

**Dan Schwartz**  
State Treasurer



STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

**NOTICE OF PUBLIC MEETING**

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

Thursday, January 28, 2016, 10:00 a.m.

**REVISED**

**Meeting via videoconference at the following locations:**

Dial in access: 1-888-251-2909 Access Code 7399092

**Grant Sawyer State Office Building**  
Governor's Conference Room -Suite 5100  
555 E. Washington Avenue  
Las Vegas, NV 89101

**State Capitol Building**  
Guinn Meeting Room  
101 North Carson Street  
Carson City, NV 89701

All items listed on this agenda are for discussion and action by the Board of Trustees unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

**AGENDA**

1. **Public Comment.** *Comments from the public are invited at this time prior to the commencement of possible action items. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.*

**Consent Agenda**

*Consent Agenda - All matters in this sub-category are considered by the Board of Trustees to be routine and may be acted upon in one motion without discussion. Most agenda items are phrased for a positive action. However, the Board of Trustees may take other actions, such as hold, table, amend, etc.*

2. For possible action – Board review and approval of the minutes of the College Savings Board of Trustees meeting of December 17, 2015.

**CARSON CITY OFFICE**  
101 N. Carson Street, Suite 4  
Carson City, Nevada 89701-4786  
(775) 684-5600 Telephone  
(775) 684-5623 Fax

**STATE TREASURER PROGRAMS**  
Governor Guinn Millennium Scholarship Program  
Nevada Prepaid Tuition Program  
Unclaimed Property  
College Savings Plans of Nevada  
Nevada College Kick Start Program

**LAS VEGAS OFFICE**  
555 E. Washington Avenue, Suite 4600  
Las Vegas, Nevada 89101-1074  
(702) 486-2025 Telephone  
(702) 486-3246 Fax

3. For possible action: Board review and approval of an expenditure report for the SSGA Uprise 529 Plan for the quarter ended December 31, 2015.
4. For possible action: Board review and approval of a supplement to the Putnam 529 for America Offering Statement to disclose recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.

### **Discussion Agenda**

5. For possible action: Board review and approval of the Fiscal Year 2015 annual audit of the Nevada Prepaid Tuition Program by Eide Bailly LLP.
6. For possible action: Board review and approval of the Fiscal Year 2015 annual report for the Nevada Prepaid Tuition Program.
7. For possible action: Board review and approval of Amendment 1 to the International Association of Working Mothers contract to add \$21,000 to the contract bringing the total to \$116,000 for Fiscal Year 2016.

### **Comments**

8. **Public Comment.** *The Board is precluded from acting on items raised during Public Comment that are not on the agenda*

Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual the board may refuse to consider public comment. See NRS 233B.126.

Items on the agenda may be taken out of the order presented at the discretion of the Chairman.  
Items may be combined for consideration by the public body.  
Items may be pulled or removed from the agenda at any time.

Notice of this meeting was posted at the following locations in Carson City, Nevada:

State Capitol Building, 1<sup>st</sup> & 2<sup>nd</sup> Floor & Basement, 101 North Carson Street

Nevada Legislative Building, 401 South Carson Street

Nevada State Library, 100 Stewart Street

Blasdel Building, 209 East Musser Street

Notice of this meeting was posted at the following location in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4600, Las Vegas, Nevada

1<sup>st</sup> Floor Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:

[www.nevadatreasurer.gov](http://www.nevadatreasurer.gov)

We are pleased to provide members of the public supporting material for the meeting as well as make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If supporting material or special arrangements for the meeting are required, please notify Sheila Salehian with the Office of the State Treasurer, 555 E Washington, Suite 4600, Las Vegas, NV 89101 or call (702) 486-3955 or fax your request to (702) 486-3246 as soon as possible. Materials will also be available at the Office of the State Treasurer, College Savings, 555 E. Washington Suite 4600, Las Vegas, NV 89101.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 2**  
**January 28, 2016**

**Item:** Review and approve the College Savings Board minutes of December 17, 2015.

**Recommendation:**

**That the Board review and approve the minutes of the December 17, 2015 College Savings Board of Trustees meeting.**

Fiscal:  
None.

Summary:  
The minutes of the Board have been prepared and are complete for review and approval.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
December 17, 2015

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Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:05 a.m., on Thursday, December 17, 2015. The meeting was held by conference call from the Nevada State Capitol, 101 North Carson Street, Guinn Room, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Carson City  
Jamie Hullman – Carson City  
Bob Seale – Carson City  
Ned Martin – Las Vegas

Others present:

Tara Hagan, Chief Deputy Treasurer, Treasurer's Office  
Linda J. English, Deputy Treasurer for College Savings  
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy  
Shane Chesney, Nevada Attorney General's Office  
Blanca Platt, Program Officer, Treasurer's Office  
Troy Watts, Marketing Coordinator, Treasurer's Office  
Tricia Brady, Ascensus College Savings  
Lisa Connor, Ascensus College Savings  
Ardie Hollingsworth, Ascensus College Savings  
David Malone, Ascensus College Savings  
Eduardo Borges, SSgA Upromise  
Kevin Smith, SSgA Upromise  
Tom Hewitt, Vanguard College Savings  
Char Gross, Vanguard College Savings  
Eric White, Pension Consulting Alliance  
Megan Bedera, Amplify Relations  
Gina Robison-Billups, International Association of Working Mothers

Roll was taken, and it was determined a quorum was present. Ms. English indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law in both Carson City and Las Vegas.

1. Public Comment

There was no public comment in Las Vegas or Carson City.

Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of October 29, 2015.
3. For possible action: Board review and approval of the Ascensus program manager's report encompassing results for Vanguard, USAA and SSgA Upromise 529 plans for the quarter ended September 30, 2015.
4. For possible action: Board review and approval of the Putnam 529 for America advisor sold program manager's report for the quarter ended September 30, 2015.
5. For possible action: Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for the quarter ended September 30, 2015.
6. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending September 30, 2015.
7. For possible action: Board review and approval of a restated program description and participation agreement for the SSgA Upromise 529 plan.
8. For possible action: Board review and approval of restated program description and participation agreement for the USAA 529 College Savings Plan.
9. For possible action: Board consent to the extension of the USAA Private Label Agreement between USAA and Ascensus Broker Dealer, Inc.
10. For possible action: Board review and approval of the expansion of the financial literacy conference to add a Latina Women's Conference in Reno and the additional budget of \$21,000 to fund it.

Ned Martin asked to pull Agenda Item 3 and Agenda Item 4 from the Consent Agenda. Jamie Hullman asked to pull Agenda Item 10 from the Consent Agenda.

Bob Seale motions to approve Agenda Item 2 and Agenda Items 5 through 9. Jamie Hullman seconded the motion.

3. For possible action: Board review and approval of the Ascensus program manager's report encompassing results for Vanguard, USAA and SSgA Upromise 529 plans for the quarter ended September 30, 2015.

Ned Martin had questions about the client service metrics since the report showed three levels that were below the service level agreement. Tricia Brady explained that there were approximately two errors which were due to a transition they made during the summer in which they replaced the head of the client service center. Ms. Brady indicated that going forward more detail would be provided around the service levels.

Ned Martin motioned to approve Agenda Item 3. Jamie Hullman seconded the motion.

4. For possible action: Board review and approval of the Putnam 529 for America advisor sold program manager's report for the quarter ended September 30, 2015.

Ned Martin explained that he pulled this item in error; thus, he motioned to approve Agenda Item 4. Jamie Hullman seconded the motion.

10. For possible action: Board review and approval of the expansion of the financial literacy conference to add a Latina Women's Conference in Reno and the additional budget of \$21,000 to fund it.

Jamie Hullman asked for explanation in regards to TweetReach Snapshot that was included in the report from The International Association of Working Mothers. Gina Robison-Billups explained that the social media reports show the interest and engagement of people. Mr. Hullman also asked how the conferences result in attendees signing up for college savings accounts. Sheila Salehian responded that at the Latina Money Conference in Reno, there were 74 attendees and out of those 41 of them signed up to receive more information about the plans. Jamie Hullman commented that for future conference it would be helpful to have data available that shows how many people signed up for college savings accounts.

Jamie Hullman motioned to approve Agenda Item 10. Ned Martin seconded the motion.

#### Discussion Agenda

11. For possible action: Board review and approval of the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ended September 30, 2015.

Eric White, Pension Consulting Alliance, reported that there are currently three funds from the USAA 529 on "Watch" status with one additional fund qualifying for "Watch" status. These funds include USAA Emerging Markets, USAA Real Return, USAA Intermediate-Term Bond and USAA Income Stock, which PCA is recommended be

removed from Watch status. Mr. White stated that the USAA Real Return fund has a benchmark mismatch, so PCA is recommending a new benchmark since they believe that this fund plays an important role in the portfolio.

Mr. White added that Putnam 529 currently has two funds on Watch status. Those funds include Putnam International Capital Opportunities and Putnam Income. PCA is expecting the Putnam Voyager fund to qualify for Watch status by next quarter. Vanguard 529 and SSgA Upromise 529 don't have any funds that qualify for Watch status.

Bob Seale motioned to approve Agenda Item 11. Jamie Hullman seconded the motion.

12. For possible action: Board review and approval of the annual investment presentation for SSgA Upromise 529 Plan.

Kevin Smith presented the annual investment review for the SSgA Upromise 529 Plan. SSgA proposed changes to the Program. The proposed changes involved moving two underlying investments within the College Date and Risk-Based portfolios from passive Exchange-traded Funds (ETFs) to passive mutual funds. Mr. Smith explained that the ETFs and mutual funds track the same indices and provide exposure to the same companies; however, the mutual funds have lower expense ratios than the ETFs which will lead to lower Plan fees for participants.

Eric White added that PCA has reviewed SSgA's proposed changes, and they believe the changes are in the best interest of participants. PCA recommended that the Board accept the changes.

Ned Martin motioned to approve Agenda Item 12. Bob Seale seconded the motion.

13. For possible action: Board to receive an update on "Let's Go To College! Nevada Saves" from Amplify Relations.

Megan Bedera presented a report on the umbrella outreach activities conducted by Amplify Relations. She explained that currently there are 23 stories on Prepaid Tuition open enrollment, 10 stories on the bus tour and 150 million national online impressions. There are three TV ads on air which have aired approximately 8,000 times statewide. Ms. Bedera explained that the bus tour created a lot of social media impact. Amplify Relations is focusing on building awareness which they are able to track through the website they created NV529.org. The website is able to track the number of people looking at the website and clicking on the partner links where they are able to open accounts.

Jamie Hullman motioned to approve Agenda Item 13. Bob Seale seconded the motion.

14. Staff Notes

Sheila Salehian gave an update on the Nevada Prepaid Tuition Program in which she explained that as of December 17, there were 112 enrollments. She also explained that in an effort to modernize the Prepaid Tuition Program, Staff plans to issue a Request for Proposal (RFP) for automation and administration of the program. The new system would increase efficiency and provide a better customer service experience to participants. Staff expects to release the RFP in January 2016.

15. Public Comment

There were no public comments in Carson City or Las Vegas.

Meeting adjourned at 11:50 AM

Attest:

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Linda English, Secretary to the Board

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 3**  
**January 28, 2016**

**Item: SSGA Upromise 529 Expenditure Report**

**Recommendation:**

**That the Board review and approve an expenditure report for the SSgA Upromise 529 Plan for the quarter ended December 31, 2015, and approve the expenditures for inclusion in the non-cash marketing commitment budget as specified in Amendment #3 to the Ascensus Agreement.**

Fiscal:

None by this action.

Summary:

Under NRS 353B.370, the Board must approve all education and outreach materials for the Nevada College Savings Program. Prior Board action requires that Ascensus College Savings submit a quarterly invoice to the Board reporting in-kind expenses and that those expenses be recorded in the State's recordkeeping system.

Sue Serewicz of Ascensus College Savings will be available to answer any questions.

**Quarter 2 State Fiscal Year 2016, SSgA Upromise 529 Plan Marketing Expenses**

Customer: Office of the Nevada State Treasurer  
 Contact: Linda English  
 Phone: 702-486-3889

<b>SSgA UPROMISE 529 PLAN MARKETING COMMITMENT SUMMARY FY'16</b>		
<b>INITIATIVE</b>	<b>2016 BUDGETED</b>	<b>Q2</b>
<b>Sponsorships</b>	<b>\$211,749.95</b>	<b>\$11,808.15</b>
<i>Total Q4</i>		
<i>Total Q3</i>		
<i>Total Q2</i>	<b>\$11,808.15</b>	
<i>Total Q1</i>	<b>\$38,412.50</b>	
<b>Total Spend</b>	<b>\$50,220.65</b>	
<b>REMAINDER TO SPEND</b>	<b>\$161,529.30</b>	

Please note that any payments made by ACS during the quarter pursuant to Amendment No.3 are to be recorded as non-cash revenue commitments, via journal vouchers, in the Program budget account No. 1092, which are made in accordance with the recommendations in the audit of the Program dated May 14, 2007 and your office, and as outlined in the Treasurer's December 10, 2009 letter.

Reference: Q2SFY2016  
 Date: 12/29/2015

**State Fiscal Year 2015, SSgA Upromise 529 Plan Marketing Expenses**

Customer: Office of the Nevada State Treasurer  
 Contact: Linda English  
 Phone: 702-486-3889

<b>SSgA UPROMISE 529 PLAN MARKETING COMMITMENT SUMMARY FY'16</b>					
<b>INITIATIVE</b>	<b>2016 BUDGETED</b>	<b>Q1 ACTUAL</b>	<b>Q2 ACTUAL</b>	<b>Q3 ACTUAL</b>	<b>Q4 ACTUAL</b>
<b>Sponsorships</b>	<b>\$211,749.95</b>	<b>\$38,412.50</b>	<b>\$11,808.15</b>		
<i>Total Q4</i>					
<i>Total Q3</i>					
<i>Total Q2</i>	<b>\$11,808.15</b>				
<i>Total Q1</i>	<b>\$38,412.50</b>				
<b>Total Spend</b>	<b>\$50,220.65</b>				
<b>REMAINDER TO SPEND</b>	<b>\$161,529.30</b>				

Please note that any payments made by UII during the quarter pursuant to Amendment No.3 are to be recorded as non-cash revenue commitments, via journal vouchers, in the Program budget account No. 1092, which are made in accordance with the recommendations in the audit of the Program dated May 14, 2007 and your office, and as outlined in the Treasurer's December 10, 2009 letter.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 4**  
**January 28, 2016**

**Item: Supplement to the Putnam 529 for America  
Offering Statement**

**Recommendation:**

**That the Board review and approve a supplement to the  
Putnam 529 for America Offering Statement per NRS  
353B.370; or direct staff as appropriate.**

Fiscal Impact:  
None.

**Summary:**

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the Putnam 529 for America Offering Statement, dated September 2014, notices current and prospective participants on recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.

Judy Minsk of Putnam will be available to answer questions.



# Offering Statement Supplement January \_\_, 2016

Putnam 529 for America<sup>SM</sup> Supplement to the Offering Statement dated September 12, 2014

Federal legislation enacted on December 18, 2015, includes the following changes applicable to distributions from accounts in qualified tuition programs under Section 529 of the Code:

### **ADDITION OF CERTAIN COMPUTER EQUIPMENT, COMPUTER SOFTWARE AND INTERNET SERVICES AS QUALIFIED HIGHER EDUCATION EXPENSES**

Effective for tax years beginning after December 31, 2014, the definition of “qualified higher education expenses” for which withdrawals that are tax-free for federal income tax purposes can be made includes expenses for the purchase of computer or peripheral equipment controlled by a computer (excluding in either case equipment of a kind used primarily for amusement or entertainment of the user), computer software, or Internet access and related services, if the equipment, software, or services are to be used primarily by the beneficiary of the account during any of the years the beneficiary is enrolled at an eligible educational institution.

The following revision to the Offering Statement reflects the above change:

In the section entitled “BASIC QUESTIONS AND ANSWERS – Tax Information – WHAT ARE THE FEDERAL INCOME TAX ADVANTAGES OF THE PLAN?” on page 13, the fourth paragraph is revised to read as follows:

In general, tuition, fees, supplies and equipment required for the Beneficiary of an Account to attend an eligible educational institution are considered “qualified higher education expenses.” In addition, certain room and board expenses of a Beneficiary of an Account who is at least a half-time student are also qualified higher education expenses. Qualified higher education expenses also include expenses of a special needs beneficiary that are necessary in connection with his or her enrollment or attendance at an eligible educational institution. Effective for tax years beginning after December 31, 2014, qualified higher education expenses include expenses for the purchase of computer or peripheral equipment controlled by a computer (excluding equipment of

a kind used primarily for amusement or entertainment of the user), computer software, or Internet access and related services, if the equipment, software, or services are to be used primarily by the Beneficiary of the Account during any of the years the Beneficiary is enrolled at an eligible educational institution. Any expenses for which a Hope Scholarship or Lifetime Learning Credit is claimed reduce the amount of qualified higher education expenses for which tax-free withdrawals from the Account may be made.

### **ABILITY TO RECONTRIBUTE REFUNDS FROM AN ELIGIBLE EDUCATIONAL INSTITUTION**

A beneficiary who receives a refund of qualified higher education expenses from an eligible educational institution will not be required to include any portion of a distribution made from a qualified tuition program that would otherwise be subject to federal income tax and the 10% additional tax that is recontributed to an account for the beneficiary in a qualified tuition program within 60 days of receipt of the refund by the beneficiary and does not exceed the refunded amount. A special transition rule applies to any refund received after December 31, 2014, and before December 18, 2015, any recontribution of those refunds must be made by February 16, 2016.

The following revisions to the Offering Statement reflect the above change:

1. The section entitled “Withdrawals – DISTRIBUTIONS NOT USED TO PAY THE QUALIFIED HIGHER EDUCATION EXPENSES OF THE BENEFICIARY” on page 69 is revised to read as follows:

### **DISTRIBUTIONS NOT USED TO PAY THE QUALIFIED HIGHER EDUCATION EXPENSES OF THE BENEFICIARY**

If any part of a distribution from an Account exceeds the qualified higher education expenses of the Beneficiary in the applicable tax year, unless such distribution is a Rollover Distribution or a distribution that is treated as recontributed following a refund from an eligible educational institution to the Beneficiary (as described below), the earnings portion attributable to that part of the distribution is taken into account for purposes of computing federal income tax, and, except in the case of a distribution due to death or permanent disability of, scholarship or tuition waiver awarded to (up to the amount of the scholarship or waiver), or attendance at a U.S. military academy by, the Beneficiary, or a distribution that corresponds to the amount of expenses for which the Hope Scholarship or Lifetime Learning Credit is claimed, is also subject to a 10% additional federal tax. See “State and Federal Tax Information - FEDERAL TAX TREATMENT– Taxation of Distributions” For this purpose, the earnings portion of the distribution is determined by using the earnings and contributions in the Account (and in any other account established by the applicable Account Owner for the same Beneficiary in any college savings plan

sponsored by the Board that, if so required by federal tax law under any guidance issued by the Treasury determined to be in effect for the year of such distribution, is consolidated with such Account for such purpose) immediately prior to the distribution. The additional tax will not be withheld from the distribution, but must be separately paid to the IRS.

2. In the section entitled “State and Federal Tax Information - FEDERAL TAX TREATMENT– Taxation of Distributions” on page 71, the third paragraph is revised to read as follows:

The earnings portion of a distribution that is not used for qualified higher education expenses of the Beneficiary is treated as taxable income of the person receiving the distribution, except in the case of a Rollover Distribution or a distribution recontributed as a refund from an eligible educational institution as described below, and is subject to a 10% additional federal tax (except that the additional 10% tax does not apply to a distribution due to death or permanent disability of, scholarship or tuition waiver awarded to (up to the amount of the scholarship or waiver), or attendance at a U.S. military academy by, the Beneficiary, or to a distribution that corresponds to the amount of expenses for which the Hope Scholarship or Lifetime Learning Credit is claimed). A beneficiary who receives a refund of qualified higher education expenses from an eligible educational institution will not be required to include any portion of a distribution made from a qualified tuition program that would otherwise be subject to federal income tax and the 10% additional tax if that is recontributed to an account for the beneficiary in a qualified tuition program within 60 days of receipt of the refund by the beneficiary and does not exceed the refunded amount. A special transition rule applies to any refund received after December 31, 2014, and before December 18, 2015, any recontribution of those refunds must be made by February 16, 2016.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 5**  
**January 28, 2016**

**Item: Fiscal Year 2015 Annual Audit of the Nevada  
Higher Education Prepaid Tuition Trust Fund**

**Recommendation:**

**That the Board review and approve the Fiscal Year 2015  
Annual Audit of the Nevada Higher Education Prepaid Tuition  
Trust Fund.**

Fiscal:  
None.

**Summary:**

Pursuant to NRS 353B.180, the Board shall contract with a certified public accounting firm to perform an annual audit of the Nevada Higher Education Prepaid Tuition Trust Fund. Eide Bailly, LLP. was retained to prepare the 2015 Annual Audit.

Based on their findings, the auditor has provided an unqualified opinion that the financial statements prepared by management, fairly represent the financial position of the Trust Fund in all material respects. The audit must be approved by the Board prior to inclusion in the 2015 Prepaid Tuition Program Annual Report.

Eide Bailly representative, Dan Carter will be available in Carson City to answer any questions.



CPAs & BUSINESS ADVISORS

January 8, 2016

To the Board of Trustees  
Nevada Higher Education Tuition Trust Fund  
Carson City, Nevada

We have audited the financial statements of the Nevada Higher Education Tuition Trust Fund (the Trust Fund) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Trust Fund are described in Note 1 to the financial statements. As described in Note 1, the Trust Fund adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension for Contributions Made Subsequent to the Measurement Date*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2014. We noted no transactions entered into by the Trust Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- a. Tuition contributions receivable (actuarially determined present value of future installment payments anticipated from contract holders) and,
- b. Tuition benefits payable (actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses)

Management's estimate of the tuition contributions receivable and tuition benefits payable is based on the actuarial valuation. We evaluated the key factors and assumptions used to develop the tuition contributions receivable and tuition benefits payable in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The State provides the trial balance prior to the release of the actuary report. As such, Eide Bailly adjusts the amounts associated with contributions receivable and benefits payable from estimates made by the State to actual amounts determined by the actuary. See below for the adjustments made during the audit:

- To increase benefits payable to match the actuarial valuation and to reclassify current portion from long-term.

Tuition benefit expense, actuarial accrual	\$5,691,406	
Current portion of tuition payable		\$1,009,553
Tuition benefit payable		\$4,681,853

- To increase contributions receivable to match the actuarial valuation and to reclassify current portion from long-term.

Contribution Receivable	\$1,628,789	
Current portion of tuition receivable	\$654,365	
Tuition contributions, actuarial accrual		\$2,283,154

- To reclassify contribution revenue associated with the actuarial accrual from actual participant contributions.

Tuition contributions, actuarial accrual	\$530,202	
Participant Contributions		\$530,202

### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 8, 2016.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Trust Funds auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Board of Trustees and management of Nevada Higher Education Tuition Trust Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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

Reno, Nevada



Financial Statements  
June 30, 2015

**State of Nevada**  
**Office of the State Treasurer**  
**Higher Education Tuition Trust Fund**

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
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June 30, 2015

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## **Independent Auditor's Report**

To the Board of Trustees  
Higher Education Tuition Trust Fund  
Carson City, Nevada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust Fund'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 an opinion on these financial statements based on our audit. 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 from material misstatement.

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 is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund, as of June 30, 2015, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Notes 1 and 9 to the financial statements, the Trust Fund has adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

**Emphasis of a Matter**

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**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 3-7, 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 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.

**Report on Summarized Comparative Information**

We have previously audited the Trust Fund's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2015. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2016, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Trust Fund's internal control over financial reporting and compliance.



Reno, Nevada  
January 8, 2016

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year (FY) ended June 30, 2015.

## **FINANCIAL HIGHLIGHTS**

The Trust Fund's financial position continued to significantly improve in Fiscal Year 2015.

- The Trust Fund's total assets and deferred outflows grew by \$19,116,817 in FY 2015. This represents an increase of 8% from the prior year. These assets are used to pay tuition benefits on behalf of contracts purchased.
- The Trust Fund's total net position in FY2015 was \$53,103,379, which is an increase of \$9,623,448 from the prior year. The growth is primarily due to strong investment performance.
- The Trust Fund's certified actuary reported that the funded status of the Prepaid Tuition Plan (the Plan) as of June 30, 2015 was 127.9%, utilizing an investment yield assumption of 6% per year (126.8% if the market value of assets was used). This represents an increase from the funded status of 126.2% as of June 30, 2014, and continues to be one of the highest funding ratios nationwide for a state prepaid tuition plan.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Trust Fund's annual report. The Trust Fund's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements and a Compliance Section.

## **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Trust Fund report information about the Trust Fund, which is considered an enterprise fund (proprietary fund type). Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Trust Fund's assets and deferred inflows and liabilities and deferred outflows and provides information about the nature and amount of its resources and the obligations to contract holders. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Trust Fund's operations over the past year, and can be used to determine whether the Trust Fund has successfully met all of its costs through its tuition contributions, along with other fees and charges for sales and services. The final statement is the Statement of Cash Flows, which is used to provide information about the Trust Fund's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

## **NET POSITION**

Net position may serve over time as a useful indicator of financial position. In the case of the Trust Fund, the Trust Fund's position increased significantly, ending with net position of \$53,103,379.

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Management's Discussion and Analysis  
June 30, 2015

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The vast majority of the Trust Fund's assets and deferred inflows, 83%, are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Position

	2015	2014
Assets		
Current and other assets	\$ 252,800,364	\$ 233,683,398
Net capital assets	107,134	125,168
Total Assets	252,907,498	233,808,566
Deferred Inflows		
Pension related	17,885	-
Liabilities		
Current liabilities	17,921,139	21,134,868
Noncurrent liabilities	181,852,124	169,193,767
Total Liabilities	199,773,263	190,328,635
Deferred Outflows		
Pension related	48,741	-
Net Position		
Net investment in capital assets	107,134	125,168
Unrestricted	52,996,245	43,354,763
Total Net Position	\$ 53,103,379	\$ 43,479,931

The Trust Fund's net position continued to grow in FY 2015, for the third year in a row. The net position increased from \$43,479,931 in FY 2014 to \$53,103,379 in FY 2015, an increase of \$9,623,448 or 22% over the prior fiscal year. This increase is primarily due to a slight increase in investment performance and the forgiveness of the previous \$5 million advance from the College Savings Endowment account.

**CHANGE IN NET POSITION**

Higher Education Tuition Trust Fund Change in Net Position

	2015	2014
Operating Revenues		
Tuition contributions and other revenues	\$ 18,642,749	\$ 22,063,702
Operating Expenses		
Operating expenses before depreciation	25,743,763	21,307,462
Depreciation	18,035	17,822
Total Operating Expenses	25,761,798	21,325,284
Operating Income (Loss)	(7,119,049)	738,418
Nonoperating revenues (expenses) and interest income	9,618,430	24,954,546
Contribution - State of Nevada College Savings Trust	2,323,143	2,334,084
Special Item – advance forgiveness	5,000,000	-
Change in Net Position	9,822,524	28,027,048
Net Position, July 1(includes (\$199,076) prior year adjustment	43,280,855	15,452,883
Net Position, June 30	\$ 53,103,379	\$ 43,479,931

Tuition contributions and revenues in FY 2015 decreased slightly from \$22,063,702 in FY 2014 to \$18,642,749 in FY 2015. The 16% decline is mainly attributable to a decrease in the number of enrollments in FY 2015. The Plan saw a 20% decrease in the number of new enrollments from the previous fiscal year, which management believes is partly due to the continued year over year solid stock market performance which generally drives higher participation in 529 Savings Plans versus 529 Prepaid Tuition Plans. Management also believes that the 2014 action by the Nevada Board of Regents in 2014 to vote on reduced increases in tuition rates (4% for the next four years rather than the average increase of over 7% for the past eight years) may too have added to the decline on the number of Prepaid Tuition contracts sold as parents see rising college tuition rates going down in future years. Operating expenses for the Plan primarily consist of future tuition benefits, which are calculated to be \$23,160,923 on an accrued basis. Total operating expenses increased by roughly 20% from \$21,325,284 in FY 2014 to \$25,761,798 in FY 2015. This is mainly due to the anticipated tuition increases and subsequent change in actuarial assumptions.

The operating income (loss) above reflects the difference between contributions from new and existing participants on a cash basis versus benefit payments to educational institutions, which fulfills the purpose of the Plan, and other sundry costs. In addition in FY 15, the change in the actuarial accruals had a negative impact on the net income. This is shown in the significant decrease in the operating income from \$738,418 in FY 2014 to a

negative \$7,119,049 in FY 2015. However, despite the above noted decline, the Plan still experienced an increase of 22% in its net position, from \$43,479,931 in FY 2014 to \$53,103,379 in FY 2015. In addition, the plan's funding ratio of 127.9% in FY 2015 still remains one of the highest funded ratios of the remaining 12 open Prepaid Tuition plans, nationwide.

### **CAPITAL ASSET ADMINISTRATION**

The Trust Fund's investment in capital assets as of June 30, 2015, amounts to \$107,134 (net of accumulated depreciation), which primarily consists of computer equipment. Information about the Trust Fund's capital assets can be found in Note 4 to the Trust Fund's financial statements.

### **ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS**

At the January 20, 2010 meeting of the Board of Trustees of the College Savings Plans of Nevada (the Board), the Board approved a loan from the State of Nevada College Savings Endowment Fund to the Trust in an amount of \$5,000,000. In May 2013, the Board approved a policy that required repayment of this loan once the Trust Fund reached a 120% funded status. Since the Prepaid Tuition's contracted actuary had calculated a 126.2% funding ratio as of June 30, 2014, repayment of the \$5 million loan was due in Fiscal Year 2015. However, in March 2015, the Board reconsidered repayment options, and approved the \$5 million loan forgiveness from the College Savings Endowment account. Thus, the \$5 million dollar advance is no longer recorded as a current liability.

Aside from account owners' purchases of contracts, the primary source of revenue for the Plan is investment income. In July 2014, the Board amended the asset allocation for the Plan which was recommended by its investment consultant, to include covered calls to help reduce volatility in the Plan investments. The target allocation was changed to include domestic public equities of 50%, domestic fixed income securities of 30%, and domestic covered calls of 20%. The Plan continued to invest in an equity portfolio with passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard, a fixed income portfolio with Chicago Equity Partners and added a passively managed covered calls mutual fund from with Glenmede. The total return for the Plan's investment portfolio in Fiscal Year 2015, as calculated by the Plan's investment consultant, was 5.1%.

Based on a general inflation rate of 3.00% and revised 10-year capital market expectations for those asset classes, the Board-approved the assumed rate of return of the Plan's investments is 6.00% based on analyses from its investment consultant. This assumed rate was used by the Board's actuary in computing the Plan's funded status of 127.9%. The Plan's investments are intended to provide broad exposure to the US equities and investment-grade fixed income markets. Therefore, projected returns are subject to the returns and volatility in the markets.

In addition to investment returns, on July 26, 2012, on July 29, 2014, and again on March 25, 2015, the Board approved a long-term financial plan that included an annual transfer of \$1.82 million to the Trust Fund from the College Savings Endowment Fund. This represents a supplemental source of funding to the Plan in addition to future investment gains and also serves as a buffer for market volatility. The College Savings Endowment Fund also transfers funds to the Trust Fund to cover administrative costs of the State Treasurer's Office to administer and manage the Plan.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Trust Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, Nevada Prepaid Tuition Program, 555 E. Washington Ave., Suite 4600, Las Vegas, NV 89101.

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Net Position  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,574,087	\$ 2,304,420
Investment income receivable	274,342	418,700
Prepaid items	-	1,490
Due from State of Nevada	11,893	8,736
Tuition contributions receivable	9,154,365	8,924,543
Investments	210,156,888	191,919,850
Total current assets	221,171,575	203,577,739
Noncurrent assets		
Capital assets, net	107,134	125,168
Other noncurrent assets:		
Tuition contributions receivable	31,628,789	30,105,659
Total noncurrent assets	31,735,923	30,230,827
Total assets	252,907,498	233,808,566
Deferred Outflows		
Pension related	17,885	15,762
Total assets and deferred outflows	252,925,383	233,824,328
Liabilities		
Current liabilities		
Accounts payable	115,753	100,356
Accrued salaries and benefits	33,888	26,143
Due to State of Nevada	58,513	48,740
Due to other governments	3,432	-
Advance from State of Nevada General Fund - College Savings Endowment Account	-	5,000,000
Tuition benefits payable	17,709,553	15,959,629
Total current liabilities	17,921,139	21,134,868
Noncurrent Liabilities:		
Tuition benefits payable	181,681,853	169,193,767
Net pension liability	170,271	214,838
Total noncurrent liabilities	181,852,124	169,408,605
Total liabilities	199,773,263	190,543,473
Deferred Inflows		
Pension related	48,741	-
Total liabilities and deferred inflows	199,822,004	190,543,473
Net Position		
Net investment in capital assets	107,134	125,168
Unrestricted	52,996,245	43,155,687
Total net position	\$ 53,103,379	\$ 43,280,855

See Notes to Financial Statements

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Operating Revenues		
Charges for sales and services	\$ 129,100	\$ 152,200
Tuition contributions	18,513,649	21,911,502
Total operating revenues	18,642,749	22,063,702
Operating Expenses		
Personnel costs	179,083	153,803
Contract and other administrative services	458,166	512,194
Tuition benefits expense	23,160,923	18,914,376
Refunds	1,945,591	1,727,089
Depreciation	18,035	17,822
Total operating expenses	25,761,798	21,325,284
Operating Income (Loss)	(7,119,049)	738,418
Nonoperating Revenues		
Interest, dividends and other investment income	5,675,080	3,062,789
Net increase in fair value of investments	3,943,350	21,891,757
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,323,143	2,334,084
Total nonoperating revenues	11,941,573	27,288,630
Special Item - advance forgiveness	5,000,000	-
Change in Net Position	9,822,524	28,027,048
Net Position, July 1, as previously reported	43,479,931	15,452,883
Prior period adjustment	199,076	-
Net Position, July 1, as restated	43,280,855	15,452,883
Net Position, June 30	\$ 53,103,379	\$ 43,479,931

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Cash Flows  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Operating Activities		
Receipts for sales and services	\$ 129,100	\$ 152,775
Tuition contributions received	16,760,697	15,073,994
Payments to suppliers for good and services	(432,721)	(533,569)
Payments to employees	(167,797)	(147,382)
Payments for tuition benefits	(8,922,913)	(8,159,498)
Payments of refunds	(1,945,591)	(1,727,089)
Net Cash from Operating Activities	5,420,775	4,659,231
Noncapital Financing Activities		
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,323,143	2,334,084
Investing Activities		
Proceeds from sales or maturities of investments	43,399,906	46,519,251
Purchase of investments	(57,693,595)	(55,941,366)
Interest, dividends and other investment income received	5,819,438	3,086,277
Purchase of capital assets	-	(21,500)
Proceeds from sales of capital assets	-	-
Net Cash used for Investing Activities	(8,474,251)	(6,357,338)
Net Change in Cash and Cash Equivalents	(730,333)	635,977
Cash and Cash Equivalents, Beginning of Year	2,304,420	1,668,443
Cash and Cash Equivalents, End of Year	\$ 1,574,087	\$ 2,304,420

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Cash Flows  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Reconciliation of operating loss to net cash from (used for) operating activities		
Operating income (loss)	\$ (7,119,049)	\$ 738,418
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	18,035	17,822
Changes in		
Due from State of Nevada	(3,157)	61,554
Accounts receivable	-	575
Prepaid items	1,490	(1,490)
Tuition contributions receivable	(1,752,952)	(6,837,508)
Accounts payable and accrued liabilities	23,142	(24,859)
Due to State of Nevada	9,773	(17,247)
Due to other governments	3,432	(32,912)
Net pension liability	(44,567)	-
PERS deferred outflows	(2,123)	-
PERS deferred inflows	48,741	-
Tuition benefits payable	14,238,010	10,754,878
Net Cash from Operating Activities	\$ 5,420,775	\$ 4,659,231
Noncash Investing Activities		
Net increase in fair value of investments	\$ 3,943,350	\$ 21,891,757

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

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (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.

