
Nevada System of Higher Education

Financial Statements

For the Year Ended June 30, 2024



College of Southern Nevada · Desert Research Institute · Great Basin College · Nevada State
University · System Administration · Truckee Meadows Community College · University of
Nevada, Las Vegas · University of Nevada, Reno · Western Nevada College

NEVADA SYSTEM OF HIGHER EDUCATION

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**NEVADA SYSTEM OF HIGHER EDUCATION
FINANCIAL STATEMENTS**

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**NEVADA SYSTEM OF HIGHER EDUCATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

INTRODUCTION

BACKGROUND

The Nevada System of Higher Education (NSHE), established by the Nevada State Constitution of 1864, is state supported, and controlled by the Board of Regents whose duties are prescribed by Law. Instruction began at the University of Nevada in 1874. NSHE teaching institutions are fully accredited by the Northwest Association of Schools and Colleges. Eight separate institutions and a system administration office comprise NSHE and include:

- University of Nevada, Reno (UNR)
- University of Nevada, Las Vegas (UNLV)
- Nevada State University (NSU)
- Desert Research Institute (DRI)
- Truckee Meadows Community College (TMCC)
- College of Southern Nevada (CSN)
- Western Nevada College (WNC)
- Great Basin College (GBC)
- Nevada System of Higher Education Administration

There are eight controllers' offices within the NSHE located in Reno, Carson City, Elko, Las Vegas, and Henderson. In addition to the controllers' offices, two business centers (Business Center North (BCN) in Reno, Business Center South (BCS) in Las Vegas) and purchasing offices at UNLV and CSN provide the purchasing and property management functions for the NSHE institutions and administration.

The controllers' offices are responsible for the financial management of the institutions. The Office of Contracts and Grants or Sponsored Programs within the respective institutions are responsible for the maintenance of financial records and compliance with terms and conditions of the grants that are generally applicable. Compliance with terms and conditions applicable to certain grants and other agreements is the specific responsibility of the relevant principal investigator.

The major units of UNR include the College of Agriculture, Biotechnology and Natural Resources, College of Business, College of Education and Human Development, College of Engineering, College of Liberal Arts, College of Science, Orvis School of Nursing, School of Public Health, Graduate School, Honors College, Reynolds School of Journalism, School of Social Work, and the School of Medicine. UNR offers major fields of study leading to baccalaureate and advanced degrees through the academic departments in the various schools and colleges.

The major units of UNLV include the Lee Business School, College of Education, Howard R. Hughes College of Engineering, College of Fine Arts, Graduate College, Honors College, William F. Harrah College of Hospitality, School of Integrated Health Sciences, College of Liberal Arts, School of Nursing, School of Public Health, College of Sciences, Greenspun College of Urban Affairs, William S. Boyd School of Law, School of Dental Medicine, and the Kirk Kerkorian School of Medicine. UNLV offers major fields of study leading to baccalaureate and advanced degrees through academic departments in the various schools and colleges

Research activities are conducted primarily at UNR, UNLV, and DRI. NSHE has been awarded research grants by various Federal agencies. The primary agencies from which these funds were received during the year ended June 30, 2024, were:

- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Department of Veteran Affairs
- Environmental Protection Agency
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of Interior
- Department of Justice
- National Aeronautics and Space Administration
- National Endowment for the Humanities
- National Science Foundation
- Department of State
- Department of Transportation

In addition, student financial aid funds were received under the Federal campus-based and Pell programs.

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Nevada System of Higher Education Financial Statements



June 30, 2024

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Independent Auditor's Report

To the Board of Regents
Nevada System of Higher Education
Reno, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada System of Higher Education (the "System") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following as of June 30, 2024 and for the year then ended:

- College of Southern Nevada Foundation, which represent 0.77% of assets and deferred outflows of resources, 0.87% of net position, and 1.02% of revenues of the aggregate discretely presented component units;
- Desert Research Institute Foundation, which represent 0.27% of assets and deferred outflows of resources, 0.29% of net position, and 1.14% of revenues of the aggregate discretely presented component units;
- Great Basin College Foundation, which represent 0.91% of assets and deferred outflows of resources, 1.02% of net position, and 0.77% of revenues of the aggregate discretely presented component units;
- Nevada Health and Bioscience Asset Corporation, which represent 14.42% of assets and deferred outflows of resources, 8.86% of net position, and 6.17% of revenues of the aggregate discretely presented component units;
- Nevada State University Foundation, which represent 0.79% of assets and deferred outflows of resources, 0.89% of net position, and 0.65% of revenues of the aggregate discretely presented component units;
- Rebel Golf Foundation, which represent 0.44% of assets and deferred outflows of resources, 0.49% of net position, and 0.26% of revenues of the aggregate discretely presented component units;

- Truckee Meadows Community College Foundation, which represent 0.51% of assets and deferred outflows of resources, 0.54% of net position, and 1.43% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Alumni Foundation, which represent 0.21% of assets and deferred outflows of resources, 0.24% of net position, and 0.62% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Foundation, which represent 36.54% of assets and deferred outflows of resources, 40.98% of net position, and 28.49% of revenues of the aggregate discretely presented component units;
- University of Nevada, Las Vegas Research Foundation, which represent 1.62% of assets and deferred outflows of resources, 0.90% of net position, and 0.42% of revenues of the aggregate discretely presented component units;
- Western Nevada College Foundation, which represent 0.69% of assets and deferred outflows of resources, 0.05% of net position, and 0.73% of revenues of the aggregate discretely presented component units;

Those statements were audited by other auditors whose reports has been furnished to us, and our opinions, insofar as it relates to the amounts included for the above-mentioned entities are based solely on the reports of the other auditors.

Basis for Opinions

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

Restatement

As discussed in Note 2 to the financial statements, an error was discovered by management during the current year related to the exclusion of a discretely presented component unit which resulted in an understatement of amounts previously reported for the aggregate discretely presented component units, or System Related Organizations. Accordingly, a restatement has been made to the System Related Organizations net position as of July 1, 2023, to correct the error. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 24, schedule of proportionate share of the net pension liability, schedule of System's contributions for the total net pension liability, schedule of proportionate share of the net OPEB liability, the schedule of System's contributions for the net OPEB liability, and the notes to the required schedules for the net OPEB liability, collectively presented on page 72 be presented to supplement the basic financial statements. Such information is the responsibility of

management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The combining statements of net position, combining statements of revenues, expenses, and changes in net position, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements of net position, combining statements of revenues, expenses, and changes in net position, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the background in the introduction section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
November 1, 2024

Nevada System of Higher Education

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Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada System of Higher Education's (the System) annual financial information presents management's discussion and analysis of the financial standing as of June 30, 2024. This section provides a brief overview of noteworthy financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues that occurred during the year ended June 30, 2024, with comparative information as of June 30, 2023.

