(63,095)	(33,196)
Gain (loss) on disposal of assets	(4,996)	(3,267)
Investment income (expense)	1,959,104	210,751
Interest Income	5,243,500	3,570,960
	<u>18,862,012</u>	<u>9,056,754</u>
Change in Net Position	(44,071,766)	(18,889,480)
Net Position, Beginning of Year	<u>72,097,953</u>	<u>90,987,433</u>
Net Position, End of Year	<u>\$ 28,026,187</u>	<u>\$ 72,097,953</u>

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Statements of Cash Flows  
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Receipts from customers and users	\$ 81,494,279	\$ 95,398,987
Receipts from services to State of Nevada funds	145,939,598	146,453,391
Receipts from State of Nevada component units	156,458,699	131,524,828
Payments to suppliers, other governments and beneficiaries	(421,185,831)	(392,105,185)
Payments to employees	(2,704,093)	(2,283,855)
Payments for services to other State of Nevada funds	(294,733)	(717,846)
Net cash used for operating activities	(40,292,081)	(21,729,680)
Noncapital Financing Activities		
Receipts from other State of Nevada funds	11,727,499	7,988,836
Payments to other State of Nevada funds	-	(743,811)
Net cash from noncapital financing activities	11,727,499	7,245,025
Capital and Related Financing Activities		
Purchase of capital assets	-	(15,185)
Principal paid on leases	(178,599)	(48,740)
Interest paid on leases	(63,095)	(33,196)
Net cash used for capital and related financing activities	(241,694)	(97,121)
Investing Activities		
Interest, dividends and gains (losses)	8,253,192	2,647,004
Net Decrease in Cash and Cash Equivalents	(20,553,084)	(11,934,772)
Cash and Cash Equivalents, Beginning of Year	128,251,217	140,185,989
Cash and Cash Equivalents, End of Year	\$ 107,698,133	\$ 128,251,217

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Statements of Cash Flows  
Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	\$ (62,933,778)	\$ (27,946,234)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	214,060	129,590
Changes in assets and liabilities		
Decrease (increase) in receivables	(7,091,670)	11,162,452
Decrease (increase) in due from State of Nevada funds, retiree health and welfare and system of higher ed	16,701,079	(8,048,508)
Decrease (increase) in prepaid expenses	(2,765)	(7,961)
Decrease (increase) in deferred outflows of resources	209,280	(4,584)
Increase (decrease) in payables and accruals	9,773,022	(1,154,680)
Increase (decrease) in unearned revenue	1,973,775	4,228,847
Increase (decrease) in due to State of Nevada funds	1,183,334	-
Increase (decrease) in net pension liability	(424,447)	1,768,587
Increase (decrease) in net OPEB liability	58,892	(206,780)
Increase (decrease) in deferred inflows of resources	47,137	(1,650,409)
Total adjustments	22,641,697	6,216,554
Net Cash used for Operating Activities	\$ (40,292,081)	\$ (21,729,680)
Noncash Investment, Capital and Financing Activities		
Leases incurred for right to use assets	\$ 44,358	\$ 2,239,384

**Note 1 - Summary of Significant Accounting Policies**

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

**Plan Description**

The Fund was created in 1983 by the Nevada Legislature to administer group health, life and disability insurance for covered employees, both active and retired, of the State, and certain other participating public employers within the State. All public employers in the State are eligible to participate in the activities of the Fund and currently, in addition to the State, there were four public employers participating at June 30, 2024 and 2023 whose employees are covered under the plan. Additionally, all retirees of public employers contracted with PEBP to provide coverage to their 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 165 public employers within the State are billed for retiree subsidies. The Fund provides medical, dental, vision, long-term disability, mental health, substance abuse, and life insurance benefits. The Fund is overseen by PEBP's Board. The board is composed of eleven members, ten members appointed by the governor, and the director of the State's Department of Administration or their designee.

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

PEBP has instituted a Consumer Driven Health Plan (CDHP) with Health Savings Account (HSA) and Health Reimbursement Account (HRA) components. The HSA component is designed for eligible active employee's where the HRA component is for retirees and surviving spouses, domestic partners and certain employees enrolled in the CDHP.

PEBP has also implemented an individual market Medicare exchange where retirees eligible for Medicare purchase individual coverage on the private market with an HRA component to reimburse retirees for insurance premiums and other out of pocket expenses.

In addition, PEBP has implemented an Exclusive Provider Organization (EPO) plan. The plan is self-insured.

### **Reporting Entity**

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

### **Fund Accounting**

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

### **Basis of Accounting**

The Fund maintains its accounting records on the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred regardless of the timing of cash flows. The Fund is reported using the economic resources measurement focus. The revenues derived from current operations are generally intended to provide those resources necessary to maintain continued delivery of such services in the future. Net positions greater or lesser than those required to support ongoing operations are moderated by adjustments of future charge rates appropriate to accomplish the long-term cost recovery objectives of the Fund.