### **Reporting Entity and Purpose**

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, Prepayment of Tuition at Institutions of Higher Learning, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a five-member Board of Trustees (the Board).

The purpose of the Trust Fund's program is to provide 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. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has six years after the projected college entrance date to utilize the benefits of the contract. Exceptions are granted for military or religious service. 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 seventeenth enrollment period on February 28, 2015 with 977 new enrollments. The Trust Fund also had 353 cancellations and 188 contracts completing benefits for a total enrollment of 11,586 at June 30, 2015.

### **Measurement Focus and Basis of Accounting**

The Trust Fund is an enterprise fund (proprietary fund type) of the State of Nevada and thus is included in the State of Nevada's Comprehensive Annual Financial Report. The accompanying financial statements present only the Trust Fund and are not intended to present fairly the financial position of the State of Nevada, the changes in its financial position or its cash flows in conformity with GAAP.

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and 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.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

### **Cash Equivalents**

Cash equivalents include short-term highly liquid investments (with maturities of three months or less when purchased) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value. Such amounts include the Trust Fund's cash and investments pooled with the State Treasurer, and money market mutual funds.

### **Custodian and Transfer Agent**

BNY Mellon is the custodian and transfer agent for certain Trust Fund investments.

### **Investment Valuation and Income Recognition**

Investments are reported at fair value as determined by quoted market prices. Fair value is the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investments are marked to market daily.

Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Dividends are recorded on the ex-dividend date.

### **Tuition Contributions Receivable**

Tuition contributions receivable in the Trust Fund represents the actuarially determined present value of future installment payments anticipated from contract holders.

### **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 four to ten years. The cost of repairs and maintenance that do not materially extend the life of an asset are not capitalized.

### **Tuition Benefits Payable**

The Trust Fund records tuition benefits payable at the actuarial present value of its future tuition obligation, which is adjusted for the effects of projected tuition and fee increases and termination of contracts.

### **Equity Classifications**

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

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets after adding back the unspent portion of these borrowings.

2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors (including bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### **Accounting Changes**

The Trust Fund implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. This statement establishes accounting and financial reporting requirements related to pension expense and pension liabilities for employers that contribute to the Public Employees’ Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer plan administered by the Public Employees’ Retirement System of the State of Nevada. The effect of the implementation of these standards on beginning net position is disclosed in Note 9. No additional disclosures related to these standards have been included in the financial statements as the amounts do not significantly impact the financial position of the Trust Fund.

### **Note 2 - Compliance with Nevada Revised Statutes and Administrative Code**

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

### **Note 3 - Cash and Investments**

The State Treasurer serves as the administrator to the Trust Fund. The Trust Fund’s assets are managed in accordance with the Trust Fund’s investment objectives and policies, as provided in Section 353B.160.1 of NRS. Authorized investments are as follows:

- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A mortgage-backed security that is issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- “AAA” rated collateralized mortgage obligations that are issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- “A” or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States. The total amount invested in such bonds must not exceed 50% of the book value of the total fixed income investments;

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Notes to Financial Statements  
June 30, 2015

- “A-1”, “P-1”, “F-1” or better rated commercial paper;
- “AAA” rated commercial mortgage-backed securities;
- “AAA” rated asset-backed securities financing credit cards, auto, manufactured housing, or student loans;
- “A” rated money-market mutual funds that meet the criteria set forth in statute. The total dollar amount invested in such mutual funds must not exceed 20% of the total dollar amount of the Trust Fund that is invested;
- A covered call or put option on securities that are traded on one or more of the regulated exchanges in the United States;
- A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission. The total book value of this type of investment must not at any time be greater than 5% of the total book value of all investments of the Trust Fund;
- Common or preferred stock of corporations that have a total market value of not less than \$50,000,000. The maximum investment in stock is no greater than 60% of the book value of the total investments of the Trust Fund. Except for investments made pursuant to the final authorized investment below, the total amount invested in a single corporation is not greater than 3% of the book value of the assets of the Trust Fund and not greater than 5% of the outstanding stock of a single corporation; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust Fund’s investment policies address interest rate risk by providing for an asset allocation plan that gives appropriate consideration to an average investment horizon of 3 to 18 years, while taking into consideration current and near-term liquidity needs.

As of June 30, 2015, the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

	Fair Value	Maturities, in Years			
		Less Than 1	1-5	6-10	Greater Than 10
Investments					
Corporate notes	\$ 3,146,782	\$ 487,810	\$ 2,135,463	\$ -	\$ 523,509
U.S. agencies	\$26,380,011	-	1,983,781	413,584	23,982,646
U.S. Treasury notes	\$33,032,468	3,723,845	18,346,387	5,210,606	5,751,630
Cash equivalents					
Money market mutual funds	342,622	342,622	-	-	-
	<u>\$62,901,883</u>	<u>\$ 4,554,277</u>	<u>\$22,465,631</u>	<u>\$ 5,624,190</u>	<u>\$30,257,785</u>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds representing cash and cash equivalents) as of June 30, 2015, were rated by Standard and 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):

	Fair Value	Credit Quality Ratings			BBB
		AAA	AA	A	
Investments					
Corporate notes	\$ 3,146,782	\$ 225,099	\$ 759,081	\$ 2,162,602	\$ -
U.S. agencies	26,380,011	-	26,380,011	-	-
Cash equivalents					
Money market mutual funds	342,622	342,622	-	-	-
	<u>\$29,869,415</u>	<u>\$ 567,721</u>	<u>\$27,139,092</u>	<u>\$ 2,162,602</u>	<u>\$ -</u>

The ratings presented above may have differed if an equivalent national rating organization was utilized.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2015, the following investments exceeded 5% of the Trust Fund's total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corp - Asset Backed Mortgage Security	\$ 14,164,699	6.74%

**Other Risk**

The Trust Fund invests in various equity mutual funds, including at June 30, 2015, when equity mutual funds comprised approximately 70.12% of total investments. Equity mutual funds are exposed to other risks such as market risks. Due to the level of risk associated with equity mutual funds, it is at least reasonably possible that changes in the values of equity mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Pooled Cash and Investments**

Of the \$1,574,087 cash and cash equivalents at June 30, 2015, \$1,231,465 represents the Trust Fund's investment in the State of Nevada's external investment pool.

The Trust Fund is an internal participant in the external investment pool maintained by the Treasurer of the State of Nevada. The external investment pool is not registered with the SEC as an investment company. State of Nevada has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

State of Nevada  
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June 30, 2015

The Trust Fund receives a prorated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Trust Fund. Instead, the Trust Fund owns a proportionate share of each investment, based on the Trust Fund’s participation percentage in the investment pool.

Custodial Credit Risk – The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above 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.

Interest Rate Risk – 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).

As of June 30, 2015, the Trust Fund’s investments held in the external investment pool are categorized as follows:

	Percentage Based on Fair Value	Maturities, in Years			
		< 1	1-5	6-10	> 10
Investments					
U.S. agencies	52.69%	39.80%	12.89%	0.00%	0.00%
Mutual funds	8.59%	8.59%	0.00%	0.00%	0.00%
Asset-backed securities	5.58%	0.00%	2.00%	3.58%	0.00%
Corporate bonds and notes	13.45%	5.40%	8.05%	0.00%	0.00%
Commercial Paper	17.42%	17.42%	0.00%	0.00%	0.00%
Municipal bonds	2.27%	1.26%	0.78%	0.23%	0.00%
	100.00%				

Credit Risk – The State Treasurer’s investment policy addresses credit risks. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Banker’s 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,

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Notes to Financial Statements  
June 30, 2015

- 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.

The State's investments held in the external investment pool as of June 30, 2015 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	AAA	AA	A	Unrated
Investments				
U.S. agencies	0.33%	0.00%	99.67%	0.00%
Mutual funds	0.00%	0.00%	0.00%	100.00%
Asset-backed securities	0.00%	0.00%	100.00%	0.00%
Corporate bonds and notes	0.00%	63.42%	32.08%	4.50%
Commercial paper	0.00%	0.00%	100.00%	0.00%
Municipal bonds	0.00%	0.00%	100.00%	0.00%

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, 2015, the following investments exceeded 5% of the State of Nevada's investments in the external investment pool:

Federal Home Loan Bank	38.59%
United States of America	8.22%
Small Business Administration	5.58%
US Bank Natl Assoc IB NT	5.45%

Securities Lending – NRS 355.155 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 the market value of the underlying securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2015.

#### Note 4 - Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets				
Computer equipment	\$ 183,374		\$ (10,000)	\$ 173,374
Less accumulated depreciation	(58,206)	(18,034)	10,000	(66,240)
Capital Assets, Net	\$ 125,168	\$ (18,034)	\$ -	\$ 107,134

**Note 5 - Noncurrent Liabilities**

**Tuition Benefits Payable**

Included in noncurrent liabilities is the Trust Fund's tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits 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.

APV of the Future Tuition Obligation	\$ 199,391,406
Net Position Available	\$ 252,494,785
Net Position as a Percentage of Tuition Benefits Obligation	126.63%

The following assumptions were used in the actuarial valuation:

- Investment Rates: The investment yield assumption is 6.00% per year, which decreased from the 6.25% per year assumption used in the FY14 actuarial report.
- Tuition Growth Assumptions:

<u>Fiscal Year Ended</u>	<u>Universities</u>	<u>Community Colleges</u>
2016-17	4.00%	4.00%
2017-18	4.00%	4.00%
2018-19	4.00%	4.00%
2019-20 and later	5.75%	5.50%

Advance from the State of Nevada General Fund – College Savings Endowment Account:

Noncurrent liabilities included an advance from the State of Nevada's General Fund – College Savings Endowment Account. On March 11, 2015 the College Savings Board approved the forgiveness of the \$5,000,000 advance from the College Savings Endowment Account to the Trust Fund. As this transaction is within the control of management and infrequent in occurrence, the revenue is reported as a special item in the Statement of Revenues, Expenses, and Changes in Net Position.

Changes in the Trust Fund's noncurrent liabilities:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Tuition benefits payable	\$ 185,153,396	\$ 23,160,923	\$ (8,922,913)	\$ 199,391,406	\$ 17,709,553
Advance from State of Nevada General Fund - College Savings Endowment Account	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,153,396</u>	<u>\$ 23,160,923</u>	<u>\$(13,922,913)</u>	<u>\$ 199,391,406</u>	<u>\$ 17,709,553</u>

**Note 6 - Tuition Contributions and Tuition Benefits Expense**

The tuition contributions of \$18,513,649 and the tuition benefits expense of \$23,160,923 on the Statement of Revenues, Expenses and Changes in Net Position represent the annual accrual of contributions and benefit expenses for the year ended June 30, 2015, as determined by the actuarial valuation and adjusted by the actual activity for the fiscal year.

**Note 7 - Pension Plan and Other Post-Employment Benefits**

Employees of the Trust Fund are employees of the State of Nevada and the Nevada Legislature created various plans to provide benefits to qualified employees of the State.

Pension Plan – The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada’s *Comprehensive Annual Financial Report* for the year ended June 30, 2015.

Other Post Employment Benefits (OPEB) – The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees’ Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada’s *Comprehensive Annual Financial Report* for the year ended June 30, 2015.

**Note 8 - Risk Management**

As with all governmental entities, the Trust Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Such losses, if any, are accounted for in the State of Nevada’s various insurance funds. The Trust Fund is responsible for premium charges payable to the State of Nevada for coverage in the self-funded programs. There have been no material settlements related to the Trust Fund in any of the past three years.

**Note 9 - Restatement and Prior Period Adjustment**

As described in Note 1, the Nevada Higher Education Tuition Trust Fund implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. Following this statement, the fiscal year 2015 financial statements have been adjusted with a prior year restatement of the beginning net position to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made during the year ended June 30, 2014 as follows:

Net position at June 30, 2014, as previously reported	\$ 43,479,931
Net pension liability as of June 30, 2013	(214,838)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>15,762</u>
Net position at July 1, 2014, as restated	<u><u>\$ 43,280,855</u></u>

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

To the Board of Trustees  
Higher Education Tuition Trust Fund  
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements and have issued our report thereon dated January 8, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund'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 to those charged by 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**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 Trust Fund'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 Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
January 8, 2016

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 6**  
**January 28, 2016**

**Item: 2015 Fiscal Year Annual Report of the Nevada Higher Education Prepaid Tuition Trust Fund**

**Recommendation:**

**That the Board review and approve the 2015 Fiscal Year Annual Report of the Nevada Higher Education Prepaid Tuition Trust Fund, per NRS 353B.170.**

Fiscal: None.

**Summary:**

Under NRS 353B.170 the Board shall:

1. Prepare an annual report setting forth in appropriate detail an accounting of the Trust Fund and a description of the financial condition of the Trust Fund at the close of each fiscal year, including, without limitation, a statement of projected receipts, disbursements and operating costs of the Trust Fund.
2. Submit the report prepared pursuant to subsection 1 on or before March 31 of each year:
  - a) In odd-numbered years, to the Governor, the Senate Standing Committee on Finance and the Assembly Standing Committee on Ways and Means.
  - b) In even-numbered years, to the Governor and the Interim Finance Committee.

Attached, therefore, is the annual report of the Nevada Higher Education Prepaid Tuition Trust Fund as of June 30, 2015, prepared by State Treasurer staff. Sheila Salehian, Deputy Treasurer for the Prepaid Tuition Program, will be present to answer any questions.

# NEVADA **PREPAID** TUITION

Tomorrow's Tuition - Today's Prices

## Annual Report - Fiscal Year 2015



**State of Nevada**  
**Office of the State Treasurer**  
**Dan Schwartz**



**Dan Schwartz**  
State Treasurer



**STATE OF NEVADA  
OFFICE OF THE STATE TREASURER  
NEVADA PREPAID TUITION PROGRAM**

February 1, 2016

The Honorable Brian Sandoval  
Governor of the State of Nevada  
Capitol Building  
Carson City, NV 89701

Dear Governor Sandoval:

In accordance with Nevada Revised Statute 353B.170 and on behalf of the Board of Trustees of the College Savings Plans of Nevada, I respectfully submit the Nevada Prepaid Tuition Program (NPT) Annual Report for Fiscal Year 2015.

I encourage you to review the entire document. It presents a detailed analysis of the seventeenth annual year of enrollment and its financial underpinning. The enrollment period began on December 1, 2014 and closed on February 28, 2015, and had 1,014 new enrollees, bringing the total number of children enrolled in the Program to 18,363. During FY 2015, more than \$212.7 million was invested in the program. NPT continues to be self-supporting, requiring no contribution from the State's General Fund. As of June 30, 2015, the funded ratio of the plan was 127.9% (based on the actuarial value of assets and using a conservative 6% discount rate to value the assets). This program's funded ratio is one of the highest in the nation! To that point, I am pleased to report that the Board voted to keep the prices of contracts flat in 2016, despite the published Board of Regents 4% increase in Tuition in 2015-2016. This will help achieve the goal of keeping this program affordable for Nevada families!

Needless to say, challenges remain. We need to continue to grow this program, and look for ways to enhance servicing so more time is spent on outreach and education. We must also continue to integrate NPT and other college savings plans into the State's overall education objectives. How do we communicate to Nevada residents that if their son or daughter does not obtain a degree—at a 4 year higher education institution, 2 year community college, or trade school—they will be forever trapped at the bottom of the social and economic ladder? It's as simple as that.

In closing, I am committed to improving the opportunities afforded to our high school youth as well as expanding the number of students who benefit from our prepaid tuition program. Your ongoing support of this worthwhile program is appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Schwartz".

Dan Schwartz  
State Treasurer

555 E. Washington Avenue  
Suite 4600  
Las Vegas, Nevada 89101  
NVPrepaid.gov

NEVADA  
**PREPAID TUITION**

(888) 477-2667 Toll Free  
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## **EXECUTIVE SUMMARY**

The purpose of the Nevada Prepaid Tuition Program (Program) is to provide a convenient and affordable way for Nevada families to save for college through a system that allows purchasers to lock in the cost of higher education credit hours today, for future use. The Nevada Prepaid Tuition Program allows parents, grandparents, extended family and friends to purchase a contract for a fixed amount of undergraduate credit hours for a child to use when they graduate from high school. The Program offers five tuition plans and three payment options. A purchaser enters into a contract by choosing a plan and a payment option for a specified beneficiary that meets their personal needs and budget. When the beneficiary enrolls in college, the Program will pay the contract benefits on their behalf directly to the institution. The contract benefits are based on in-state rates at Nevada public colleges, but can be used toward credit hour costs at any accredited public or private institution of higher education, either in-state or out-of-state.

The Program operates under Nevada Revised Statutes (NRS) Chapter 353B, which was adopted by the Nevada Legislature in 1997. The Program is administered by the Office of the State Treasurer under the direction of the Board of Trustees of the College Savings Plans of Nevada (Board). The Board consists of five members:

- \* State Treasurer - Chair
- \* Director of the Department of Administration or his/her designee
- \* Chancellor of the Nevada System of Higher Education (NSHE) or his/her designee
- \* Two members appointed by the Governor

In accordance with NRS 353B, the Board is required to contract with a certified actuary and a certified public accounting firm to perform an annual actuarial valuation and financial audit, respectively. For FY 2015, the Board was contracted with Gabriel Roeder Smith & Company to conduct the actuarial valuation study and with Eide Bailly LLP to conduct the annual audit of the accounts and records of the Program and the Board.

The Program also contracts and regularly meets with professional investment manager(s) and consultants to invest assets of the plan. The Board contracted with Chicago Equity Partners to manage the fixed income portfolio, Glenmede to manage its covered calls, and passively managed large, mid, and small cap U.S. equity mutual funds with Vanguard. Pension Consulting Alliance (PCA) performed investment oversight and reporting throughout Fiscal Year 2015. Investments were made in accordance with the Program's Investment Policy approved by the Board.

### **FINANCIAL STABILITY**

The Nevada Prepaid Tuition Program is not supported by the full faith and credit of the State of Nevada, nor is it guaranteed by the State's General Fund. The Board continuously evaluates and takes necessary measures to maintain the financial stability of the Program. To that end, in Fiscal Year 2015, the Board:

- ◆ Continued to approve an annual transfer of \$1.82 million in funds from the College Savings Trust Fund to increase the actuarial soundness of the Program.
- ◆ Contracted with investment firms (Chicago Equity Partners, Glenmede, and Vanguard) to provide professional investment services.

- ◆ Contracted with an investment consultant (PCA) to monitor investments and provide consultation to the Board.
- ◆ Expanded marketing and outreach to increase customer awareness and participation.

Those measures helped to make Fiscal Year 2015 another effective one, resulting in:

- ◆ A program funded status of 127.9%.
- ◆ A return of 5.1% in the Program's investment portfolio.
- ◆ An increase of 8% in the Program's total assets.
- ◆ An increase of 22.1% in the Program's net position.
- ◆ A total of 1,014 new enrollees.

## **ENROLLMENT**

The Fiscal Year 2015 enrollment period ran from December 1, 2014 to February 28, 2015, with newborns under the age of twelve months allowed to enroll in the program through June 30, 2015. The FY 2015 enrollment proved to be a productive one.

- ◆ There were 1,014 new enrollments.
- ◆ The number of participants that chose the 4-year University Plan in the FY 2015 enrollment period rose slightly from the previous fiscal year (from 56.85% in FY 14 to 60.26% in FY 15) and continues to be the most popular plan choice.
- ◆ The lump sum payment option also grew this fiscal year, from 30.24% in FY 14 to 35.80% in FY 15, and remains to account for over 1/3 of all contract payment plans.
- ◆ Newborns saw a slight increase in new enrollments (from 13.5% in FY 14 to 15.88% in FY 15) and still remains the largest percentage of new enrollees in a single age group.

## **OBJECTIVES**

The financial objectives of the Board have remained consistent:

- ◆ Require the fair value of the Program's investments and assets to be greater than or equal to the actuarial value of all obligations, including future tuition benefits and all future administrative expenses and liabilities associated with operating the Program.
- ◆ Establish an appropriate investment portfolio of assets to accumulate an amount sufficient to pay future tuition benefits and administrative expenses associated with all prepaid contracts.
- ◆ Establish contract plans and payment options that offer value and affordability for Nevada families.

## **CONTRACT PRICING**

Similar to the previous fiscal year, prices for the enrollment period in Fiscal Year 2015 were established taking into consideration four key factors:

- ◆ Future tuition increase assumptions at the Nevada System of Higher Education (NSHE).
- ◆ Assumed rate of return on investments.
- ◆ Methodology of allocating current and future administrative expenses of the Program.
- ◆ Historical utilization of credit hours by participants in the program.

Based on the above factors, in addition to the current funded status of the Program, and the continued annual transfer of \$1.82 million dollars from the College Savings Endowment account into the Nevada Prepaid Tuition Trust Fund, the Board was able to hold the pricing increases for new contracts in Fiscal Year 15 relatively flat.

### **BENEFIT USAGE**

The Program's benefits can be used at any eligible educational institution nationwide upon the expected matriculation year of the beneficiary. The number of students using their benefits in the Nevada Prepaid Tuition Program continues to grow each year as early enrollees in the Program begin to reach college age.

- ◆ Roughly 2,792 students used their tuition benefits in Fiscal Year 2015, an increase of 5.5% from the previous year.
- ◆ The Program paid \$8,922,913 in tuition benefits in Fiscal Year 2015, an increase of 9.3% over the prior fiscal year.
- ◆ In Fiscal Year 2015, the Program paid roughly \$5.97 million to the Nevada System of Higher Education Institutions. This was 66.9% of total tuition benefits paid, which was a very small decrease (.4%) from the prior fiscal year.
- ◆ As of June 30, 2015, 2,062 students (an increase of 333 from the previous fiscal year) have expended all their benefits to attend college.

Future objectives and strategies will include:

- ❖ Ongoing evaluation of the factors and assumptions used to set contract prices.
- ❖ Ongoing evaluation of the position and assumptions used for establishing the asset allocation of the Trust Fund portfolio to ensure its long-term financial viability.
- ❖ Continual evaluation of the overall Program to determine ways to make enhancements and provide additional options and value.
- ❖ Expansion of outreach to better educate Nevada's families and to increase enrollments.

## SUMMARY OF ACTUARIAL VALUATION REPORT

The Board is required by NRS 353B.190 to contract with an independent certified actuary to perform an annual actuarial valuation of the Higher Education Tuition Trust Fund. The Board contracted with Gabriel Roeder Smith & Company (GRS) to perform the valuation for Fiscal Year 2015. The Actuarial Valuation Report prepared by GRS for Fiscal Year 2015 shows continued improvement in the financial position of the Higher Education Tuition Trust Fund and the Prepaid Tuition Program.

The substantial improvements seen during Fiscal Year 2015 include:

- ◆ The market value of assets grew by 10.1%, an increase of \$19,669,684 from the prior fiscal year.
- ◆ The stabilization reserve (surplus) increased by \$7,184,626, or 14.8% from the prior fiscal year. This increase was primarily due to a strong investment performance.
- ◆ The funded ratio, which represents the Program’s ability to meet its obligations and payout benefits for all current contracts, rose slightly from 126.2% in Fiscal Year 14 to 127.9% in Fiscal Year 15, an increase of 1.3%.

The increase in the funded status was mostly attributed to:

- a. The Board of Regents adopting and publishing tuition increase rates for the next four fiscal years that reflected lower than previously anticipated tuition increases.
- b. Contract pricing that included a small margin.
- c. The continued transfer of \$1.8 million from the Nevada College Savings Trust Fund.

<b>SUMMARY OF VALUATION RESULTS</b>		
<b>Assets</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>
Actuarial Value of Assets	\$214,319,167	\$194,649,483
Present Value of Future Contract Payments	\$40,783,154	\$39,030,202
<b>Total Actuarial Value of Fund Assets</b>	<b>\$255,102,321</b>	<b>\$233,679,685</b>
<b>Liabilities</b>		
Actuarial Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses	\$199,391,406	\$185,153,396
<b>Surplus</b>	<b>\$55,710,915</b>	<b>\$48,526,289</b>
<b>Funded Ratio</b>	<b>127.9%</b>	<b>126.2%</b>

As a result of the Board’s asset allocation investment decisions, and contract pricing, the Program has been able to maintain its surplus and high funded ratio, in contrast to a number of other states’ prepaid tuition plans. This is critical because the Program is not supported or backed by the State’s general fund.

The full actuarial valuation report is contained in Appendix A.

## SUMMARY OF INDEPENDENT AUDITOR’S REPORT

NRS 353B.180 requires the Board to contract with an independent certified public accounting firm to perform an annual audit of accounts and records of the State Treasurer and the Board. The Board contracted with the independent auditing firm Eide Bailly, LLP, which performed the audit on the Higher Education Tuition Trust Fund for Fiscal Year 2015, which ended on June 30, 2015.

For Fiscal Year 2015, the Trust Fund once again received a favorable opinion with no deficiencies in internal controls of material weaknesses found or reported. Points of interest were:

- ◆ The Trust Fund continued to be classified as an enterprise fund of the State of Nevada and was included in the State of Nevada’s *Comprehensive Annual Financial Report*. (CAFR)
- ◆ The Trust Fund adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which resulted in a restatement of the net position as of July 1, 2014, but did not modify any previous opinions.
- ◆ Total assets held were \$252,907,498, an increase of \$19,098,932 or 8% from the previous fiscal year.
- ◆ Total operating expenses increased by \$4,436,514 (20.8%) from the prior fiscal year, for a total of \$25,761,798.
- ◆ Despite a decrease of 15.5% in the total operating revenue for FY 15, The total net position continued to rise, from \$43,479,931 to \$53,103,379, an increase of roughly 22.1%.

### Higher Education Tuition Trust Fund Net Position

	2015	2014
Assets		
Current and other assets	\$ 252,800,364	\$ 233,683,398
Net capital assets	107,134	125,168
Total Assets	252,907,498	233,808,566
Deferred Inflows		
Pension Related	17,885	-
Liabilities		
Current liabilities	17,921,139	21,134,868
Noncurrent liabilities	181,852,124	169,193,767
Total Liabilities	199,773,263	190,328,635
Deferred Outflows		
Pension Related	48,741	-
Net Position		
Invested in capital assets	107,134	125,168
Unrestricted	52,996,245	43,354,763
Total Net Position	\$ 53,103,379	\$ 43,479,931

The financial statements of the Trust Fund have been prepared in conformance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to government agencies and standards accepted by the Governmental Accounting Standards Board (GASB).

The full auditor’s report is contained in Appendix B.

## SUMMARY OF INVESTMENT REPORTS

The Board contracts and works closely with both professional investment managers and investment consultants for the management and investment of assets held in the Higher Education Tuition Trust Fund. In Fiscal Year 2015, the Board contracted with Chicago Equity Partners to manage the fixed income portfolio, Glenmede to manage the plan's covered calls, and passively managed large, mid, and small cap U.S. equity mutual funds with Vanguard. The Board contracted with Pension Consultant Alliance (PCA) as its independent investment consultant. Included in this annual report is the performance review from PCA as of June 30, 2015.

In Fiscal Year 2015, the Board updated its investment policy and adjusted its asset allocation to include Covered Calls in its overall portfolio. For Fiscal Year 2015, the Board approved the portfolio's asset allocation of 30% to fixed income, 20% to covered calls, and 50% to equities. The equities portion of the portfolio is further allocated to three separate funds: Large Cap, Mid Cap, and Small Cap.

Fund Market Values of Investments				
Asset Class	Allocation		Fiscal Year 2015	Fiscal Year 2014
	FY 15	FY 14		
Large Cap	39%	45%	\$83,538,000	\$92,656,106
Mid Cap	7%	8%	\$15,547,000	\$16,498,268
Small Cap	4%	4%	\$7,900,000	\$8,101,137
Covered Calls	20%	-	\$40,615,000	-
Fixed Income	30%	43%	\$63,176,000	\$75,313,003
Total	100%		\$210,776,000	\$192,568,513

- ◆ The market value of assets grew to \$210,776,000 in Fiscal Year 2015, which was an increase of \$18,207,487, or 9.4% from the prior fiscal year.
- ◆ For the fiscal year ending June 30, 2015, the Program's portfolio had a 5.1% return, slightly outperforming its blended benchmark of 4.9%, and just slightly under the Program's assumed rate of return of 6%.
- ◆ The Program's three-year investment return was 10.9%, which matched its target benchmark.

The Report from Pension Consultant Alliance is contained in appendix C.

## SUMMARY OF ENROLLMENT STATISTICS

Various statistics are collected from the enrollment forms submitted by purchasers who enrolled children in the Program. This information is provided by purchasers on a strictly voluntary basis. The information has been collected and presented for Fiscal Year 2015 and in comparison to the previous fiscal year. Below are highlights of the information collected for the Fiscal Year 2015 enrollment.

- ◆ Of the five plan choices offered, the four-year university plan still remains the most popular, with 60.26% of purchasers choosing this plan option. The two-year university plan followed second with 13.71% popularity. The lump sum payment option increased slightly this fiscal year, and was chosen by 35.8% while the five-year and extended monthly installment payment options made up the other 64.2% of contracts purchased. Among new enrollees choosing a monthly payment option, 14.1% chose to make a down payment, lowering their monthly payments for the contract they purchased.
- ◆ Residents from Clark and Washoe counties continued to purchase the most Prepaid Tuition plans in Fiscal Year 2015. Residents of Clark County purchased slightly more than half (53.85%) of the contracts, while residents of Washoe County purchased 32.35% of the contracts. Carson County remains third with 3.65% of the contracts purchased.
- ◆ Newborns saw a slight increase (2.34%) in the number of new contracts from the previous fiscal year, and remained to account for the highest percentage of contracts (15.88%). Beneficiaries in second and third grade followed at 8.28% and 7.89%, respectively.
- ◆ Slightly over 55.00% of the beneficiaries were Caucasian, followed by Asians (14.0%), Hispanics (11.74%), African-Americans (4.64%), and Native Americans (1.87%).
- ◆ Parents once again continued to purchase the largest percentage of contracts (80.77%) for their children, followed by grandparents (10.95%).
- ◆ As in the previous fiscal year, participants with a bachelor's degree continued to purchase the largest percentage of contracts (34.71%), followed by those with a master's degree (17.46%).
- ◆ Purchasers with annual household incomes under \$50,000 represented 10.35% of the plans sold. Purchasers with annual household incomes ranging from \$50,000 to \$79,000 represented 15.58%, and those with an income level of \$80,000 or more represented slightly over half of the contracts purchased.
- ◆ Purchasers continued to indicate that 'word of mouth' was the primary source of how they heard about the program (33.04%). By making the referral source a mandatory field on the on-line enrollment process, the other sources shifted in Fiscal Year 15. 'School' jumped to third with 21.60% and 'Radio/TV' was fourth with 11.64%.

The complete collection of tables and charts are contained in Appendix D.

## OUTREACH AND FUTURE DIRECTION

The Nevada State Treasurer's Office continues to offer a broad range of unique college savings plan options to help Nevadans prepare and pay for future higher education expenses. Office staff continues to work with public and private schools throughout the state, as well as with various professional groups and nonprofit partners, to sponsor community events providing college savings information and education to Nevada families.

The Nevada Prepaid Tuition Program continued with an exciting promotion in the 2015 enrollment period that awarded two participants with a Nevada Prepaid Tuition account of one full year at the university level! One northern Nevada winner was recognized on a news segment on channel 4 in Reno on February 4, 2015, and one southern Nevada winner was recognized with a ceremony covered by channel 13 on January 27, 2015 Morning Blend Show (pictured below).

Staff attended almost 100 events throughout Nevada and continued to expand outreach efforts by communicating with Nevada families through numerous online media sources, including online banner advertising, Facebook ads, online search engine marketing, and other digital mediums. With the continued recovery in the Nevada economy and with an increased emphasis on educating families about the importance of saving for college, the outlook for continued growth in the Nevada Prepaid Tuition Program is great. Almost 19,000 families have enrolled their children into the program since it opened in 1998. The Program has recently launched a new outreach campaign, which includes "Sage", the Desert College Savings Tortoise. Sage is focused on getting kids excited about going to college and highlighting all of the saving options the State Treasurer's office offers, such as Nevada Prepaid Tuition, SSgAUpromise529, Vanguard, USAA, and Putnam 529 For America, as well as highlighting Nevada's two scholarship programs, the Governor Guinn Millennium Scholarship Program, and Nevada's unique College Kick Start Program which establishes \$50 seed accounts for kindergarten students. All programs work together to help families fully prepare for the exorbitant cost of higher education. All college savings plans are administered by State Treasurer Dan Schwartz, with oversight by the College Savings Board of Nevada.



Treasurer Dan Schwartz presents one year of free tuition to the Griego family as the Southern Nevada contest winners



The Monroe family of Northern Nevada is awarded one year of free tuition by Treasurer Dan Schwartz

**APPENDIX A**

**ACTUARIAL VALUATION REPORT**

**NEVADA PREPAID TUITION PROGRAM  
ACTUARIAL VALUATION REPORT  
AS OF JUNE 30, 2015**

October 19, 2015

Board of Trustees of the College Savings Plans of Nevada  
Office of the State Treasurer  
555 E. Washington Ave., Suite 4600  
Las Vegas, NV 89101

Attention: Ms. Sheila A. Salehian, Senior Deputy Treasurer

**Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2015**

Dear Trustees:

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the “Program”) as of June 30, 2015. The purpose of this actuarial valuation is to evaluate the financial status of the program as of June 30, 2015.

This report presents the principal results of the actuarial valuation of the Program including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2015, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the Program’s Board and is intended for use by the Program’s Board and those designated or approved by the Program’s Board. This report may be provided to parties other than the Program’s Board only in its entirety and only with the permission of the Program’s Board. This report should not be relied on for any purpose other than the purpose described above.

The valuation results set forth in this report are based upon data and information, furnished by the Program, concerning Program benefits, financial transactions, and beneficiaries of the Program. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Program. Further, the data and information provided is through June 30, 2015, and does not reflect subsequent market changes.

There are currently no Actuarial Standards of Practice that specifically refer to prepaid tuition plans. We have followed the guidance from the Actuarial Standards of Practice on pensions due to their similar nature.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Program and the Program’s Board. We have not performed a detailed experience study but have performed some limited analyses on the assumptions. Based on our limited analyses, we believe these assumptions are within a reasonable range and are in compliance with actuarial standards regarding pension calculations, and consequently for the Program.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report is not a recommendation to anyone to participate in the Program. GRS makes no representations or warranties to any person participating in or considering participation in the Program. Current and future participants should be aware that the promises of the Program will only be met if the assets of the Program are sufficient to pay its obligations.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Nevada Prepaid Tuition Program as of June 30, 2015.