Since this discussion provides summary level financial information, it should be read in conjunction with the System's financial statements and accompanying footnotes that follow this section. Responsibility for the financial statements, footnotes and this discussion rests with System management.

SYSTEM AND SYSTEM RELATED ORGANIZATIONS

The System is a consolidation of the following 8 institutions of public higher education in Nevada and the Nevada System of Higher Education Administration (the System or NSHE) entity:

- University of Nevada, Reno (UNR)
- Desert Research Institute (DRI)
- Truckee Meadows Community College (TMCC)
- Western Nevada College (WNC)
- Great Basin College (GBC)
- University of Nevada, Las Vegas (UNLV)
- College of Southern Nevada (CSN)
- Nevada State University (NSU)

This annual financial report and statements include the above institutions of the System as well as certain other organizations, also called component units, which have a significant relationship with the institutions. These component units are related tax-exempt organizations primarily founded to foster and promote the growth, progress, and general welfare of the institutions. They exist to solicit, receive, and administer gifts and donations for the institutions or, in the case of the UNLV Medicine, to facilitate patient care activities. The System component units are as follows:

- University of Nevada, Reno Foundation
- Wolf Pack Athletic Association (formerly Athletic Association, University of Nevada Inc.)
- Desert Research Institute Foundation
- Desert Research Institute Research Parks LTD
- Truckee Meadows Community College Foundation

Western Nevada College Foundation
Great Basin College Foundation
University of Nevada, Las Vegas Foundation
University of Nevada, Las Vegas Research Foundation
University of Nevada, Las Vegas Medicine, Inc.
Rebel Golf Foundation
University of Nevada, Las Vegas Alumni Association
University of Nevada, Las Vegas Rebel Football Foundation
University of Nevada, Las Vegas Rebel Soccer Foundation
University of Nevada, Las Vegas Singapore Unlimited
College of Southern Nevada Foundation
Nevada State University Foundation
Nevada Health and Bioscience Asset Corporation

Component units issue separately audited or reviewed financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS FROM 2023 TO 2024 (in \$1,000's)

- Total net position increased by 2.3% from \$1,985,065 to \$2,031,257;
- Capital assets decreased by 0.2% from \$2,813,941 to \$2,807,992;
- Operating revenues increased by 8.8% from \$1,133,095 to \$1,233,136;
- Nonoperating revenues increased by 22.5% from \$927,280 to \$1,135,862; and
- Operating expenses increased by 10.8% from \$2,161,470 to \$2,394,841.

USING THIS REPORT

This report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements focus on the financial condition of the System, the results of operations, and the cash flows of the System as a whole.

One of the most important questions asked about System finances is whether the System as a whole is better off as a result of the year's activities. There are three key components to answering this question. They are the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The System's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) is an important gauge of the System's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Statement of Net Position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when a third party provides the services, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. All

things being equal, a public higher education system's dependency on state appropriations will usually result in operating deficits. This is because the financial reporting model classifies state appropriations as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the System's ability to meet financial obligations as they mature and come due. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital financing, noncapital financing, and investing activities.

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Statement of Net Position is a point-in-time financial statement presenting the financial position of the System as of June 30, 2024, with a comparison made to June 30, 2023. This Statement presents end-of-year data for assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources).

System Net Position (in \$1,000's)

	2024	2023	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 1,048,290	\$ 964,497	\$ 83,793	8.7%
Capital assets, net	2,807,992	2,813,941	(5,949)	-0.2%
Other assets	410,723	390,670	20,053	5.1%
Total Assets	<u>4,267,005</u>	<u>4,169,108</u>	<u>97,897</u>	<u>2.3%</u>
Deferred Outflows of Resources	<u>239,181</u>	<u>307,126</u>	<u>(67,945)</u>	<u>-22.1%</u>
Liabilities				
Current liabilities	460,233	345,498	114,735	33.2%
Noncurrent liabilities	1,820,663	1,861,481	(40,818)	-2.2%
Total Liabilities	<u>2,280,896</u>	<u>2,206,979</u>	<u>73,917</u>	<u>3.3%</u>
Deferred Inflows of Resources	<u>194,033</u>	<u>284,190</u>	<u>(90,157)</u>	<u>-31.7%</u>
Net Position				
Net investment in capital assets	2,020,285	1,977,893	42,392	2.1%
Restricted - Nonexpendable	96,584	93,463	3,121	3.3%
Restricted - Expendable	329,161	294,488	34,673	11.8%
Unrestricted	(414,773)	(380,779)	(33,994)	8.9%
Total Net Position	<u>\$ 2,031,257</u>	<u>\$ 1,985,065</u>	<u>\$ 46,192</u>	<u>2.3%</u>

Assets

Total assets of the System are currently showing an increase of \$97.9 million, or 2.3%. The increase that occurred in total assets was primarily driven by an increase in current assets of \$83.8 million and other assets of \$20.1 million. The current assets increase of \$83.8 million was primarily driven by increases cash equivalents \$16.85 million and short-term investments of \$21.2 million and receivables

of \$41 million mostly from the State of Nevada. The increase in other assets is related to the increase in the endowment investments of \$24.4 million.

Liabilities

Total liabilities for the year increased by \$73.9 million primarily driven by increases in accounts payable of \$11.1 million, accrued payroll of \$15.1 million, unearned revenue of \$48.3 million, net pension liability of \$7.6 million, and OPEB liability of \$13.4 million, and subscriptions payable of \$22.6 million being offset by a decrease in long-term debt of \$47.6 million.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a future consumption of net position, decreased by \$67.9 million. This decrease relates to the pension-related deferred outflows of resources of \$74 million, offset by the increase in OPEB-related outflows of \$6.3 million. Similarly, deferred inflows of resources, a future acquisition of net position, decreased by \$90.2 million. This relates to decreases in lease-related inflows of \$10 million, OPEB-related inflows of \$19 million, and pension related inflows of \$63.2 million.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the equity in property, plant, and equipment owned by the System reduced by borrowings that finance the acquisition. The next category is restricted net position, which is presented as two subcategories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Restricted-expendable net position is available for expenditure by the System but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position (deficit) which represents net assets available to the System for any lawful purpose. Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is a deficit due primarily to obligations for pension and retiree health benefits exceeding the System's assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all the System's reserves are allocated for academic and research initiatives or programs, for capital projects or for other purposes.

Net Investment in Capital Assets

The net investment in capital assets represents the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributed to the acquisition, construction, or improvement of those assets. The \$42.3 million increase reflects the System's expenditures for development and renewal of its capital assets, offset by depreciation expense on capital assets and increased debt associated with capital assets.

Restricted, Nonexpendable/Expendable

The System's endowment funds consist of both permanent endowments and funds functioning as endowments or quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is to be expended for the purposes stipulated by the donor.