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

### **Cash with State Treasurer**

For the purpose of presentation in the Fund's financial statements and the statements of cash flows, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates. Such amounts include the State's general portfolio (Treasurer's Pool). Cash with State Treasurer functions as a demand deposit account.

### **Receivables, Due from other State of Nevada Funds, Fiduciary Funds, and Component Units**

Receivables as well as the due from other State of Nevada funds, State of Nevada Retiree Health and Welfare Fund, and Nevada System of Higher Education comprise of insurance premiums due as of June 30 that have not yet been remitted, interest distributions from the Treasurer's Pool, various rebates, or other miscellaneous items such as approved transfers from other State of Nevada Funds that have not yet occurred. The fund evaluates the collectability of these balances based on historical factors and known conditions. An allowance for doubtful accounts is created, if the historical factors and known conditions create doubt on the potential collectability. Amounts on the statements of net position are shown net of an allowance, if applicable. Additional detail of these balances is presented in Note 4 to the financial statements.

### **Unearned Revenue**

The Fund administers an additional pass-through budget account, the Active Employee Group Insurance Subsidy (AEGIS) budget account. This budget account is utilized for recording the payments made by the State and participating employers and received by the Fund on behalf of active employees. Agencies contribute a fixed dollar amount per employee into this budget account. However, insurance premiums are earned in accordance with the PEBP approved rate for insurance coverage for the plan and tier to which each employee belonged. The difference between cash contributions from AEGIS and premiums earned resulted in a surplus of contributions over premiums of \$11,638,428 and \$9,644,653 for the years ended June 30, 2024 and 2023, respectively. These amounts were allocated among all state entities that paid the AEGIS subsidy proportionate to their size and were included in the subsequent year's budget.

### **Capital Assets**

Capital assets are recorded at cost and consist of assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated on a straight-line basis over estimated useful lives of three to ten years. The cost of repairs and maintenance that do not materially extend the life of an asset are not capitalized.

Right to use leased assets are recognized at the lease commencement date and represent the Fund's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period for the Fund's right to use assets ranges from 5 – 12 years.

### **Estimated Reserves for Claims Liability**

The Fund contracted a provider of consulting and actuarial services to estimate its liability for incurred but not reported claims, claims reported but not yet paid and administrative expenses expected to be incurred in conjunction with processing incurred but not reported claims as of June 30, 2024 and 2023, respectively. This liability is estimated by the actuary based on industry trends and claims lag information reported by the third-party administrator. Such liabilities are necessarily based on estimates, and, while management believes the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided. The methods for making such estimates and for establishing the resulting liability are reviewed on an annual basis and any adjustments are currently reflected in net income from operations.

Included in the estimated claims is the liability for the unused portion of the HRA component of the CDHP and the Medicare exchange. The liabilities are provided by each third-party administrator.

### **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. Annual and sick leave benefits not used as earned accumulate to be carried over to the next year, except that annual leave in excess of 240 hours (30 days) per employee is forfeited each December 31.

Accumulated annual leave and compensatory time are payable upon termination, retirement, or death. Unused sick leave may be partially compensated at that time according to formulas established by the Department of Administration. The Fund reports accrued compensated absences as a liability.

### **Lease Liability**

Lease liabilities represent the Fund's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Fund.

### **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 Public Employees' Retirement System of Nevada (PERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Post-Employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the State Retirees' Health and Welfare Benefits Fund and additions to/deductions fiduciary net position have been determined on the same basis as they are reported by the State Retirees' Health and Welfare Benefits Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position include a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The Fund reflects deferred outflows of resources in the statements of net position for items related to pensions and other postemployment benefits.

In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Fund reflects deferred inflows of resources in the statements of net position for items related to pensions and other postemployment benefits.

### **Net Position**

In proprietary fund financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of any bonds, notes, leases, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of equity with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; (2) law through constitutional provisions of enabling legislation.
- Unrestricted Net Position – All other equity that does not meet the definition of net investment in capital assets or restricted net position.

Management of the Fund has determined that all net position, other than net investment in capital assets, should be classified as restricted net position, due to legal restrictions placed on the use of funds.

### **Operating and Nonoperating Revenues and Expenses**

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

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

The Fund has transactions with other funds within the State of Nevada. Accordingly, transactions for which services are provided (insurance premiums) or goods received (operating costs) are classified as operating revenues or expenses; whereas, transactions with other State of Nevada funds classified as nonoperating are related to financing and investing activities within the State.

### **Use of Estimates**

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

### **Reclassifications**

Certain amounts for receivables due from other funds presented in the Statement of Net Position as of June 30, 2023 have been reclassified to be more consistent with presentation as of June 30, 2024.