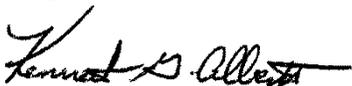
The term “sound” or “actuarially sound” is not explicitly defined in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (1) assets meet or exceed liabilities on the valuation date; or
- (2) assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s Funding Policy Guideline.

David Kausch is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

GRS is independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, FCA, MAAA

KGA/DTK:bd

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**SECTION A**  
EXECUTIVE SUMMARY

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## SUMMARY OF RESULTS

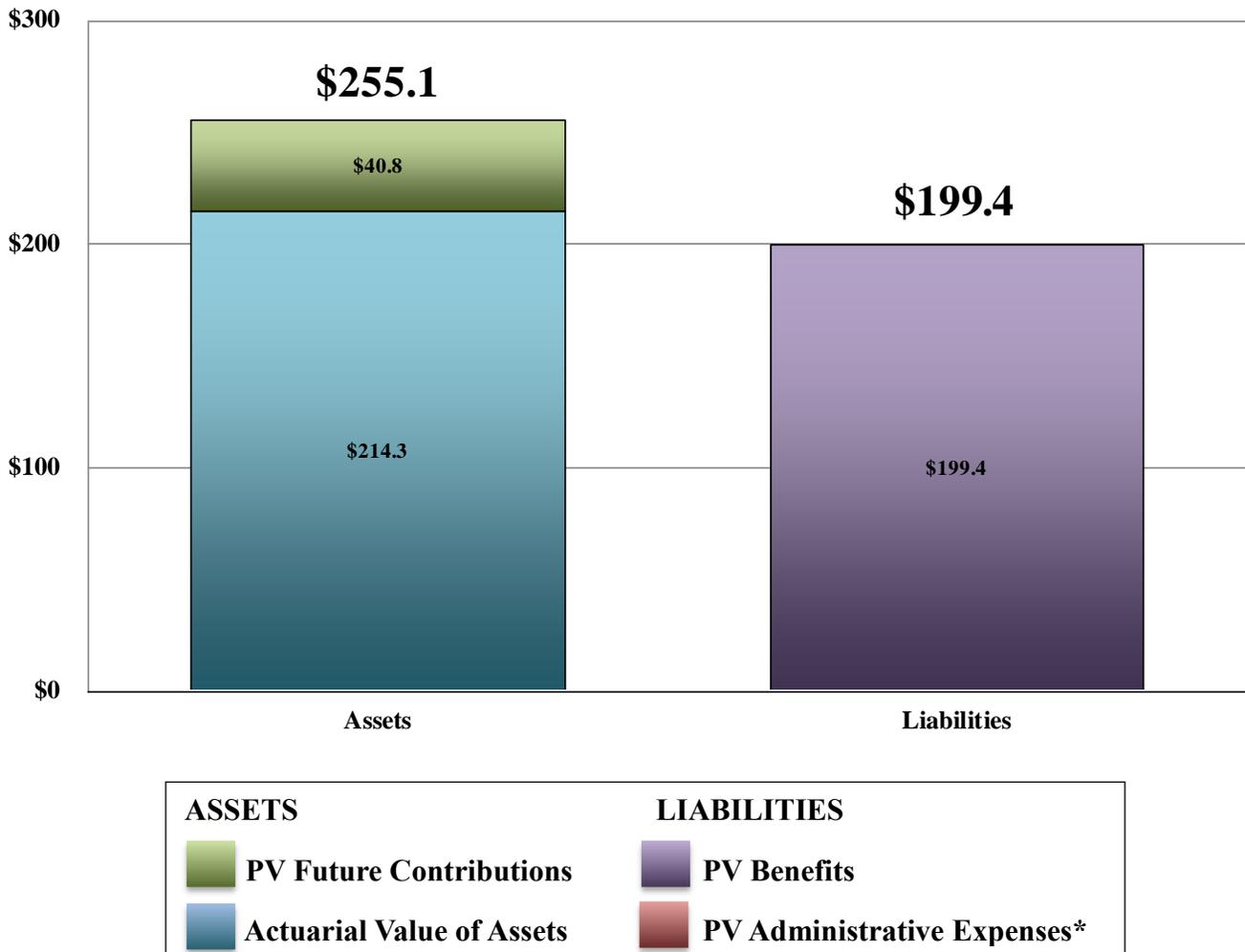
<b>Valuation Date:</b>	<b>June 30, 2015</b>
<b>Membership Summary:</b>	
Counts	
Contract Payments in Progress	3,679
Contract Payments Fully Paid	4,979
Delinquent in Contract Payments	410
Benefit Payments in Progress	2,544
Deferred Benefits	244
<b>Total</b>	<b>11,856</b>
Average Years until Expected Enrollment if not yet in Payment Status	
	7.9
<b>Assets</b>	
Actuarial Value of Assets	\$ 214,319,167
Present Value of Future Contract Payments	\$ 40,783,154
<b>Total</b>	<b>\$ 255,102,321</b>
Rate of Return on Actuarial Value of Assets for Year Ended June 30, 2015	
	5.96%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds, Fees, and Administrative Expenses)	
	\$ 199,391,406
Surplus/(Deficit)	
	\$ 55,710,915
Funded Ratio*	
	127.9%

\* The Funded Ratio is the ratio of the Actuarial Value of Assets to actuarial liabilities as defined in the Board's Funding Policy Guideline (see Appendix). This ratio may not be appropriate for determining the Program's settlement costs. This ratio is appropriate for determining the need for future contributions from sources other than new contract purchases. A ratio above 100% indicates that additional future contributions from sources other than new contract purchases is not currently needed under the current set of assumptions (including the assumption that the Program will continue to be open to new participants). The funded status would be 126.8% if the Market Value of Assets was used. The rate of return on a Market Value basis was 4.78%.

# SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2015

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## Nevada Prepaid Tuition Program (\$ in Millions)



*\*Present Value of Administrative Expenses is shown as zero, assuming administrative expenses are paid from the College Savings Endowment Fund.*

## FUNDED STATUS AS OF JUNE 30, 2015

Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$199,391,406
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$255,102,321
<b>Surplus/(Deficit) as of June 30, 2015</b>	<b>\$ 55,710,915</b>

## GAIN/(LOSS) SUMMARY

	<b>Surplus/(Deficit)</b>
(1.) Values as of June 30, 2014	\$ 48,526,289
(2.) Endowment Contributions	\$ 1,820,000
(3.) Admin Fees net of Admin Contributions <sup>^</sup>	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 3,089,769
(5.) New Enrollment Group <sup>#</sup>	\$ 1,914,325
(6.) Projected Value at June 30, 2015 [(1.)+(2.)+(3.)+(4.)+(5.)]	\$ 55,350,383
(7.) Change Due to:	
a. Investment Experience	\$ (582,242)
b. Tuition/Fee Inflation	-
c. Change in Investment Return Assumption	(2,868,866)
d. Change in Tuition Increase Assumption	1,826,770
e. Other Experience During Fiscal Year 2015 <sup>@</sup>	1,984,870
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e.]	\$ 360,532
(9.) Actual Values as of June 30, 2015 [(4.) + (6.)]	\$ 55,710,915

<sup>^</sup> Administrative fees are covered by a contribution from the Endowment Fund.

<sup>#</sup> Determined before change in assumptions.

<sup>@</sup> All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.

## **DISCUSSION**

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### **Actuarial Valuation**

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2015.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2015 and compare such liabilities with the value of the assets associated with the Program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the member data, financial data, Program provisions, and actuarial assumptions and methods.

The actuarial standards do not define the term “sound” or “actuarially sound.” For purposes of this report, we are defining this term to mean the following:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program’s Funding Policy Guideline.

Under this definition, the Program is actuarially sound, based on the actuarial assumptions used in this valuation.

### **Financial Status of Program**

As of June 30, 2015, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is \$199.4 million. Fund assets as of June 30, 2015, including the Actuarial Value of Program Assets and the present value of installment contract receivables, are \$255.1 million.

The difference between the Actuarial Value of Assets of \$255.1 million and Program obligations of \$199.4 million represents a Program surplus of \$55.7 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2014 was \$48.5 million.

Under the approved assumptions, the Program is 127.9% funded and is expected to be able to pay benefits on behalf of all current contracts.

This surplus acts as a risk reserve to mitigate future experience losses.

## DISCUSSION

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### Gain/Loss Analysis

The Program experienced continued improvement in the funded status during the year ending June 30, 2015. This net gain was a combination of:

- \$1.8 million contribution from the Nevada College Savings Trust Fund (NCSTF) (this represents 25% of the increase in the surplus);
- Pricing that includes a margin for all new contracts (see (5.) on page C-3);
- An investment return on assets that was below the assumed 6.25% rate of return. The return on a Market Value basis was 4.78%. However, due to the 5-year smoothing, the Actuarial Value of Assets recognized a rate of return of 5.96%. Due to the funded status in excess of 100%, the loss on the Actuarial Value of Assets was not large enough to prevent the surplus from increasing during the year.

### Assumption Changes

The Board of Trustees adopted changes to the assumed rate of price inflation (lowering the assumption by 25 basis points). While not directly used in this valuation, the result of this change was a lowering of the rate of investment return assumption and the tuition increase assumptions by 25 basis points. In addition, the long-term tuition increase assumption for community colleges was lowered by an additional 25 basis points to reflect the differing historical experience between community colleges and universities. The change in the tuition increase assumption resulted in a 1.8 million dollar increase in the funded status of the Plan. The change in the investment return assumption resulted in a 2.9 million dollar decrease in the funded status of the Plan. All other assumptions are the same as used in the June 30, 2014 actuarial valuation.

### Transfers from NCSTF

We understand that the Transfers from the NCSTF are continuing on an annual basis. However, that additional revenue was not included in the development of the funded status. If we recognized annual contributions from the NCSTF of \$1.8 million for each of the next 20 years, then the funded status would be 138.3% (see page G-8).

### Benefit Provisions

We understand there were no changes in the Program provisions since the last actuarial valuation as of June 30, 2014 that would affect the computation of liabilities.

### Annual Benefit Payouts

Annual benefit payouts have been less than expected over the last several valuations resulting in experience gains. The differences (and usually gains) have been small and well within the magnitude of normal year to year variation. However, the actuary does suggest the utilization assumption be studied to see if changes to the assumptions are warranted for future valuations. We recommend such a study be performed before the next valuation cycle.

## DISCUSSION

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### Reconciliation of Funded Status Change

	<u>Surplus/(Deficit)</u>	<u>Funded %</u>
June 30, 2014	\$ 48,526,289	126.2%
NCSTF Contribution	1,820,000	0.8%
Interest at Assumed Return (6.25%)	3,089,769	1.3%
Investment Gain (Return Above Assumption)	(582,242)	-0.2%
New Contract Experience	1,914,325	0.8%
Change in Investment Return Assumption (6.25% to 6.00%)	(2,868,866)	-1.2%
Change in Long Term Tuition Increase Assumption after 2019#	1,826,770	0.8%
Other Experience	1,984,870	0.8%
Misc Change in %s due to Changing Denominator	N/A	-1.4%
June 30, 2015	<u>\$ 55,710,915</u>	<u>127.9%</u>

# The long term tuition increase assumption was lowered from 6.00% for all colleges to 5.75% for 4-year universities and 5.50% for community colleges.

### Repayment from the Trust Fund

We understand that the Board has adopted a policy to forgive the repayment of \$5 million previously transferred from the NCSTF.

### Method Changes

In accordance with the Funding Policy Guideline adopted by the Board, this valuation uses a smoothing process in determining the Actuarial Value of Assets (also known as the Funding Value of Assets). This process immediately recognizes the expected return. 20% of the difference between the actual and expected return is also recognized in the current year and 20% is recognized in each of the next 5 years. The Actuarial Value of Assets is not allowed to deviate by more than 20% from the market value. This smoothing process is intended to provide a more stable valuation from year to year.

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**SECTION B**  
PROGRAM DESCRIPTION

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## SUMMARY OF PROGRAM DESCRIPTION EVALUATED JUNE 30, 2015

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**Purchasing Contracts** – Contract holders may purchase contracts during an enrollment period for newborns to 9<sup>th</sup> graders. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- **University Plans**
  - 4-Year University (120 University Level Credit Hours)
  - 2-Year University (60 University Level Credit Hours)
  - 1-Year University (30 University Level Credit Hours)
  
- **Community College Plan**
  - 2-Year Community College (60 Community College Credit Hours)
  
- **University and Community College Plan**
  - 2-Year Community College & 2-Year University (60 Community College and 60 University Credit Hours)

**Contract Payments** – Contract holders may agree to pay their contracts off in a variety of ways:

- **Lump-Sum Payment** (Full Contract paid in full at time of enrollment to the Program)
- **5-Year Payments\*** (60 monthly payments after purchase of contract)
- **Extended Payments\*** (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)

\* Members may also elect monthly payment options with an additional Down Payment made at the time of enrollment to the Program.

**Tuition Payments** – When the beneficiary matriculates, the portion of tuition covered by the Program will be dependent on the school of which they attend and the plan they purchase. The program will pay the tuition (also known as registration fees) for all public Universities or Community Colleges in the state. If the beneficiary elects to attend a private or out-of-state University or Community College, the Program will pay out the maximum amount that it would have paid to a Nevada school under the matching contract that was purchased.

**Refunds** – If a contract purchaser elects to withdraw from the plan, the amount refunded will be equal to the sum amount the purchaser has paid to the plan less any fees and/or monies paid to a school on the student's behalf.

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**SECTION C**  
VALUATION RESULTS

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## PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2015

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	2015	2014
<b>Number of Members</b>		
a. Contract Payments in Progress	3,679	3,482
b. Contract Payments Fully Paid	4,979	5,010
c. Delinquent in Contract Payments	410	398
d. Benefit Payments in Progress	2,544	2,406
e. Deferred Benefits	244	224
f. Total	11,856	11,520
Average Years until Enrollment if Not Yet In Payment Status	7.9	7.9
<b>Assets*</b>		
a. Actuarial Value of Assets	\$ 214,319,167	\$ 194,649,483
b. PV Future Member Contributions	40,783,154	39,030,202
c. Total Actuarial Value of Assets	\$ 255,102,321	\$ 233,679,685
<b>Actuarial Results</b>		
Liabilities - Tuition and Fees	\$ 199,391,406	\$ 185,153,396
Liabilities - Present Value of Future Administrative Expenses	-	-
Liabilities Total	\$ 199,391,406	\$ 185,153,396
Surplus/(Deficit)	\$ 55,710,915	\$ 48,526,289
Funded Ratio	127.9%	126.2%

\* Market Value of Assets was used in 2014.

## PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2015 (CONCLUDED)

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	2015	2014
<b>Assets #</b>		
a. Actuarial Value of Assets	\$ 214,319,167	\$ 194,649,483
b. PVFMC* (Short Term) <sup>a</sup>	8,870,584	8,924,543
c. PVFMC* (Long Term) <sup>b</sup>	31,912,570	30,105,659
d. Total Actuarial Value of Assets	\$ 255,102,321	\$ 233,679,685
 <b>Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses</b>		
a. Short Term <sup>a</sup>	\$ 17,692,108	\$ 15,959,629
b. Long Term <sup>b</sup>	181,699,298	169,193,767
c. Total	\$ 199,391,406	\$ 185,153,396
 <b>Surplus/(Deficit)</b>	 \$ 55,710,915	 \$ 48,526,289
 <b>Funded Ratio</b>	 127.9%	 126.2%

\* Present Value of Future Member Contributions.

<sup>a</sup> Present value of amounts in following year.

<sup>b</sup> Present value of amounts after first year.

# Market Value of Assets was used in 2014.

## GAIN/(LOSS) SUMMARY

	Present Value of Benefits	PV Future Member Contributions	Funding Value of Assets	Surplus/(Deficit)
(1.) Values as of June 30, 2014	\$ 185,153,396	\$ 39,030,202	\$ 194,649,483	\$ 48,526,289
(2.) Contract Payments, Endowment Contributions	\$ -	\$ (9,188,416)	\$ 11,008,416	\$ 1,820,000
(3.) Tuition Payments, Refunds, Admin Fees net of Admin Contributions <sup>^</sup>	\$ (10,739,405)	\$ -	\$ (10,739,405)	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 11,236,481	\$ 2,152,250	\$ 12,174,000	\$ 3,089,769
(5.) New Enrollment Group #	\$ 15,462,770	\$ 9,568,180	\$ 7,808,915	\$ 1,914,325
(6.) Projected Values at June 30, 2015 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 201,113,242	\$ 41,562,216	\$ 214,901,409	\$ 55,350,383
(7.) Change Due to:				
a. Investment Experience *	\$ -	\$ -	\$ (582,242)	\$ (582,242)
b. Tuition/Fee Inflation	-	-	-	-
c. Change in Investment Return Assumption	3,209,549	340,683	-	(2,868,866)
d. Change in Tuition Increase Assumption	(1,826,770)	-	-	1,826,770
e. Other Program Experience During Fiscal Year 2015	(3,104,615)	(1,119,745)	-	1,984,870
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e.]	\$ (1,721,836)	\$ (779,062)	\$ (582,242)	\$ 360,532
(9.) Actual Values as of June 30, 2015 [(6.) + (8.)]	\$ 199,391,406	\$ 40,783,154	\$ 214,319,167	\$ 55,710,915

<sup>^</sup> Administrative fees are covered by a contribution from the Endowment Fund.

# Determined before change in assumptions.

\* Investment Experience on Actuarial Value of Assets includes any differentiation in Market Value of Assets as provided by the Program.

## **SENSITIVITY TESTING RESULTS**

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The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Nevada Prepaid Tuition Program. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 6.00% each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Program's results under alternative assumptions for future investment income and tuition increases as follows:

1. Current valuation assumptions approved by the Program's Board (6.00% investment return with 5.75% and 5.50% long-term tuition increases for Universities and Community Colleges respectively).
2. Tuition increases are 100 basis points higher/lower in each future year than assumed in this year's soundness valuation.
3. The investment return is 100 basis points higher/lower in each future year than assumed in this year's soundness valuation.
4. Tuition increases are 100 basis points higher and the investment return is 100 basis points lower in each future year than assumed in this year's soundness valuation.
5. Tuition increases are 100 basis points lower and the investment return is 100 basis points higher in each future year than assumed in this year's soundness valuation.

Investment gains and losses not yet realized on the valuation date as a result of the 5-year asset smoothing method will be realized in each of the next 4 years.

The summary of impact of each of these scenarios on the principal valuation results is presented on the following page. See Section G for detailed projection results of each scenario.

## SENSITIVITY TESTING RESULTS (CONT.)

\$ in Millions

	Current Valuation Assumptions (G-1)	Assumed Tuition Increases +100 Basis Points (G-2)	Assumed Tuition Increases -100 Basis Points (G-3)	Assumed Investment Return +100 Basis Points (G-4)	Assumed Investment Return -100 Basis Points (G-5)	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-6)	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-7)
Assumed Investment Return	6.00%	6.00%	6.00%	7.00%	5.00%	5.00%	7.00%
Assumed Long-Term Tuition Increases (Univ)	5.75%	6.75%	4.75%	5.75%	5.75%	6.75%	4.75%
Assumed Long-Term Tuition Increases (CC)	5.50%	6.50%	4.50%	5.50%	5.50%	6.50%	4.50%
Assets							
a. Actuarial Value of Assets	\$214.3	\$214.3	\$214.3	\$214.3	\$214.3	\$214.3	\$214.3
b. PV Future Member Contributions	40.8	40.8	40.8	39.5	42.2	42.2	39.5
c. Total Assets	\$255.1	\$255.1	\$255.1	\$253.8	\$256.5	\$256.5	\$253.8
Actuarial Results							
Liabilities - Tuition and Fees	\$199.4	\$207.2	\$192.1	\$187.1	\$213.2	\$222.0	\$180.6
Liabilities - PV of Future Admin. Expenses	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Liabilities Total	\$199.4	\$207.2	\$192.1	\$187.1	\$213.2	\$222.0	\$180.6
Surplus/(Deficit)	\$ 55.7	\$ 47.9	\$ 63.0	\$ 66.7	\$ 43.3	\$ 34.5	\$ 73.2
Funded Ratio	127.9%	123.1%	132.8%	135.7%	120.3%	115.6%	140.5%
Difference From Results based on Current Assumptions							
Surplus	\$ 0.0	\$ (7.8)	\$ 7.3	\$ 11.0	\$(12.4)	\$(21.2)	\$ 17.5
Funded Ratio	0.0%	(4.8)%	4.9%	7.8%	(7.6)%	(12.3)%	12.6%

Numbers may not match schedules in Section G due to rounding

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**SECTION D**  
FUND ASSETS

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## STATEMENT OF PROGRAM ASSETS (AT MARKET VALUE)

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**Nevada Prepaid Tuition Program**  
**Statement of Program Market Value of Assets**  
**Year Ended June 30, 2015**

1. Cash	\$ 1,215,604
2. Equities	
a. Large Cap Equities	\$ 83,537,450
b. Mid Cap Equities	15,546,712
c. Small Cap Equities	<u>7,899,934</u>
Total Equities	\$ 106,984,096
3. Fixed Income	\$ 63,175,588
4. Other Investments	\$ 40,614,911
<b>5. Net Assets = (1) + (2) + (3) + (4)</b>	<b><u><u>\$ 211,990,199</u></u></b>

## RECONCILIATION OF PROGRAM ASSETS

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**Nevada Prepaid Tuition Program**  
**Statement of Changes in Program Market Value of Assets**  
**Twelve Month Period Ended June 30, 2015**

1. Market Value of Assets at Beginning of Year @	\$ 194,649,483
2. Changes During Year	
a. Additions	
(1) Investment Income	\$ 9,614,082
(2) Contract Payments	16,760,697
(3) Administration Fees	129,100
(4) Transfers from Endowment Account	2,370,000
Total Additions = (1) + (2) + (3) + (4)	<u>\$ 28,873,879</u>
b. Deductions	
(1) Tuition Payments	\$ 8,922,913
(2) Refunds	1,945,591
(3) Administration Expenses	550,000
(4) Investment Expenses	154,590
Total Deductions = (1) + (2)	<u>\$ 11,573,094</u>
Net Increases (Decreases) During Year = a - b	<u>\$ 17,300,785</u>
3. Market Value of Assets at End of Year = 1 + 2	\$ 211,950,268
4. Purchased Interest	\$ -
5. Net Market Value of Assets at End of Year = 3 + 4	<u><u>\$ 211,950,268</u></u> *

@ Restated since the June 30, 2014 report was issued.

\* Annual audit of assets for Fiscal Year 2015 not yet complete. Total net market value of reported assets do not match page D-1. Difference does not have a significant effect on valuation results.

## DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Year Ended June 30	2015	2016	2017	2018	2019
A. Actuarial Value of Assets Beginning of Year (2014 Market Value of Assets)	\$ 194,649,483				
B. Market Value End of Year	211,990,199				
C. Market Value Beginning of Year	194,649,483				
D. Non-Investment/Administrative Net Cash Flow					
D1. Contract Payments, Admin Fees, Endowment Contributions	19,259,797				
D2. Tuition Payments, Refunds, Admin Expenses	(11,418,504)				
D3. Total Net Cash Flow: D1+D2	7,841,293				
E. Investment Return					
E1. Market Total: B-C-D3	9,499,423				
E2. Assumed Rate of Return	6.25%				
E3. Assumed Amount of Return	12,410,633				
E4. Amount Subject to Phase-In: E1-E3	(2,911,210)				
F. Phased-In Recognition of Investment Return					
F1. Current Year: 0.20 x E4	(582,242)				
F2. First Prior Year	-	\$ (582,242)			
F3. Second Prior Year	-	-	\$ (582,242)		
F4. Third Prior Year	-	-	-	\$ (582,242)	
F5. Fourth Prior Year	-	-	-	-	\$ (582,242)
F6. Total Phase-Ins	(582,242)	(582,242)	(582,242)	(582,242)	(582,242)
G. Actuarial Value of Assets End of Year					
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6	\$ 214,319,167				
G2. Upper Corridor Limit: 120% x B	254,388,239				
G3. Lower Corridor Limit: 80% x B	169,592,159				
G4. Actuarial Value of Assets End of Year	\$ 214,319,167				
H. Difference Between Market and Actuarial Value	(2,328,968)	(1,746,726)	(1,164,484)	(582,242)	-
I. Recognized Rate of Return	5.96 %				
J. Market Rate of Return	4.78 %				
K. Ratio of Actuarial Value to Market Value	101 %				

The Actuarial Value of Assets was set to Market Value as of June 30, 2014.

The Actuarial Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, Actuarial Value will become equal to Market Value.

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**SECTION E**  
PARTICIPANT DATA

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## MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2015

Projected Enrollment Year	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
2002	4	-	-	1	-	<b>5</b>	0.04%
2003	16	-	-	4	2	<b>22</b>	0.19%
2004	32	-	-	7	-	<b>39</b>	0.33%
2005	54	1	-	4	1	<b>60</b>	0.51%
2006	72	-	-	17	4	<b>93</b>	0.78%
2007	79	1	-	22	3	<b>105</b>	0.89%
2008	107	2	-	16	12	<b>137</b>	1.16%
2009	142	5	-	31	4	<b>182</b>	1.54%
2010	206	8	-	31	4	<b>249</b>	2.10%
2011	295	6	-	49	12	<b>362</b>	3.05%
2012	462	8	-	47	17	<b>534</b>	4.50%
2013	506	15	-	41	18	<b>580</b>	4.89%
2014	513	39	5	52	19	<b>628</b>	5.30%
2015	540	31	6	57	34	<b>668</b>	5.63%
2016	621	42	9	64	33	<b>769</b>	6.49%
2017	567	55	6	82	40	<b>750</b>	6.33%
2018	629	56	9	70	55	<b>819</b>	6.91%
2019	557	63	18	58	41	<b>737</b>	6.22%
2020	390	72	17	71	51	<b>601</b>	5.07%
2021	417	71	19	57	61	<b>625</b>	5.27%
2022	397	58	24	53	53	<b>585</b>	4.93%
2023	333	52	15	52	36	<b>488</b>	4.12%
2024	297	66	23	55	45	<b>486</b>	4.10%
2025	284	59	16	48	40	<b>447</b>	3.77%
2026	254	54	14	33	31	<b>386</b>	3.26%
2027	207	35	19	36	25	<b>322</b>	2.72%
2028	175	32	8	17	32	<b>264</b>	2.23%
2029	168	36	15	27	27	<b>273</b>	2.30%
2030	175	28	15	21	22	<b>261</b>	2.20%
2031	136	39	5	17	21	<b>218</b>	1.84%
2032	113	18	9	13	8	<b>161</b>	1.36%
<b>Total</b>	<b>8,748</b>	<b>952</b>	<b>252</b>	<b>1,153</b>	<b>751</b>	<b>11,856</b>	
	73.79%	8.03%	2.13%	9.72%	6.33%	100.00%	

## MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2015

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Contract Payment Type	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
Lump Sum	3,095	280	106	275	155	<b>3,911</b>	32.99%
5-Year Payments	3,070	264	77	357	277	<b>4,045</b>	34.12%
Extended Payments	2,583	408	69	521	319	<b>3,900</b>	32.89%
<b>Total</b>	<b>8,748</b>	<b>952</b>	<b>252</b>	<b>1,153</b>	<b>751</b>	<b>11,856</b>	
	73.79%	8.03%	2.13%	9.72%	6.33%		100.00%

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**SECTION F**  
METHODS AND ASSUMPTIONS

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## VALUATION METHODS AND ASSUMPTIONS

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All actuarial assumptions are expectations of future experience, not market measures. The rationale for the assumptions is described in the June 30, 2012 Replication Valuation Report and the annual assumptions letters to the Board.

**Assumed Rate of Return, Net of Investment Fees:** 6.00%

**Assumed Rate of Tuition Increases:**

Year	Community	
	University	College
2016-2017	4.00%	4.00%
2017-2018	4.00%	4.00%
2018-2019	4.00%	4.00%
2019-2020+	5.75%	5.50%

**Utilization of Credits\*** – Benefit payments are based on the following schedule in accordance with the type of Contract and the expected Payout Year.

Type of Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year
Four-Year Contracts	20%	20%	20%	20%	15%	5%
Two-Year Contracts	40%	40%	15%	5%	0%	0%
One-Year Contracts	100%	0%	0%	0%	0%	0%

\* *Liabilities are modeled assuming two payments per year (one in mid-September, one in mid-February) for beneficiaries who have matriculated.*

**Refunds:** Accumulated contract payments to plan without interest. Withdrawal rates at the beginning of each year are based on the following schedule in accordance with the type of contract purchased.

Years of Payment Since Purchase	Lump Sum	Five-Year Payments	Extended Payments
1-3	0.50%	3.00%	5.00%
4	0.50%	1.25%	3.50%
5	0.50%	1.20%	2.00%
6+	0.50%	0.50%	0.50%

## VALUATION METHODS AND ASSUMPTIONS (CONCLUDED)

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<b>Election of Program Changes:</b>	None.
<b>Election of Change of Beneficiary:</b>	None.
<b>Liability Adjustments for Administrative Expenses:</b>	None. Administrative expenses are paid from outside the trust.
<b>Contract Terms:</b>	No changes in contract terms are assumed, once initiated.
<b>Pricing Methodology:</b>	Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption.
<b>Timing of Tuition Payments#:</b>	Once per year at beginning of year.
<b>Timing of Refunds:</b>	At the end of the month the member withdraws from the plan.
<b>Weighted Average Tuition (WAT) for the 2014/2015 Academic Year:</b>	
○ <b>4-Year College:</b>	\$5,977.00
○ <b>2-Year College:</b>	\$2,640.00
<b>Bias Load:</b>	None.

Note: Since all the covered in-state 4-year colleges and universities charge the same tuition and all the covered in-state two-year colleges charge the same tuition, the WAT is simply the rate of tuition and fees. If the covered colleges and universities begin to charge different rates of tuition in the future, a WAT (averaging) calculation will be performed and a bias load may be necessary.

*# GRS models liabilities assuming two payments per year (one in the fall, one in the winter) for beneficiaries who have matriculated.*

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**SECTION G**  
PROJECTION RESULTS

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**Nevada Pre-Paid Tuition Program**  
**Projection Based on June 30, 2015 Valuation Results**