Restricted-expendable increased by \$34.7 million primarily driven by increases restricted-expendable-capital projects of \$10.5 million, and restricted-expendable-scholarships, research and instruction of \$32.4 million offset by a decrease in restricted-expendable-debt service \$10.5 million.

Unrestricted Net Position (deficit)

Unrestricted net position (deficit) decreased by \$34 million in 2024. Although unrestricted net position is not subject to externally imposed stipulations, substantially all the System’s unrestricted net position has been designated for various academic and research programs and initiatives, as well as capital projects. Funds functioning as an endowment consist of unrestricted funds that have been allocated by the System for long-term investment purposes, although amounts are not subject to donor restrictions requiring the System to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other important programs and activities. There are several reasons for the decrease in unrestricted net position including increases in expenditures for pensions, employee compensation and benefits, and utilities.

System Related Organizations

Net Position (in \$1,000’s)

	<u>2024</u>	<u>2023 (As Restated)</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 569,298	\$ 493,915	\$ 75,383	15.3%
Capital assets, net	187,583	178,019	9,564	5.4%
Other assets	<u>628,193</u>	<u>596,800</u>	<u>31,393</u>	<u>5.3%</u>
Total Assets	<u>1,385,074</u>	<u>1,268,734</u>	<u>116,340</u>	<u>9.2%</u>
Liabilities				
Current liabilities	116,390	29,206	87,184	298.5%
Noncurrent liabilities	<u>16,353</u>	<u>32,593</u>	<u>(16,240)</u>	<u>-49.8%</u>
Total Liabilities	<u>132,743</u>	<u>61,799</u>	<u>70,944</u>	<u>114.8%</u>
Deferred Inflows of Resources	<u>20,072</u>	<u>19,972</u>	<u>100</u>	<u>0.5%</u>
Net Position				
Net investment in capital assets	130,764	173,243	(42,479)	-24.5%
Restricted - Nonexpendable	508,123	411,742	96,381	23.4%
Restricted - Expendable	506,489	518,035	(11,546)	-2.2%
Unrestricted	<u>86,883</u>	<u>83,943</u>	<u>2,940</u>	<u>3.5%</u>
Total Net Position	<u>\$ 1,232,259</u>	<u>\$ 1,186,963</u>	<u>\$ 45,296</u>	<u>3.8%</u>

The campus foundations, athletic foundations, medical practice plan, and Nevada Health and Bioscience Asset Corporation, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities as well as scholarships and other operating costs. Changes in the above schedule primarily reflect the foundations’ increase in investments and capital assets and increases in liabilities. The increase is primarily due to increases in the value of investments.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the System, both operating and nonoperating, and the expenses paid by the System, operating and nonoperating, as well as any other revenues, expenses, gains, and losses received or spent by the System.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the System. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

The total Change in Net Position for fiscal year ended June 30, 2024, was an increase of \$46.2 million compared with a decrease of \$60.9 million for fiscal year ended June 30, 2023.

System Revenues, Expenses and Changes in Net Position (in \$1,000's)

	2024	2023	Increase/ (Decrease)	Percent Change
Operating Revenues				
Student tuition and fees	\$ 458,320	\$ 461,029	\$ (2,709)	-0.6%
Federal grants and contracts	345,960	294,542	51,418	17.5%
Grants and contracts, other	122,820	100,586	22,234	22.1%
Sales and services	290,735	264,901	25,834	9.8%
Other	15,301	12,037	3,264	27.1%
Total Operating Revenues	1,233,136	1,133,095	100,041	8.8%
Operating Expenses				
Employee compensation and benefits	(1,573,670)	(1,392,160)	181,510	13.0%
Utilities	(46,285)	(41,922)	4,363	10.4%
Supplies and services	(496,308)	(469,557)	26,751	5.7%
Scholarships and fellowships	(112,760)	(104,145)	8,615	8.3%
Depreciation	(165,818)	(153,686)	12,132	7.9%
Total Operating Expenses	(2,394,841)	(2,161,470)	233,371	10.8%
Operating Income (Loss)	(1,161,705)	(1,028,375)	133,330	13.0%
Nonoperating Revenues (Expenses)				
State appropriations	814,633	647,949	166,684	25.7%
Gifts	64,930	61,984	2,946	4.8%
Investment income (loss), net	115,201	84,090	31,111	37.0%
Gain (loss) on disposal of capital assets	(1,827)	2,229	(4,056)	-182.0%
Interest expense	(27,166)	(26,925)	(241)	0.9%
Interest revenue	2,103	1,257	846	67.3%
Payments to System campuses and divisions	(26)	(54,704)	54,678	-100.0%
Other nonoperating revenues	19,371	10,288	9,083	88.3%
Federal grants and contracts	148,643	201,112	(52,469)	-26.1%
Total Nonoperating Revenues	1,135,862	927,280	208,582	22.5%
Total Other Revenues	72,035	40,151	31,884	79.4%
Increase (Decrease) in Net Position	46,192	(60,944)	107,136	-175.8%
Net position - beginning of year	1,985,065	2,046,009	(60,944)	-3.0%
Net position - end of year	\$ 2,031,257	\$ 1,985,065	\$ 46,192	2.3%

Operating Revenues

Operating revenues are the funds generated from the System's primary operations and activities. Operating revenues increased by \$100 million, or 8.8%. Federal grants and contracts increased by \$51.4 million, or 17.5%. Sales and services increased by \$25.8 million, or 9.8%. Student tuition and fees decreased by \$2.7 million, or 0.6%. A four percent increase in tuition and fee rates offset the small reductions in student enrollment.

Operating Expenses

Operating expenses refer to the funds spent or used to operate and maintain programs, services, and infrastructure. Operating expenses increased by \$233.4 million, or 10.8%. The increases in operating expenses were driven by the increase in employee compensation and benefits of \$181.5 million, supplies and services of \$26.8 million, and depreciation of \$12.1 million. Restoration of the State budget cuts and restoration of most campus activities, mainly resulting from the COVID-19 pandemic, contributed to the increase in operating expenditures.

Nonoperating Revenues (Expenses)

Nonoperating revenues refer to funds or income generated by the System that are not derived from its primary operational activities and nonoperating expenses are expenses not directly related to the System's primary operational activities. Nonoperating net revenues increased by \$208.6 million, or 22.5%. This was led by increases in state appropriations of \$166.7 million, and investment income of \$31.1 million.

Other revenue increased by \$31.9 million. This was led by an increase in state appropriations restricted for capital purposes of \$32.8 million.