## **Note 2 - Stewardship and Compliance**

### **Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC)**

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

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Notes to Financial Statements  
June 30, 2024 and 2023

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**Note 3 - Cash and Cash with Treasurer**

	2024	2023
Bank overdraft		
Overdraft accounts	\$ (1,422,964)	\$ (1,207,902)
Cash with State Treasurer		
State Treasurer's Investment Pool	109,777,905	132,290,093
Unrealized gains and losses	(2,079,772)	(4,038,876)
Total cash with State Treasurer	107,698,133	128,251,217
Total cash and deposits	\$ 106,275,169	\$ 127,043,315

The Fund has three checking accounts at June 30, 2024 and 2023. These accounts contain \$254,225 and \$360,903 (of the total overdraft accounts balances above) in stale outstanding checks for the years ended June 30, 2024 and 2023, respectively. The controlled disbursement account is presented as a liability on the statement of net position and is funded only when checks are presented for payment. The negative balance represents outstanding checks issued that have not been presented for payment. In accordance with NRS 353.140, the Fund honors outstanding stale warrants presented for payment within six years from the date of origination. For insurance and collateral purposes, the account is commingled with all of the cash accounts of the State. All cash and cash with Treasurer are recorded at fair value.

NRS 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 the deposits program maintains a 102% pledge collateral for all public deposits.

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, money market 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.

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Notes to Financial Statements  
June 30, 2024 and 2023

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**Note 4 - Receivables**

Receivable balances are disaggregated by type and presented separately in the financial statements. Additional disaggregation by purpose is shown below.

Receivable balances, including intergovernmental and State of Nevada related funds and entities were as follows at June 30, 2024:

	<u>Accounts Receivable</u>	<u>Intergovernmental</u>	<u>State of Nevada Funds</u>	<u>Retiree Health and Welfare</u>	<u>NV System of Higher Education</u>
Premiums	\$ 11,067,048	\$ 103,451	\$ -	\$ 16,813,187	\$ 699
Interest	-	-	1,662,663	-	-
Rebates	-	771,667	-	-	-
	<u>\$ 11,067,048</u>	<u>\$ 875,118</u>	<u>\$ 1,662,663</u>	<u>\$ 16,813,187</u>	<u>\$ 699</u>

Receivable balances, including intergovernmental and State of Nevada related funds and entities were as follows at June 30, 2023:

	<u>Accounts Receivable</u>	<u>Intergovernmental</u>	<u>State of Nevada Funds</u>	<u>Retiree Health and Welfare</u>	<u>NV System of Higher Education</u>
Premiums	\$ 3,922,217	\$ 67,347	\$ 13,710	\$ 34,414,831	\$ 38
Interest	-	-	1,799,637	-	-
Rebates	-	860,932	-	-	-
	<u>\$ 3,922,217</u>	<u>\$ 928,279</u>	<u>\$ 1,813,347</u>	<u>\$ 34,414,831</u>	<u>\$ 38</u>

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**Note 5 - Capital Assets**

The following schedule summarizes the changes in capital assets for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated				
Equipment	\$ 137,064	\$ -	\$ -	\$ 137,064
Less accumulated depreciation	(119,366)	(5,432)	-	(124,798)
Capital assets being depreciated, net	17,698	(5,432)	-	12,266
Right to use leased assets being amortized				
Building	2,206,084	-	-	2,206,084
Equipment	33,300	44,358	(29,597)	48,061
Less accumulated amortization				
Building	(100,276)	(200,553)	-	(300,829)
Equipment	(24,787)	(8,075)	24,601	(8,261)
Right of use leased assets, net	2,114,321	(164,270)	(4,996)	1,945,055
Total capital assets, net	<u>\$ 2,132,019</u>	<u>\$ (169,702)</u>	<u>\$ (4,996)</u>	<u>\$ 1,957,321</u>

The following schedule summarizes the changes in capital assets for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated				
Equipment	\$ 154,663	\$ 15,185	\$ (32,784)	\$ 137,064
Less accumulated depreciation	(144,356)	(4,527)	29,517	(119,366)
Capital assets being depreciated, net	10,307	10,658	(3,267)	17,698
Right to use leased assets being amortized				
Building	-	2,206,084	-	2,206,084
Equipment	-	33,300	-	33,300
Less accumulated amortization				
Building	-	(100,276)	-	(100,276)
Equipment	-	(24,787)	-	(24,787)
Right of use leased assets, net	-	2,114,321	-	2,114,321
Total capital assets, net	<u>\$ 10,307</u>	<u>\$ 2,124,979</u>	<u>\$ (3,267)</u>	<u>\$ 2,132,019</u>

**Note 6 - Leases**

Key estimates and judgments related to leases include how the Fund determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Fund uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Fund generally uses the incremental borrowing rate for borrowings of a like nature. The lease term includes the noncancellable period of the lease plus any options to extend that are reasonably certain of being exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments or fixed in substance payments as well as any purchase option prices that the Fund is reasonably certain of exercising. Variable payments, if applicable, based on usage or future events are not included in the measurement. The Fund monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Right to use leased assets are reported along with other capital assets.