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$199,391,406
Present Value of Future Contract Payments	\$40,783,154
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(55,710,915)
Funded Status	127.94%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	6.00%	n/a	n/a	\$ 214,319,167	\$ 17,709,553	\$ -	-	\$ 9,154,365	127.9%
2017	6.00%	4.00%	4.00%	217,527,576	18,646,146	-	-	7,955,877	130.4%
2018	6.00%	4.00%	4.00%	218,665,303	19,660,500	-	-	6,805,250	133.3%
2019	6.00%	4.00%	4.00%	217,576,413	20,653,347	-	-	5,395,828	136.9%
2020	6.00%	5.75%	5.50%	213,875,786	20,310,821	-	-	4,180,332	141.5%
2021	6.00%	5.75%	5.50%	209,610,016	18,908,206	-	-	3,091,230	147.4%
2022	6.00%	5.75%	5.50%	205,420,623	18,838,019	-	-	2,680,265	154.2%
2023	6.00%	5.75%	5.50%	200,618,641	18,341,755	-	-	2,311,404	162.6%
2024	6.00%	5.75%	5.50%	195,663,588	17,132,074	-	-	1,990,431	173.0%
2025	6.00%	5.75%	5.50%	191,353,261	16,218,746	-	-	1,635,919	185.5%
2026	6.00%	5.75%	5.50%	187,376,661	15,645,810	-	-	1,264,711	200.9%
2027	6.00%	5.75%	5.50%	183,375,295	15,014,004	-	-	1,010,075	220.7%
2028	6.00%	5.75%	5.50%	179,533,649	14,014,160	-	-	786,810	246.9%
2029	6.00%	5.75%	5.50%	176,284,676	12,756,451	-	-	625,905	281.4%
2030	6.00%	5.75%	5.50%	174,003,378	11,976,531	-	-	427,409	327.4%
2031	6.00%	5.75%	5.50%	172,201,511	11,258,342	-	-	258,187	393.1%
2032	6.00%	5.75%	5.50%	170,873,438	10,369,699	-	-	117,692	494.2%
2033	6.00%	5.75%	5.50%	170,258,716	9,547,782	-	-	14,272	662.8%
2034	6.00%	5.75%	5.50%	170,368,718	7,384,572	-	-	-	995.8%
2035	6.00%	5.75%	5.50%	172,763,195	5,355,325	-	-	-	1675.9%
2036	6.00%	5.75%	5.50%	177,452,342	3,378,679	-	-	-	3379.8%
2037	6.00%	5.75%	5.50%	184,518,083	1,606,151	-	-	-	9300.3%
2038	6.00%	5.75%	5.50%	193,886,648	400,525	-	-	-	48408.1%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**  
**Projection Based on June 30, 2015 Tuition Increases +100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$207,232,870
Present Value of Future Contract Payments	\$40,783,154
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(47,869,451)
Funded Status	123.10%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	6.00%	n/a	n/a	\$ 214,319,167	\$ 17,709,553	\$ -	-	\$ 9,154,365	123.1%
2017	6.00%	4.00%	4.00%	217,527,576	18,646,146	-	-	7,955,877	125.0%
2018	6.00%	4.00%	4.00%	218,665,303	19,660,500	-	-	6,805,250	127.2%
2019	6.00%	4.00%	4.00%	217,576,413	20,653,347	-	-	5,395,828	130.0%
2020	6.00%	6.75%	6.50%	213,875,786	20,498,694	-	-	4,180,332	133.4%
2021	6.00%	6.75%	6.50%	209,410,870	19,260,648	-	-	3,091,230	137.9%
2022	6.00%	6.75%	6.50%	204,835,939	19,368,299	-	-	2,680,265	143.1%
2023	6.00%	6.75%	6.50%	199,436,779	19,034,610	-	-	2,311,404	149.4%
2024	6.00%	6.75%	6.50%	193,676,388	17,945,642	-	-	1,990,431	157.2%
2025	6.00%	6.75%	6.50%	188,384,447	17,148,715	-	-	1,635,919	166.6%
2026	6.00%	6.75%	6.50%	183,243,950	16,699,447	-	-	1,264,711	178.1%
2027	6.00%	6.75%	6.50%	177,877,767	16,177,083	-	-	1,010,075	192.8%
2028	6.00%	6.75%	6.50%	172,473,404	15,243,016	-	-	786,810	212.1%
2029	6.00%	6.75%	6.50%	167,498,231	14,006,578	-	-	625,905	237.6%
2030	6.00%	6.75%	6.50%	163,364,612	13,275,936	-	-	427,409	271.4%
2031	6.00%	6.75%	6.50%	159,547,049	12,599,799	-	-	258,187	319.6%
2032	6.00%	6.75%	6.50%	156,037,764	11,717,043	-	-	117,692	393.5%
2033	6.00%	6.75%	6.50%	153,104,717	10,892,352	-	-	14,272	516.4%
2034	6.00%	6.75%	6.50%	150,760,236	8,504,355	-	-	-	758.2%
2035	6.00%	6.75%	6.50%	150,791,233	6,225,692	-	-	-	1250.2%
2036	6.00%	6.75%	6.50%	153,239,474	3,964,923	-	-	-	2477.1%
2037	6.00%	6.75%	6.50%	158,231,024	1,902,661	-	-	-	6720.4%
2038	6.00%	6.75%	6.50%	165,708,065	478,953	-	-	-	34598.0%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**  
**Projection Based on June 30, 2015 Tuition Increases -100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$192,131,223
Present Value of Future Contract Payments	\$40,783,154
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(62,971,098)
Funded Status	132.78%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actual Tuition Comm.	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	6.00%	n/a	n/a		\$ 214,319,167	\$ 17,709,553	\$ -	-	\$ 9,154,365	132.8%
2017	6.00%	4.00%	4.00%	4.00%	217,527,576	18,646,146	-	-	7,955,877	135.8%
2018	6.00%	4.00%	4.00%	4.00%	218,665,303	19,660,500	-	-	6,805,250	139.5%
2019	6.00%	4.00%	4.00%	4.00%	217,576,413	20,653,347	-	-	5,395,828	144.1%
2020	6.00%	4.75%	4.50%	4.50%	213,875,786	20,122,948	-	-	4,180,332	150.0%
2021	6.00%	4.75%	4.50%	4.50%	209,809,161	18,559,080	-	-	3,091,230	157.5%
2022	6.00%	4.75%	4.50%	4.50%	206,001,790	18,317,674	-	-	2,680,265	166.1%
2023	6.00%	4.75%	4.50%	4.50%	201,786,244	17,668,281	-	-	2,311,404	176.9%
2024	6.00%	4.75%	4.50%	4.50%	197,615,129	16,348,706	-	-	1,990,431	190.3%
2025	6.00%	4.75%	4.50%	4.50%	194,252,265	15,331,727	-	-	1,635,919	206.4%
2026	6.00%	4.75%	4.50%	4.50%	191,389,845	14,650,295	-	-	1,264,711	226.5%
2027	6.00%	4.75%	4.50%	4.50%	188,684,517	13,925,425	-	-	1,010,075	252.4%
2028	6.00%	4.75%	4.50%	4.50%	186,315,317	12,874,843	-	-	786,810	286.6%
2029	6.00%	4.75%	4.50%	4.50%	184,680,921	11,608,322	-	-	625,905	332.0%
2030	6.00%	4.75%	4.50%	4.50%	184,120,415	10,794,375	-	-	427,409	392.6%
2031	6.00%	4.75%	4.50%	4.50%	184,178,656	10,049,414	-	-	258,187	479.6%
2032	6.00%	4.75%	4.50%	4.50%	184,850,675	9,166,894	-	-	117,692	613.8%
2033	6.00%	4.75%	4.50%	4.50%	186,349,561	8,358,747	-	-	14,272	838.4%
2034	6.00%	4.75%	4.50%	4.50%	188,685,392	6,403,636	-	-	-	1283.3%
2035	6.00%	4.75%	4.50%	4.50%	193,218,661	4,600,052	-	-	-	2196.3%
2036	6.00%	4.75%	4.50%	4.50%	199,935,726	2,874,742	-	-	-	4493.6%
2037	6.00%	4.75%	4.50%	4.50%	208,884,643	1,353,668	-	-	-	12514.7%
2038	6.00%	4.75%	4.50%	4.50%	219,982,834	334,372	-	-	-	65789.9%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**  
**Projection Based on June 30, 2015 Investment Return +100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	7.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$187,059,468
Present Value of Future Contract Payments	\$39,455,100
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(66,714,799)
Funded Status	135.67%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	7.00%	n/a	n/a	\$ 214,319,167	\$ 17,640,144	\$ -	-	\$ 9,111,487	135.7%
2017	7.00%	4.00%	4.00%	219,613,603	18,573,082	-	-	7,918,613	139.1%
2018	7.00%	4.00%	4.00%	223,004,032	19,583,618	-	-	6,773,375	143.2%
2019	7.00%	4.00%	4.00%	224,325,112	20,572,766	-	-	5,370,555	148.3%
2020	7.00%	5.75%	5.50%	223,179,263	20,231,673	-	-	4,160,752	154.8%
2021	7.00%	5.75%	5.50%	221,605,925	18,834,566	-	-	3,076,751	163.0%
2022	7.00%	5.75%	5.50%	220,257,479	18,764,683	-	-	2,667,711	172.5%
2023	7.00%	5.75%	5.50%	218,451,743	18,270,375	-	-	2,300,578	184.3%
2024	7.00%	5.75%	5.50%	216,655,681	17,065,415	-	-	1,981,108	199.0%
2025	7.00%	5.75%	5.50%	215,681,371	16,155,659	-	-	1,628,257	216.7%
2026	7.00%	5.75%	5.50%	215,234,747	15,584,976	-	-	1,258,787	238.6%
2027	7.00%	5.75%	5.50%	214,972,157	14,955,647	-	-	1,005,344	267.0%
2028	7.00%	5.75%	5.50%	215,093,384	13,959,705	-	-	783,125	304.4%
2029	7.00%	5.75%	5.50%	216,050,981	12,706,894	-	-	622,974	354.2%
2030	7.00%	5.75%	5.50%	218,244,755	11,930,019	-	-	425,407	420.5%
2031	7.00%	5.75%	5.50%	221,211,952	11,214,636	-	-	256,978	515.8%
2032	7.00%	5.75%	5.50%	224,972,094	10,329,458	-	-	117,140	662.6%
2033	7.00%	5.75%	5.50%	229,792,961	9,510,743	-	-	14,206	908.4%
2034	7.00%	5.75%	5.50%	235,717,173	7,355,926	-	-	-	1395.5%
2035	7.00%	5.75%	5.50%	244,346,534	5,334,551	-	-	-	2394.8%
2036	7.00%	5.75%	5.50%	255,742,822	3,365,572	-	-	-	4909.3%
2037	7.00%	5.75%	5.50%	270,043,657	1,599,920	-	-	-	13688.4%
2038	7.00%	5.75%	5.50%	287,234,799	398,972	-	-	-	71993.8%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**  
**Projection Based on June 30, 2015 Investment Return -100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$213,155,813
Present Value of Future Contract Payments	\$42,207,578
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(43,370,932)
Funded Status	120.35%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	5.00%	n/a	n/a	\$ 214,319,167	\$ 17,779,963	\$ -	-	\$ 9,197,854	120.3%
2017	5.00%	4.00%	4.00%	215,441,669	18,720,265	-	-	7,993,672	121.9%
2018	5.00%	4.00%	4.00%	214,368,588	19,738,492	-	-	6,837,579	123.8%
2019	5.00%	4.00%	4.00%	210,958,817	20,735,090	-	-	5,421,462	126.2%
2020	5.00%	5.75%	5.50%	204,845,206	20,391,110	-	-	4,200,192	129.1%
2021	5.00%	5.75%	5.50%	198,087,002	18,982,908	-	-	3,105,915	133.1%
2022	5.00%	5.75%	5.50%	191,320,510	18,912,413	-	-	2,692,998	137.5%
2023	5.00%	5.75%	5.50%	183,856,149	18,414,165	-	-	2,322,385	143.0%
2024	5.00%	5.75%	5.50%	176,152,588	17,199,695	-	-	1,999,886	149.8%
2025	5.00%	5.75%	5.50%	169,000,418	16,282,743	-	-	1,643,691	158.0%
2026	5.00%	5.75%	5.50%	162,079,435	15,707,523	-	-	1,270,719	168.0%
2027	5.00%	5.75%	5.50%	155,024,762	15,073,203	-	-	1,014,874	180.8%
2028	5.00%	5.75%	5.50%	148,014,755	14,069,402	-	-	790,548	197.7%
2029	5.00%	5.75%	5.50%	141,472,696	12,806,724	-	-	628,879	219.9%
2030	5.00%	5.75%	5.50%	135,759,593	12,023,714	-	-	429,439	249.3%
2031	5.00%	5.75%	5.50%	130,373,584	11,302,678	-	-	259,414	291.3%
2032	5.00%	5.75%	5.50%	125,296,836	10,410,521	-	-	118,251	355.7%
2033	5.00%	5.75%	5.50%	120,754,793	9,585,356	-	-	14,340	462.8%
2034	5.00%	5.75%	5.50%	116,742,966	7,413,632	-	-	-	673.5%
2035	5.00%	5.75%	5.50%	114,795,801	5,376,400	-	-	-	1102.0%
2036	5.00%	5.75%	5.50%	114,890,372	3,391,975	-	-	-	2170.9%
2037	5.00%	5.75%	5.50%	117,073,317	1,612,471	-	-	-	5867.1%
2038	5.00%	5.75%	5.50%	121,233,888	402,102	-	-	-	30150.1%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**

**Projection Based on June 30, 2015 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$222,002,871
Present Value of Future Contract Payments	\$42,207,578
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(34,523,873)
Funded Status	115.55%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Colleges/CC	Actual Tuition Comm.	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	5.00%	n/a	n/a		\$ 214,319,167	\$ 17,779,963	\$ -	-	\$ 9,197,854	115.6%
2017	5.00%	4.00%	4.00%	4.00%	215,441,669	18,720,265	-	-	7,993,672	116.6%
2018	5.00%	4.00%	4.00%	4.00%	214,368,588	19,738,492	-	-	6,837,579	117.9%
2019	5.00%	4.00%	4.00%	4.00%	210,958,817	20,735,090	-	-	5,421,462	119.5%
2020	5.00%	6.75%	6.50%	6.50%	204,845,206	20,579,723	-	-	4,200,192	121.6%
2021	5.00%	6.75%	6.50%	6.50%	197,888,959	19,336,738	-	-	3,105,915	124.3%
2022	5.00%	6.75%	6.50%	6.50%	190,741,043	19,444,780	-	-	2,692,998	127.4%
2023	5.00%	6.75%	6.50%	6.50%	182,688,724	19,109,746	-	-	2,322,385	131.2%
2024	5.00%	6.75%	6.50%	6.50%	174,196,431	18,016,465	-	-	1,999,886	135.9%
2025	5.00%	6.75%	6.50%	6.50%	166,088,845	17,216,372	-	-	1,643,691	141.5%
2026	5.00%	6.75%	6.50%	6.50%	158,041,972	16,765,306	-	-	1,270,719	148.4%
2027	5.00%	6.75%	6.50%	6.50%	149,674,754	16,240,859	-	-	1,014,874	157.1%
2028	5.00%	6.75%	6.50%	6.50%	141,171,207	15,303,093	-	-	790,548	168.6%
2029	5.00%	6.75%	6.50%	6.50%	132,991,595	14,061,770	-	-	628,879	183.6%
2030	5.00%	6.75%	6.50%	6.50%	125,536,640	13,328,233	-	-	429,439	203.5%
2031	5.00%	6.75%	6.50%	6.50%	118,269,739	12,649,414	-	-	259,414	231.9%
2032	5.00%	6.75%	6.50%	6.50%	111,173,725	11,763,167	-	-	118,251	275.2%
2033	5.00%	6.75%	6.50%	6.50%	104,505,249	10,935,217	-	-	14,340	347.0%
2034	5.00%	6.75%	6.50%	6.50%	98,263,591	8,537,821	-	-	-	487.7%
2035	5.00%	6.75%	6.50%	6.50%	94,212,058	6,250,191	-	-	-	772.9%
2036	5.00%	6.75%	6.50%	6.50%	92,359,961	3,980,526	-	-	-	1481.1%
2037	5.00%	6.75%	6.50%	6.50%	92,798,407	1,910,148	-	-	-	3918.7%
2038	5.00%	6.75%	6.50%	6.50%	95,432,671	480,838	-	-	-	19847.2%

\* Beginning of year.

**Nevada Pre-Paid Tuition Program**

**Projection Based on June 30, 2015 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points**

Input	
Valuation	
Assumed Rate of Investment Return	7.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	7.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$180,596,617
Present Value of Future Contract Payments	\$39,455,100
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(73,177,650)
Funded Status	140.52%
Year Insolvent	Never

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	7.00%	n/a	n/a	\$ 214,319,167	\$ 17,640,144	\$ -	-	\$ 9,111,487	140.5%
2017	7.00%	4.00%	4.00%	219,613,603	18,573,082	-	-	7,918,613	144.6%
2018	7.00%	4.00%	4.00%	223,004,032	19,583,618	-	-	6,773,375	149.5%
2019	7.00%	4.00%	4.00%	224,325,112	20,572,766	-	-	5,370,555	155.8%
2020	7.00%	4.75%	4.50%	223,179,263	20,044,529	-	-	4,160,752	163.7%
2021	7.00%	4.75%	4.50%	221,806,170	18,486,795	-	-	3,076,751	173.9%
2022	7.00%	4.75%	4.50%	220,843,855	18,246,356	-	-	2,667,711	185.6%
2023	7.00%	4.75%	4.50%	219,633,775	17,599,514	-	-	2,300,578	200.2%
2024	7.00%	4.75%	4.50%	218,638,277	16,285,086	-	-	1,981,108	218.5%
2025	7.00%	4.75%	4.50%	218,637,700	15,272,081	-	-	1,628,257	240.6%
2026	7.00%	4.75%	4.50%	219,343,448	14,593,322	-	-	1,258,787	268.2%
2027	7.00%	4.75%	4.50%	220,429,537	13,871,291	-	-	1,005,344	304.0%
2028	7.00%	4.75%	4.50%	222,093,042	12,824,808	-	-	783,125	351.5%
2029	7.00%	4.75%	4.50%	224,754,954	11,563,218	-	-	622,974	414.8%
2030	7.00%	4.75%	4.50%	228,781,740	10,752,449	-	-	425,407	499.5%
2031	7.00%	4.75%	4.50%	233,746,526	10,010,398	-	-	256,978	621.6%
2032	7.00%	4.75%	4.50%	239,672,624	9,131,319	-	-	117,140	810.3%
2033	7.00%	4.75%	4.50%	246,804,537	8,326,320	-	-	14,206	1127.3%
2034	7.00%	4.75%	4.50%	255,186,892	6,378,795	-	-	-	1757.8%
2035	7.00%	4.75%	4.50%	266,224,663	4,582,207	-	-	-	3057.2%
2036	7.00%	4.75%	4.50%	279,957,428	2,863,590	-	-	-	6341.5%
2037	7.00%	4.75%	4.50%	296,490,407	1,348,417	-	-	-	17864.1%
2038	7.00%	4.75%	4.50%	315,801,930	333,075	-	-	-	94814.2%

\* Beginning of year.

### Nevada Pre-Paid Tuition Program

**Projection Based on June 30, 2015 with \$1.8 Million Annual Contribution from NCSTF**

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	1,800,000

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$199,391,406
Present Value of Future Contract Payments	\$40,783,154
June 30, 2015 Actuarial Value of Assets	\$214,319,167
Unfunded Liability	\$(55,710,915)
Funded Status	127.94%
Year Insolvent	Never
Adjusted Funded Status #	138.29%

Fiscal Year	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actual Tuition Increase for Actuarial Value of Assets at BOY	Projected Tuition Payments & Refunds (BOY)*	Other Payments	Additional Transfers from NCSTF (EOY)	Projected Contract Payments (BOY)	Projected Funded Status
2016	6.00%	n/a	n/a	\$ 214,319,167	\$ 17,709,553	\$ -	1,800,000	\$ 9,154,365	127.9%
2017	6.00%	4.00%	4.00%	219,327,576	18,646,146	-	1,800,000	7,955,877	131.3%
2018	6.00%	4.00%	4.00%	222,373,303	19,660,500	-	1,800,000	6,805,250	135.3%
2019	6.00%	4.00%	4.00%	223,306,893	20,653,347	-	1,800,000	5,395,828	140.2%
2020	6.00%	5.75%	5.50%	221,750,095	20,310,821	-	1,800,000	4,180,332	146.4%
2021	6.00%	5.75%	5.50%	219,756,783	18,908,206	-	1,800,000	3,091,230	154.1%
2022	6.00%	5.75%	5.50%	217,976,196	18,838,019	-	1,800,000	2,680,265	163.2%
2023	6.00%	5.75%	5.50%	215,727,549	18,341,755	-	1,800,000	2,311,404	174.3%
2024	6.00%	5.75%	5.50%	213,479,030	17,132,074	-	1,800,000	1,990,431	188.2%
2025	6.00%	5.75%	5.50%	212,037,630	16,218,746	-	1,800,000	1,635,919	205.0%
2026	6.00%	5.75%	5.50%	211,102,092	15,645,810	-	1,800,000	1,264,711	225.8%
2027	6.00%	5.75%	5.50%	210,324,252	15,014,004	-	1,800,000	1,010,075	252.7%
2028	6.00%	5.75%	5.50%	209,899,543	14,014,160	-	1,800,000	786,810	288.1%
2029	6.00%	5.75%	5.50%	210,272,524	12,756,451	-	1,800,000	625,905	335.2%
2030	6.00%	5.75%	5.50%	211,830,497	11,976,531	-	1,800,000	427,409	398.2%
2031	6.00%	5.75%	5.50%	214,098,257	11,258,342	-	1,800,000	258,187	488.5%
2032	6.00%	5.75%	5.50%	217,083,988	10,369,699	-	1,800,000	117,692	627.7%
2033	6.00%	5.75%	5.50%	221,041,900	9,547,782	-	1,800,000	14,272	860.5%
2034	6.00%	5.75%	5.50%	225,998,893	7,384,572	-	1,800,000	-	1320.9%
2035	6.00%	5.75%	5.50%	233,531,180	5,355,325	-	1,800,000	-	2265.4%
2036	6.00%	5.75%	5.50%	243,666,406	3,378,679	-	-	-	4640.9%
2037	6.00%	5.75%	5.50%	254,704,991	1,606,151	-	-	-	12837.9%
2038	6.00%	5.75%	5.50%	268,284,771	400,525	-	-	-	66983.2%

\* Beginning of year.

# Includes PV of contributions from NCSTF for next 20 years (through 2035).

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**APPENDIX**

BOARD'S FUNDING POLICY GUIDELINE

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## **Introduction**

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The purpose of this Funding Policy Guideline is to document the funding objectives and policy set by the Board of Trustees (Board) for the Nevada Prepaid Tuition Program (Program). The Board establishes this Funding Policy Guideline to:

- 1) Ensure that the trust will have sufficient funds to pay tuition benefits when due;
- 2) Provide guidance with respect to establishing appropriate risk reserves for pricing of future contracts; and
- 3) Provide the Board with established guidelines for requesting funds from or repaying funds to the State for tuition benefits associated with contracts.

## **Funding Goals**

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1. The objective is to maintain assets in excess of the liability based on the funding target.
2. The pricing of future contracts will be reflective of (1) future expected costs for each participant purchasing a new contract and (2) an explicit risk premium (also referred to as a margin for adverse experience).

## **Funding Target**

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1. The Board has established a funding target of actuarial value of assets equal to 120% of actuarial liability for the Program.
2. The Board has established a target explicit risk premium for pricing new contracts of 8% for universities (4-year institutions) and 0% for community colleges (2-year institutions).

The Board may review the explicit risk premium and the potential impact on the funded ratio on an annual basis. The Board may consider other objectives in setting the pricing (e.g., keeping pricing unchanged from one year to the next), and review the impact on the explicit risk premium.

## **Requesting Funds From or Repaying Funds to the State**

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The Board will review any transfers from the Endowment Fund, the NCSTF, and other State sources on an annual basis following the annual actuarial valuation. The Board may review the projected funded status of the Program before considering the impact of any change in payments to and from the State.

## **Board Review of Funding Policy Guideline**

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The Board will informally review this policy guideline document annually. The Board will formally review this policy every two years until 2020 and every five years, thereafter.

### **Measurement of Funding Target**

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The Board will measure the funding target in an annual actuarial valuation. The target will be the funding status, determined as follows:

The funded status will be a fraction;

Whose numerator is the actuarial value of assets plus the present value of future contract payments for contracts already sold as of the valuation date; and

The denominator will be the present value of future expected tuition payments, refunds, fees and expenses.

Present values and expected payments will be based on the actuarial assumptions adopted by the Board for purposes of the annual actuarial valuation.

For this purpose, the actuarial value of assets will be a market related value that recognizes investment return above or below the assumed investment return over a 5-year period. In no event will the actuarial value of assets be less than 80% of market value or more than 120% of market value.

### **Review of Actuarial Assumptions and Methods**

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1. The Board will review the tuition increase assumption annually based on readily available market information and tuition price increases as set by the Nevada System of Higher Education.
2. The Board will review the assumed rates of inflation and investment return annually based on readily available capital market information and the Board's investment policy.
3. The Board will review the target explicit risk premium annually in conjunction with new contract pricing.
4. The Board will review all actuarial assumptions used in the annual actuarial valuation every five years with the June 30, 2012 replication valuation serving as the most recent review.

## Glossary

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1. **Actuarial Liability (AL):** The actuarial present value of future expected tuition plan benefits, refunds, fees and expenses.
2. **Actuarial Assumptions:** Estimates of future plan experience with respect to utilization of credits, rates of refunds, elections and timing of tuition payments. Decrement assumptions (rates of utilization, refunds, etc.) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (tuition increases and investment rate of return) consist of a long-term average rate of inflation plus real return above inflation on invested assets, and tuition increase expectations above inflation.
3. **Actuarial Value of Assets:** The value of current plan assets recognized for valuation purposes (may be based on a phased-in recognition of all or a portion of market related investment return) plus the present value of future contract payments for contract already initiated as of the valuation date. Sometimes referred to as Funding Value of Assets.
4. **Market Value of Assets:** The fair value of plan assets as reported in the plan's audited financial statements.
5. **Unfunded Actuarial Liability (UAL):** The excess, if any, of the actuarial liability over the actuarial value of assets. Sometimes referred to as "unfunded accrued liability."
6. **Margin for Adverse Experience (MAE):** The excess, if any, of the actuarial value of assets over the actuarial liability.

# **APPENDIX B**

## **INDEPENDENT AUDITOR'S REPORT**



Financial Statements  
June 30, 2015

**State of Nevada**  
**Office of the State Treasurer**  
**Higher Education Tuition Trust Fund**

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
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June 30, 2015

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## Independent Auditor's Report

To the Board of Trustees  
Higher Education Tuition Trust Fund  
Carson City, Nevada

### Report on the Financial Statements

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust Fund'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 an opinion on these financial statements based on our audit. 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 from material misstatement.

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 is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund, as of June 30, 2015, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Notes 1 and 9 to the financial statements, the Trust Fund has adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

**Emphasis of a Matter**

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**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 3-7, 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 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.

**Report on Summarized Comparative Information**

We have previously audited the Trust Fund's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2015. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2016, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Trust Fund's internal control over financial reporting and compliance.



Reno, Nevada  
January 8, 2016

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year (FY) ended June 30, 2015.

## **FINANCIAL HIGHLIGHTS**

The Trust Fund's financial position continued to significantly improve in Fiscal Year 2015.

- The Trust Fund's total assets and deferred outflows grew by \$19,116,817 in FY 2015. This represents an increase of 8% from the prior year. These assets are used to pay tuition benefits on behalf of contracts purchased.
- The Trust Fund's total net position in FY2015 was \$53,103,379, which is an increase of \$9,623,448 from the prior year. The growth is primarily due to strong investment performance.
- The Trust Fund's certified actuary reported that the funded status of the Prepaid Tuition Plan (the Plan) as of June 30, 2015 was 127.9%, utilizing an investment yield assumption of 6% per year (126.8% if the market value of assets was used). This represents an increase from the funded status of 126.2% as of June 30, 2014, and continues to be one of the highest funding ratios nationwide for a state prepaid tuition plan.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Trust Fund's annual report. The Trust Fund's financial report consists of: Management's Discussion and Analysis (MD&A), Basic Financial Statements including Notes to the Financial Statements and a Compliance Section.

## **REQUIRED FINANCIAL STATEMENTS**

The financial statements of the Trust Fund report information about the Trust Fund, which is considered an enterprise fund (proprietary fund type). Proprietary funds use the full accrual basis of accounting similar to that used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded at the time a liability is incurred. The Statement of Net Position includes all of the Trust Fund's assets and deferred inflows and liabilities and deferred outflows and provides information about the nature and amount of its resources and the obligations to contract holders. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This Statement measures the success of the Trust Fund's operations over the past year, and can be used to determine whether the Trust Fund has successfully met all of its costs through its tuition contributions, along with other fees and charges for sales and services. The final statement is the Statement of Cash Flows, which is used to provide information about the Trust Fund's cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities.

## **NET POSITION**

Net position may serve over time as a useful indicator of financial position. In the case of the Trust Fund, the Trust Fund's position increased significantly, ending with net position of \$53,103,379.

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Management's Discussion and Analysis  
June 30, 2015

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The vast majority of the Trust Fund's assets and deferred inflows, 83%, are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Position

	2015	2014
Assets		
Current and other assets	\$ 252,800,364	\$ 233,683,398
Net capital assets	107,134	125,168
Total Assets	252,907,498	233,808,566
Deferred Inflows		
Pension related	17,885	-
Liabilities		
Current liabilities	17,921,139	21,134,868
Noncurrent liabilities	181,852,124	169,193,767
Total Liabilities	199,773,263	190,328,635
Deferred Outflows		
Pension related	48,741	-
Net Position		
Net investment in capital assets	107,134	125,168
Unrestricted	52,996,245	43,354,763
Total Net Position	\$ 53,103,379	\$ 43,479,931

The Trust Fund's net position continued to grow in FY 2015, for the third year in a row. The net position increased from \$43,479,931 in FY 2014 to \$53,103,379 in FY 2015, an increase of \$9,623,448 or 22% over the prior fiscal year. This increase is primarily due to a slight increase in investment performance and the forgiveness of the previous \$5 million advance from the College Savings Endowment account.

**CHANGE IN NET POSITION**

Higher Education Tuition Trust Fund Change in Net Position

	2015	2014
Operating Revenues		
Tuition contributions and other revenues	\$ 18,642,749	\$ 22,063,702
Operating Expenses		
Operating expenses before depreciation	25,743,763	21,307,462
Depreciation	18,035	17,822
Total Operating Expenses	25,761,798	21,325,284
Operating Income (Loss)	(7,119,049)	738,418
Nonoperating revenues (expenses) and interest income	9,618,430	24,954,546
Contribution - State of Nevada College Savings Trust	2,323,143	2,334,084
Special Item – advance forgiveness	5,000,000	-
Change in Net Position	9,822,524	28,027,048
Net Position, July 1(includes (\$199,076) prior year adjustment	43,280,855	15,452,883
Net Position, June 30	\$ 53,103,379	\$ 43,479,931

Tuition contributions and revenues in FY 2015 decreased slightly from \$22,063,702 in FY 2014 to \$18,642,749 in FY 2015. The 16% decline is mainly attributable to a decrease in the number of enrollments in FY 2015. The Plan saw a 20% decrease in the number of new enrollments from the previous fiscal year, which management believes is partly due to the continued year over year solid stock market performance which generally drives higher participation in 529 Savings Plans versus 529 Prepaid Tuition Plans. Management also believes that the 2014 action by the Nevada Board of Regents in 2014 to vote on reduced increases in tuition rates (4% for the next four years rather than the average increase of over 7% for the past eight years) may too have added to the decline on the number of Prepaid Tuition contracts sold as parents see rising college tuition rates going down in future years. Operating expenses for the Plan primarily consist of future tuition benefits, which are calculated to be \$23,160,923 on an accrued basis. Total operating expenses increased by roughly 20% from \$21,325,284 in FY 2014 to \$25,761,798 in FY 2015. This is mainly due to the anticipated tuition increases and subsequent change in actuarial assumptions.

The operating income (loss) above reflects the difference between contributions from new and existing participants on a cash basis versus benefit payments to educational institutions, which fulfills the purpose of the Plan, and other sundry costs. In addition in FY 15, the change in the actuarial accruals had a negative impact on the net income. This is shown in the significant decrease in the operating income from \$738,418 in FY 2014 to a

negative \$7,119,049 in FY 2015. However, despite the above noted decline, the Plan still experienced an increase of 22% in its net position, from \$43,479,931 in FY 2014 to \$53,103,379 in FY 2015. In addition, the plan's funding ratio of 127.9% in FY 2015 still remains one of the highest funded ratios of the remaining 12 open Prepaid Tuition plans, nationwide.

### **CAPITAL ASSET ADMINISTRATION**

The Trust Fund's investment in capital assets as of June 30, 2015, amounts to \$107,134 (net of accumulated depreciation), which primarily consists of computer equipment. Information about the Trust Fund's capital assets can be found in Note 4 to the Trust Fund's financial statements.

### **ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS**

At the January 20, 2010 meeting of the Board of Trustees of the College Savings Plans of Nevada (the Board), the Board approved a loan from the State of Nevada College Savings Endowment Fund to the Trust in an amount of \$5,000,000. In May 2013, the Board approved a policy that required repayment of this loan once the Trust Fund reached a 120% funded status. Since the Prepaid Tuition's contracted actuary had calculated a 126.2% funding ratio as of June 30, 2014, repayment of the \$5 million loan was due in Fiscal Year 2015. However, in March 2015, the Board reconsidered repayment options, and approved the \$5 million loan forgiveness from the College Savings Endowment account. Thus, the \$5 million dollar advance is no longer recorded as a current liability.

Aside from account owners' purchases of contracts, the primary source of revenue for the Plan is investment income. In July 2014, the Board amended the asset allocation for the Plan which was recommended by its investment consultant, to include covered calls to help reduce volatility in the Plan investments. The target allocation was changed to include domestic public equities of 50%, domestic fixed income securities of 30%, and domestic covered calls of 20%. The Plan continued to invest in an equity portfolio with passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard, a fixed income portfolio with Chicago Equity Partners and added a passively managed covered calls mutual fund from with Glenmede. The total return for the Plan's investment portfolio in Fiscal Year 2015, as calculated by the Plan's investment consultant, was 5.1%.

Based on a general inflation rate of 3.00% and revised 10-year capital market expectations for those asset classes, the Board-approved the assumed rate of return of the Plan's investments is 6.00% based on analyses from its investment consultant. This assumed rate was used by the Board's actuary in computing the Plan's funded status of 127.9%. The Plan's investments are intended to provide broad exposure to the US equities and investment-grade fixed income markets. Therefore, projected returns are subject to the returns and volatility in the markets.

In addition to investment returns, on July 26, 2012, on July 29, 2014, and again on March 25, 2015, the Board approved a long-term financial plan that included an annual transfer of \$1.82 million to the Trust Fund from the College Savings Endowment Fund. This represents a supplemental source of funding to the Plan in addition to future investment gains and also serves as a buffer for market volatility. The College Savings Endowment Fund also transfers funds to the Trust Fund to cover administrative costs of the State Treasurer's Office to administer and manage the Plan.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Trust Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Nevada Treasurer's Office, Nevada Prepaid Tuition Program, 555 E. Washington Ave., Suite 4600, Las Vegas, NV 89101.

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Net Position  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,574,087	\$ 2,304,420
Investment income receivable	274,342	418,700
Prepaid items	-	1,490
Due from State of Nevada	11,893	8,736
Tuition contributions receivable	9,154,365	8,924,543
Investments	210,156,888	191,919,850
Total current assets	221,171,575	203,577,739
Noncurrent assets		
Capital assets, net	107,134	125,168
Other noncurrent assets:		
Tuition contributions receivable	31,628,789	30,105,659
Total noncurrent assets	31,735,923	30,230,827
Total assets	252,907,498	233,808,566
Deferred Outflows		
Pension related	17,885	15,762
Total assets and deferred outflows	252,925,383	233,824,328
Liabilities		
Current liabilities		
Accounts payable	115,753	100,356
Accrued salaries and benefits	33,888	26,143
Due to State of Nevada	58,513	48,740
Due to other governments	3,432	-
Advance from State of Nevada General Fund - College Savings Endowment Account	-	5,000,000
Tuition benefits payable	17,709,553	15,959,629
Total current liabilities	17,921,139	21,134,868
Noncurrent Liabilities:		
Tuition benefits payable	181,681,853	169,193,767
Net pension liability	170,271	214,838
Total noncurrent liabilities	181,852,124	169,408,605
Total liabilities	199,773,263	190,543,473
Deferred Inflows		
Pension related	48,741	-
Total liabilities and deferred inflows	199,822,004	190,543,473
Net Position		
Net investment in capital assets	107,134	125,168
Unrestricted	52,996,245	43,155,687
Total net position	\$ 53,103,379	\$ 43,280,855

See Notes to Financial Statements

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Operating Revenues		
Charges for sales and services	\$ 129,100	\$ 152,200
Tuition contributions	18,513,649	21,911,502
Total operating revenues	18,642,749	22,063,702
Operating Expenses		
Personnel costs	179,083	153,803
Contract and other administrative services	458,166	512,194
Tuition benefits expense	23,160,923	18,914,376
Refunds	1,945,591	1,727,089
Depreciation	18,035	17,822
Total operating expenses	25,761,798	21,325,284
Operating Income (Loss)	(7,119,049)	738,418
Nonoperating Revenues		
Interest, dividends and other investment income	5,675,080	3,062,789
Net increase in fair value of investments	3,943,350	21,891,757
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,323,143	2,334,084
Total nonoperating revenues	11,941,573	27,288,630
Special Item - advance forgiveness	5,000,000	-
Change in Net Position	9,822,524	28,027,048
Net Position, July 1, as previously reported	43,479,931	15,452,883
Prior period adjustment	199,076	-
Net Position, July 1, as restated	43,280,855	15,452,883
Net Position, June 30	\$ 53,103,379	\$ 43,479,931

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Cash Flows  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Operating Activities		
Receipts for sales and services	\$ 129,100	\$ 152,775
Tuition contributions received	16,760,697	15,073,994
Payments to suppliers for good and services	(432,721)	(533,569)
Payments to employees	(167,797)	(147,382)
Payments for tuition benefits	(8,922,913)	(8,159,498)
Payments of refunds	(1,945,591)	(1,727,089)
Net Cash from Operating Activities	5,420,775	4,659,231
Noncapital Financing Activities		
Contribution from the State of Nevada General Fund - College Savings Endowment Account	2,323,143	2,334,084
Investing Activities		
Proceeds from sales or maturities of investments	43,399,906	46,519,251
Purchase of investments	(57,693,595)	(55,941,366)
Interest, dividends and other investment income received	5,819,438	3,086,277
Purchase of capital assets	-	(21,500)
Proceeds from sales of capital assets	-	-
Net Cash used for Investing Activities	(8,474,251)	(6,357,338)
Net Change in Cash and Cash Equivalents	(730,333)	635,977
Cash and Cash Equivalents, Beginning of Year	2,304,420	1,668,443
Cash and Cash Equivalents, End of Year	\$ 1,574,087	\$ 2,304,420

State of Nevada  
Office of the State Treasurer  
Higher Education Tuition Trust Fund  
Statement of Cash Flows  
Year Ended June 30, 2015  
(with comparative amounts for the Year Ended June 30, 2014)

	2015	2014
Reconciliation of operating loss to net cash from (used for) operating activities		
Operating income (loss)	\$ (7,119,049)	\$ 738,418
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation	18,035	17,822
Changes in		
Due from State of Nevada	(3,157)	61,554
Accounts receivable	-	575
Prepaid items	1,490	(1,490)
Tuition contributions receivable	(1,752,952)	(6,837,508)
Accounts payable and accrued liabilities	23,142	(24,859)
Due to State of Nevada	9,773	(17,247)
Due to other governments	3,432	(32,912)
Net pension liability	(44,567)	-
PERS deferred outflows	(2,123)	-
PERS deferred inflows	48,741	-
Tuition benefits payable	14,238,010	10,754,878
Net Cash from Operating Activities	\$ 5,420,775	\$ 4,659,231
Noncash Investing Activities		
Net increase in fair value of investments	\$ 3,943,350	\$ 21,891,757

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

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (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.