System Related Organizations (in \$1,000s)

	<u>2024</u>	<u>2023 (As Restated)</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
<i>Operating Revenues</i>				
Patient revenue	\$ 58,050	\$ 37,995	\$ 20,055	52.8%
Contract revenue	16,633	22,073	(5,440)	-24.6%
Contributions	80,368	149,869	(69,501)	-46.4%
Campus Support	9,650	8,374	1,276	15.2%
Special events and fundraising	1,604	1,853	(249)	-13.4%
Other operating revenues	16,818	16,033	785	4.9%
Total Operating Revenues	<u>183,123</u>	<u>236,197</u>	<u>(53,074)</u>	<u>-22.5%</u>
<i>Operating Expenses</i>				
Employee compensation and benefits	(38,074)	(32,078)	5,996	18.7%
Supplies and services	(9,316)	(8,735)	581	6.7%
Program expenses, System Related Organizations	(73,318)	(21,683)	51,635	238.1%
Depreciation	(9,113)	(4,397)	4,716	107.3%
Other operating expenses	(2,416)	(1,563)	853	54.6%
Total Operating Expenses	<u>(132,237)</u>	<u>(68,456)</u>	<u>63,781</u>	<u>93.2%</u>
Operating Income (Loss)	<u>50,886</u>	<u>167,741</u>	<u>(116,855)</u>	<u>-69.7%</u>

Nonoperating Revenues (Expenses)

Investment income (loss), net	84,344	48,256	36,088	74.8%
Payments to System campuses and divisions	(110,465)	(101,368)	(9,097)	9.0%
Other nonoperating revenues (expenses)	830	3,215	(2,385)	-74.2%
Total Nonoperating Revenues (Expenses)	(25,291)	(49,897)	24,606	-49.3%
Income (Loss) before other revenue (expenses)	25,595	117,844	(92,249)	-78.3%

Other Revenues (Expenses)

Additions to permanent endowments	18,717	72,366	(53,649)	-74.1%
Other Foundation expenses	984	151	833	551.7%
Total Other Revenues (Expenses)	19,701	72,517	(52,816)	-72.8%
Increase (Decrease) in Net Position	45,296	190,361	(145,065)	-76.2%

NET POSITION

Net position - beginning of year -as originally reported	1,186,963	894,231	292,732	32.7%
Addition of NHBAC	-	102,371	(102,371)	-100.0%
Net position - beginning of year - as restated	1,186,963	996,602	190,361	19.1%
Net position - end of year	\$ 1,232,259	\$ 1,186,963	\$ 45,296	3.8%

Component entities' ending net position increased \$45.3 million. The increase is attributed to a \$45.3 million increase from operations during fiscal year 2024 due to the System identifying a misstatement in the fiscal year 2023 financial statements. The Nevada Health and Bioscience Asset Corporation (NHBAC) was added to the reporting entity as a discretely presented component unit of the system (see note 2). The addition of NHBAC resulted in an increase in component unit beginning net position of \$102.4 million, as shown in the following schedule.

CASH FLOWS (in \$1,000's)

Net cash flows increased when compared to 2023 as discussed further below. Net operating cash flows (amount of cash from operating activities) decreased by 14%.

	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Operating activities	\$ (949,427)	\$ (835,416)	\$ (114,011)	-14%
Noncapital financing activities	1,035,624	876,160	159,464	18%
Capital financing activities	(135,762)	(287,732)	151,970	53%
Investing activities	70,128	287,053	(216,925)	-76%
Net increase (decrease) in cash	20,563	40,065	(19,502)	49%
Cash – beginning of year	174,306	134,241	40,065	30%
Cash – end of year	<u>\$ 194,869</u>	<u>\$ 174,306</u>	<u>\$ 20,563</u>	<u>12%</u>

Operating Activities

Cash flows used for operating activities increased by \$114 million. This was primarily related to increases in payments for compensation and benefits of \$180.5 million, payments to suppliers of \$11.9 million, and disbursements under federal student loan programs of \$14 million. This was offset mainly by an increase in grants and contracts of \$108.8 million.

Noncapital Financing Activities

Cash flows from noncapital financing increased by \$159.5 million, or 18%. This increase was primarily related to the increase in state appropriations of \$154.3 million.

Capital Financing Activities

Cash flows used for capital and related financing activities decreased by \$152 million, or 53%. Institutions spent \$130.8 million less on purchasing capital assets in 2024 and recognized \$36 million more state appropriations restricted for capital projects than in the previous year.

Investment Activities

Cash flows from investing activities decreased by \$216.9 million, or 76%, as the result of investment activity. The variance in proceeds from sales and maturities of investments from fiscal year 2023 is a decrease of \$221.9 million. This decrease indicates that the system received less from selling or maturing investments when compared to the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2024, the System had invested \$2,808 million in a broad range of capital assets, including buildings, machinery and equipment, library books and media, art and other valuable collections, intangible assets, leased assets, land. This represents a net decrease (including additions and deletions) of \$5.9 million over June 30, 2023.

During fiscal year 2024, no new long-term debt was issued for capital projects. As of June 30, 2024, the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt service) was 8.37 times, above the minimum required coverage of 1.50. For statutory purposes, the coverage was 2.05 times, above the minimum required coverage of 1.10. As of June 30, 2024, the coverage on the Community College Revenue Bonds (pledged revenues to maximum annual debt service) was 18.95 times, above the minimum required coverage of 1.50. For statutory purposes, the coverage was 2.38 times, above the minimum required coverage of 1.10. Coverage for the System's Revenue Bonds is based upon two formulas. The statutory coverage ratio is based upon pledged revenues described in Nevada Revised Statutes authorizing the issuance of revenue bonds. A second, comprehensive coverage ratio, is based upon all revenues pledged to the bonds (including the statutory revenues) in the bond resolutions adopted by the Board of Regents. The statutory and comprehensive coverage ratios feature different minimum coverage thresholds that govern the issuance of additional revenue bond debt.

FUTURE FINANCIAL EFFECTS

In recent years higher education services in Nevada have seen a slight increase in demand. In fiscal year 2024, the System realized a net gain of student full time equivalent (FTE) enrollment of 2.7% or 1,819.93 average annual FTE students' system-wide compared to fiscal year 2023. Student FTE enrollments increased slightly at the institutions with the exception of one community college. Student FTE enrollments decreased slightly at that community college. The System anticipates enrollments system-wide in fiscal year 2024 will remain relatively flat.

The Legislatively approved System operating budget includes state appropriations, authorized expenditures (State Supported Operating Budget). The Operating Budget totals \$1,286.8 billion for fiscal year 2025. This compares to the fiscal year 2024 Operating Budget of \$1,228.8 billion and represents a 4.72% increase. General Fund revenues of \$898.9 million in FY 25 increased when compared to the General Fund revenues of \$850 million in fiscal year 2024 by \$48.9 million or by 5.75% due mainly to legislative actions that implemented an 11% cost of living adjustment for employees.

Other authorized revenue sources, consisting mainly of student fee revenues, total \$387.8 million in fiscal year 2025, approximately \$9 million more than in fiscal year 2024. The main reason for the increase in other authorized revenue is due to a projected increase in registration fees. Student fees remain stable at approximately 24% of the State Supported Operating Budget and are expected to do so for the foreseeable future.