The Fund has entered into various agreements to lease office equipment and a building with initial terms ranging from 5 to 12 years. The various leases will terminate by December 2033. At June 30, 2024 and 2023, the Fund recognized right to use assets of \$2,254,145 and \$2,239,384, respectively. At June 30, 2024 and 2023, the Fund recognized lease liabilities of \$2,056,403 and \$2,190,644, respectively. The Fund recognized amortization expense of \$208,628 and \$125,063 for the years ended June 30, 2024 and 2023, respectively. The Fund recognized interest expense of \$63,095 and \$33,196 for the years ended June 30, 2024 and 2023, respectively.

Changes in long-term lease liabilities during the year ended June 30, 2024, are as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Leases	\$ 2,190,644	\$ 44,358	\$ (178,599)	\$ 2,056,403	\$ 184,828

Changes in long-term lease liabilities during the year ended June 30, 2023, are as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Leases	\$ -	\$ 2,239,384	\$ (48,740)	\$ 2,190,644	\$ 171,712

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Remaining principal and interest payments on leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 184,828	\$ 56,975
2026	195,129	51,516
2027	205,674	45,823
2028	216,409	39,855
2029	214,235	33,473
2030-2034	1,040,128	67,239
	<u>\$ 2,056,403</u>	<u>\$ 294,881</u>

**Note 7 - Compensated Absences**

The following schedule summarizes the changes in compensated absences for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Compensated absences	\$ 170,584	\$ 204,393	\$ 115,860	\$ 259,117	\$ 163,931

The following schedule summarizes the changes in compensated absences for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Compensated absences	\$ 228,561	\$ 102,219	\$ 160,196	\$ 170,584	\$ 115,928

**Note 8 - Defined Benefit Pension Plans**

**Plan Description**

The Fund contributes to the PERS. PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

### **Benefits Provided**

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering PERS on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5 percent of average compensation for each accredited year of service prior to July 1, 2001. For service earned on or after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering PERS on or after January 1, 2010, there is a 2.50% service time factor. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier for all years of service. 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.

Post-retirement increases are provided by authority of NRS 286.575 – 286.579.

### **Vesting**

Regular members entering PERS prior to January 1, 2010 are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members entering PERS on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or at 55 with 30 years of service, or at any age with 33 1/3 years of service.

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

### **Contributions**

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was selected, the member cannot convert to the Employee/Employer Contribution plan.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the entry age actuarial cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2024 and 2023, the Statutory Employer/Employee matching rate for Regular members was 17.50% and 15.50%, respectively. The Employer-Pay Contribution (EPC) rate was 33.50% and 29.75%, respectively, for Regular members for the fiscal years ended June 30, 2024 and 2023.

The Fund's contributions to PERS for the years ended June 30, 2024 and 2023 were \$317,957 and \$229,841, respectively, equal to the required contributions for the year.

#### **PERS Investment Policy**

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

The following was the PERS Board adopted policy target asset allocation as of June 30, 2023:

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%

As of June 30, 2023, PERS' long-term inflation assumption was 2.50%.

#### **Net Pension Liability**

At June 30, 2024 and 2023, the Fund reported a liability for its proportionate share of the net pension liability of \$3,610,068 and \$4,034,515, respectively. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Fund's proportion of the net pension liability was based on the Fund's share of contributions to the PERS pension plan relative to the total contributions of all participating PERS employers. At June 30, 2023, the Fund's proportion was 0.0198% which was a decrease of 0.0026% from the proportion of 0.0224% at June 30, 2022, which was a decrease of 0.0021% from its proportion measured as of June 30, 2021.

**Pension Liability Discount Rate Sensitivity**

The following presents the net pension liability of the Fund as of June 30, 2024, calculated using the discount rate of 7.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Decrease in Discount Rate (8.25%)
Net pension liability	<u>\$ 5,617,796</u>	<u>\$ 3,610,068</u>	<u>\$ 1,953,103</u>

The following presents the net pension liability of the Fund as of June 30, 2023, calculated using the discount rate of 7.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Decrease in Discount Rate (8.25%)
Net pension liability	<u>\$ 6,194,299</u>	<u>\$ 4,034,515</u>	<u>\$ 2,252,368</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the PERS Annual Comprehensive Financial Report, available on the PERS website.

**Actuarial Assumptions**

The Fund's net pension liability was measured as of June 30, 2023 and June 30, 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Payroll growth	3.50%
Investment rate of return/discount rate	7.25%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Police/Fire: 4.60% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables. Mortality rates for healthy police/fire members were based on Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 5% for females. For ages before age 35, mortality rates are based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for disabled regular members were based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females. Mortality rates for disabled police/fire members were based on Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 30% for males and 10% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. Mortality rates for pre-retirement police/fire members were based on Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 and 2022 valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that 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 the 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 of 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, 2023 and 2022.

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**Changes in Assumptions**

There were no changes in assumptions from June 30, 2022 to June 30, 2023 valuations or from June 30, 2021 to June 30, 2022 valuations.

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

For the years ended June 30, 2024 and 2023, the Fund recognized pension expense (income) of \$186,550 and \$223,895 respectively.