### **Reporting Entity and Purpose**

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, Prepayment of Tuition at Institutions of Higher Learning, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a five-member Board of Trustees (the Board).

The purpose of the Trust Fund's program is to provide 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. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has six years after the projected college entrance date to utilize the benefits of the contract. Exceptions are granted for military or religious service. 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 seventeenth enrollment period on February 28, 2015 with 977 new enrollments. The Trust Fund also had 353 cancellations and 188 contracts completing benefits for a total enrollment of 11,586 at June 30, 2015.

### **Measurement Focus and Basis of Accounting**

The Trust Fund is an enterprise fund (proprietary fund type) of the State of Nevada and thus is included in the State of Nevada's Comprehensive Annual Financial Report. The accompanying financial statements present only the Trust Fund and are not intended to present fairly the financial position of the State of Nevada, the changes in its financial position or its cash flows in conformity with GAAP.

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and 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.

A proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange transactions such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

### **Cash Equivalents**

Cash equivalents include short-term highly liquid investments (with maturities of three months or less when purchased) that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes of value. Such amounts include the Trust Fund's cash and investments pooled with the State Treasurer, and money market mutual funds.

### **Custodian and Transfer Agent**

BNY Mellon is the custodian and transfer agent for certain Trust Fund investments.

### **Investment Valuation and Income Recognition**

Investments are reported at fair value as determined by quoted market prices. Fair value is the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investments are marked to market daily.

Security transactions are accounted for on the trade date (date order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Dividends are recorded on the ex-dividend date.

### **Tuition Contributions Receivable**

Tuition contributions receivable in the Trust Fund represents the actuarially determined present value of future installment payments anticipated from contract holders.

### **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 four to ten years. The cost of repairs and maintenance that do not materially extend the life of an asset are not capitalized.

### **Tuition Benefits Payable**

The Trust Fund records tuition benefits payable at the actuarial present value of its future tuition obligation, which is adjusted for the effects of projected tuition and fee increases and termination of contracts.

### **Equity Classifications**

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

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets after adding back the unspent portion of these borrowings.

2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors (including bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### **Accounting Changes**

The Trust Fund implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. This statement establishes accounting and financial reporting requirements related to pension expense and pension liabilities for employers that contribute to the Public Employees’ Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer plan administered by the Public Employees’ Retirement System of the State of Nevada. The effect of the implementation of these standards on beginning net position is disclosed in Note 9. No additional disclosures related to these standards have been included in the financial statements as the amounts do not significantly impact the financial position of the Trust Fund.

### **Note 2 - Compliance with Nevada Revised Statutes and Administrative Code**

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

### **Note 3 - Cash and Investments**

The State Treasurer serves as the administrator to the Trust Fund. The Trust Fund’s assets are managed in accordance with the Trust Fund’s investment objectives and policies, as provided in Section 353B.160.1 of NRS. Authorized investments are as follows:

- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A mortgage-backed security that is issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- “AAA” rated collateralized mortgage obligations that are issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- “A” or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States. The total amount invested in such bonds must not exceed 50% of the book value of the total fixed income investments;

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- “A-1”, “P-1”, “F-1” or better rated commercial paper;
- “AAA” rated commercial mortgage-backed securities;
- “AAA” rated asset-backed securities financing credit cards, auto, manufactured housing, or student loans;
- “A” rated money-market mutual funds that meet the criteria set forth in statute. The total dollar amount invested in such mutual funds must not exceed 20% of the total dollar amount of the Trust Fund that is invested;
- A covered call or put option on securities that are traded on one or more of the regulated exchanges in the United States;
- A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission. The total book value of this type of investment must not at any time be greater than 5% of the total book value of all investments of the Trust Fund;
- Common or preferred stock of corporations that have a total market value of not less than \$50,000,000. The maximum investment in stock is no greater than 60% of the book value of the total investments of the Trust Fund. Except for investments made pursuant to the final authorized investment below, the total amount invested in a single corporation is not greater than 3% of the book value of the assets of the Trust Fund and not greater than 5% of the outstanding stock of a single corporation; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust Fund’s investment policies address interest rate risk by providing for an asset allocation plan that gives appropriate consideration to an average investment horizon of 3 to 18 years, while taking into consideration current and near-term liquidity needs.

As of June 30, 2015, the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

	Fair Value	Maturities, in Years			
		Less Than 1	1-5	6-10	Greater Than 10
Investments					
Corporate notes	\$ 3,146,782	\$ 487,810	\$ 2,135,463	\$ -	\$ 523,509
U.S. agencies	\$26,380,011	-	1,983,781	413,584	23,982,646
U.S. Treasury notes	\$33,032,468	3,723,845	18,346,387	5,210,606	5,751,630
Cash equivalents					
Money market mutual funds	342,622	342,622	-	-	-
	<u>\$62,901,883</u>	<u>\$ 4,554,277</u>	<u>\$22,465,631</u>	<u>\$ 5,624,190</u>	<u>\$30,257,785</u>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds representing cash and cash equivalents) as of June 30, 2015, were rated by Standard and 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):

	Fair Value	Credit Quality Ratings			BBB
		AAA	AA	A	
Investments					
Corporate notes	\$ 3,146,782	\$ 225,099	\$ 759,081	\$ 2,162,602	\$ -
U.S. agencies	26,380,011	-	26,380,011	-	-
Cash equivalents					
Money market mutual funds	342,622	342,622	-	-	-
	<u>\$29,869,415</u>	<u>\$ 567,721</u>	<u>\$27,139,092</u>	<u>\$ 2,162,602</u>	<u>\$ -</u>

The ratings presented above may have differed if an equivalent national rating organization was utilized.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2015, the following investments exceeded 5% of the Trust Fund's total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corp - Asset Backed Mortgage Security	\$ 14,164,699	6.74%

**Other Risk**

The Trust Fund invests in various equity mutual funds, including at June 30, 2015, when equity mutual funds comprised approximately 70.12% of total investments. Equity mutual funds are exposed to other risks such as market risks. Due to the level of risk associated with equity mutual funds, it is at least reasonably possible that changes in the values of equity mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Pooled Cash and Investments**

Of the \$1,574,087 cash and cash equivalents at June 30, 2015, \$1,231,465 represents the Trust Fund's investment in the State of Nevada's external investment pool.

The Trust Fund is an internal participant in the external investment pool maintained by the Treasurer of the State of Nevada. The external investment pool is not registered with the SEC as an investment company. State of Nevada has not provided or obtained any legally binding guarantees during the period to support the value of the shares.

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The Trust Fund receives a prorated share of the earnings from its participation in the investment pool based on daily cash balances. Due to the nature of the investment pool, it is not possible to separately identify any specific investment as being that of the Trust Fund. Instead, the Trust Fund owns a proportionate share of each investment, based on the Trust Fund’s participation percentage in the investment pool.

Custodial Credit Risk – The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above 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.

Interest Rate Risk – 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).

As of June 30, 2015, the Trust Fund’s investments held in the external investment pool are categorized as follows:

	Percentage Based on Fair Value	Maturities, in Years			
		< 1	1-5	6-10	> 10
Investments					
U.S. agencies	52.69%	39.80%	12.89%	0.00%	0.00%
Mutual funds	8.59%	8.59%	0.00%	0.00%	0.00%
Asset-backed securities	5.58%	0.00%	2.00%	3.58%	0.00%
Corporate bonds and notes	13.45%	5.40%	8.05%	0.00%	0.00%
Commercial Paper	17.42%	17.42%	0.00%	0.00%	0.00%
Municipal bonds	2.27%	1.26%	0.78%	0.23%	0.00%
	100.00%				

Credit Risk – The State Treasurer’s investment policy addresses credit risks. A summary of the policies is presented as follows:

- Commercial paper, Negotiable Certificates of Deposit, and Banker’s 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,

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- 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.

The State's investments held in the external investment pool as of June 30, 2015 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Investments				
U.S. agencies	0.33%	0.00%	99.67%	0.00%
Mutual funds	0.00%	0.00%	0.00%	100.00%
Asset-backed securities	0.00%	0.00%	100.00%	0.00%
Corporate bonds and notes	0.00%	63.42%	32.08%	4.50%
Commercial paper	0.00%	0.00%	100.00%	0.00%
Municipal bonds	0.00%	0.00%	100.00%	0.00%

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, 2015, the following investments exceeded 5% of the State of Nevada's investments in the external investment pool:

Federal Home Loan Bank	38.59%
United States of America	8.22%
Small Business Administration	5.58%
US Bank Natl Assoc IB NT	5.45%

Securities Lending – NRS 355.155 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 the market value of the underlying securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2015.

#### Note 4 - Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2015:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital Assets				
Computer equipment	\$ 183,374		\$ (10,000)	\$ 173,374
Less accumulated depreciation	<u>(58,206)</u>	<u>(18,034)</u>	<u>10,000</u>	<u>(66,240)</u>
Capital Assets, Net	<u>\$ 125,168</u>	<u>\$ (18,034)</u>	<u>\$ -</u>	<u>\$ 107,134</u>

**Note 5 - Noncurrent Liabilities**

**Tuition Benefits Payable**

Included in noncurrent liabilities is the Trust Fund's tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits 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.

APV of the Future Tuition Obligation	\$ 199,391,406
Net Position Available	\$ 252,494,785
Net Position as a Percentage of Tuition Benefits Obligation	126.63%

The following assumptions were used in the actuarial valuation:

- Investment Rates: The investment yield assumption is 6.00% per year, which decreased from the 6.25% per year assumption used in the FY14 actuarial report.
- Tuition Growth Assumptions:

<u>Fiscal Year Ended</u>	<u>Universities</u>	<u>Community Colleges</u>
2016-17	4.00%	4.00%
2017-18	4.00%	4.00%
2018-19	4.00%	4.00%
2019-20 and later	5.75%	5.50%

Advance from the State of Nevada General Fund – College Savings Endowment Account:

Noncurrent liabilities included an advance from the State of Nevada's General Fund – College Savings Endowment Account. On March 11, 2015 the College Savings Board approved the forgiveness of the \$5,000,000 advance from the College Savings Endowment Account to the Trust Fund. As this transaction is within the control of management and infrequent in occurrence, the revenue is reported as a special item in the Statement of Revenues, Expenses, and Changes in Net Position.

Changes in the Trust Fund's noncurrent liabilities:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Tuition benefits payable	\$ 185,153,396	\$ 23,160,923	\$ (8,922,913)	\$ 199,391,406	\$ 17,709,553
Advance from State of Nevada General Fund - College Savings Endowment Account	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 190,153,396</u>	<u>\$ 23,160,923</u>	<u>\$(13,922,913)</u>	<u>\$ 199,391,406</u>	<u>\$ 17,709,553</u>

**Note 6 - Tuition Contributions and Tuition Benefits Expense**

The tuition contributions of \$18,513,649 and the tuition benefits expense of \$23,160,923 on the Statement of Revenues, Expenses and Changes in Net Position represent the annual accrual of contributions and benefit expenses for the year ended June 30, 2015, as determined by the actuarial valuation and adjusted by the actual activity for the fiscal year.

**Note 7 - Pension Plan and Other Post-Employment Benefits**

Employees of the Trust Fund are employees of the State of Nevada and the Nevada Legislature created various plans to provide benefits to qualified employees of the State.

Pension Plan – The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada’s *Comprehensive Annual Financial Report* for the year ended June 30, 2015.

Other Post Employment Benefits (OPEB) – The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees’ Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada’s *Comprehensive Annual Financial Report* for the year ended June 30, 2015.

**Note 8 - Risk Management**

As with all governmental entities, the Trust Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. Such losses, if any, are accounted for in the State of Nevada’s various insurance funds. The Trust Fund is responsible for premium charges payable to the State of Nevada for coverage in the self-funded programs. There have been no material settlements related to the Trust Fund in any of the past three years.

**Note 9 - Restatement and Prior Period Adjustment**

As described in Note 1, the Nevada Higher Education Tuition Trust Fund implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the current year. Following this statement, the fiscal year 2015 financial statements have been adjusted with a prior year restatement of the beginning net position to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made during the year ended June 30, 2014 as follows:

Net position at June 30, 2014, as previously reported	\$ 43,479,931
Net pension liability as of June 30, 2013	(214,838)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	<u>15,762</u>
Net position at July 1, 2014, as restated	<u><u>\$ 43,280,855</u></u>

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**Independent Auditor’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees  
Higher Education Tuition Trust Fund  
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Trust Fund’s basic financial statements and have issued our report thereon dated January 8, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust Fund’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund’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 to those charged by 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**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 Trust Fund'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 Trust Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Reno, Nevada  
January 8, 2016

# **APPENDIX C**

## **PENSION CONSULTANT ALLIANCE PERFORMANCE REVIEW**

2Q | 2015

## Nevada Higher Education Prepaid Tuition Program

QUARTERLY REPORT



This report is solely for the use of client personnel. No part of it may be circulated, quoted, or reproduced for distribution outside the client organization without prior written approval from Pension Consulting Alliance, LLC

Nothing herein is intended to serve as investment advice, a recommendation of any particular investment or type of investment, a suggestion of the merits of purchasing or selling securities, or an invitation or inducement to engage in investment activity.

## INTRODUCTION

The Nevada Prepaid Tuition Plan Portfolio had an aggregate value of \$210.8 million as of June 30, 2015. During the latest quarter, the Total Portfolio increased in value by \$6.8 million, and over the latest year the Total Portfolio increased by \$18.3 million. US GDP growth for the second quarter (advanced estimate) rebounded from a stagnant first quarter with an increase of 2.3%, driven mostly by an increase in consumer spending. The unemployment rate reached 5.3% as of the quarter end, continuing its downward trend over the last 2+ years. The Consumer Price Index for All Urban Consumers posted its largest quarterly increase since the third quarter of 2012 as it rose by 3.5%. Commodities reversed its recent downward trend by increasing 4.7% after a decline of (27%) over the previous three quarters. The US dollar also changed path as it depreciated (3.9%) against the Euro after appreciating by 22% over the previous four quarters. US Equities finished the quarter positively at 0.3% and reached 1.2% year-to-date, while Global Equities were slightly higher at 0.5% and 3.0% year-to-date. The BC Universal Index declined by (1.4%) during the quarter and remained slightly positive year-to-date at 0.3%.

## Asset Allocation Trends

With respect to policy targets, the Total Portfolio ended the latest quarter overweight Equities and underweight Covered Calls, while Fixed Income matched its target weight.

## Recent Investment Performance

The Total Portfolio outperformed its policy benchmark over the Quarter, 1- and 5-year periods, but matched the benchmark over the 3-year period. The Total Portfolio outperformed the benchmark by 10 basis points over the most recent quarter and outperformed by 20 basis points over the 1-year period. The Total Portfolio matched the benchmark return of 10.9% over the 3-year period, while outperforming the benchmark by 60 basis points over the 5-year period.

Recent Investment Performance (Gross of Fees)<sup>2</sup>

	Quarter	1 Year	3 Year	5 Year
Total Portfolio (Net of Fees)	0.0	5.1	10.9	12.4
<i>Policy Benchmark<sup>1</sup></i>	<i>-0.1</i>	<i>4.9</i>	<i>10.9</i>	<i>11.8</i>
<b>Excess Return</b>	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.6</b>

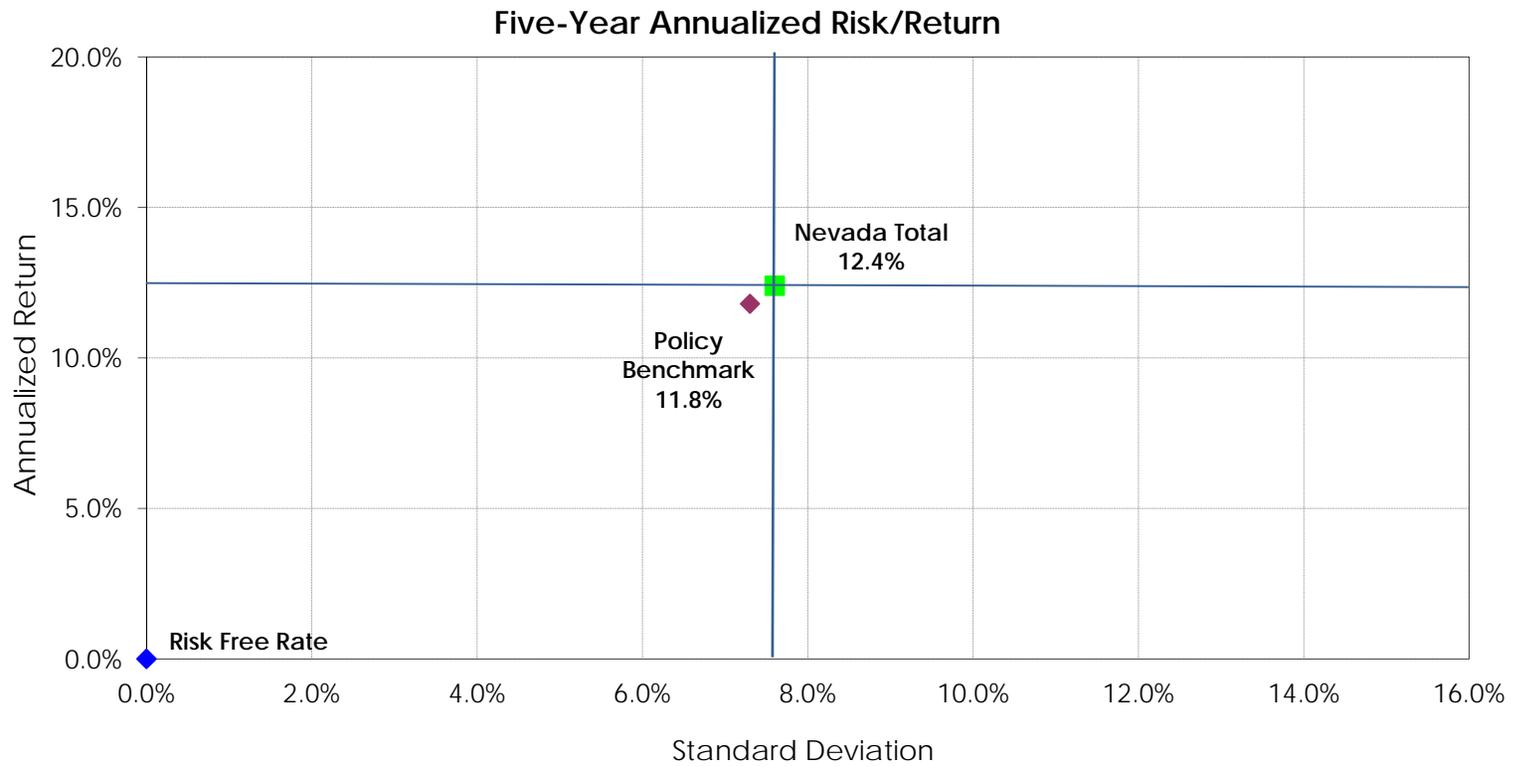
<sup>1</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

<sup>2</sup> Gross of fee returns for the Vanguard equity funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps

NEVADA PREPAID PORTFOLIO REVIEW

**Nevada Prepaid Tuition Plan RISK/RETURN ANALYSIS**

*Period ending June 30, 2015*



**ASSET ALLOCATION**

**Actual vs. Target Allocations**

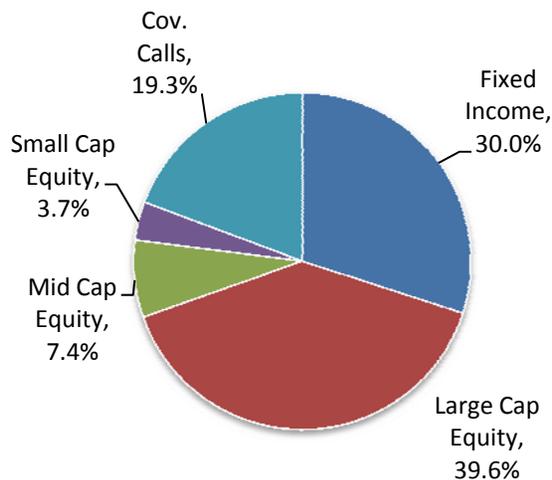
With respect to policy targets, the Total Portfolio ended the latest quarter overweight Equities and underweight Covered Calls, while Fixed Income matched its target weight. Within Domestic Equity, Both Large cap and Mid cap allocations were overweight their target allocations, while Small Cap equity was slightly underweight its 4.0% target. Fixed Income is matched its target and the Covered Calls asset class is currently (0.7%) underweight its 20% target allocation.

**Asset Allocation - As of June 30, 2015** (This chart does not represent performance)

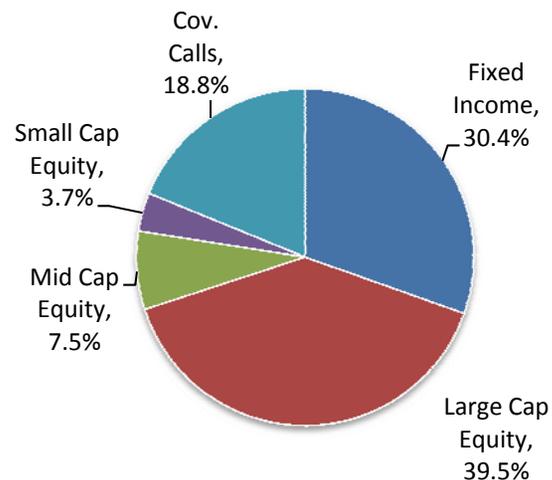
Rebalancing Triggers

Segment	Actual \$(000)	Actual %	Target %*	Policy Minimum	Policy Maximum	Acceptable Variance
<b>Total Portfolio</b>	<b>210,775</b>	<b>100%</b>	<b>100%</b>	---	---	
<b>Domestic Equity</b>	<b>106,984</b>	<b>50.8%</b>	<b>50.0%</b>	<b>45%</b>	<b>55%</b>	✓
Large Cap	83,538	39.6%	39.0%	36.5%	41.5%	✓
Mid Cap	15,457	7.4%	7.0%	4.5%	9.5%	✓
Small Cap	7,900	3.7%	4.0%	2.5%	5.5%	✓
<b>Covered Calls</b>	<b>40,615</b>	<b>19.3%</b>	<b>20.0%</b>	<b>15%</b>	<b>25%</b>	✓
<b>Total Fixed Income</b>	<b>63,176</b>	<b>30.0%</b>	<b>30.0%</b>	<b>25%</b>	<b>35%</b>	✓

June 30, 2015



March 31, 2015



### Asset Class Performance

The **Domestic Equity** asset class components (Large cap, Mid cap, and Small Cap) all tracked their respective benchmarks over the recent quarter and 1-year periods. Over the 3-year period, both the Large cap equity and Small cap equity components outperformed their benchmarks by 30 and 40 basis points, respectively, while Mid cap equity trailed its benchmark by (50) basis points. Over the 5-year period, Large cap and Small cap equity outperformed by 80 and 20 basis points, respectively, while Mid cap equity underperformed by (20) basis points.

The **Fixed Income** asset class outperformed its benchmark over the quarter and 1-year period by 10 and 40 basis points, respectively, while underperforming the benchmark over the 3- and 5-year periods by (40) and (20) basis points, respectively.

The **Covered Calls** asset class returned 2.3% during the most recent quarter, beating its benchmark by 40 basis points.

#### Periods ending June 30, 2015 (Gross of Fees)\*

Asset Class	Quarter	1 Year	3 Year	5 Year
<b>Total Portfolio</b>	<b>0.0</b>	<b>5.1</b>	<b>10.9</b>	<b>12.4</b>
<i>Policy Benchmark</i> <sup>^</sup>	<i>-0.1</i>	<i>4.9</i>	<i>10.9</i>	<i>11.8</i>
Large Cap Equity	0.3	7.4	17.6	18.1
<i>S&amp;P 500 Index</i>	<i>0.3</i>	<i>7.4</i>	<i>17.3</i>	<i>17.3</i>
Mid Cap Equity	-1.1	6.4	18.1	17.6
<i>S&amp;P Mid Cap 400 Index</i>	<i>-1.1</i>	<i>6.4</i>	<i>18.6</i>	<i>17.8</i>
Small Cap Equity	0.2	6.8	19.2	18.6
<i>S&amp;P Small Cap 600 Index</i>	<i>0.2</i>	<i>6.7</i>	<i>18.8</i>	<i>18.4</i>
Covered Calls	2.3	---	---	---
<i>CBOE BXM Index</i>	<i>1.9</i>	<i>---</i>	<i>---</i>	<i>---</i>
Total Fixed Income	-1.6	2.3	1.4	3.2
<i>Barclays US Agg. Index</i>	<i>-1.7</i>	<i>1.9</i>	<i>1.8</i>	<i>3.4</i>

<sup>^</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

\* Gross of fee returns for the Vanguard equity funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps

**MANAGER PERFORMANCE****Manager Performance – Periods ending June 30, 2015 (Gross of Fees)**

Manager	Mkt Value (\$000)	Asset Class	Management Style	Quarter	1 YR	3 YR	5 YR	Estimated Annual Fee (bps)
<b>Vanguard Institutional Fund</b>	83,538	Large Cap Equity	Passive	0.3	7.5	---	---	4
<i>S&amp;P 500 Index</i>	---	---	---	<i>0.3</i>	<i>7.4</i>	---	---	---
<b>Vanguard S&amp;P Mid Cap</b>	15,547	Mid Cap Equity	Passive	-1.1	6.4	---	---	8
<i>S&amp;P Mid Cap 400</i>	---	---	---	<i>-1.1</i>	<i>6.4</i>	---	---	---
<b>Vanguard S&amp;P Small Cap</b>	7,900	Small Cap Equity	Passive	0.2	6.8	---	---	8
<i>S&amp;P Small Cap 600</i>	---	---	---	<i>0.2</i>	<i>6.7</i>	---	---	---
<b>Glenmede</b>	40,615	Covered Calls	Active	2.3	---	---	---	87
<i>CBOE BXM</i>	---	---	---	<i>1.9</i>	---	---	---	---
<b>Chicago Equity Partners</b>	63,176	Fixed Income	Active	-1.6	2.3	1.4	3.2	22
<i>Barclays US Aggregate</i>	---	---	---	<i>-1.7</i>	<i>1.9</i>	<i>1.9</i>	<i>3.4</i>	---

**Vanguard:**

The three passive Vanguard equity funds all performed roughly in line with their benchmarks. This performance is within expectations for passive mandates.

**Glenmede:**

The Plan's Covered Calls manager returned 2.3% during the most recent quarter, outperforming its benchmark, the CBOE BXM Index, by 40 basis points.

**Chicago Equity Partners:**

The Plan's Fixed Income manager outperformed its index, the Barclays US Aggregate Bond Index, over the quarter by 10 basis points. Over the 1-year period, Chicago Equity Partners returned 2.3%, beating the benchmark by 40 basis points. Over the 3- and 5-year periods, the fund returned 1.4% and 3.2%, underperforming its benchmark by (50) and (20) basis points, respectively.

*DISCLOSURES: This document is provided for informational purposes only. It does not constitute an offer of securities of any of the issuers that may be described herein. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the investment in question will achieve comparable results or that the Firm will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments (if any) will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which any current unrealized valuations are based.*

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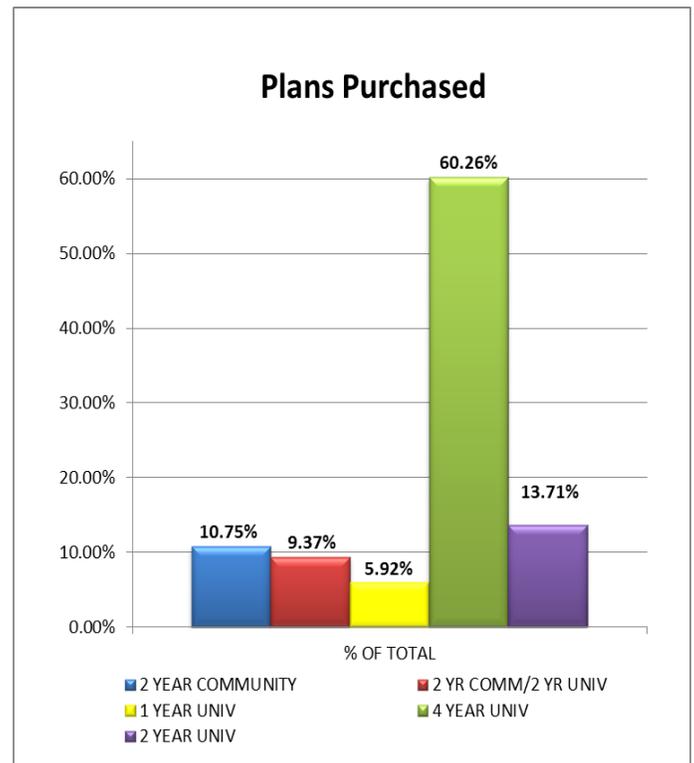
*The Merrill Lynch indices are trademarks of Merrill Lynch & Co. or its affiliates.*

# **APPENDIX D**

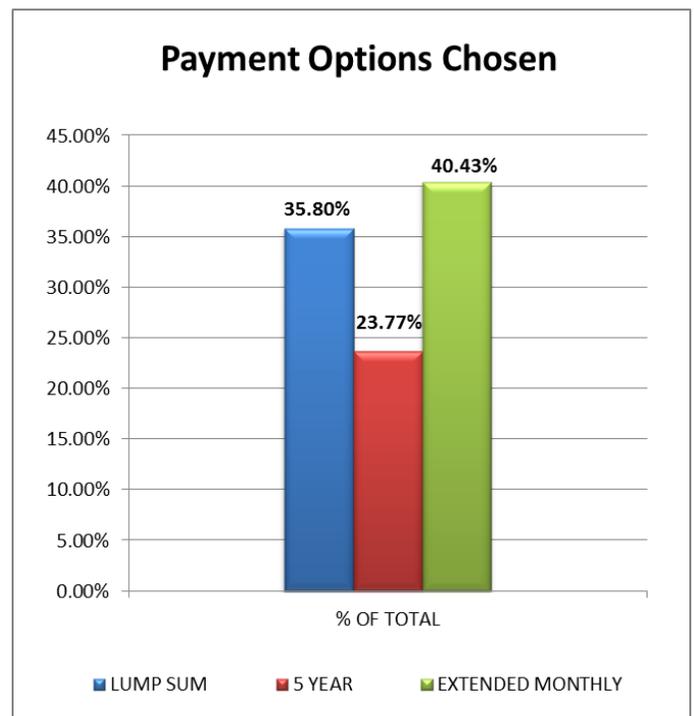
## **ENROLLMENT STATISTICAL CHARTS**

# NEW ENROLLMENTS FISCAL YEAR 2015

PLAN	TOTAL	% OF TOTAL
<b>2 YEAR COMMUNITY</b>		
LUMP SUM	19	
5 YEAR	25	
EXTENDED	65	
	109	10.75%
<b>2 YR COMM/2 YR UNIV</b>		
LUMP SUM	18	
5 YEAR	27	
EXTENDED	50	
	95	9.37%
<b>1 YEAR UNIV</b>		
LUMP SUM	31	
5 YEAR	10	
EXTENDED	19	
	60	5.92%
<b>4 YEAR UNIV</b>		
LUMP SUM	245	
5 YEAR	156	
EXTENDED	210	
	611	60.26%
<b>2 YEAR UNIV</b>		
LUMP SUM	50	
5 YEAR	23	
EXTENDED	66	
	139	13.71%
<b>TOTAL ENROLLMENT FORMS</b>	<b>1,014</b>	<b>100.00%</b>

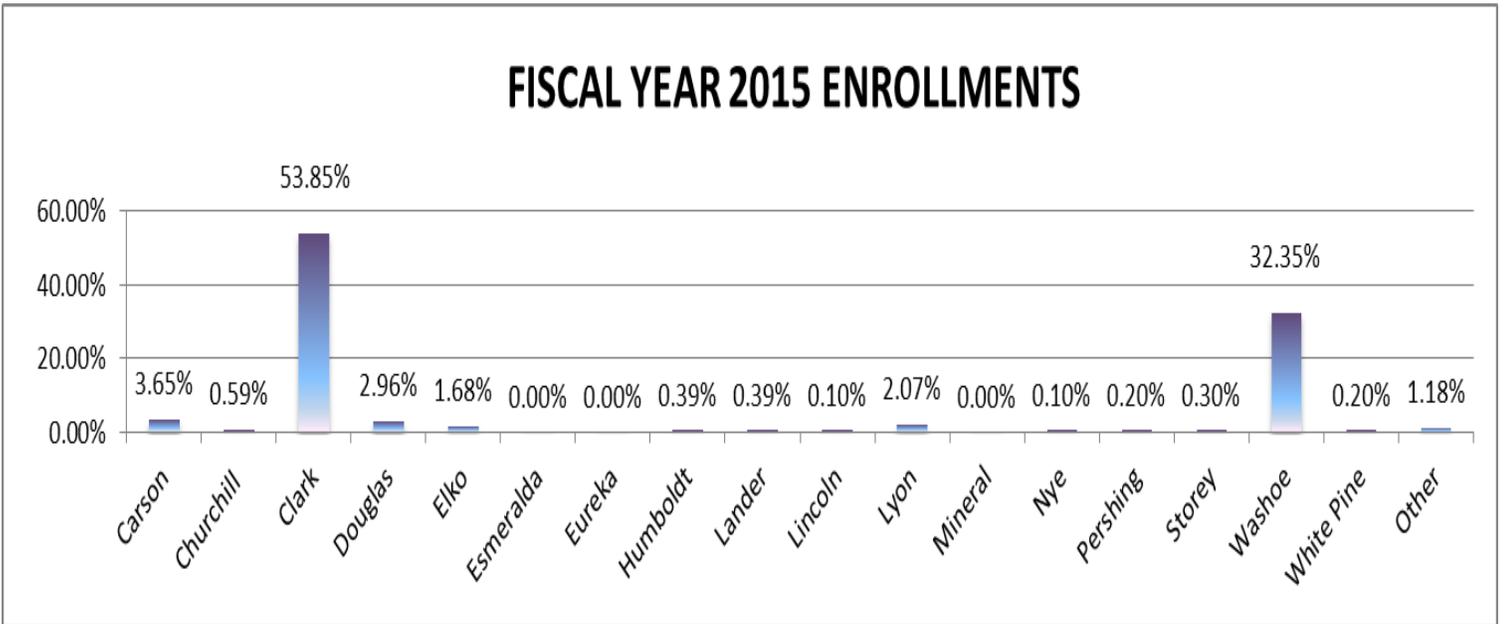


PAYMENT OPTION	TOTAL	% OF TOTAL
LUMP SUM	363	35.80%
5 YEAR	241	23.77%
EXTENDED MONTHLY	410	40.43%
<b>TOTAL ENROLLMENT</b>	<b>1,014</b>	<b>100.00%</b>