Student enrollment system-wide is not anticipated to exceed projected and budgeted enrollment in fiscal year 2025; however individual institutions may exceed projected enrollment. Pursuant to Senate Bill 504 of the 2023 legislative session, the System may budget and expend, in the State Supported Operating Budget, any additional collections of student fee revenues over that budgeted due to increased enrollment or Board of Regent authorized increases in tuition and fees. As before, it is expected that additional funds will be expended in direct support of the increased student enrollments through instruction and related support services.

Since March 17, 2020, the spread of COVID-19 has severely impacted many state and local economies around the country. In many states, colleges and universities were forced to cease or restructure operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services triggered significant disruptions to operations nationally, resulting in an economic slowdown. Global stock markets also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the System, including statements written in this discussion and analysis or made orally by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Other than statements of historical facts, all statements that address activities, events, or developments that the System expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The System does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking information.

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NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2024

	<u>System</u>	<u>System Related Organizations</u>
<u>ASSETS</u>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 181,938	\$ 120,032
Restricted cash and cash equivalents	-	14,841
Short-term investments	594,204	402,640
Accounts receivable, net	61,681	9,600
Receivable from U.S. Government	119,697	-
Receivable from State of Nevada	45,807	-
Pledges receivable, net	-	12,947
Patient accounts receivable, net	-	5,685
Loans receivable, net	625	19
Due from System Related Organizations	6,884	-
Leases receivable	7,738	-
Leases receivable Due from System Related Organizations	3,342	-
Inventories	6,865	389
Deposits and prepaid expenditures, current	19,443	603
Other current assets	66	2,542
Total Current Assets	1,048,290	569,298
<i>Noncurrent Assets</i>		
Cash held by State Treasurer	84	-
Restricted cash and cash equivalents	12,847	-
Investments	-	103,679
Restricted investments	-	16,497
Endowment investments	320,263	441,771
Deposits and prepaid expenditures	400	-
Loans receivable, net of current	4,298	28
Leases receivable, net of current	59,952	-
Leases receivable Due from System Related Organizations, net of current	12,879	-
Capital assets, net	2,807,992	187,583
Pledges receivable, net	-	17,673
Other noncurrent assets	-	48,545
Total Noncurrent Assets	3,218,715	815,776
TOTAL ASSETS	4,267,005	1,385,074
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
OPEB related	44,387	-
Loss on bond refunding	2,547	-
Pension related	192,247	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	239,181	-

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2024

	<u>System</u>	<u>System Related Organizations</u>
<u>LIABILITIES</u>		
<i>Current Liabilities</i>		
Accounts payable	59,375	3,764
Accrued payroll and related liabilities	116,770	1,673
Unemployment insurance and workers' compensation	3,512	-
Due to State of Nevada	2,319	-
Due to affiliated organizations	-	6,884
Current portion of compensated absences	50,541	-
Current portion of long-term debt	33,382	-
Current portion of leases payable	8,635	-
Current portion of subscriptions payable	14,824	-
Current portion of OPEB	35,978	-
Current Portion of Leases payable due to System Related Organizations	-	3,342
Accrued interest payable	11,058	-
Unearned revenue	119,140	9,067
Funds held in trust for others	2,513	-
Assets held for others	-	13,890
Grant payable	-	42,016
Other current liabilities	2,186	35,754
Total Current Liabilities	460,233	116,390
<i>Noncurrent Liabilities</i>		
Refundable advances under federal loan programs	3,027	-
Compensated absences, net of current	24,587	-
Long-term debt, net of current	626,527	-
Lease payable due to System Related Organizations, net of current	-	13,957
Leases payable, net of current	38,813	-
Subscriptions payable, net of current	55,802	-
Unearned revenue	-	1,557
Net pension liability	508,975	-
Net OPEB liability	562,309	-
Other noncurrent liabilities	623	839
Total Noncurrent Liabilities	1,820,663	16,353
TOTAL LIABILITIES	2,280,896	132,743
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows on leases	80,935	11,344
OPEB related	49,454	-
Gain on bond refunding	7,599	-
Pension related	56,045	-
Split-interest agreements	-	8,728
TOTAL DEFERRED INFLOWS OF RESOURCES	194,033	20,072
<u>NET POSITION</u>		
Net investment in capital assets	2,020,285	130,764
Restricted - Nonexpendable	96,584	508,123
Restricted - Expendable - Scholarships, research and instruction	252,536	506,246
Restricted - Expendable - Loans	7,973	-
Restricted - Expendable - Capital projects	36,153	243
Restricted - Expendable - Debt service	32,499	-
Unrestricted	(414,773)	86,883
TOTAL NET POSITION	\$ 2,031,257	\$ 1,232,259

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>System</u>	<u>System Related Organizations</u>
Operating Revenues		
Student tuition and fees (net of scholarship allowance of \$243,646)	\$ 458,320	\$ -
Federal grants and contracts	345,960	-
State grants and contracts	72,231	-
Local grants and contracts	3,918	-
Other grants and contracts	46,671	-
Campus support	-	9,650
Sales and services of educational departments (including \$35,592 from System Related Organizations)	200,496	-
Sales and services of auxiliary enterprises (net of scholarship allowance of \$11,212)	90,239	-
Contributions	-	80,368
Patient revenue	-	58,050
Contract revenue	-	16,633
Special events and fundraising	-	1,604
Interest earned on loans receivable	85	-
Other operating revenues	15,216	16,818
Total Operating Revenues	<u>1,233,136</u>	<u>183,123</u>
Operating Expenses		
Employee compensation and benefits	(1,573,670)	(38,074)
Utilities	(46,285)	-
Supplies and services	(496,308)	(9,316)
Scholarships and fellowships	(112,760)	-
Program expenses, System Related Organizations	-	(73,318)
Depreciation and amortization	(165,818)	(9,113)
Other operating expenses	-	(2,416)
Total Operating Expenses	<u>(2,394,841)</u>	<u>(132,237)</u>
Operating Income (Loss)	<u>(1,161,705)</u>	<u>50,886</u>
Nonoperating Revenues (Expenses)		
State appropriations	814,633	-
Gifts (including \$59,409 from System Related Organizations)	64,930	-
Investment income, net	115,201	84,344
Loss on disposal of capital assets	(1,827)	-
Interest expense	(27,166)	(414)
Interest revenue	2,103	-
Payments to System campuses and divisions	(26)	(110,465)
Other nonoperating revenues	19,371	1,244
Federal grants and contracts	148,643	-
Total Nonoperating Revenues (Expense)	<u>1,135,862</u>	<u>(25,291)</u>
Income (Loss) Before Other Revenue (Expenses)	<u>(25,843)</u>	<u>25,595</u>
Other Revenues (Expenses)		
State appropriations restricted for capital purposes	52,238	-
Capital grants and gifts (including \$15,364 from System Related Organizations)	17,215	-
Return of capital gifts	(110)	-
Additions to permanent endowments (including \$100 to System Related Organizations)	2,692	18,717
Other System Related Organization revenue	-	984
Total Other Revenues	<u>72,035</u>	<u>19,701</u>
Increase in Net Position	<u>46,192</u>	<u>45,296</u>
NET POSITION		
Net position - beginning of year - as originally reported	1,985,065	1,044,274
Addition of NHBAC	<u>-</u>	<u>142,689</u>
Net position - beginning of year - as restated	<u>1,985,065</u>	<u>1,186,963</u>
Net position - end of year	<u>\$ 2,031,257</u>	<u>\$ 1,232,259</u>