At June 30, 2024 and 2023, the Fund reported deferred outflows of resources and deferred inflows of resources State of Nevada related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 470,550	\$ -	\$ 522,403	\$ 2,882
Change of assumptions	338,332	-	518,262	-
Net difference between projects and actual earnings on investments	-	33,790	49,224	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	16,326	233,198	34,292	181,043
System contributions subsequent to the measurement date	317,957	-	229,841	-
	<u>\$ 1,143,165</u>	<u>\$ 266,988</u>	<u>\$ 1,354,022</u>	<u>\$ 183,925</u>

The \$317,957 and \$229,841 reported as deferred outflows of resources related to pensions, resulting from the Fund's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 and 2024, respectively.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 5.63 years and 5.70 years for the measurement period ending June 30, 2023 and 2022, respectively.

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Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ending June 30,		
2025	\$	76,785
2026		59,007
2027		412,809
2028		7,111
2029		2,508
		\$ 558,220

**Additional Information**

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Financial Report (ACFR) available on the PERS website at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications.

**Note 9 - Other Post Employment Retirement Benefits**

**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, which consists of ten members appointed by the governor as well as the director of the State's Department of Administration or their designee. 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. The Fund operationally administers the program.

However, the Fund does not accumulate the resources of the eligible retirees for purposes of calculating the plan's fiduciary net position. The plan's fiduciary net position is accumulated and accounted for in the State of Nevada Retiree Health and Welfare Benefits Fund, which issues separate publicly available financial statements that may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

## Benefits Provided

Benefits are provided to eligible retirees and their dependents through the payment of subsidies from the State of Nevada Retiree Health and 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 the years of service. The current subsidy rates can be found on the PEBP website at [www.pebp.state.nv.us](http://www.pebp.state.nv.us). Benefits include health, prescription drug, dental and life insurance coverage. As required by statute, the subsidy is 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 State of Nevada Retiree Health and Welfare Benefits Fund pursuant to NRS 287.023 and NRS 287.046:

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

- Has at least five years of public service and who was initially hired by the State prior to January 1, 2010; or
- Has at least 15 years of public service and who was initially hired by the State on or after January 1, 2010, but before January 1, 2012; or
- Has at least five years of public service, who has a disability and who was initially hired by the State on or after January 1, 2010, but before January 1, 2012; or
- Any PEBP covered retirees 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 State agency, the Nevada System of Higher Education and any State Board or Commission.

## Contributions

The State of Nevada Retiree Health and Welfare Benefits 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).

Contributions are paid by the participating state agencies through an assessment of actual payroll paid by each State agency through the Retired Employee Group Insurance assessment (REGI). REGI was 3.11% and 2.18% of actual payroll for the years ended June 30, 2024 and 2023, respectively. Benefits are paid to the Self Insurance Internal Service Fund as necessary to offset retiree premiums pursuant to NRS 287.046. Administrative costs are absorbed by the Self Insurance Internal Service Fund.

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Contributions recognized as part of OPEB expense were \$58,104 and \$34,009 for the years ended June 30, 2024 and 2023, respectively.

**OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024 and 2023, the Fund reported a net OPEB liability of \$1,247,836 and \$1,188,944, respectively, for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2023 and 2022, respectively, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial measurement as of those dates. The Fund's proportion of the collective net OPEB liability was based on the Fund's contributions to the OPEB plan relative to the contributions of all participating entities. At June 30, 2023, the Fund's proportion was 0.0856% which was an increase of .0032% from the proportion of 0.0824% at June 30, 2022, which was a decrease of .0082% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2024 and 2023, the Fund recognized OPEB expense of \$36,838 and \$70,386, respectively. At June 30, 2024 and 2023, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 17,537	\$ 78,298	\$ 43,384	\$ 98,984
Differences between expected and actual experience	-	24,840	-	40,080
Fund contributions subsequent to measurement date	73,270	-	45,846	-
	<u>\$ 90,807</u>	<u>\$ 103,138</u>	<u>\$ 89,230</u>	<u>\$ 139,064</u>

The \$73,270 and \$45,846 reported as deferred outflows of resources related to OPEB resulting in the Fund's contractually required contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025 and 2024, respectively.

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

Year Ending June 30,	
2025	\$ (35,760)
2026	(41,506)
2027	(3,700)
2028	(3,652)
2029	(983)
	\$ (85,601)

### Actuarial Assumptions

The total OPEB liability as of June 30, 2023 and 2022 was determined by actuarial valuation using the following actuarial assumptions:

Measurement date	June 30, 2023	June 30, 2022
Valuation date	June 30, 2022	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	4.20% to 9.10%, for regular members and 4.60% to 14.50% for police/fire members, varying by service, including inflation	4.20% to 9.10%, for regular members and 4.60% to 14.50% for police/fire members, varying by service, including inflation
Investment rate of return	2.50%	2.50%
Healthcare cost trend rates	For medical prescription drug benefits, the current amount is 4.80% increase then 7.25% graded down 0.25% to ultimate 4.50% over eleven years. For dental benefits 4.00% For Part B Reimbursement, the trend rate is 0.00% and 27.17%, effective July and 2024, respectively, then 4.50% thereafter.	For medical prescription drug benefits, the current amount is 4.80% increase then 7.25% graded down 0.25% to ultimate 4.50% over eleven years. For dental benefits 4.00% For Part B Reimbursement, the trend rate is 0.00% and 27.17%, effective Jul and 2024, respectively, then 4.50% thereafter.