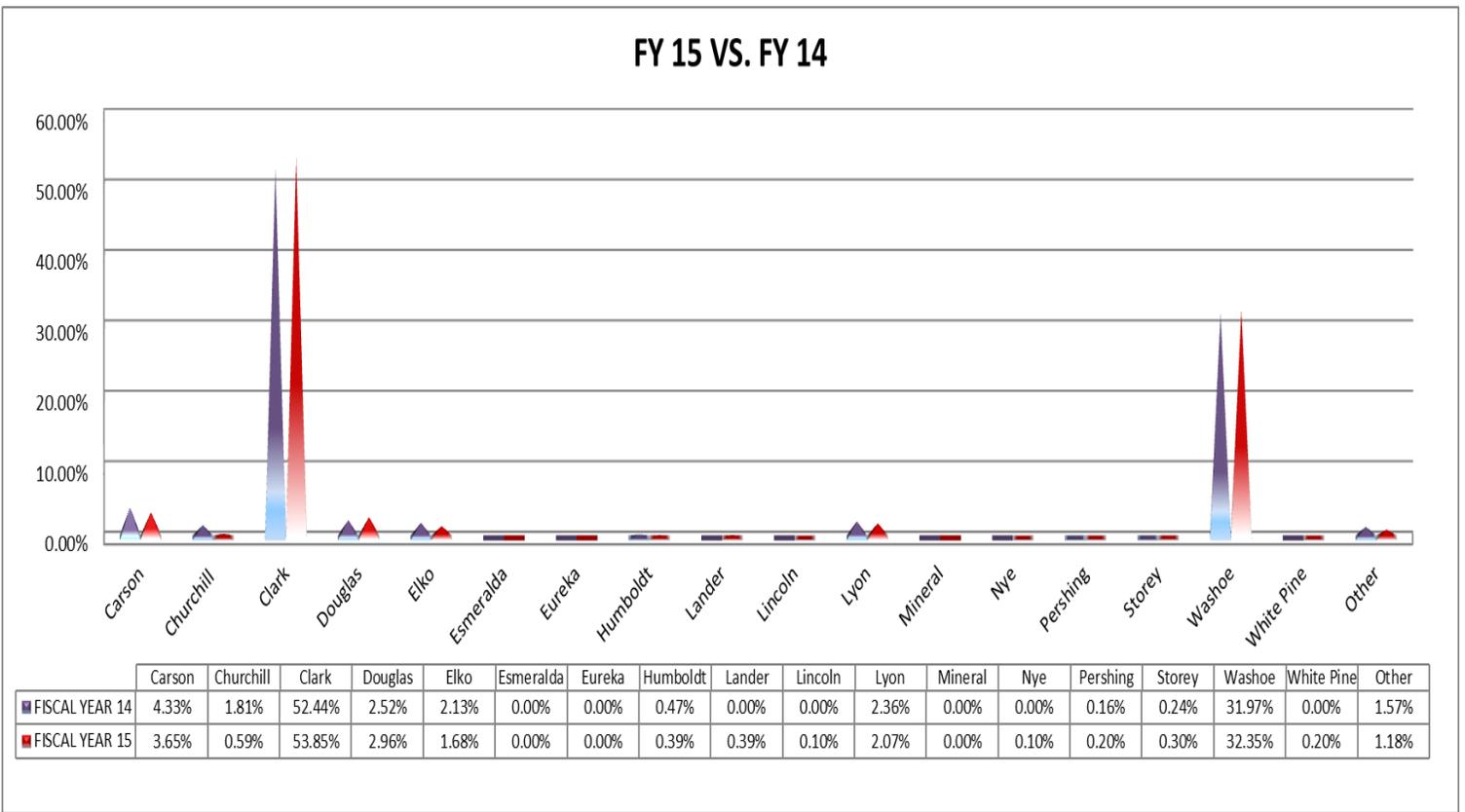


# CONTRACTS BY COUNTY

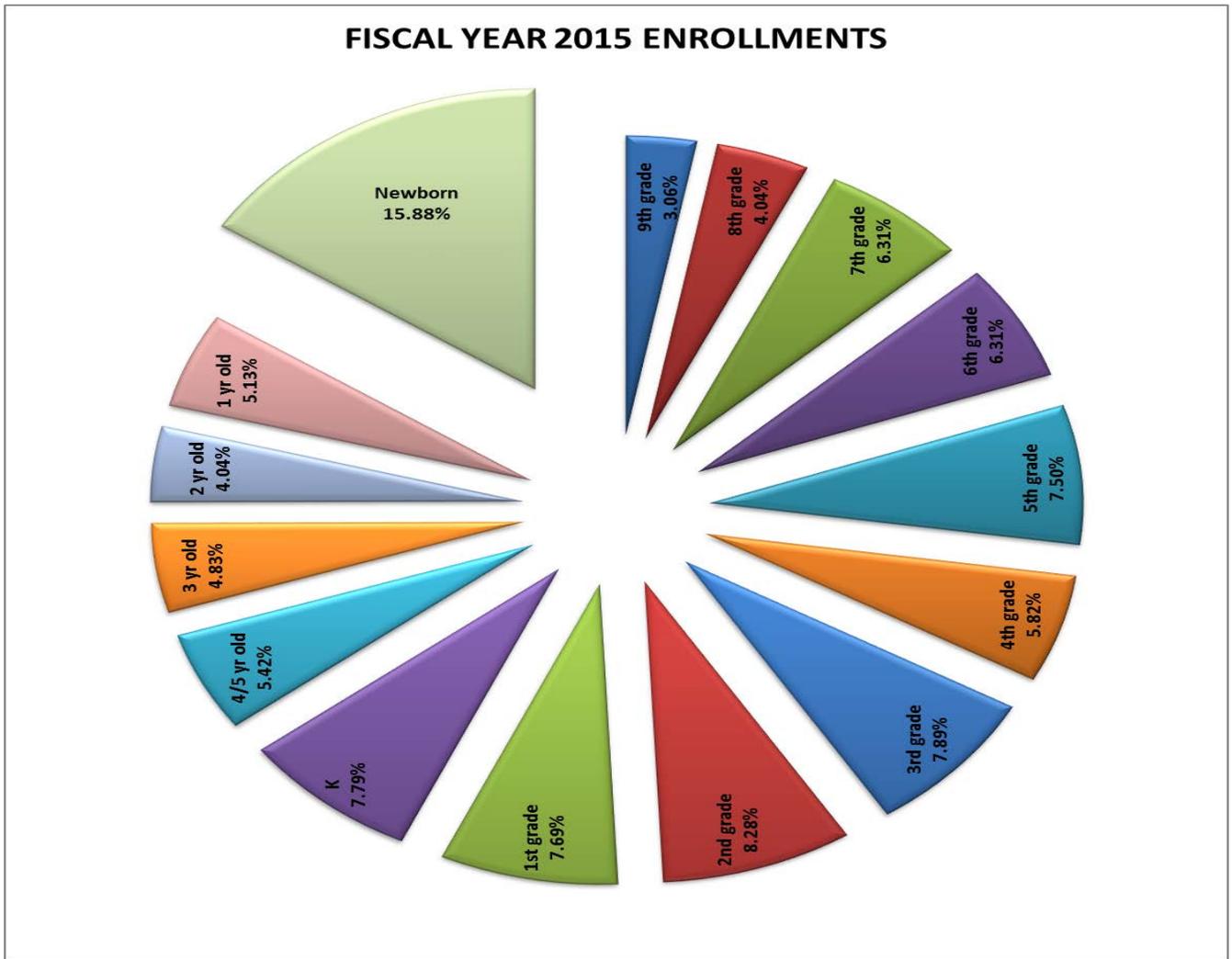
## FISCAL YEAR 2015 ENROLLMENTS



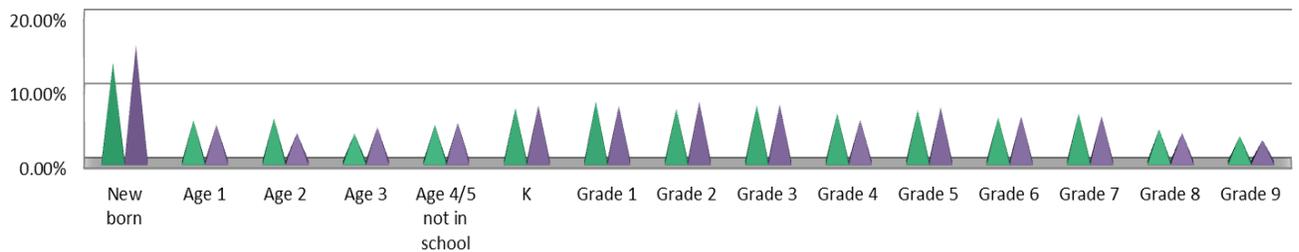
## FY 15 VS. FY 14



# BENEFICIARY'S AGE/GRADE



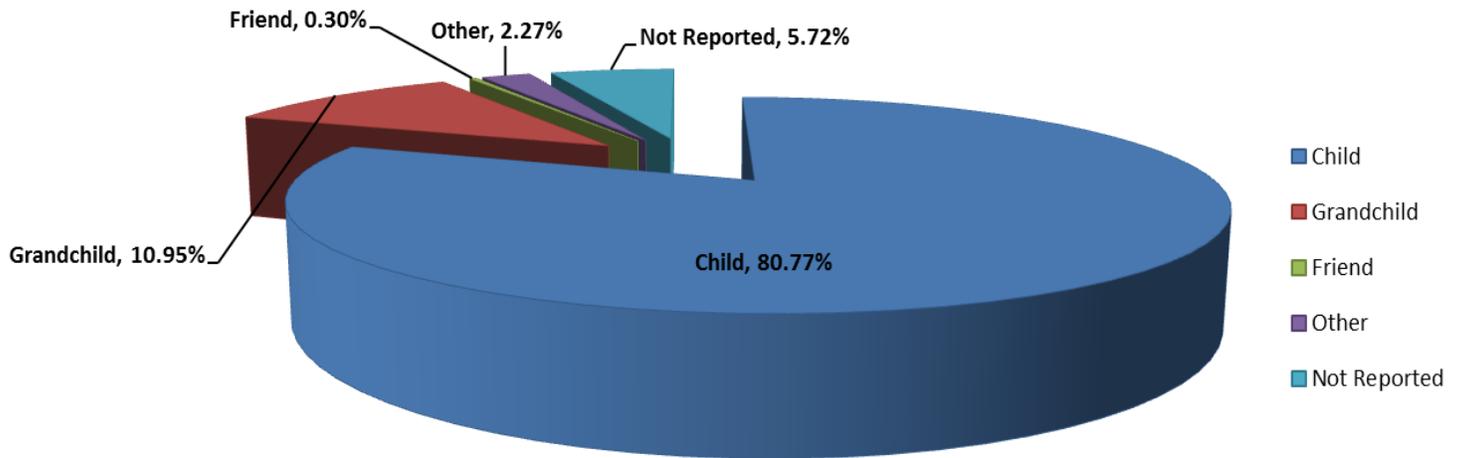
### FY 15 VS. FY 14



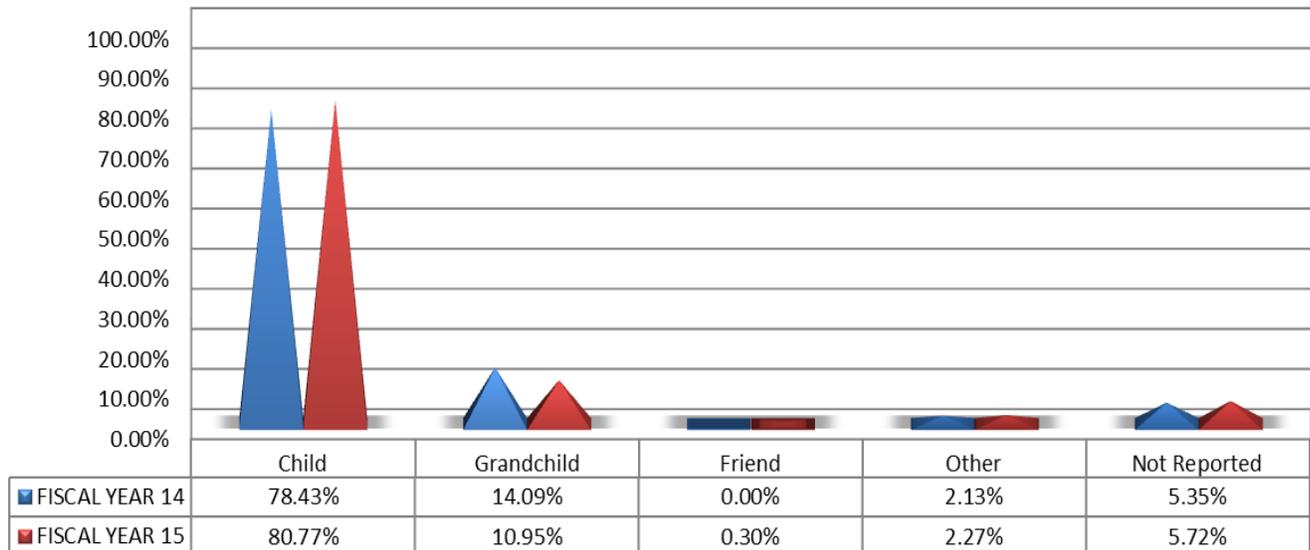
	New born	Age 1	Age 2	Age 3	Age 4/5 not in school	K	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9
FISCAL YEAR 2014	13.54%	5.75%	5.98%	3.94%	5.12%	7.40%	8.27%	7.32%	7.80%	6.69%	7.17%	6.14%	6.69%	4.57%	3.62%
FISCAL YEAR 2015	15.88%	5.13%	4.04%	4.83%	5.42%	7.79%	7.69%	8.28%	7.89%	5.82%	7.50%	6.31%	6.31%	4.04%	3.06%

# BENEFICIARY'S RELATIONSHIP TO PURCHASER

## FISCAL YEAR 2015 ENROLLMENTS

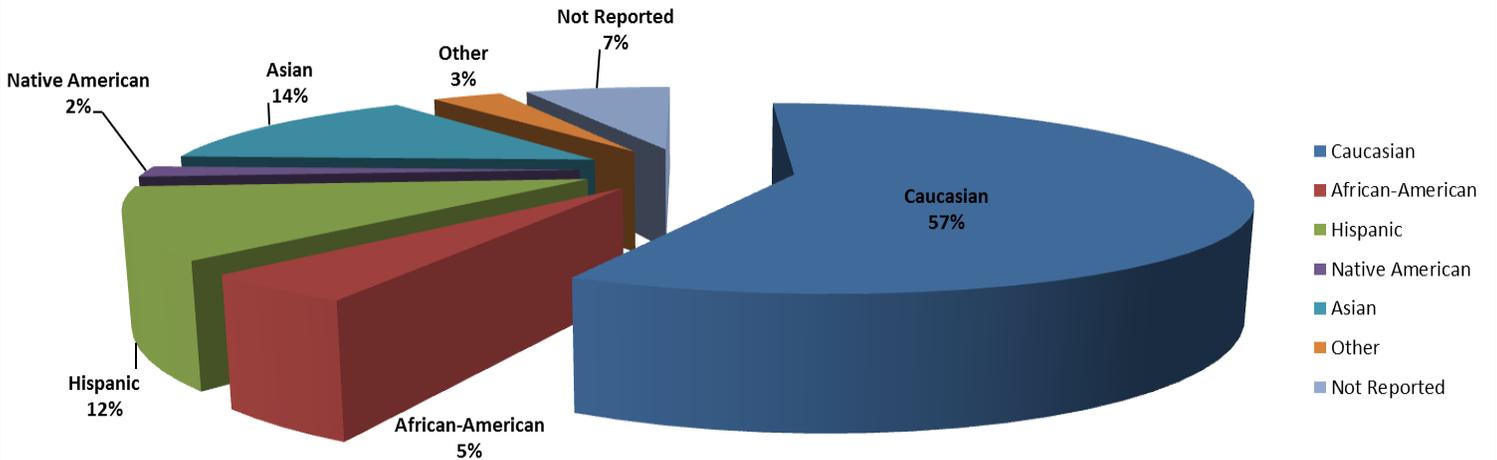


## FY 15 VS. FY 14

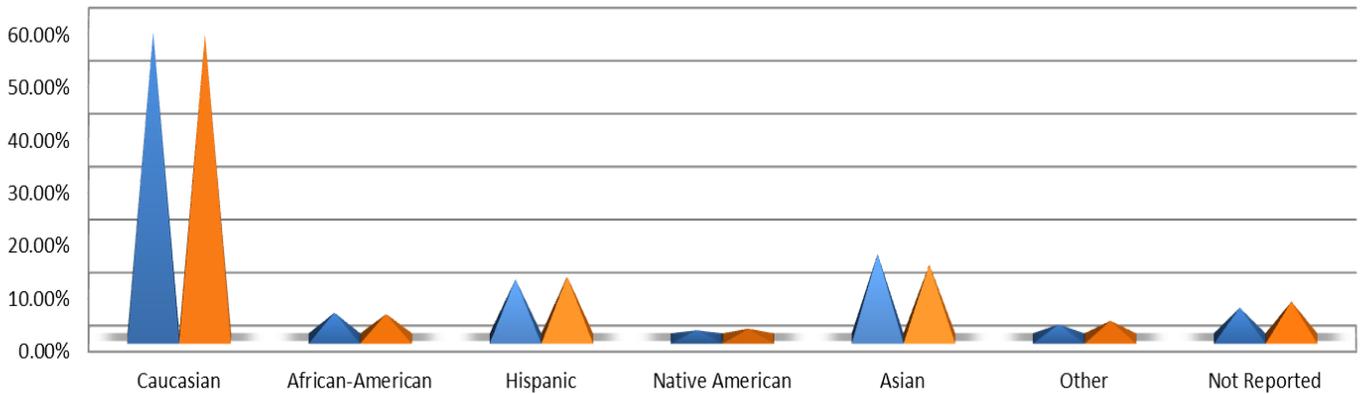


# RACE OF BENEFICIARY

## FISCAL YEAR 2015 ENROLLMENTS



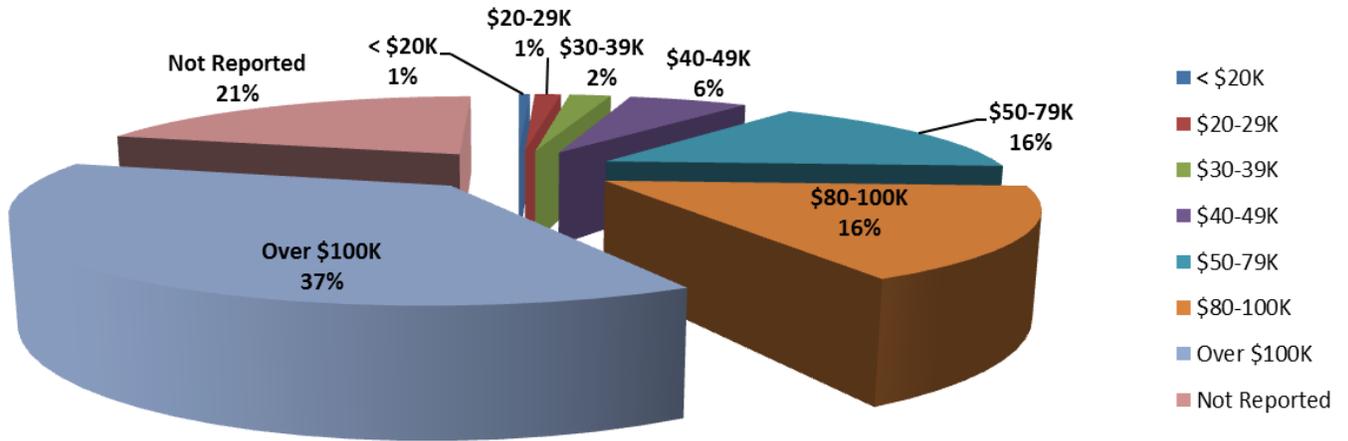
## FY 15 VS. FY 14



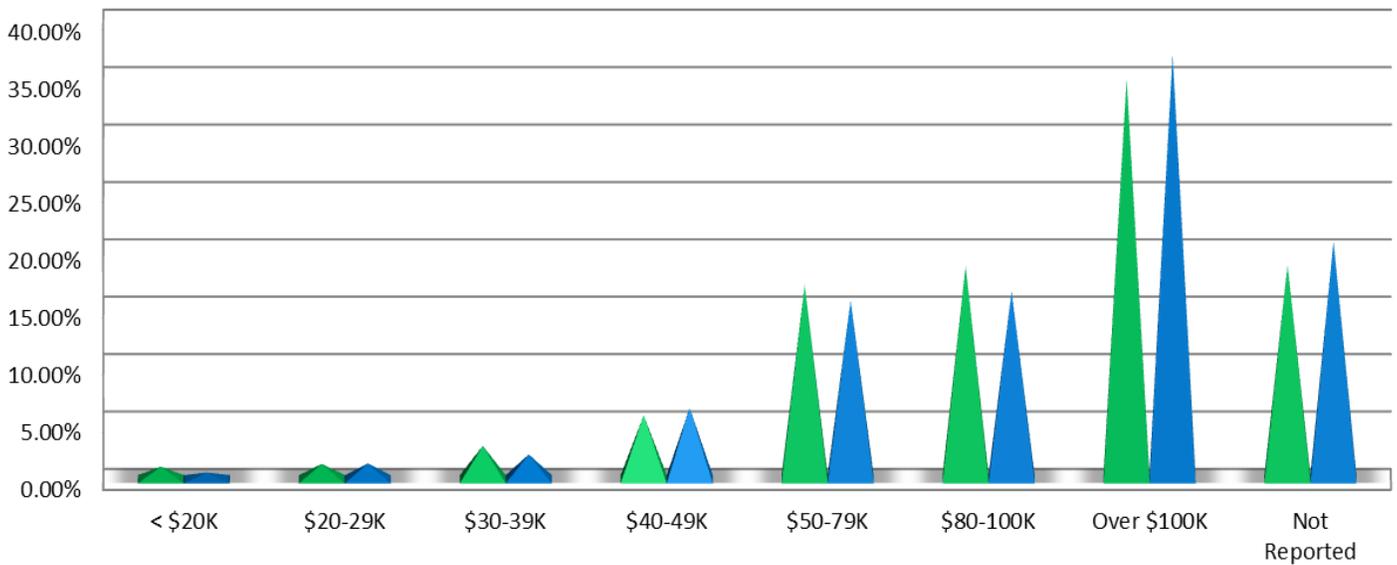
	Caucasian	African-American	Hispanic	Native American	Asian	Other	Not Reported
FISCAL YEAR 14	57.87%	4.88%	11.18%	1.57%	15.98%	2.68%	5.83%
FISCAL YEAR 15	57.40%	4.64%	11.74%	1.87%	14.00%	3.35%	7.00%

# PURCHASER'S INCOME LEVEL

## FISCAL YEAR 15 ENROLLMENTS



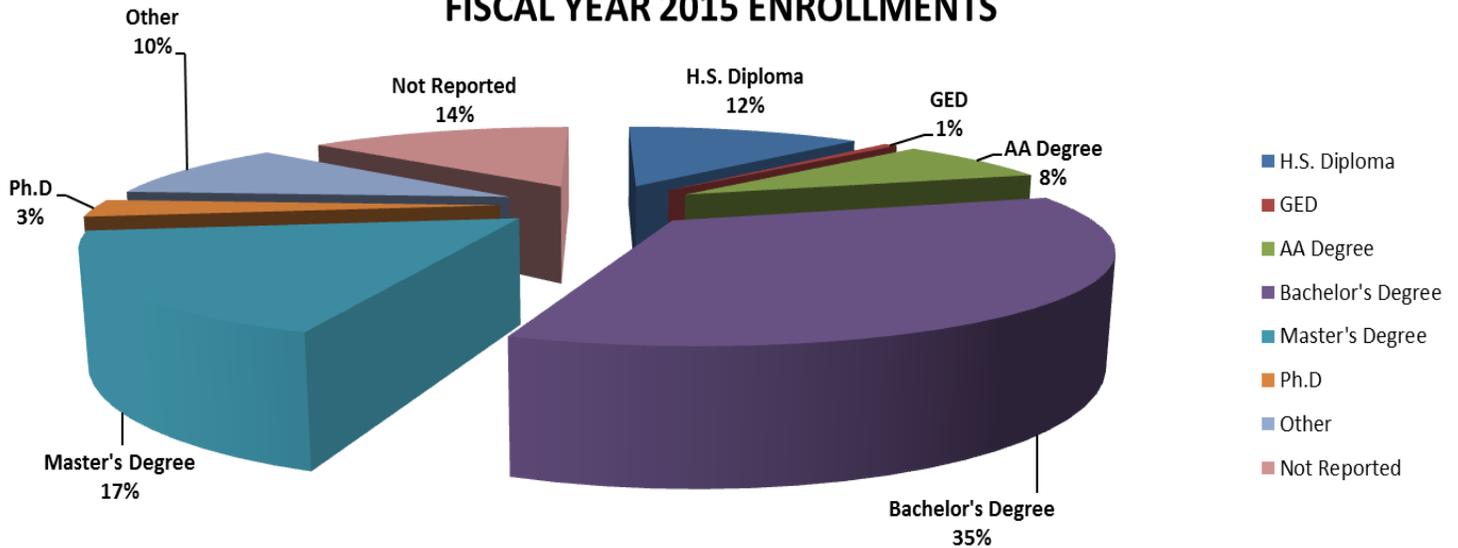
## FY 15 VS. FY 14



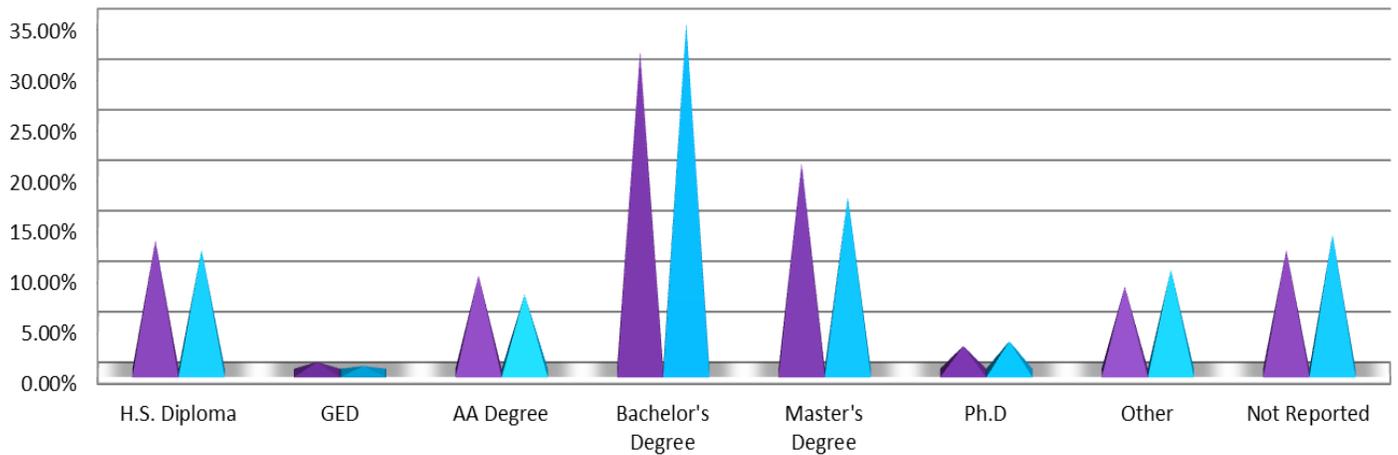
	< \$20K	\$20-29K	\$30-39K	\$40-49K	\$50-79K	\$80-100K	Over \$100K	Not Reported
<span style="color: green;">■</span> FISCAL YEAR 14	1.10%	1.34%	2.91%	5.59%	16.93%	18.58%	34.88%	18.66%
<span style="color: blue;">■</span> FISCAL YEAR 15	0.59%	1.38%	2.17%	6.21%	15.58%	16.37%	36.98%	20.71%

# PURCHASER'S EDUCATION LEVEL

## FISCAL YEAR 2015 ENROLLMENTS



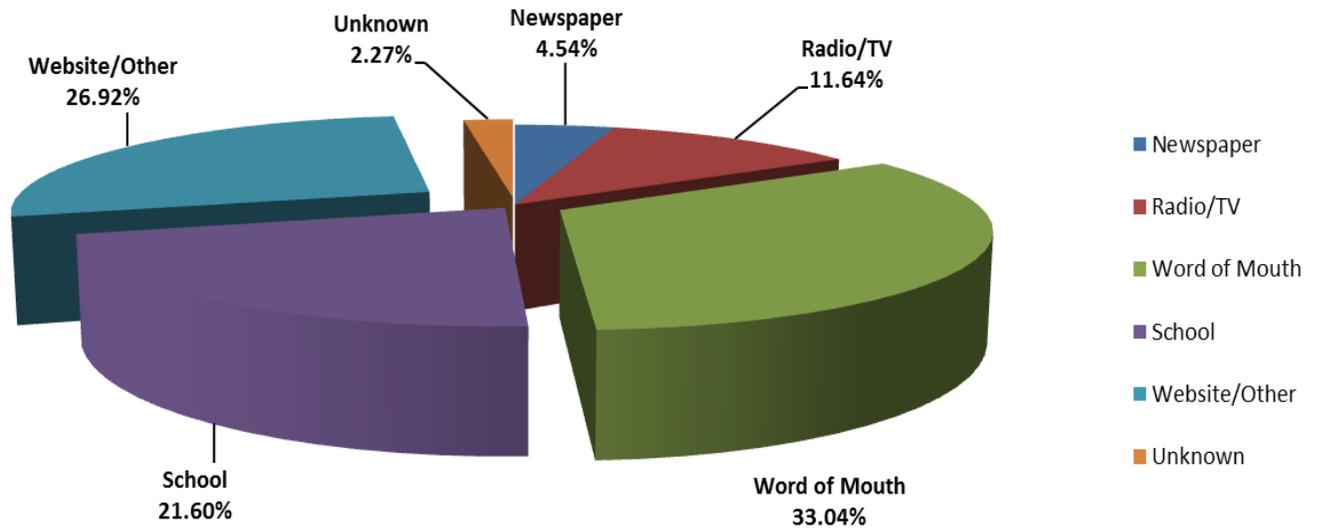
## FY 15 VS. FY 14



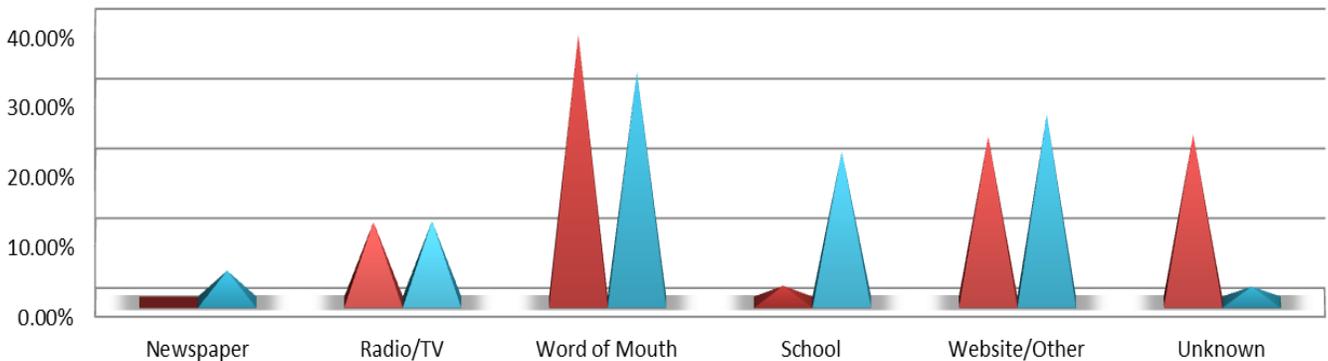
	H.S. Diploma	GED	AA Degree	Bachelor's Degree	Master's Degree	Ph.D	Other	Not Reported
■ FISCAL YEAR 14	13.15%	1.10%	9.69%	31.81%	20.79%	2.68%	8.58%	12.20%
■ FISCAL YEAR 15	12.23%	0.69%	7.79%	34.71%	17.46%	3.16%	10.26%	13.71%

# REFERRAL SOURCE

## FISCAL YEAR 2015 ENROLLMENTS



## FY 15 VS. FY 14



	Newspaper	Radio/TV	Word of Mouth	School	Website/Other	Unknown
FISCAL YEAR 14	0.00%	11.50%	38.35%	2.36%	23.78%	24.02%
FISCAL YEAR 15	4.54%	11.64%	33.04%	21.60%	26.92%	2.27%

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 7**  
**January 28, 2016**

**Item: The International Association of Working Mothers  
Financial Literacy – Expansion of Contract  
(Amendment 1) for Latina Money Conference**

**Recommendation:**

**That the Board review and approve Amendment 1 of the contract with The International Association of Working Mothers, dba “Women’s Money” to coordinate and deliver a second Spanish Language Financial Literacy conference in Reno. This conference request, “Mujeres y Dinero” in Fiscal Year 2016 is due to recent success of the first event held in Reno, October 24, 2015.**

Fiscal:

None by this action.

Summary:

**Background**

Since early 2012, the Board has contracted with The International Association of Working Mothers (IAWM) to coordinate and conduct financial literacy conferences for women of all ages in Nevada. A key component of the conferences has and will continue to be, delivering the message of how important it is to save for college.

The Board reviewed and approved the concept to expand the conferences on December 17, 2015 to coordinate and deliver a second Spanish Language Financial Literacy conference in Reno, pending the actual contract amendment be brought back before the Board for review. This contract extension is attached, as well as a copy of the current contract dated November 10, 2015, through

November 9, 2016. This amendment increases the cost of the contract for Women's Money Conferences, from \$95,000 per year to \$116,000/year.

### **Data Collection**

Based on December 2015 Board direction, staff will change the conference approach from awareness to engagement to encourage and increase participation in the College Savings Plans going forward:

- Collect email addresses to have attendees 'opt in' to receive follow up college savings related educational emails.
- Track and report the number of emails collected from attendees and the resulting number of contracts opened within a year of attendance.
- STO staff will present quarterly at post conference mentoring events the importance and ease of opening a 529 College Savings Plan or 529 Prepaid Tuition Program. (First session set for February 6<sup>th</sup>, 2016)

### **Conclusion**

Staff recommends that the Board review and approve the International Association of Working Mothers contract expansion to host one additional Latina conference to be held in Spanish (Reno). Upon approval of this contract by the Board, the contract must also be presented as a work program to the Interim Finance Committee and to the clerk of the State Board of Examiners.

Sheila Salehian, Deputy Treasurer, will be present to answer any questions.

# Conference Proposal

## Mujeres y Dinero 2016 Reno, NV

Women's Money proposes to host Financial Literacy Event in Reno, NV for Spanish speaking women to be conducted on May 14, 2016. These events will highlight the basics of financial management in order to find more money for investing opportunities like the college savings 529 plans and matching grants for Spanish speaking families.

### QUALIFICATIONS & EXPERIENCE:

Women's Money is known for its exceptional event and conference planning and marketing for audiences from 15 to 500. In addition, Women's Money works with over 30 Community Partner Organizations (CPO) and every event hosted by Women's Money is a collaborative community event. In addition, Women's Money currently hosts La Conferencia de Mujeres y Dinero - the only Spanish language financial conference for women in Nevada.