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF CASH FLOWS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

	System
<i>Cash flows used for operating activities</i>	
Tuition and fees	\$ 459,994
Grants and contracts	499,961
Payments to suppliers	(481,794)
Payments for utilities	(47,409)
Payments for compensation and benefits	(1,541,745)
Payments for scholarships and fellowships	(112,882)
Loans issued to students and employees	(924)
Collection of loans to students and employees	758
Sales and services of educational departments	183,580
Sales and services of auxiliary enterprises	90,151
Receipts under third party events	26,532
Disbursements under third party event	(27,087)
Receipts under federal student loan programs	116,611
Disbursements under federal student loan programs	(130,648)
Receipts under external awards and others	21,893
Disbursements under external awards and others	(22,073)
Other receipts	<u>15,655</u>
<i>Cash flows used for operating activities</i>	<u>(949,427)</u>
<i>Cash flows from noncapital financing activities</i>	
State appropriations	797,142
State appropriations refunded	(3,103)
Gifts and grants for other than capital purposes	68,710
Gifts for endowment purposes	981
Other	14,744
Federal grants and contracts	<u>157,150</u>
<i>Cash flows from noncapital financing activities</i>	<u>1,035,624</u>
<i>Cash flows used for capital and related financing activities</i>	
Capital appropriations	55,639
Capital grants and gifts received	14,301
Bond issuance and refunding	137
Purchases of capital assets	(116,418)
Proceeds from sale of property and equipment	622
Principal paid on capital debt	(61,976)
Interest paid on capital debt	(30,038)
Insurance recoveries for capital assets	2,384
Deposits for the acquisition of property and equipment	<u>(413)</u>
<i>Cash flows used for capital and related financing activities</i>	<u>(135,762)</u>
<i>Cash flows from investing activities</i>	
Proceeds from sales and maturities of investments	103,110
Purchase of investments	(57,745)
Interest and dividends received on investments	32,341
Net decrease in cash equivalents, noncurrent investments	<u>(7,578)</u>
<i>Cash flows from investing activities</i>	<u>70,128</u>
<i>Net increase in cash</i>	<u>20,563</u>
<i>Cash and cash equivalents, beginning of year</i>	174,306
<i>Cash and cash equivalents, end of year</i>	<u>\$ 194,869</u>

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

NEVADA SYSTEM OF HIGHER EDUCATION
STATEMENT OF CASH FLOWS (in \$1,000's)
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>System</u>
Reconciliation of operating loss to cash flows used for operating activities	
Operating loss	\$ (1,161,705)
Adjustments to reconcile operating loss to cash used in operating activities:	
Supplies expense related to noncash gifts	408
Depreciation and amortization expense	165,818
Change in pension related deferred outflows of resources	71,192
Change in pension related deferred inflows of resources	(60,538)
Change in OPEB related deferred outflows of resources	(5,971)
Change in OPEB related deferred inflows of resources	(18,391)
Change in service concession arrangements deferred inflows of resources	(1,530)
Change in lease related deferred inflows of resources	208
Changes in assets and liabilities:	
Accounts receivable, net	(13,001)
Receivable from U.S. Government	(5,392)
Receivable from State of Nevada	(8,073)
Loans receivable, net	(687)
Inventories	(304)
Due from other institutions	(711)
Due from System Related Organizations	(5,037)
Deposits and prepaid expenditures	(2,195)
Other assets	2,377
Accounts payable	11,737
Accrued payroll and related liabilities	16,284
Unemployment and workers' compensation insurance liability	(21)
Unearned revenue	35,305
Refundable advances under federal loan program	(115)
Compensated absences	10,891
Other liabilities	(618)
Net pension liability	7,044
Net OPEB liability	11,919
Deposits held for others	(159)
Other	1,838
Cash flows used for operating activities	<u>\$ (949,427)</u>
Supplemental noncash activities information:	
Gain on disposal of capital assets	<u>\$ 843</u>
Capital assets acquired by gifts	<u>\$ 973</u>
Capital expenditures included in accounts payable	<u>\$ 7,022</u>
Capital assets acquired by incurring lease obligations	<u>\$ 3,088</u>
University Revenue Refunding Bond Series 2024	<u>\$ 56,230</u>
Unrealized gains on investments	<u>\$ 59,438</u>
Right-of-use assets obtained in exchange for subscription obligations	<u>\$ 54,175</u>
Capital asset funded through State Public Works	<u>\$ 16,587</u>

The accompanying notes are an integral part of these financial statements.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – Organization:

The financial statements represent the financial statements of the various divisions and campuses of the Nevada System of Higher Education (the System or NSHE) which include:

University of Nevada, Reno (UNR)
Desert Research Institute (DRI)
Truckee Meadows Community College (TMCC)
Western Nevada College (WNC)
Great Basin College (GBC)
University of Nevada, Las Vegas (UNLV)
College of Southern Nevada (CSN)
Nevada State University (NSU)
Nevada System of Higher Education Administration (System Admin)

The System is an entity of the State of Nevada (the State) and receives significant support from, and has significant assets held by the State as set forth in the accompanying financial statements. The System is a component unit of the State of Nevada in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The System Related Organizations' columns in these financial statements are comprised of data from the System's discretely presented campus and athletic foundations and medical school practice plans, which include: University of Nevada, Reno Foundation, Wolf Pack Athletic Association, Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Western Nevada College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Alumni Foundation, University of Nevada, Las Vegas Rebel Football Foundation, University of Nevada, Las Vegas Rebel Soccer Foundation, University of Nevada, Las Vegas Singapore Unlimited, University of Nevada Las Vegas Medicine Incorporated, College of Southern Nevada Foundation, Nevada State University Foundation, and Nevada Health and Bioscience Asset Corporation. These System Related Organizations are included as part of the System's financial statements because of the nature and the significance of their financial relationship with the System. The System Related Organizations have a fiscal year end of June 30 apart from Nevada Health and Bioscience Asset Corporation which has a calendar year end of December 31.