### Post-retirement Mortality Rates

Healthy: Regular Members – Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Police/Fire Members – Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Morality Table with rates increased by 30% for males and 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020 (MP-2019 utilized in the July 1, 2020 actuarial valuation).

Disabled: Regular Members – Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. Police/Fire Members – Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table with rates increased by 30% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020 (MP-2019 utilized in the July 1, 2020 actuarial valuation).

Beneficiaries: Regular and Police/Fire Current Beneficiaries in Pay Status – Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020 (MP-2019 utilized in the July 1, 2020 actuarial valuation).

#### Pre-retirement Mortality Rates

Regular Members – Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2020 (MP-2019 utilized in the July 1, 2020 actuarial valuation). Police/Fire Members – Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality table, projected with the two-dimensional mortality improvement scale MP-2020 (MP-2019 utilized in the July 1, 2020 actuarial valuation).

#### Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% and 3.54% for fiscal years ended June 30, 2024 and 2023, respectively. As the Fund is funded on a pay-as-you-go basis, the discount rate is based on the Bond Buyer 20-Bond General Obligation Index rate.

#### Experience

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2020 actuarial experience study for the Public Employees' Retirement System of the State of Nevada dated September 10, 2021.

#### Significant Changes in Assumptions

The following were the significant changes between the June 30, 2022 and July 1, 2020 valuations:.

- Discount rate changed from 2.16% to 3.54%
- Healthcare cost trend rates were changed from 6.25% - 4.50% to 7.25% - 4.50%
- Part B reimbursement was adjusted from 4.50% to 4.00%
- Salary increases were updated from 2.75% to 4.20% - 9.10% for Regular members
- Salary increases were updated from 2.75% to 4.60% - 14.50% for Police/Fire members

State of Nevada  
Self Insurance Internal Service Fund  
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Since a new valuation was not performed for the year ended June 30, 2024, the only change in assumption was the change in discount rate from 3.54% to 3.65%

**Sensitivity of the Fund's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Fund's proportionate share of the net OPEB liability, as well as what the Fund's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.65% for year ending June 30, 2024 and 2.54% for year ending June 30, 2023) or 1-percentage-point higher (4.65% for year ending June 30, 2024 and 4.54% for year ending June 30, 2023) than the current discount rate.

	1% Decrease in Discount Rate 2.65%	Discount Rate 3.65%	1% Increase in Discount Rate 4.65%
Net OPEB liability, June 30, 2024	\$ 1,368,621	\$ 1,247,836	\$ 1,142,960
	1% Decrease in Discount Rate 2.54%	Discount Rate 3.54%	1% Increase in Discount Rate 4.54%
Net OPEB liability, June 30, 2023	\$ 1,307,411	\$ 1,188,944	\$ 1,086,379

**Sensitivity of the Fund's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Fund's proportionate share of the net OPEB liability, as well as what the Fund's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (as previously disclosed) that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend	1% Increase in Healthcare Cost Trend Rates
Net OPEB liability, June 30, 2024	\$ 1,183,247	\$ 1,247,836	\$ 1,321,823
Net OPEB liability, June 30, 2023	\$ 1,131,462	\$ 1,188,944	\$ 1,254,766

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued State of Nevada Retiree Health and Welfare Benefits Fund available on the PEBP website at [www.pebp.nv.gov](http://www.pebp.nv.gov) under Resources, Fiscal & Utilization Reports.

**Note 10 - Commitments**

The Fund is committed to the following contracts or policies after June 30, 2024:

Contractor	Contract Rate	Expiration Date
Segal Company, Inc	Hourly rate	06/30/2027
Brown & Brown of Massachusetts	Varies by audit	06/30/2027
Diversified Dental Services	Per participant per month	06/30/2026
Express Scripts	Per participant per month admin fee, claims costs	
United Healthcare	Varies	06/30/2026
UMR Inc.	Varies by service	06/30/2028
Segal Company	Hourly rate	06/30/2027
Health Plan of Nevada	Per participant premium by tier	06/30/2025
Lifeworks	Per participant per month fee for services rendered	12/31/2026

The above contracts include varying termination provisions that allow termination without cause with notice required between 30 and 180 days prior to the date of termination.

**Note 11 - Risk Management**

**Estimated Reserves for Claims Liabilities**

The management of the 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 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. Typically, after consultation with an actuary, claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation, because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which claims are made.