### PROGRAM:

- *Event:* La Conferencia de Mujeres y Dinero
- *Event:* Consistent with Mujeres y Dinero conference agenda in Las Vegas.
- *Locations and Date of Event:*
  - May 14, 2016 Atlantis Casino, Reno, NV 9:00 a.m. to 4:00 p.m.
- *Utilization of Experts:* Many of the local and national experts who are fluent in Spanish will be utilized for this program.
- *Reporting capabilities:*
  - *Event Report:* Women's Money has an existing data collection process which will mark the financial starting point of event attendees. The same impact surveys used for the English audience will be conducted for the Spanish audience.
- *Materials:* Each attendee would receive the following from Women's Money:
  - Mujeres y Dinero Libro de Trabajo (book)
  - GSA Consumer Handbook en Espanol (book)
  - Spanish Language Mortgage Resources: Reverse Mortgages; Foreclosures; Refinancing; Scams.
  - Spanish Language Banking Resources: Fees, Rights, Debt Collection, Saving, Finding the right bank.
  - Spanish Language Caregivers Resources: Wills, Trusts, Power of Attorney, Funeral, Checklists.
  - Spanish Language College Resources: 529 plans, Matching Grant, College Savings Planners.

### PROPOSED PRICING:      **\$21,000**

The proposed pricing reflects the following: 75 attendees at \$280pp

- Providing content experts and conference style program.
- Financial and event materials (books),
- Event marketing: Facebook, Twitter, Google Ads, Email marketing, Public Relations, Incentives.

**AMENDMENT #1 TO CONTRACT**

Between the State of Nevada  
Acting By and Through Its

The Board of Trustees of the College Savings Plans of Nevada  
101 N. Carson Street, Suite 4  
Carson City, NV 89701  
Phone: (775) 684-5666  
FAX: (775) 684-5776

And

The International Association of Working Mothers  
Gina Robinson-Billups, President  
PO BOX 50008  
Henderson, NV 89016  
Phone: (702) 353-1392

1. AMENDMENTS. For and in consideration of mutual promises and/or their valuable consideration, all provisions of the original contract, resulting from Request for Proposal #2016-CSB-001 and dated November 20, 2015 and Amendment #1, attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

A. This Amendment #2 increases the contract amount by \$21,000 from a total of \$95,000 to \$116,000 for the purpose of expending the Scope of Work to the original Contract (Attachment AA) to include the following:

i. The contractor will host an additional financial Spanish Conference in Reno, Nevada targeting Latina Women in Northern Nevada.

2. INCORPORATED DOCUMENTS. Exhibit A (Original Contract) is attached hereto, incorporated by reference herein and made a part of this amended contract.

3. REQUIRED APPROVAL. This amendment to the original contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this amendment to the original contract to be signed and intend to be legally bound thereby.

_____	_____	_____
Independent Contractor's Signature	Date	Independent's Contractor's Title
_____	_____	_____
Signature	Date	Title
_____	_____	_____
Signature	Date	Title
_____		APPROVED BY BOARD OF EXAMINERS
Signature - Board of Examiners		On _____
Approved as to form by:		(Date)
_____		On _____
Deputy Attorney General for Attorney General		(Date)

State of Nevada  
Nevada Office of State Treasurer  
555 E. Washington Ave, Suite 4600  
Las Vegas, NV 89101



Brian Sandoval  
Governor

Dan Schwartz  
State Treasurer

State of Nevada  
Nevada State Treasurer's Office

**Request for Proposal: 2016-CSB-001**  
For  
**Annual Financial Literacy Conferences**

Release Date: **July 2, 2015**

Deadline for Submission and Opening Date and Time: **August 17, 2015, 2:00 PM PT**

***Refer to Section 8, RFP Timeline for the complete RFP schedule***

For additional information, please contact:

**Cherie McDowell, Management Analyst**

**State of Nevada, Treasurer's Office**

**555 E. Washington Ave Suite 4600**

**Las Vegas, NV 89101**

**Phone: 702-486-4141**

Email address: **cmcdowell@nevadatreasurer.gov**

(TTY for Deaf and Hard of Hearing: **1-800-326-6868**

Ask the relay agent to dial: **1-775-684-0172/V.**)

***Refer to Section 9 for instructions on submitting proposals***

## VENDOR INFORMATION SHEET FOR RFP 2016-CSB-001

**Vendor Must:**

- A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V6 will be used for development of the contract;
- B) Type or print responses; and
- C) Include this Vendor Information Sheet in Tab III of the Technical Proposal.

V1	Company Name	
----	--------------	--

V2	Street Address	
----	----------------	--

V3	City, State, ZIP	
----	------------------	--

V4	Telephone Number	
	Area Code:	Number:

V5	Facsimile Number	
	Area Code:	Number:

V6	Toll Free Number	
	Area Code:	Number:

V7	<b>Contact Person for Questions / Contract Negotiations, including address if different than above</b>	
	Name:	
	Title:	
	Address:	
Email Address:		

V8	Telephone Number for Contact Person	
	Area Code:	Number:

V9	Facsimile Number for Contact Person	
	Area Code:	Number:

V10	<b>Name of Individual Authorized to Bind the Organization</b>	
	Name:	Title:

V11	<b>Signature (Individual must be legally authorized to bind the vendor per NRS 333.337)</b>	
	Signature:	Date:

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A Request for Proposal process is different from an Invitation to Bid. The State expects vendors to propose creative, competitive solutions to the agency's stated problem or need, as specified below. Vendors' technical exceptions and/or assumptions should be clearly stated in *Attachment A, Technical Proposal Certification of Compliance with Terms and Conditions of RFP*. Exceptions and/or assumptions will be considered during the evaluation process; however, vendors must be specific. Nonspecific exceptions or assumptions may not be considered. The State reserves the right to limit the Scope of Work prior to award, if deemed in the best interest of the State per NRS 333.350(1).

Prospective vendors are advised to review Nevada's ethical standards requirements, including but not limited to, NRS 281A and the Governor's Proclamation, which can be found on the Purchasing Division's website (<http://purchasing.state.nv.us>).

## 1. PURPOSE OF RFP

The purpose of this Request for Proposal (RFP) is to solicit proposals for the Board of Trustees of the College Savings Plans of Nevada and the Nevada State Treasurers' Office (STO) from qualified vendors for the purpose of providing Annual Financial Literacy Conferences for specific populations in Nevada, namely, Women's, Veterans and Senior Citizens. These conferences will be annual events (8) which will provide a full day conference as listed below:

- Women's: 1 English Language Conference and 1 Spanish Language Conference in Las Vegas + 1 English Language Conference in Reno and 1 rural Nevada Conference (English) (4 total)
- Veterans Focus: 1 English Language Conference in both Reno and Las Vegas (2 total)
- Senior Citizens: 1 English Language Conference in both Reno and Las Vegas (2 total)

The maximum amount allowed for these conferences is \$175,000. Up to \$100,000 will be allocated to the Women's Financial Literacy conferences. The Senior Citizen conferences will be allocated up to \$40,000 and up to \$35,000 for the Veterans Conferences. Vendors may choose to bid on one, two or all three of the conference areas. The State reserves the right to award the contract to up to 3 vendors. If awarded a contract, the company must be able to host both the English and Spanish conferences for the focus area they bid on. i.e., if the Vendor bids on the Women's conferences only, they would be awarded up to \$100,000 to coordinate, manage and deliver 4 Women's conferences. (2 English + 1 Spanish + 1 rural.) If a vendor bids on the Senior Citizen conferences and are awarded that contract they will be allotted up to \$40,000. If the vendor bids on all three and is awarded all three conference areas they will be awarded up to \$175,000. The awarded amounts are all inclusive. As such, vendor travel or other expenses will not be covered over and above the contracted amount.

## 1.1 OVERVIEW OF NEED FOR PROGRAMS AND DESCRIPTION OF THE SERVICES REQUIRED

State Treasurer's across the United States are making Financial Literacy education and outreach efforts a priority. The Board of Trustees of the College Savings Plans of Nevada (CSB) is comprised of five (5) voting members. The State Treasurer serves as the Chairman of the Board and as the Administrator of the College Savings Plans of Nevada which includes both 529 savings plans and the Nevada Prepaid Tuition program. The College Savings Board has asked the Chair of the Board to provide Financial Literacy education and outreach to residents of Nevada in an effort to increase their personal financial knowledge, and increase the awareness and participation levels of families investing in college savings accounts for their children and grandchildren.

The College Savings Board is keenly aware that increasing financial literacy knowledge will positively impact families and the Nevada economy as a whole. Increasing the attendance at higher education institutions will result in a larger pool of skilled workers, needed to support the diverse economy Nevada is working so hard to develop. The emphasis and importance of financial literacy has also been noted on a national level as noted below.

*"Financial illiteracy is not an issue unique to any one population. It affects everyone: men and women, young and old, across all racial and socioeconomic lines. No longer can we stand by and ignore this problem. The economic future of the United States depends on it." President's Advisory Council on Financial Literacy.*

*The ability to understand and control one's finances is one of the most important life skills. It creates a path to economic independence and mobility." Richard Cordray, Director of the Consumer Financial Protection Bureau and Vice Chair of the Financial Literacy and Education Commission*

### **Why is Financial Literacy More Important Today?**

Awareness of the need and benefits of financial education for individuals of this generation is more critical than any other time in history. As a point of fact, the landscape of financial planning is changing due to a variety of reasons, some of which include:

- Management of one's personal finances is transitioning to become the sole responsibility of the individual.
- Growing complexity of the financial product landscape.
- Anticipated adjustments to government safety nets.
- Longer life spans of individuals is modifying the money lifestyle equation

According to a 2015 study by Wallet Hub, "2015's The Most & Least Financially Literate States in America"; **Nevada ranks 50<sup>th</sup>, behind only Mississippi when it comes to overall ranking on Financial Literacy.** Two key items noted in that report include that Nevada ranks 50<sup>th</sup> in 'Least Sustainable Spending Habits' and 49<sup>th</sup> in "Highest Non-Bank Borrowing Rate".

**1.2 DURATION OF CONTRACT**

The duration of any contract resulting from the RFP shall be for a period of one (1) year, with one (1) optional renewal for one (1) year, contingent upon the acceptable performance by the selected vendor(s) and sufficient monies be appropriated by the CSB.

**2. ACRONYMS / DEFINITIONS**

For the purposes of this RFP, the following acronyms/definitions will be used:

<b>Acronym</b>	<b>Description</b>
<b>Assumption</b>	An idea or belief that something will happen or occur without proof. An idea or belief taken for granted without proof of occurrence.
<b>Awarded Vendor</b>	The organization/individual that is awarded and has an approved contract with the State of Nevada for the services identified in this RFP.
<b>BOE</b>	State of Nevada Board of Examiners
<b>Confidential Information</b>	Any information relating to the amount or source of any income, profits, losses or expenditures of a person, including data relating to cost or price submitted in support of a bid or proposal. The term does not include the amount of a bid or proposal. Refer NRS §333.020(5) (b).
<b>Contract Approval Date</b>	The date the State of Nevada Board of Examiners officially approves and accepts all contract language, terms and conditions as negotiated between the State and the successful vendor.
<b>Contract Award Date</b>	The date when vendors are notified that a contract has been successfully negotiated, executed and is awaiting approval of the Board of Examiners.
<b>Contractor</b>	The company or organization that has an approved contract with the State of Nevada for services identified in this RFP. The contractor has full responsibility for coordinating and controlling all aspects of the contract, including support to be provided by any subcontractor(s). The contractor will be the sole point of contact with the State relative to contract performance.
<b>Cross Reference</b>	A reference from one document/section to another document/section containing related material.
<b>Division/Agency</b>	The Division/Agency requesting services as identified in this RFP.
<b>Evaluation Committee</b>	An independent committee comprised of a majority of State officers or employees established to evaluate and score proposals submitted in response to the RFP pursuant to NRS §333.335.

Acronym	Description
<b>Exception</b>	A formal objection taken to any statement/requirement identified within the RFP.
<b>Key Personnel</b>	Vendor staff responsible for oversight of work during the life of the project and for deliverables, as applicable.
<b>LOI</b>	Letter of Intent - notification of the State's intent to award a contract to a vendor, pending successful negotiations; all information remains confidential until the issuance of the formal notice of award.
<b>May</b>	Indicates something that is not mandatory but permissible.
<b>Must</b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.
<b>NAC</b>	Nevada Administrative Code –All applicable NAC documentation may be reviewed via the internet at: <a href="http://www.leg.state.nv.us">www.leg.state.nv.us</a> .
<b>NOA</b>	Notice of Award – formal notification of the State's decision to award a contract, pending Board of Examiners' approval of said contract, any non-confidential information becomes available upon written request.
<b>NRS</b>	Nevada Revised Statutes – All applicable NRS documentation may be reviewed via the internet at: <a href="http://www.leg.state.nv.us">www.leg.state.nv.us</a> .
<b>Pacific Time (PT)</b>	Unless otherwise stated, all references to time in this RFP and any subsequent contract are understood to be Pacific Time.
<b>Proprietary Information</b>	Any trade secret or confidential business information that is contained in a bid or proposal submitted on a particular contract. (Refer to NRS 333.020 (5) (a).
<b>Public Records</b>	All books and public records of a governmental entity, the contents of which are not otherwise declared by law to be confidential must be open to inspection by any person and may be fully copied or an abstract or memorandum may be prepared from those public books and public records. (Refer to NRS 333.333 and NRS 600A.030 [5]).
<b>Redacted</b>	The process of removing confidential or proprietary information from a document prior to release of information to others.
<b>RFP</b>	Request for Proposal; a written statement which sets forth the requirements and specifications of a contract to be awarded by competitive selection NRS §333.020(7).
<b>Shall</b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.

<b>Acronym</b>	<b>Description</b>
<b>Should</b>	Indicates something that is recommended but not mandatory. If the vendor fails to provide recommended information, the State may, at its sole option, ask the vendor to provide the information or evaluate the proposal without the information.
<b>State</b>	The State of Nevada and any agency identified herein.
<b>Subcontractor</b>	Third party, not directly employed by the vendor, who will provide services identified in this RFP. This does not include third parties who provide support or incidental services to the vendor.
<b>Trade Secret</b>	Information, including, without limitation, a formula, pattern, compilation, program, device, method, technique, product, system, process, design, prototype, procedure, computer programming instruction or code that: derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by the public or any other person who can obtain commercial or economic value from its disclosure or use; and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
<b>Vendor</b>	Organization/individual submitting a proposal in response to this RFP.
<b>Will</b>	Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.

## 2.1 STATE OBSERVED HOLIDAYS

The State observes the holidays noted in the following table. When January 1<sup>st</sup>, July 4<sup>th</sup>, November 11<sup>th</sup> or December 25<sup>th</sup> falls on Saturday, the preceding Friday is observed as the legal holiday. If these days fall on Sunday, the following Monday is the observed holiday.

<b>Holiday</b>	<b>Day Observed</b>
New Year's Day	January 1
Martin Luther King Jr.'s Birthday	Third Monday in January
Presidents' Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Nevada Day	Last Friday in October
Veterans' Day	November 11
Thanksgiving Day	Fourth Thursday in November
Family Day	Friday following the Fourth Thursday in November
Christmas Day	December 25

### 3. SCOPE OF WORK

The conferences will need to ensure an attendance of a minimum amount of attendees, as outlined below.

Specifically, the **Women's Financial Literacy** Las Vegas conference requirement is 350 attendees for the English speaking conference and 100 attendees for the Spanish language conference. Attendees required for the rural conferences is, minimum 25. In Reno, the attendance requirement is 250 for the English language conference.

The conferences must be conducted from 9-4 pm, with a continental breakfast and lunch served. The expectation is that coffee and bottled water as well as sodas will be available to attendees for the entire day. In addition, the lunch should be served buffet style, with a hot entrée. The 1<sup>st</sup> conference must be completed by December 15<sup>th</sup>, 2015 and the last conference completed by June 30<sup>th</sup>, 2016. April is National Financial Literacy Month, therefore it is required that at least two of the large conferences be held that month. There is a requirement that the dates, speakers, and topics are approved by the Treasurer's Office staff. The conference vendor will need to ensure that there is proper signage throughout the venue, with adequate (Treasurer Office approved) signage for the State of Nevada Treasurer's Office, as title sponsor. Seating attendees at roundtables, to encourage participant interaction with each other.

The attendance requirement for the **Veterans Financial Literacy** conference is 75 attendees in Las Vegas and 50 attendees in Reno.

The attendance requirement for the **Senior Citizens Financial Literacy** conference is 125 attendees in Las Vegas, and 75 attendees in Reno.

If the total attendance requirements are not met, the vendor will not be paid the full contracted amount. The contracted amount will be lowered in direct proportion to the total attendance level. For example, if a vendor is hired to coordinate and deliver the 4 Women's Money Conferences for \$100,000 and their combined attendance numbers are only 700, that equates to 97% attendance (700 attendees vs. 725 requirement in RFP) and only 97% of the contract, i.e., \$97,000 will be paid to the vendor.

#### **Day of Conference requirements:**

All eight conferences must be completed from 9 am to 4 pm. The vendor is responsible for tracking and reporting on all key components of the conference including the demographic data of registrants and attendees. Also, preconference knowledge of key concepts to be trained will be summarized and shared with the office of the Treasurer. The Vendor is expected to handle all conference planning and execution including public outreach, registration, adequate signage within venue, catering of food/beverage, securing of adequate conference locations, audio/visual equipment, speakers, sponsors, attendee take home workbooks, and facilitators. All conference speakers, proposed event locations, signage, sponsors, financial discussion topics, and attendee workbooks must be approved by STO staff prior to finalizing. It is expected that the conference will have an opening speaker, and that the Treasurer will be given 10-15 minutes at the start of the conference to address and welcome the audience as the presenting sponsor. All conference materials will be 'cobranded' with the Nevada State Treasurer's Office Seal

and/or any/all college savings plan logos. As noted earlier, The State Treasurer serves as the Chairman of the Board and as the Administrator of the College Savings Plans of Nevada which includes both 529 savings plans and the Nevada Prepaid Tuition program. The College Savings Board has asked the Chair of the Board to provide Financial Literacy education and outreach to residents of Nevada in an effort to increase their personal financial knowledge, and increase the awareness and participation levels of families investing in college savings accounts for their children and grandchildren. Therefore, saving for college must be a key component and woven throughout the entire conference. (Budgeting/Saving/Investments) STO staff will provide information on 529 savings plans most appropriate for these audiences and will prepare and deliver the talking points relative to the importance of saving for higher education. STO staff will also highlight key College Savings Matching Grant programs that the respective audiences (Military and Senior Citizens, etc.) may qualify for, helping their children and grandchildren save for higher education.

**Admission:** The Vendor(s) will be allowed to charge up to \$75.00 for attendance to offset food and production costs however, it is expected that sponsors will provide scholarship tickets to attendees that have a self-reported AGI of under \$75,000.

**Table Sponsors:** The Vendor(s) will be allowed to offer sponsorships to Financial Institutions, and Non Profit Service Providers, however, the cost of sponsorship and table services offered, must be approved by the Office of the State Treasurer staff. (STO staff)

#### **Description of Pre and Post Conference Services Required:**

##### **Reporting:**

The Vendor will be required to develop in conjunction with STO staff, a preconference Financial Literacy needs assessment and knowledge survey to be administered to registered attendees. Survey results must be summarized and shared with STO staff 2 weeks prior to the conference. At the end of the conference, the participants will be required to fill out a post conference survey rating the effectiveness and satisfaction of the conference content and delivery. In addition, a post conference knowledge assessment must be completed and compared to the preconference test results to assess effectiveness of the training. I.E., the Vendor will be required to summarize pre conference need with post conference delivery with knowledge gained, identifying any gaps. The pre and post results comparison will be due within 3 weeks of the conference completion. Lastly, the chosen vendor must survey attendees 90 days after attendance to assess post conference impact on predetermined key performance indicators such as but not limited to:

- Implementation and use of a budget
- Change in spending habits
- Creation and contribution of an emergency savings fund
- Account Opening activity (checking/savings, college savings, retirement)
- Credit Report/Score pre and post conference (prior and 90 days post conference)
- Investment activity

##### **Budget**

The State Treasurer's Office has had an annual financial literacy budget of \$175,000.

### 3.1 – The following sections outline the 3 conference areas and key facts unique to the populations to be served: Veterans, Senior Citizens and Women’s Financial Literacy.

#### 3.1A. OVERVIEW – VETERANS NEED FOR FINANCIAL LITERACY

*Study: Lack of financial literacy may trigger vets’ homelessness*

*Veterans are more likely to end up homeless not just because of military stressors but also because of poor financial skills, according to research.*

*A report in the American Journal of Public Health found that military members in general are less familiar with household budgets, more likely to be targets for predatory lenders and “may not have the opportunity to learn the skills necessary for being financially independent and managing money.”*

*The study on veterans housing and health issues might help explain why veterans are overrepresented in the homeless population. Past studies have found that veterans make up about 20 percent of Americans without stable housing, even though veterans are less than 8 percent of the population.*

*In fact, according to another study, UNLV’s “Nevada Veteran Study”, 1 in 5 Vets in Nevada have used a payday loan at some time. And, payday lending in Nevada carries an annual percentage rate of 400% or more! The study also pointed out that 84% of Nevada Vets can easily walk or drive to a payday storefront as they are disproportionately located around armed services facilities.*

#### **The Military and Veterans Financial Literacy Program must include, but not be limited to Financial Topics by Life Stage as noted below.**

##### **Budgeting**

- Developing a Workable Household Budget
- Military Discounts and Benefits, Including:
  - Restaurants, Shopping, Hotels, and More
- Getting the most out of Medical services, including:
  - Disability, Medicare, Prescription Drugs
  - Hospitals, vision care, mental health
- Pay Yourself first & Emergency Savings
- The facts about Payday Loans

##### **Credit**

- Understanding and Building Credit
  - Misconceptions of credit and credit scoring
- Obtaining a FREE Credit Report annually
- Purchasing a home or car
  - VA Loans, down payment assistance

- Utilizing services at a credit union, such as Pen Fed or Navy Federal Credit Union
- What makes up a credit score
  - Facts on obtaining a loan
- Tips on raising a credit score
- Using Credit Counseling Services
- Tips on preventing Identity theft
- Using Credit Cards Wisely
  - Understanding interest and APR
  - Best credit cards for active military members and veterans

### **Debt**

- Understanding Debt
  - How much is too much?
- Good vs. Bad Debt
  - Mortgages, Transportation, Education
  - Financing a Home and VA program offerings
  - Clothing, Vacations, Food, Gasoline
  - The real cost of Payday Loans
- Calculating Debt Ratios
- Strategies for paying off debt
  - Prioritizing
  - Snowball method

### **Investments**

- Saving for a child's college education & USAA Matching Grant
  - 529 Savings Plan educational opportunities
  - Nevada's Prepaid Tuition Option
- Using Military Education Benefits – GI Bill
- Retirement Readiness
  - Supplementing Pension
    - IRA/Roth IRA's
    - Annuities
    - Spouse 401K accounts
- Making the most out of a Military Pension
- Estate Planning
  - Whole Life Products
  - Life Insurance
  - Wills & Trusts
- Preventing Fraud in Investing

### **3.1B. OVERVIEW – SENIOR CITIZENS' NEED FOR FINANCIAL LITERACY**

*Economic Security: Over 23 million Americans aged 60+ are economically insecure living at or below 250% of the federal poverty level (FPL). These adults struggle with rising housing and health care bills, inadequate nutrition, lack of access to transportation,*

*diminished savings, and job loss. (National Council on Aging) According to the Social Security Administration, almost 75% of single Social Security recipients aged 65+ depend on Social Security for all or most of their monthly income.*

*Debt & Savings: One-Third of senior households has no money left over each month or is in debt after meeting essential expenses (Institute on Assets and Social Policy)*

*In 2012, the average credit card debt among adults aged 65+ was \$9,283. (Demos)*

*14% of adults aged 65+ are facing retirement with negative net worth. (Aging and Bankruptcy, U.S. Courts)*

*Housing: As of December 2011, 16% of older homeowners owed more on their house than it was worth. (AARP) 59% of older renters and 33% of homeowners with mortgages spending more than 30% of their income on housing costs (AARP)*

*Health & Nutrition: One third of eligible older adults (age 60+) are enrolled in the Supplemental Nutrition Assistance Program (National Foundation to end Senior Hunger)*

### **Key Facts: Seniors are Victims of Financial Elder Abuse**

As a vast generation of baby boomers begins to retire, the need for enhanced financial literacy, with emphasis on prevention and intervention programs among older individuals, is a necessity. According to the Securities and Exchange Commission (SEC), approximately **five million senior citizens fall victim to financial abuse each year.** The SEC has also estimated that by the year 2030, nearly 20 percent of the U.S. population will be ages 65 and older.

“Older adults are vulnerable to a number of financial threats, including fraud, identity theft and financial elder abuse. Combine these with the challenges of living on a fixed income and it becomes clear that financial literacy is a necessary skill for elders” noted Leslie Linfield, Executive Director and Founder of the Institute for Financial Literacy. Older people have long been a profitable market for the unscrupulous financial services industry because of the assets they have accumulated. One article in *USA Today* indicated that while people 60 and older make up 15 percent of the U.S. population, they account for about 30 percent of the fraud victims (Chu, 2006) The same article reports that in 2005, consumers aged 50 and older comprised one-fifth of all identify theft complaints. That number has continued to grow in recent years.

### **Other Key Facts: Gaps in Senior Citizen Financial Literacy**

#### ***Savings & Retirement***

1. “Three out of five American families with a head of household 65 or older may have no retirement savings.”
2. “In the U.S., senior citizens living alone (nearly 50%) and couples (33%) have less than \$10,000 saved.”
3. “It is estimated that Americans 65 and older hold \$15 trillion in assets, an all-time record high. Nonetheless, nearly a third of that group says they do not have enough money to meet their basic living expenses.”

1 Patrick Purcell, "Retirement Savings and Household Wealth in 2007," Table 5, Congressional Research Service, (April 8, 2009).

2 James M. Poterba, Steven F. Venti, David A. Wise "Were They Prepared for Retirement?", *National Bureau of Economic Research, Working Paper No. 17824*, <http://www.nber.org/papers/w17824>, (February 2012).

3 Andrew Donohue, U.S. Securities and Exchange Commission, *Testimony Concerning Improving Disclosure for Workers Investing for Retirement*, <http://www.sec.gov/news/testimony/2007/ts103007ajd.htm>, (Oct 30, 2007)  
*Financial Exploitation & Fraud*

## **Senior Citizen Conference Topics must include, but are not limited to:**

### **Budgeting**

- Living on a Fixed Income
- Developing a Workable Household Budget
- Senior Discounts and Benefits
  - Restaurants & Hotels
- Getting the most out of Medical Services
  - Medicare (Part D), Prescription Drugs
  - Hospitals & Provider Networks
- Living Assistance for Lower income Senior Citizens
  - Food stamps, Medicaid, Social Security,
  - Affordable & Subsidized Housing, Rental assistance
  - HELP of Southern Nevada Service
  - Energy Assistance Programs
- How to get the most out of Social Security
- Working after Retirement & impacts on Social Security

### **Credit**

- Understanding and Building Credit
  - Misconceptions of credit and credit scoring
  - The benefits of having a good credit score
- Obtaining a FREE Credit Report annually
- What makes up a credit score
  - Facts on obtaining a loan
- Tips on raising a credit score
- Using Credit Counseling Services
- Tips on preventing Identity theft
- Using Credit Cards Wisely
  - Understanding interest and APR

### **Debt**

- Understanding Debt
  - How much is too much?
- Good vs. Bad Debt
  - Mortgages, Transportation, Education
  - Clothing, Vacations, Food, Gasoline
- Calculating Debt Ratios
- Strategies for paying off debt
  - Prioritizing
  - Snowball method

- Understanding Reverse Mortgages

### **Investments & Fraud Prevention**

- Maximizing retirement resources
  - Annuities
  - 401(k)s and IRAs
- Making the most out of a Pension
- Social Security
  - Avoiding Early benefit payout penalties
  - Windfall Elimination Provision
- Investing in your Grandchildren's Higher Education Needs
  - Silver State Matching Grant - \$ for \$ match from State of Nevada
  - Ugift program for Birthdays and special occasions.
  - Nevada Prepaid Tuition Program – Locking in tuition costs for your grandchildren
- Estate Planning
  - Life Insurance
  - Wills & Trusts
- Preventing Fraud in Investing

### **3.1C. OVERVIEW – WOMENS' NEED FOR FINANCIAL LITERACY**

*“Financial Literacy is a serious issue in the United States for women. Women earn 25% less than men and spend an average of 11.5 years out of the workforce. They have less money saved and feel less confident about personal finance than men. At the same time, 50% of marriages end in divorce and three of four married women are widowed by age 75, after which studies show a woman's quality of life drops considerably. So much so that the majority of women over age 65 in this country cannot afford even their basic needs. The only way to combat this is through education”.(Teresa Heinz Kerry of Heinz Family Philanthropies and founder of Women's Institute for a Secure Retirement)*

**Outliving Assets:** *At age 65, average life expectancy is 18 years for American men and 20 years for women. Women have lower savings, lower private pension coverage, and depend more heavily on Social Security for retirement income. Women are more likely to live longer and to be alone. Widows are exposed to the additional risk that household resources are depleted by their spouse's health costs. (Social Security Administration, 2010 Periodic Life Table; Bajtelsmit, Foster, and Rappaport (2013)).*

**Lower Lifetime earnings and wealth:** *Social Security benefits and employment-based retirement and pension benefits all depend on earnings history and years of employment. Employment retirement plans are shifting investment responsibility to workers. Median earnings for women working full time are less than 80 percent of what men earn. Women are less likely to work at employers who sponsor retirement plans. Fewer retired women receive income from pensions and annuities based on their own employment and average income from these sources. (Impact of Retirement Risk on Women, 2013 Risks and Process of Retirement Survey Report)*

**The Women's Financial Literacy Program must include, but not be limited to Financial Topics by Life Stage as noted below.**

**Budgeting**

- Developing a Workable Household Budget
- Short term budgeting and long term budgeting
- Emergency funds
- Identifying ways to stretch your paycheck
- Family engagement in budgeting

**Credit**

- Understanding and Building Credit
  - Misconceptions of credit and credit scoring
  - The benefits of having a good credit score
- Obtaining a FREE Credit Report annually
- What makes up a credit score
  - Facts on obtaining a loan
- Tips on raising a credit score
- Using Credit Counseling Services
- Tips on preventing Identity theft
- Using Credit Cards Wisely
  - Understanding interest and APR

**Debt**

- Understanding Debt
  - How much is too much?
- Good vs. Bad Debt
  - Mortgages, Transportation, Education
  - Clothing, Vacations, Food, Gasoline
- Calculating Debt Ratios
- Strategies for paying off debt
  - Prioritizing
  - Snowball method
- Understanding Fixed and Variable Rate Mortgages
- Down Payment assistance programs for first time home buyers & beyond

**Investments & Fraud Prevention**

- Understanding and planning retirement resources
  - Annuities
  - 401(k)s and IRAs
  - Roth IRA's
- Making the most out of a Pension
- Social Security
  - The financial benefits of waiting to full retirement age
  - Avoiding Early benefit payout penalties
  - Windfall Elimination Provision
- Investing in your Children's Higher Education Needs
  - Silver State Matching Grant - \$ for \$ match from State of Nevada

- Ugift program for Birthdays and special occasions.
- Nevada Prepaid Tuition Program – Locking in tuition costs for your children
- Estate Planning
  - Life Insurance – How much do you need?
  - Whole Life vs. Term Life Insurance
  - Wills & Trusts
- Preventing Fraud in Investing

In addition, the following general rules apply:

1. The Vendor shall provide a means by which any change in their staff will result in minimum disruption to the services provided to the CSB.
2. All working papers, reports, printer's proofs, and other documentation prepared in the performance of a contract resulting from this RFP are the property of the CSB and shall be submitted upon the completion of each individual project unless otherwise agreed to in writing by the CSB.
3. The Vendor shall list all subcontractors intended to be employed in performing the services of the RFP. A subcontractor manager for each subcontract will be listed and will be subject to CSB approval. The scope of services provided by the subcontractor(s) will be clearly and precisely delineated.

### **3.2 CONFERENCE PLANNING, DEVELOPMENT, PROMOTION AND EXECUTION**

The successful Vendor(s) will exhibit a comprehensive understanding of the financial needs of Women, Veteran's and Senior Citizens, to actively recruit them to attend the daylong conference, to participate in delivery of key content, and manage the pre and post survey collection to summarize and report on effectiveness of content delivery.

Vendors may submit a proposal for one or more of the specialty conferences:

Women's, Veterans, Senior Citizen's Conference: The Vendor, working in concert with the Nevada State Treasurer's Office Staff, will develop comprehensive conference material and table sponsors to support the mission, goals and objectives within the stated parameters of the conferences.

#### To Be Submitted With Vendor Proposal:

- A detailed case study showing examples of a conference that was facilitated and previously delivered, as a successful financial literacy conference or initiative, as well as the past successful public relations engagement in coverage of the conference(s). A case study involving work with another governmental agency is preferred.
- A preliminary plan outlining the process and timeline by which the conferences will be produced; a timeline for launching a conference public relations campaign to ensure adequate public awareness to drive registration and attendance, ensuring the attendance goals are met. This plan should include details on how the selected Vendor would support the public and include material in promoting a college-going culture in the State of Nevada as part of the content delivery with respect to all three conference audiences.

- A clear definition of how success will be measured in the process of completing this specific service (Pre and Post Financial Literacy Survey examples)
- An example of an awareness study or similar financial literacy survey specific to Nevada residents.
- Examples of content (messaging or creative ) used in social media
- Please prepare no more than a two page executive summary that outlines the work to be included in providing this service.

STO office estimates that 100% of the total allocated budget amount as outlined in *Section 3.3, Financial Literacy Budgets* will be available for these services. Please complete Attachment H –Cost Schedule,–Pricing for Conference, to provide a proper breakdown of pricing for this service.

### 3.3 FINANCIAL LITERACY BUDGETS

The State Treasurer’s Office has had an annual education and outreach budget dedicated to driving financial literacy efforts in the community of approximately \$175,000. This figure is historical and is for planning purposes only and not to be interpreted as commitments or guarantees as to future budgets or expenditures.

## 4. COMPANY BACKGROUND AND REFERENCES

### 4.1 PRIMARY VENDOR INFORMATION

4.1.1 Vendors must provide a company profile in the table format below.

Question	Response
Company name:	
Ownership (sole proprietor, partnership, etc.):	
State of incorporation:	
Date of incorporation:	
# of years in business:	
List of top officers:	
Location of company headquarters:	
Location(s) of the company offices:	
Location(s) of the office that will provide the services described in this RFP:	
Number of employees locally with the expertise to support the requirements identified in this RFP:	
Number of employees nationally with the expertise to support the requirements in this RFP:	
Location(s) from which employees will be assigned for this project:	

4.1.2 **Please be advised**, pursuant to NRS §80.010, incorporated companies must register with the State of Nevada, Secretary of State’s Office as a

foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS §80.015.

- 4.1.3 The selected vendor, prior to doing business in the State of Nevada, must be appropriately licensed by the Office of the Secretary of State pursuant to NRS §76. Information regarding the Nevada Business License can be located at <http://sos.state.nv.us>. Vendors must provide the following:

Question	Response
Nevada Business License Number:	
Legal Entity Name:	

Is "Legal Entity Name" the same name as vendor is doing business as?

Yes		No	
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If "No," provide explanation.

- 4.1.4 Vendors are cautioned that some services may contain licensing requirement(s). Vendors shall be proactive in verification of these requirements prior to proposal submittal. Proposals that do not contain the requisite licensure may be deemed non-responsive.
- 4.1.5 Has the vendor ever been engaged under contract by any State of Nevada agency?

Yes		No	
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If "Yes," complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

Question	Response
Name of State agency:	
State agency contact name:	
Dates when services were performed:	
Type of duties performed:	
Total dollar value of the contract:	

- 4.1.6 Are you or any of your employees now or have been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?