The System Related Organizations include campus foundations which are related tax-exempt organizations founded to foster and promote the growth, progress, and general welfare of the System, and are reported in separate columns to emphasize that they are Nevada not-for-profit organizations legally separate from the System. During the year ended June 30, 2024, the foundations distributed \$112,552 to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Rhett Vertrees, Assistant Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

During the year ended June 30, 2024, UNLV Med distributed \$29,585 to the System for restricted purposes for salaries and Dean's support. Complete financial statements for UNLV Med can be obtained from Rhett Vertrees, Assistant Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

Complete financial statements for Nevada Health and Bioscience Asset Corporation can be obtained from Rhett Vertrees, Assistant Chief Financial Officer at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

NOTE 2 – Summary of Significant Accounting Policies:

The significant accounting policies followed by the System are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION

For financial statement reporting purposes, the System is considered a special purpose government engaged only in business-type activities. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

The financial statements required by Statement No. 35 are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. Financial reporting requirements also include Management's Discussion and Analysis of the System's financial position and results of operations.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred. All significant transactions between various divisions and campuses of the System have been eliminated. The financial statements are presented using the economic resources measurement focus.

CASH AND CASH EQUIVALENTS

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash held by the State Treasurer represents the funds from certain state appropriations, which were enacted to provide the System with the funds necessary for the construction of major assets. Such amounts are controlled by the Nevada Public Works Board. Restricted cash and cash equivalents represent the unexpended bond proceeds held for construction of major assets. These amounts are included in cash and cash equivalents in the Statement of Cash Flows.

Cash and cash equivalents	\$ 181,938
Cash held by State Treasurer	84
Restricted cash and cash equivalents	<u>12,847</u>
Total per statement of cash flows	<u>\$ 194,869</u>

INVESTMENTS

Investments are stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships and commingled funds are based upon the latest valuations provided by the general partners or fund managers of the respective partnerships and funds adjusted for cash receipts, cash disbursements and securities distributions through June 30. The System believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the private equity partnerships and private commingled funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investment transactions are recorded on the date the securities are purchased or sold (trade-date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

INVENTORIES

Inventories consist primarily of bookstore and agricultural inventories, and other items held for sale and are stated at lower of estimated cost or market. Cost is calculated primarily on the first-in, first-out method.

PLEDGES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-Exchange Transactions*, private donations are recognized when all eligibility requirements are met, provided that the pledge is verifiable, the resources are measurable, and collection is probable. Pledges receivables are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on collection history and is netted against the gross pledges' receivable. The allowance for uncollectible pledges is \$3,687 as of June 30, 2024.

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of \$5 in the fiscal year and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or acquisition value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Depreciation is computed on a straight-line basis over the following estimated useful lives:

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

<u>Assets</u>	<u>Year</u>
Buildings and improvements	40
Land improvements	10 to 15
Machinery and equipment	3 to 5
Library books	5
Leasehold improvements	shorter of useful life or lease term
Intangible assets	10

Collections are capitalized at the acquisition value at the date of donation. The System’s collections are protected, preserved and held for public exhibition, education or research and include art and rare book collections which are considered inexhaustible and are therefore not depreciated.

RECEIVABLES

The System accounts for estimated losses inherent in its accounts receivable based on types of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: types of receivable, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The System reviews its allowance for doubtful accounts annually. Not included in the receivable balances are amounts considered to be uncollectible. Uncollectible accounts receivable are estimated at \$89.8 million.

Total accounts receivable at June 30, 2024, were \$227.2 million. Included in the receivables balance are \$61.7 million related to tuition and fee payments due from students and others making payments on behalf of students and customers. Additionally, there are \$119.7 million in receivables from grant and contract sponsors primarily for the reimbursement of allowable expenses made pursuant to the University’s grants and \$45.8 million from the State of Nevada.

LEASE RECEIVABLE

Lease receivables and deferred inflows of resources are recorded by the System as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected. The deferred inflow of resource is amortized straight-line and recognized as revenue over the term of the lease, regardless of when payments are received from the lessee.

RIGHT- OF-USE ASSETS

Right-of-Use (ROU) assets are recognized at the lease or subscription commencement date and represent the System's right to use an underlying asset for a specified term. ROU assets are measured at the initial value of the lease or subscription liability plus any payments made to the lessor before commencement and initial direct costs. ROU assets are included in net capital assets on the Statement of Net Position.

LEASE LIABILITY

Lease liabilities represent the System's obligation to make lease payments arising from leases other than short term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on a borrowing rate determined by the System. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

SUBSCRIPTION LIABILITY

Subscription-based information technology arrangements (SBITA) liabilities represent the System’s obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. SBITA liabilities are recognized at the SBITA commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term SBITA liabilities, those with a maximum period of 12 months, are expensed as incurred.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

UNEARNED REVENUE

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees and fees for housing and dining services, and advanced ticket sales for athletic and other events.

COMPENSATED ABSENCES

The System accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked. Such accrued expenses have been classified as a component of employee compensation and benefits in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

FEDERAL REFUNDABLE LOANS

Certain loans to students are administered by the System campuses, with funding primarily supported by the federal government. The System's Statement of Net Position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

PENSIONS

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

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of NSHE's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Plan assets are measured at fair value.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The System has pension related, other post-employment benefits related and loss on bond refunding balances of \$192,247, \$44,387 and \$2,547 respectively, at June 30, 2024. Pension related deferred outflows of resources are discussed in depth in Note 18 and other post-employment benefits related deferred outflows of resources are discussed in depth in Note 19. A loss on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. System Related Organizations had no Intra-equity sales of future revenues at June 30, 2024.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. The System has pension related, other post-employment benefits related, gain on bond refunding and unrecognized revenues from other than short term lease balances of \$56,045, \$49,454, \$7,599 and \$80,935, respectively, at June 30, 2024, while the System Related Organizations have split-interest agreements and unearned lease revenue of \$8,728 and \$11,344, respectively, at June 30, 2024. Pension related deferred inflows of resources are discussed in depth in Note 18. Other post-employment benefits and related deferred inflows of resources are discussed in Note 19. A gain on bond refunding results from the difference in the reacquisition price and the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Unearned lease revenue represents lease revenue that will be recognized in future periods. Leases are discussed in depth in Note 11 and 12.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

NET POSITION

Net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets and right-of-use assets net of outstanding debt and the gain/loss on bond refunding's related to those capital assets and lease and subscription liabilities related to the right-of-use assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position – nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purposes of producing present and future income, which may either be expended or added to principal.

Restricted net position – expendable: Restricted expendable net position includes resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources that are not subject to externally imposed restrictions. These resources are used for transactions relating to educational and general operations and may be used to meet current expenses for any purpose. Under generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding the System's assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all the System's reserves are allocated for academic and research initiatives or programs, for capital projects or for other purposes.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are applied first.