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

	2024	2023
Reserve for claims liability		
Beginning balance	\$ 80,174,935	\$ 79,492,071
Claims and changes in estimates	366,557,041	326,861,514
Claims payments	(356,632,224)	(326,178,650)
Ending reserves for claims liability	\$ 90,099,752	\$ 80,174,935

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

**Note 12 - Contingencies**

**Contingent Liabilities**

In accordance with NRS 353.140, the Fund honors outstanding stale warrants presented for payment within six years from the date of origination. Management has estimated the total amount of outstanding stale warrants less than six years old to be \$254,224 and \$360,903 as of June 30, 2024 and 2023, respectively. Management has assessed that it is not probable that these warrants will be presented for payment during the statutory time frame. However, these warrants will continue to be recorded as a liability as after the statutory six year period the funds will be turned over to the State Treasurer as unclaimed property.

The State of Nevada, the Fund, its officers or its employees are parties to a number of lawsuits which may indirectly or directly affect the Fund. The litigation potentially affecting the Fund has been evaluated and has either been evaluated as minimal risk of loss due to an unfavorable outcome or due to other various facts and circumstances. No potential losses have been evaluated as probable and thus no liability has been recorded.

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Schedule of the Fund's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years (Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund's portion of the net pension liability	0.0198%	0.0224%	0.0245%	0.0254%	0.0281%	0.0260%	0.0253%	0.0270%	0.0262%	0.0254%
Fund's proportionate share of the net pension liability	\$ 3,610,068	\$ 4,034,515	\$ 2,265,928	\$ 3,537,451	\$ 3,833,649	\$ 3,547,239	\$ 3,361,917	\$ 3,633,788	\$ 3,003,622	\$ 2,681,426
Fund's covered payroll	\$ 1,538,420	\$ 1,629,320	\$ 1,594,419	\$ 1,532,510	\$ 1,684,981	\$ 1,509,506	\$ 1,374,657	\$ 1,333,326	\$ 1,344,932	\$ 1,451,686
Fund's proportional share of the net pension liability as a percentage of its covered payroll	234.66%	247.62%	142.12%	230.83%	227.52%	234.99%	244.56%	272.54%	223.33%	184.71%
Plan Fiduciary Net Position as a percentage of the total pension liability	76.16%	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	76.31%

Notes to Schedules:

	2021 through 2023	2020 through 2017	2016 through 2014
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return/ discount rate	7.25%	7.50%	8.00%
Productivity pay increase	0.50%	0.50%	0.75%
Projected salary increases			
Regular**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Police/Fire**	4.60% to 14.50%	4.55% to 13.90%	5.25% to 14.50%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy***	Pub- 2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality Table
Disabled	Pub- 2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Disabled	RP-2000 Disabled Retiree Mortality Table
Current beneficiaries***	Pub- 2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Post-retirement***	Pub- 2010 General and Safety Employee	Headcount-Weighted RP-2014 Employee	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	

\*\* Depending on service. Rates include inflation and productivity increases.

\*\*\* Amount-weighted Above-Median.

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Schedule of the Fund's Contributions - Pension  
Last Ten Fiscal Years (Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 317,957	\$ 229,841	\$ 246,551	\$ 260,407	\$ 267,388	\$ 270,930	\$ 241,784	\$ 220,384	\$ 228,943
Contributions in Relation to the Contractually Required Contribution	<u>(317,957)</u>	<u>(229,841)</u>	<u>(246,551)</u>	<u>(260,407)</u>	<u>(267,388)</u>	<u>(270,930)</u>	<u>(241,784)</u>	<u>(220,384)</u>	<u>(228,943)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund's covered payroll	\$ 1,887,340	\$ 1,538,420	\$ 1,629,320	\$ 1,594,419	\$ 1,532,510	\$ 1,684,981	\$ 1,509,506	\$ 1,374,657	\$ 1,333,326
Contributions as a Percentage of Covered Payroll	16.85%	14.94%	15.13%	16.33%	17.45%	16.08%	16.02%	16.03%	17.17%

State of Nevada  
Self Insurance Internal Service Fund  
Public Employees' Benefits Program  
Schedule of the Fund's Proportionate Share of the OPEB Liability  
Last Ten Fiscal Years\* (Unaudited)

	2023	2022	2021	2020	2019	2018	2017
Fund's portion of the net OPEB liability	0.0856%	0.0824%	0.0906%	0.0938%	0.0934%	0.1070%	0.1029%
Fund's proportionate share of the net OPEB liability	1,247,836	1,188,944	1,395,724	1,405,629	1,301,204	1,417,507	1,339,747
Fund's covered payroll	1,560,046	1,641,567	1,594,419	1,532,510	1,684,981	1,509,506	1,374,657
Fund's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.99%	72.43%	87.54%	91.72%	77.22%	93.91%	97.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-2.14%	-1.41%	-0.65%	-0.38%	0.02%	0.12%	0.11%

\*GASB Statement No. 75 requires ten years of information to be presented in this table. Until ten years of data is compiled, the Fund will present information only for those years for which information is available.