Yes		No	
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If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person will be performing or producing the services which you will be contracted to provide under this contract, you must disclose the identity of each such person in your response to this RFP, and specify the services that each person will be expected to perform.

- 4.1.7 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP must also be disclosed.

Does any of the above apply to your company?

Yes		No	
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If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

Question	Response	
Date of alleged contract failure or breach:		
Parties involved:		
Description of the contract failure, contract breach, or litigation, including the products or services involved:		
Amount in controversy:		
Resolution or current status of the dispute:		
If the matter has resulted in a court case:	Court	Case Number
Status of the litigation:		

- 4.1.8 Vendors must review the insurance requirements specified in **Attachment E, Insurance Schedule for RFP 2016-CSB-001**. Does your organization currently have or will your organization be able to provide the insurance requirements as specified in **Attachment E**.

Yes		No	
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Any exceptions and/or assumptions to the insurance requirements **must** be identified on **Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP**. Exceptions and/or assumptions will be taken into consideration as part of the evaluation process; however, vendors must be specific. If vendors do not specify any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

Upon contract award, the successful vendor **must** provide the Certificate of Insurance identifying the coverages as specified in **Attachment E, Insurance Schedule for RFP 2016-CSB-001**.

- 4.1.9 Company background/history and why vendor is qualified to provide the services described in this RFP.
- 4.1.10 Length of time vendor has been providing services described in this RFP to the public and/or private sector. Please provide a brief description.
- 4.1.11 Financial information and documentation to be included in **Part III**, of vendor's response in accordance with **Section 9.4, Confidential Information**.
  - 4.1.11.1 Dun and Bradstreet Number
  - 4.1.11.2 Federal Tax Identification Number

## 4.2 SUBCONTRACTOR INFORMATION

- 4.2.1 Does this proposal include the use of subcontractors?

Yes		No	
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If "Yes", vendors must:

- 4.2.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor will perform services.
- 4.2.1.2 If any services are to be completed by subcontractor(s), vendors must:
  - A. Describe the relevant contractual arrangements;

- B. Describe how the work of any subcontractor(s) will be supervised, channels of communication will be maintained and compliance with contract terms assured; and
  - C. Describe your previous experience with subcontractor(s).
- 4.2.1.3 Vendors must describe the methodology, processes and tools utilized for:
- A. Selecting and qualifying appropriate subcontractors for the project/contract;
  - B. Ensuring subcontractor compliance with the overall performance objectives for the project;
  - C. Ensuring that subcontractor deliverables meet the quality objectives of the project/contract; and
  - D. Providing proof of payment to any subcontractor(s) used for this project/contract, if requested by the State. Proposal should include a plan by which, at the State's request, the State will be notified of such payments.
- 4.2.1.4 Provide the same information for any proposed subcontractors as requested in **Section 4.1, Vendor Information**.
- 4.2.1.5 Business references as specified in **Section 4.3, Business References** must be provided for any proposed subcontractors.
- 4.2.1.6 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.
- 4.2.1.7 Vendor must notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in **Section 4.2, Subcontractor Information**. The vendor must receive agency approval prior to subcontractor commencing work.

### 4.3 BUSINESS REFERENCES

- 4.3.1 Vendors should provide a minimum of three (3) business references from similar projects performed for private, state and/or large local government clients within the last three (3) years.

- 4.3.2 Vendors must provide the following information for **every** business reference provided by the vendor and/or subcontractor:

The "Company Name" must be the name of the proposing vendor or the vendor's proposed subcontractor.

<b>Reference #:</b>			
<b>Company Name:</b>			
<b>Identify role company will have for this RFP project (Check appropriate role below):</b>			
	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; text-align: center;"><b>VENDOR</b></td> <td style="width: 50%; text-align: center;"><b>SUBCONTRACTOR</b></td> </tr> </table>	<b>VENDOR</b>	<b>SUBCONTRACTOR</b>
<b>VENDOR</b>	<b>SUBCONTRACTOR</b>		
<b>Project Name:</b>			
<b>Primary Contact Information</b>			
<b>Name:</b>			
<b>Street Address:</b>			
<b>City, State, Zip</b>			
<b>Phone, including area code:</b>			
<b>Facsimile, including area code:</b>			
<b>Email address:</b>			
<b>Alternate Contact Information</b>			
<b>Name:</b>			
<b>Street Address:</b>			
<b>City, State, Zip</b>			
<b>Phone, including area code:</b>			
<b>Facsimile, including area code:</b>			
<b>Email address:</b>			
<b>Project Information</b>			
<b>Brief description of the project/contract and description of services performed, including technical environment (i.e., software applications, data communications, etc.) if applicable:</b>			
<b>Original Project/Contract Start Date:</b>			
<b>Original Project/Contract End Date:</b>			
<b>Original Project/Contract Value:</b>			
<b>Final Project/Contract Date:</b>			
<b>Was project/contract completed in time originally allotted, and if not, why not?</b>			
<b>Was project/contract completed within or under the original budget/ cost proposal, and if not, why not?</b>			

- 4.3.3 Vendors must also submit **Attachment F, Reference Questionnaire** to the business references that are identified in **Section 4.3.2**.
- 4.3.4 The company identified as the business references must submit the Reference Questionnaire directly to State of Nevada Treasurer's Office.
- 4.3.5 It is the vendor's responsibility to ensure that completed forms are received by the State of Nevada Treasurer's Office on or before the deadline as specified in **Section 8, RFP Timeline** for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.
- 4.3.6 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

#### **4.4 VENDOR STAFF RESUMES**

A resume must be completed for each proposed key personnel responsible for performance under any contract resulting from this RFP per **Attachment G, Proposed Staff Resume**.

### **5. COST**

**Note: Cost information *must not* be included with the vendor's Technical Proposal, please refer to the Submittal Instructions.**

- 5.1 Vendors must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses anticipated.

### **6. FINANCIAL**

#### **6.1 PAYMENT**

- 6.1.1 Upon review and acceptance by the State, payments for invoices are normally made within 60 days of receipt, providing all required information, documents and/or attachments have been received.
- 6.1.2 Pursuant to NRS 227.185 and NRS 333.450, the State shall pay claims for supplies, materials, equipment and services purchased under the provisions of this RFP electronically, unless determined by the State Controller that the electronic payment would cause the payee to suffer undue hardship or extreme inconvenience.

#### **6.2 BILLING**

- 6.2.1 The State does not issue payment prior to receipt of goods or services.
- 6.2.2 The vendor must bill the State as outlined in the approved contract and/or payment schedule.
- 6.2.3 Vendors may propose an alternative payment option; alternative payment options must be listed on **Attachment I, Cost Proposal Certification of Compliance with Terms and Conditions of RFP**. Alternative payment options will be considered if deemed in the best interest of the State, project or service solicited herein. The State does not issue payment prior to receipt of goods or services.
- 6.2.4 The State presently has a Procurement Card Program that participating State agencies may use to pay for some of their purchases. The Program is issued through a major financial institution and is treated like any other major credit card. Using agencies may desire to use the card as a method of payment. No additional charges or fees shall be imposed for using the card. Please indicate in your proposal response if you will accept

**7. QUESTION AND ANSWER PERIOD**

In lieu of a pre-proposal conference, the State Treasurer’s Office will accept questions and/or comments in writing, received either by facsimile or e-mail, regarding this RFP as follows:

Questions must reference the identifying RFP number and be addressed to the State Treasurer’s Office, Attn: Cherie McDowell, 555 E. Washington Avenue, Suite 4600, Las Vegas, NV 89101, or may be emailed to the [cmcdowell@nevadatreasurer.gov](mailto:cmcdowell@nevadatreasurer.gov). The deadline for submitting questions is July 16, 2015, at 5:00 p.m., Pacific Time. All questions and/or comments will be addressed in writing and responses emailed to prospective vendors on or about July 28, 2015. Please provide company name, address, phone number, email address, and contact person when submitting questions.

**8. RFP TIMELINE**

The following represents the proposed timeline for this project. All times stated are Pacific Time (PT). These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time. The State also reserves the right to forego vendor presentations and select vendor(s) based on the written proposals submitted.

Task	Date/Time
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Task	Date/Time
Questions Due From Vendors	July 16, 2015 @ 5:00 PM PT
Answers to questions regarding conferences	July 28, 2015
Deadline for submittal of Reference Questionnaires	August 16, 2015
Deadline for submission and opening of proposals	August 17, 2015 @ 2:00pm PT
Evaluation period (approximate time frame)	August 17, 2015 to August 24, 2015
Vendor Presentations (if required --approximate time frame)	August 25 and August 26, 2015
Selection of Vendor(s)	August 28, 2015
Contract Approval by CSB	September 17, 2015
Anticipated BOE approval	October 13, 2015
Contract start date (contingent upon BOE approval)	October 14, 2015

**NOTE:** *These dates represent a tentative schedule of events. The State Treasurer's Office reserves the right to modify these dates at any time, with appropriate notice to prospective vendors.*

## 9. PROPOSAL SUBMISSION INSTRUCTIONS

### 9.1 GENERAL SUBMISSION INSTRUCTIONS

Vendors' proposals must be packaged and submitted in counterparts; therefore, vendors must pay close attention to the submission requirements.

If complete responses cannot be provided without referencing confidential information, such confidential information must be provided in accordance with **Section 9.4, Part III Confidential Information**. Specific references made to the tab, page, section and/or paragraph where the confidential information can be located must be identified on **Attachment A, Confidentiality and Certification of Indemnification** and comply with the requirements stated in **Section 9.5, Confidentiality of Proposals**.

The required CDs must contain information as specified in **Section 9.5.4**.

Detailed instructions on proposal submission and packaging follows and vendors must submit their proposals as identified in the following sections. Proposals and CDs that do not comply with the following requirements may be deemed non-responsive and rejected at the State's discretion.

9.1.1 All information is to be completed as requested.

- 9.1.2 Each section within the technical proposal and cost proposal must be separated by clearly marked tabs with the appropriate section number and title as specified.
- 9.1.3 Although it is a public opening, only the names of the vendors submitting proposals will be announced per NRS 333.335(6). Technical and cost details about proposals submitted will not be disclosed. Assistance for handicapped, blind or hearing-impaired persons who wish to attend the RFP opening is available. If special arrangements are necessary, please notify the State of Nevada Treasurer's Office designee as soon as possible and at least two (2) days in advance of the opening.
- 9.1.4 If discrepancies are found between two (2) or more copies of the proposal, the master copy will provide the basis for resolving such discrepancies. If one (1) copy of the proposal is not clearly marked "MASTER," the State may reject the proposal. However, the State may at its sole option, select one (1) copy to be used as the master.
- 9.1.5 For ease of evaluation, the proposal must be presented in a format that corresponds to and references sections outlined within this RFP and must be presented in the same order. Written responses must be in bold/italics and placed immediately following the applicable RFP question, statement and/or section. Exceptions/assumptions to this may be considered during the evaluation process.
- 9.1.6 Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.

Unnecessarily elaborate responses beyond what is sufficient to present a complete and effective response to this RFP are not desired and may be construed as an indication of the proposer's lack of environmental and cost consciousness. Unless specifically requested in this RFP, elaborate artwork, corporate brochures, lengthy narratives, expensive paper, specialized binding, and other extraneous presentation materials are neither necessary nor desired.

The State of Nevada, in its continuing efforts to reduce solid waste and to further recycling efforts requests that proposals, to the extent possible and practical:

9.1.6.1 Client name;

9.1.6.2 Be submitted on recycled paper;

- 9.1.6.3 Not include pages of unnecessary advertising;
- 9.1.6.4 Be printed on both sides of each sheet of paper; and
- 9.1.6.5 Be contained in re-usable binders rather than with spiral or glued bindings.

9.1.7 For purposes of addressing questions concerning this RFP, the sole contact will be the State of Nevada Treasurer's Office as specified on Page 1 of this RFP. Upon issuance of this RFP, other employees and representatives of the agencies identified in the RFP will not answer questions or otherwise discuss the contents of this RFP with any prospective vendors or their representatives. Failure to observe this restriction may result in disqualification of any subsequent proposal per NAC 333.155(3). This restriction does not preclude discussions between affected parties for the purpose of conducting business unrelated to this procurement.

9.1.8 Any vendor who believes proposal requirements or specifications are unnecessarily restrictive or limit competition may submit a request for administrative review, in writing, to the State of Nevada Treasurer's Office. To be considered, a request for review must be received no later than the deadline for submission of questions.

State of Nevada Treasurer's Office shall promptly respond in writing to each written review request, and where appropriate, issue all revisions, substitutions or clarifications through a written amendment to the RFP.

Administrative review of technical or contractual requirements shall include the reason for the request, supported by factual information, and any proposed changes to the requirements.

9.1.9 If a vendor changes any material RFP language, vendor's response may be deemed non-responsive per NRS 333.311.

## 9.2 PART I – TECHNICAL PROPOSAL

9.2.1 The technical proposal must include:

- 9.2.1.1 One (1) original marked "MASTER"; and
- 9.2.1.2 Six (6) identical copies.

9.2.2 The Technical Proposal **must not include** confidential information (refer to **Section 9.4, Part III, Confidential Information**) or cost and/or pricing information. Cost and/or pricing information contained in the technical proposal may cause the proposal to be rejected.

9.2.3 Format and Content

9.2.3.1 Tab I – Title Page

The title page must include the following:

Part I – Technical Proposal		
RFP Title:	Financial Literacy Conferences	
RFP:	<b>2016-CSB-001</b>	
Vendor Name:		
Address:		
Proposal Opening Date:	August 17, 2015	
Proposal Opening Time:	2:00 PM PT	

9.2.3.2 Tab II – Table of Contents

An accurate and updated table of contents must be provided.

9.2.3.3 Tab III – Vendor Information Sheet

The vendor information sheet completed with an original signature by an individual authorized to bind the organization must be included in this tab.

9.2.3.4 Tab IV – State Documents

The State documents tab must include the following:

- A. The signature page from all amendments with an original signature by an individual authorized to bind the organization.
- B. Attachment A – Confidentiality and Certification of Indemnification with an original signature by an individual authorized to bind the organization.
- C. Attachment C – Vendor Certifications with an original signature by an individual authorized to bind the organization.
- D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements.
- E. Copies of applicable certifications and/or licenses.

9.2.3.5 Tab V – Attachment B, Technical Proposal Certification of Compliance with Terms and Conditions of RFP

- A. **Attachment B** with an original signature by an individual authorized to bind the organization must be included in this tab.

- B. If the exception and/or assumption require a change in the terms or wording of any section of the RFP, the contract, or any incorporated documents, vendors must provide the specific language that is being proposed on **Attachment B**.
- C. Only technical exceptions and/or assumptions should be identified on **Attachment B**.
- D. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. If vendors do not specify any exceptions and/or assumptions in detail at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

9.2.3.6 Tab VI – Scope of Work

Vendors must place their written response(s) in **bold/italics** immediately following the applicable RFP question, statement and/or section.

9.2.3.7 Tab VII – Section 4 – Company Background and References

Vendors must place their written response(s) in **bold/italics** immediately following the applicable RFP question, statement and/or section. This section must also include the requested information in **Section 4.2, Subcontractor Information**, if applicable.

9.2.3.8 Tab VIII – Attachment G – Proposed Staff Resumes(s)

Vendors must include all proposed staff resumes per **Section 4.4, Vendor Staff Resumes** in this section. This section should also include any subcontractor proposed staff resumes, if applicable.

9.2.3.9 Tax IX – Other Informational Material

Vendors must include any other applicable reference material in this section clearly cross referenced with the proposal.

### 9.3 PART II – COST PROPOSAL

9.3.1 The cost proposal must include:

- 9.3.1.1 One (1) original marked “MASTER”; and
- 9.3.1.2 Six (6) identical copies.

9.3.2 The Cost Proposal **must not** be marked “confidential”. Only information that is deemed proprietary per NRS 333.020(5)(a) may be marked as “confidential”.

9.3.3 Format and Content

9.3.3.1 Tab I – Title Page

The title page must include the following:

Part II – Cost Proposal		
RFP Title:	Financial Literacy Conferences	
RFP:	<b>2016-CSB-001</b>	
Vendor Name:		
Address:		
Proposal Opening Date:	August 17, 2015	
Proposal Opening Time:	2:00PM PT	

9.3.3.2 Tab II – Cost Proposal

Vendor’s response for the cost proposal must be included in this tab.

9.3.3.3 Tab III – Attachment I, Cost Proposal Certification of Compliance with Terms and Conditions of RFP

- A. **Attachment I** with an original signature by an individual authorized to bind the organization must be included in this tab.
- B. In order for any cost exceptions and/or assumptions to be considered, vendors must provide the specific language that is being proposed in **Attachment I**.
- C. Only cost exceptions and/or assumptions should be identified on **Attachment I**.
- D. **Do not restate** the technical exceptions and/or assumptions on this form.
- E. The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. If vendors do not specify any exceptions and/or assumptions in detail at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

## 9.4 PART III – CONFIDENTIAL INFORMATION

9.4.1 The confidential information proposal must include:

- 9.4.1.1 One (1) original marked "MASTER"; and
- 9.4.1.2 One (1) identical copy.

9.4.2 Format and Content

9.4.2.1 Tab I – Title Page

The title page must include the following:

Part III – Confidential Information		
RFP Title:	Financial Literacy Conferences	
RFP:	<b>2016-CSB-001</b>	
Vendor Name:		
Address:		
Proposal Opening Date:	August 17, 2015	
Proposal Opening Time:	2:00PM PT	

9.4.2.2 Tab II - Confidential Technical Information

- A. Vendors only need to submit information in Tab II if the proposal includes any confidential technical information (***Refer to Attachment A, Confidentiality and Certification of Indemnification***).
- B. Vendors must cross reference back to the technical proposal sections, as applicable.

9.4.2.3 Tab III – Confidential Financial Information

Vendors must place the information requested in **Section 4.1.11** in this tab

## 9.5 CONFIDENTIALITY OF PROPOSALS

9.5.1 As a potential contractor of a public entity, vendors are advised that full disclosure is required by law.

9.5.2 Vendors are required to submit written documentation in accordance with ***Attachment A, Confidentiality and Certification of Indemnification*** demonstrating the material within the proposal marked "confidential" conforms to NRS §333.333, which states "Only specific

parts of the proposal may be labeled a “trade secret” as defined in NRS §600A.030(5)”. Not conforming to these requirements will cause your proposal to be deemed non-compliant and will not be accepted by the State of Nevada.

9.5.3 Vendors acknowledge that material not marked as “confidential” will become public record upon contract award.

9.5.4 The required CDs must contain the following:

9.5.4.1 One (1) “**Master**” CD with an exact duplicate of the technical and cost proposal contents only.

A. The electronic files must follow the format and content section for the technical and cost proposal.

B. The CD must be packaged in a case and clearly labeled as follows:

<b>Master CD</b>	
RFP No:	<b>2016-CSB-001</b>
Vendor Name:	
Contents:	Part I – Technical Proposal Part II – Cost Proposal Part III – Confidential Technical

9.5.4.2 One (1) “**Public Records CD**” which must include the technical and cost proposal contents to be used for public records requests.

A. This CD **must not** contain any confidential or proprietary information.

B. The electronic files must follow the format and content section for the redacted versions of the technical and cost proposal.

C. All electronic files **must** be saved in “PDF” format.

D. The CD must be packaged in a case and clearly labeled as follows:

<b>Public Records CD</b>	
RFP No:	<b>2016-CSB-001</b>
Vendor Name:	
Contents:	Part I – Technical Proposal for Public Records Request Part II – Cost Proposal for Public Records Request

- 9.5.5 It is the vendor's responsibility to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation.
- 9.5.6 Failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by release of said information.

**9.6 PROPOSAL PACKAGING**

- 9.6.1 If the separately sealed technical and cost proposals as well as confidential technical information and financial documentation, marked as required, are enclosed in another container for mailing purposes, the outermost container must fully describe the contents of the package and be clearly marked as follows.
- 9.6.2 Vendors are encouraged to utilize the copy/paste feature of word processing software to replicate these labels for ease and accuracy of proposal packaging.

<b>Cherie McDowell          State of Nevada Treasurer's Office          555 E Washington Ave Suite 4600          Las Vegas, NV 89101</b>	
<b>RFP:</b>	<b>2016-CSB-001</b>
<b>PROPOSAL OPENING DATE:</b>	August 17, 2015
<b>PROPOSAL OPENING TIME:</b>	2:00 PM PT
<b>FOR:</b>	Financial Literacy Conferences
<b>VENDOR'S NAME:</b>	

- 9.6.3 Proposals ***must be received at the address referenced below no later than the date and time specified in Section 8, RFP Timeline.*** Proposals that do not arrive by proposal opening time and date ***will not be accepted.*** Vendors may submit their proposal any time prior to the above stated deadline.
- 9.6.4 The State will not be held responsible for proposal envelopes mishandled as a result of the envelope not being properly prepared.
- 9.6.5 Email, facsimile, or telephone proposals will NOT be considered; however, at the State's discretion, the proposal may be submitted all or in part on electronic media, as requested within the RFP document. Proposal may be modified by email, facsimile, or written notice provided such notice is received prior to the opening of the proposals.
- 9.6.6 The technical proposal shall be submitted to the State in a sealed package and be clearly marked as follows:

<b>Cherie McDowell State of Nevada Treasurer's Office 555 E Washington Ave Suite 4600 Las Vegas, NV 89101</b>	
<b>RFP:</b>	<b>2016-CSB-001</b>
<b>PROPOSAL COMPONENT:</b>	<b>PART I – TECHNICAL</b>
<b>PROPOSAL OPENING DATE:</b>	August 17, 2015
<b>PROPOSAL OPENING TIME:</b>	2:00 PM PT
<b>FOR:</b>	Financial Literacy Conferences
<b>VENDOR'S NAME:</b>	

- 9.6.7 The cost proposal shall be submitted to the State in a sealed package and be clearly marked as follows:

<b>Cherie McDowell State of Nevada Treasurer's Office 555 E Washington Ave Suite 4600 Las Vegas, NV 89101</b>	
<b>RFP:</b>	<b>2016-CSB-001</b>
<b>PROPOSAL COMPONENT:</b>	<b>PART II – COST</b>
<b>PROPOSAL OPENING DATE:</b>	August 17, 2015
<b>PROPOSAL OPENING TIME:</b>	2:00 PM PT
<b>FOR:</b>	Financial Literacy Conferences
<b>VENDOR'S NAME:</b>	

- 9.6.8 Confidential information shall be submitted to the State in a sealed package and be clearly marked as follows:

<b>Cherie McDowell State of Nevada Treasurer's Office 555 E Washington Ave Suite 4600 Las Vegas, NV 89101</b>	
<b>RFP:</b>	<b>2016-CSB-001</b>
<b>PROPOSAL COMPONENT:</b>	<b>PART III – CONFIDENTIAL INFORMATION</b>
<b>PROPOSAL OPENING DATE:</b>	August 17, 2015
<b>PROPOSAL OPENING TIME:</b>	2:00 PM PT
<b>FOR:</b>	Financial Literacy Conferences
<b>VENDOR'S NAME:</b>	

- 9.6.9 The CDs shall be submitted to the State in a sealed package and be clearly marked as follows:

<b>Cherie McDowell State of Nevada Treasurer's Office 555 E Washington Ave Suite 4600 Las Vegas, NV 89101</b>	
<b>RFP:</b>	<b>2016-CSB-001</b>
<b>PROPOSAL COMPONENT:</b>	<b>CDs</b>

## CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada  
Acting By and Through Its

State Treasurer's Office as Agent for the  
Board of Trustees of the College Savings Plans of Nevada  
555 East Washington Avenue, Suite 4600  
Las Vegas, NV 89101  
Contact: Sheila Salehian, Deputy Treasurer  
(702) 486-3955  
(702) 486-3246 (fax)  
[sasalehian@nevadatreasurer.gov](mailto:sasalehian@nevadatreasurer.gov)

And

The International Association of Working Mothers dba Women's Money  
8565 South Eastern Avenue, Suite 150  
Las Vegas, NV 89123  
Contact: Gina Robison-Billups, President  
(702) 900-1330  
[gina@womensmoney.org](mailto:gina@womensmoney.org)

WHEREAS, NRS 333.700 authorizes elective officers, heads of departments, boards, commissions or institutions to engage, subject to the approval of the Board of Examiners, services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada;

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. REQUIRED APPROVAL. This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. DEFINITIONS. "State" means the State of Nevada and any state agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307. "Independent Contractor" means a person or entity that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract. "Fiscal Year" is defined as the period beginning July 1 and ending June 30 of the following year. "Current State Employee" means a person who is an employee of an agency of the State. "Former State Employee" means a person who was an employee of any agency of the State at any time within the preceding 24 months.

3. CONTRACT TERM. This Contract shall be effective from subject to Board of Examiners' approval (anticipated to be) November 10, 2015 to November 9, 2016, with one (1) optional renewal for one (1) year, contingent upon the acceptable performance by the vendor and sufficient monies appropriated by the Board of Trustees of the College Savings Plans of Nevada, unless sooner terminated by either party as specified in paragraph ten (10).

4. NOTICE. Unless otherwise specified, termination shall not be effective until 30 calendar days after a party has served written notice of termination for default, or notice of termination without cause upon the other party. All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified above.

5. INCORPORATED DOCUMENTS. The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

ATTACHMENT AA: RFP #2016-CSB-001 and AMENDMENT(S) # 1;  
ATTACHMENT BB: INSURANCE SCHEDULE;  
ATTACHMENT CC: NEGOTIATED ITEMS; And  
ATTACHMENT DD: CONTRACTOR'S RESPONSE (TECHNICAL AND COST PROPOSAL)

A Contractor's Attachment shall not contradict or supersede any State specifications, terms or conditions without written evidence of mutual assent to such change appearing in this Contract.

6. CONSIDERATION. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost of \$95,000 per year with the total Contract or installments payable: in 3 installments of \$35,000, \$30,000, and \$30,000; not to exceed \$95,000. If the total attendance requirements are not met, the vendor will not be paid the full contracted amount. The contracted amount will be lowered in direct proportion to the total attendance level as specified in Attachment AA, Request for Proposal. The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the results of legislative appropriation may require.

7. ASSENT. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.

8. BILLING SUBMISSION: TIMELINESS. The parties agree that timeliness of billing is of the essence to the contract and recognize that the State is on a fiscal year. All billings for dates of service prior to July 1 must be submitted to the State no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject the Contractor to an administrative fee not to exceed one hundred dollars (\$100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the State of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to the Contractor.

9. INSPECTION & AUDIT.

a. Books and Records. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all state and federal regulations and statutes.

b. Inspection & Audit. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant state agency or its contracted examiners, the Department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the State Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this paragraph.

c. Period of Retention. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the State, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. CONTRACT TERMINATION.

a. Termination Without Cause. Any discretionary or vested right of renewal notwithstanding, this Contract may be terminated upon written notice by mutual consent of both parties, or unilaterally by either party without cause.

b. State Termination for Non-appropriation. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the Contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

c. Cause Termination for Default or Breach. A default or breach may be declared with or without termination. This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

i. If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

ii. If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

iii. If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or

iv. If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or

v. If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or

vi. If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.

d. Time to Correct. Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in paragraph four (4), and the subsequent failure of the defaulting party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

e. Winding Up Affairs Upon Termination. In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:

i. The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;

ii. Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;

iii. Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;

iv. Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with paragraph twenty-one (21).

11. REMEDIES. Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. It is specifically agreed that reasonable attorneys' fees shall include, without limitation, one hundred and twenty-five dollars (\$125.00) per hour for State-employed attorneys. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that the Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.

12. LIMITED LIABILITY. The State will not waive and intends to assert available NRS chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the fiscal year budget in existence at the time of the breach. Damages for any Contractor breach shall not exceed one hundred and fifty percent (150%) of the contract maximum "not to exceed" value. Contractor's tort liability shall not be limited.

13. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.

14. INDEMNIFICATION. To the fullest extent permitted by law Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions, damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents.

15. INDEPENDENT CONTRACTOR. Contractor is associated with the State only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract, Contractor is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract. Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for the State whatsoever with respect to the indebtedness, liabilities, and obligations of Contractor or any other party. Contractor shall be solely responsible for, and the State shall have no obligation with respect to: (1) withholding of income taxes, FICA or any other taxes or fees; (2) industrial insurance coverage; (3) participation in any group insurance plans available to employees of the State; (4) participation or contributions by either Contractor or the State to the Public Employees Retirement System; (5) accumulation of vacation leave or sick leave; or (6) unemployment compensation coverage provided by the State. Contractor shall indemnify and hold State harmless from, and defend State against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses arising or incurred because of, incident to, or otherwise with respect to any such taxes or fees. Neither Contractor nor its employees, agents, nor representatives shall be considered employees, agents, or representatives of the State. The State and Contractor shall evaluate the nature of services and the term of the Contract negotiated in order to determine "independent contractor" status, and shall monitor the work relationship throughout the term of the Contract to ensure that the independent contractor relationship remains as such. To assist in determining the appropriate status (employee or independent contractor), Contractor represents as follows:

		<u>Contractor's Initials</u>	
		YES	NO
1.	Does the Contracting Agency have the right to require control of when, where and how the independent contractor is to work?	_____	<u>GRB</u>
2.	Will the Contracting Agency be providing training to the independent contractor?	_____	<u>GRB</u>
3.	Will the Contracting Agency be furnishing the independent contractor with worker's space, equipment, tools, supplies or travel expenses?	_____	<u>GRB</u>
4.	Are any of the workers who assist the independent contractor in performance of his/her duties employees of the State of Nevada?	_____	<u>GRB</u>
5.	Does the arrangement with the independent contractor contemplate continuing or recurring work (even if the services are seasonal, parttime, or of short duration)?	_____	<u>GRB</u>
6.	Will the State of Nevada incur an employment liability if the independent contractor is terminated for failure to perform?	_____	<u>GRB</u>
7.	Is the independent contractor restricted from offering his/her services to the general public while engaged in this work relationship with the State?	_____	<u>GRB</u>

16. INSURANCE SCHEDULE. Unless expressly waived in writing by the State, Contractor, as an independent contractor and not an employee of the State, must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in Attachment BB, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

The Contractor shall not commence work before:

- 1) Contractor has provided the required evidence of insurance to the Contracting Agency of the State, and
- 2) The State has approved the insurance policies provided by the Contractor.

Prior approval of the insurance policies by the State shall be a condition precedent to any payment of consideration under this Contract and the State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

Insurance Coverage: The Contractor shall, at the Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in Attachment BB, incorporated hereto by

attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by the Contractor and shall continue in force as appropriate until:

1. Final acceptance by the State of the completion of this Contract; or
  2. Such time as the insurance is no longer required by the State under the terms of this Contract;
- Whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of, and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

**General Requirements:**

- a. **Additional Insured:** By endorsement to Contractor's general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
- b. **Waiver of Subrogation:** Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307, for losses arising from work/materials/equipment performed or provided by or on behalf of the Contractor.
- c. **Cross-Liability:** All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
- d. **Deductibles and Self-Insured Retentions:** Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed fifty thousand dollars (\$50,000.00) per occurrence, unless otherwise approved by the Risk Management Division.
- e. **Policy Cancellation:** Except for ten (10) days notice for non-payment of premium, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by certified mailed to the address shown on page one (1) of this contract:
- f. **Approved Insurer:** Each insurance policy shall be:
  - 1) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
  - 2) Currently rated by A.M. Best as "A-VII" or better.

**Evidence of Insurance:**

Prior to the start of any Work, Contractor must provide the following documents to the contracting State agency:

1) **Certificate of Insurance:** The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized by the insurer to bind coverage on its behalf. The state project/contract number; description and contract effective dates shall be noted on the certificate, and upon renewal of the policies listed Contractor shall furnish the State with replacement certificates as described within Insurance Coverage, section noted above.

**Mail all required insurance documents to the State Contracting Agency identified on page one of the contract.**

- 2) **Additional Insured Endorsement:** An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85) , signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per General Requirements, subsection a above.
- 3) **Schedule of Underlying Insurance Policies:** If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.

**Review and Approval:** Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its sub-contractors, employees or agents to the State or others, and shall be in addition to and not in lieu of any other remedy

available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. The State may set-off against consideration due any delinquent government obligation in accordance with NRS 353C.190.

18. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

19. SEVERABILITY. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written consent of the State.

21. STATE OWNERSHIP OF PROPRIETARY INFORMATION. Any reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer code (which is intended to be consideration under the Contract), or any other documents or drawings, prepared or in the course of preparation by Contractor (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of the State and all such materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract. Contractor shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of Contractor's obligations under this Contract without the prior written consent of the State. Notwithstanding the foregoing, the State shall have no proprietary interest in any materials licensed for use by the State that are subject to patent, trademark or copyright protection.

22. PUBLIC RECORDS. Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

23. CONFIDENTIALITY. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract

24. FEDERAL FUNDING. In the event federal funds are used for payment of all or part of this Contract:

a. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

b. Contractor and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

c. Contractor and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)

25. LOBBYING. The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

- a. Any federal, state, county or local agency, legislature, commission, counsel or board;
- b. Any federal, state, county or local legislator, commission member, council member, board member, or other elected official; or
- c. Any officer or employee of any federal, state, county or local agency, legislature, commission, counsel or board.

26. WARRANTIES.

- a. General Warranty. Contractor warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.
- b. System Compliance. Contractor warrants that any information system application(s) shall not experience abnormally ending and/or invalid and/or incorrect results from the application(s) in the operating and testing of the business of the State.

27. PROPER AUTHORITY. The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.

28. NOTIFICATION OF UTILIZATION OF CURRENT OR FORMER STATE EMPLOYEES. Contractor has disclosed to the State all persons that the Contractor will utilize to perform services under this Contract who are Current State Employees or Former State Employees. Contractor will not utilize any of its employees who are Current State Employees or Former State Employees to perform services under this contract without first notifying the Contracting Agency of the identity of such persons and the services that each such person will perform, and receiving from the Contracting Agency approval for the use of such persons.

29. ASSIGNMENT OF ANTITRUST CLAIMS. Contractor irrevocably assigns to the State any claim for relief or cause of action which the Contractor now has or which may accrue to the Contractor in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided to the Contractor for the purpose of carrying out the Contractor's obligations under this Contract, including, at the State's option, the right to control any such litigation on such claim for relief or cause of action. Contractor shall require any subcontractors hired to perform any of Contractor's obligations under this Contract to irrevocably assign to the State, as third party beneficiary, any right, title or interest that has accrued or which may accrue in the future by reason of any violation of state of Nevada or federal antitrust laws in connection with any goods or services provided to the subcontractor for the purpose of carrying out the subcontractor's obligations to the Contractor in pursuance of this Contract, including, at the State's option, the right to control any such litigation on such claim or relief or cause of action.

30. GOVERNING LAW; JURISDICTION. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict of laws that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of the First Judicial District Court, Carson City, Nevada for enforcement of this Contract.

31. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

John Kelly 10-7-15  
Independent Contractor's Signature Date

EXECUTIVE DIRECTOR  
Independent's Contractor's Title

John St 10-8-2015  
Signature Date

State Treasurer  
Title

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Title

James R. [Signature]  
Signature - Board of Examiners

APPROVED BY BOARD OF EXAMINERS

Approved as to form by:

On 11-10-15  
(Date)

H. B. Ward  
Deputy Attorney General for Attorney General (110)

On 10/09/15  
(Date)