	2023	2022	2021	2020	2019	2018	2017
Valuation Date	June 30, 2023	June 30, 2022	July 1, 2020	July 1, 2020	June 30, 2018	June 30, 2018	January 1, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization Period	25-year	25-year	25-year	25-year	25-year	25-year	25-year
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%
Discount Rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%	3.58%
Healthcare Cost Trend Rates							
Medical prescription drug	7.25% - 4.50%	7.25% - 4.50%	6.25% - 4.50%	6.25% - 4.50%	6.50% - 4.50%	6.50% - 4.50%	6.50% - 5.00%
Dental	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Part B Reimbursement	27.17% effective 7/1/24 then 4.00%	27.17% effective 7/1/24 then 4.00%	4.50%	4.50%	4.50%	4.50%	4.50%
Salary Increases							
Regular Members	4.20% - 9.10%	4.20% - 9.10%	2.75%	2.75%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%
Police/Fire Members	4.60% - 14.50%	4.60% - 14.50%	2.75%	2.75%	1.00% - 10.65%	1.00% - 10.65%	1.00% - 10.65%
Investment Rate of Return	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%
Retirement Age	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Mortality							
Healthy							
Regular Members	Pub-2010 General Health	Pub-2010 General Health	Pub-2010 General Health	Pub-2010 General Health	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Police/Fire Members	Pub-2010 Safety Health	Pub-2010 Safety Health	Pub-2010 Safety Health	Pub-2010 Safety Health	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Disabled							
Regular Members	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	Pub-2010 Non-Safety Disabled	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Police/Fire Members	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	Pub-2010 Safety Disabled	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Beneficiaries	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	Pub-2010 Contingent Survivor	RP-2000 Projected to 2014	RP-2000 Projected to 2014	RP-2000 Projected to 2014
Mortality Improvement	MP-2020	MP-2020	MP-2019	MP-2019	MP-2016	MP-2016	MP-2016

Plan Changes: No significant plan changes

State of Nevada  
 Self Insurance Internal Service Fund  
 Public Employees' Benefits Program  
 Schedule of Fund's Contributions - OPEB  
 Last Ten Fiscal Years\* (Unaudited)

	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 58,104	\$ 34,009	\$ 35,622	\$ 37,136	\$ 41,705	\$ 44,268	\$ 39,801
Contributions	(58,104)	(34,009)	(35,622)	(37,136)	(41,705)	(44,268)	(39,801)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund's covered payroll	\$ 1,868,296	\$ 1,560,046	\$ 1,641,567	\$ 1,573,559	\$ 1,782,265	\$ 1,891,795	\$ 1,693,660
Contributions as a Percentage of Covered Payroll	3.11%	2.18%	2.17%	2.36%	2.34%	2.34%	2.35%

\*GASB Statement No. 75 requires ten years of information to be presented in this table. Until ten years of data is compiled, the Fund will present information only for those years for which information is available.



**Independent Auditors' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of the  
Public Employees' Benefits Program  
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements the Self Insurance Internal Service Fund (the Fund), Public Employees' Benefits Program, of the State of Nevada, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund of the State of Nevada's basic financial statements and have issued our report thereon dated April 29, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund of the State of Nevada's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund of the State of Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund of the State of Nevada's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2024-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund of the State of Nevada's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Self Insurance Internal Service Fund of the State of Nevada's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Fund of the State of Nevada's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Fund of the State of Nevada's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund of the State of Nevada's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund of the State of Nevada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Reno, Nevada  
April 29, 2026

**2024-001      Financial Statement Preparation  
Material Weakness**

*Criteria:*                      Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. One of the key components of an effective system of internal control over financial reporting is the preparation of full disclosure financial statements that do not require adjustment as part of the audit process.

*Condition:*                    Management prepares internal use financial statements. However, management required the assistance of the external audit firm to prepare the audited financial statements and related note disclosures. Although the preparation of financial statements as a part of the audit engagement is not unusual, it may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by the Fund's personnel.

In addition, adjustments were required related to the Fund's financial statements.

*Cause:*                         Accounting personnel do not have the current resources of time necessary to prepare the financial statements in accordance with generally accepted accounting principles. As a result, the Fund chose to contract with Eide Bailly, LLP to the prepare its financial statements.

In addition, the Fund did not have adequate internal controls to ensure all transactions were properly monitored and recorded.

*Effect:*                         The internal interim financial information prepared by the Fund may not comply with generally accepted accounting principles. Also, revenues and expenses were overstated by \$2,493,233 and accounts payable and expense were overstated by \$2,300,117 prior to adjustment for amounts recorded in the wrong fiscal year.

*Recommendation:*        We recommend the Fund allocate the resources necessary to enable the preparation of the financial statements in accordance with generally accepted accounting principles, enhance internal controls to ensure all transactions are monitored and properly recorded.

*Views of Responsible  
Officials:*                      Management agrees with this finding.