FAIR VALUE

The System follows the provisions of the fair value measurement standard which defines the fair value of assets, establishes a framework for measuring the fair value of assets, and outlines the required disclosures related to fair market value measurements. Fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A fair value hierarchy for disclosure that classifies inputs for valuation techniques into levels as follows:

Level 1 – Observable inputs are readily available quoted prices (unadjusted) for *identical* assets or liabilities in active markets that a government can access at the measurement date. In the table below, the System's Level 1 assets consist of cash and cash equivalents, bonds, mutual funds and commingled funds with observable market prices. The System does not adjust quoted prices for these investments.

Level 2 – Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs are unobservable inputs for an asset or liability in which there is little or no market data. Assets in this category generally include investments where independent pricing information was not obtainable for a significant portion of the underlying assets.

Net Asset Value (NAV) – The amount of net assets attributable to each share of capital stock or partnership interest (other than senior equity securities, that is, preferred stock) outstanding at the close of the period and excluded from the three defined levels above.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

OPERATING AND NONOPERATING REVENUES AND EXPENSES

SYSTEM

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

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

Functional classification of expenses is determined when an account is established and is assigned based on the functional definitions by the National Association of College and University Business Officers' Financial Accounting and Reporting Manual.

UNLV MEDICINE, INC.

Net patient service revenue is reported when services are provided to patients at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net professional revenues. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Normal differences between final reimbursements and estimated amounts accrued in previous year are recorded as adjustments of the current year's contractual and bad debt adjustments. Substantially all the operating expenses are directly or indirectly related to patient care.

FOUNDATIONS

Donations, gifts and pledges are recognized as income when all eligibility requirements are met, provided that the promise to give is verifiable, the resources are measurable, and collection is probable.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the institutions and the amount that is paid by students and/or third parties making payments on the students' behalf. Payments of financial aid made directly to students are classified as scholarships and fellowships expenses.

GRANTS-IN-AID

Student tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for the year ended June 30, 2024, were \$16,794.

TAX EXEMPTION

The System is an affiliate of a government unit in accordance with the Internal Revenue Service's Revenue Procedure 95-48 and is exempt from federal taxes. The discreetly presented System Related Organizations are qualified tax-exempt organizations under the provisions of Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income.

USE OF ESTIMATES

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

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022 (GASB 99)*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The System implemented this portion of GASB Statement No. 99 during fiscal year 2024.

The practice issues addressed by this Statement are as follows: Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; and clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments (GASB 53)*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. The Department is required to implement this portion of GASB Statement No. 99 in the fiscal year beginning July 1, 2024.

The System has not completed its assessment of the impact of the adoption of these statements and the impact is unknown currently.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences (GASB 101)*, which addresses informational needs of the financial statement users by improving the accounting and financial reporting for compensated absences, such as PTO. GASB 101 is effective for years beginning after December 31, 2023. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures (GASB 102)*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements (GASB 103)*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets (GASB 104)*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not adopted this statement and is in the process of determining the impact to its financial statements.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 – Summary of Significant Accounting Policies (continued):

NEW ACCOUNTING PRONOUNCEMENTS

The System implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, in the current year. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

ACCOUNTING CHANGES AND RESTATEMENTS

During the fiscal year 2024, the System identified and corrected the following misstatement in the fiscal year 2023 financial statements:

- The Nevada Health and Bioscience Asset Corporation (NHBAC) was added to the reporting entity as a discretely presented component unit of the system. During fiscal year 2024, it was determined that the nature and significance of the financial relationship are such that NHBAC meets the criteria for inclusion as a component unit under the standards of GASB Statement 39, *Determining Whether Certain Organizations are Component Units* – an amendment of GASB Statement 14.

The addition of NHBAC as a discretely presented component unit resulted in an increase in component unit beginning net position. The changes in reporting entity associated with the addition of NHBAC resulted in the following restatement to the system’s component unit net position reported as of June 30, 2023 (in thousands of dollars). The effect on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023, was an understatement of change in net position of \$40,318 for the system related organizations.

Component unit net position, as previously reported on June 30, 2023	\$ 1,044,274
Addition of NHBAC	142,689
Component unit net position, as restated July 1, 2023	<u>\$ 1,186,963</u>

NOTE 3 – System Cash and Cash Equivalents:

Cash and cash equivalents of the System are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2024, the System’s deposits in money market funds totaled \$193,437 and cash in bank was \$398. Of these balances, \$1,000 and \$250 each year per account are covered by the Federal Depository Insurance Corporation (FDIC). Restricted cash represents the unexpended bond proceeds held for construction of major assets, amounts restricted for deferred maintenance, and amounts restricted for debt service. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the System against loss. The Nevada pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

NOTE 4 – Disclosures About Fair Value of Financial Instruments:

Investments at Fair Value

The System’s investment holdings as of June 30, 2024, categorized in accordance with the fair value hierarchy are summarized in the following table:

	Level 1 fair value	Level 2 fair value	Level 3 fair value	NAV	Total
Cash and cash equivalents - Operating	\$ 181,938	\$ -	\$ -	\$ -	\$ 181,938
Cash and cash equivalents - Endowment	6,318	-	-	-	6,318
Cash held by State Treasurer	84	-	-	-	84
Restricted cash and cash equivalents	12,847	-	-	-	12,847
Charitable trusts	4,488	-	-	-	4,488
Domestic equity	179,740	-	-	138,140	317,880
Emerging market equity	-	-	-	16,028	16,028
Fixed income	225,954	2,621	-	3,559	232,134
International equity	96,243	-	-	110,673	206,916
Marketable alternatives	1,031	-	-	48,030	49,061
Private growth	-	-	-	77,507	77,507
Real assets	3,531	-	-	10,725	14,256
	<u>712,174</u>	<u>2,621</u>	<u>-</u>	<u>404,662</u>	<u>1,119,457</u>
Less: GBC Foundation Endowments	(10,121)	-	-	-	(10,121)
	<u>\$ 702,053</u>	<u>\$ 2,621</u>	<u>\$ -</u>	<u>\$ 404,662</u>	<u>\$ 1,109,336</u>

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – Disclosures About Fair Value of Financial Instruments (continued):

Assets included in the net asset value (NAV) column in the above table represent assets held in the System's Operating and Endowment Fund and are classified as either private partnerships or marketable alternatives. Investment strategies within these classifications can be broken down into eight major investment categories:

- *Private Growth* – Strategies consist of private equity, private venture capital and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of \$33,480 to private equity/venture capital funds are outstanding as of June 30, 2024.
- *Marketable Alternatives* – Assets in the marketable alternative category have a broad mandate and/or incorporate hedging strategies and have significant redemptions restrictions.
- *Real Assets* – The System's holding in the real assets valued at NAV consists of funds which primarily invests in securities of publicly traded C-corporations, Master Limited Partnerships and certain private placement transactions.
- *Fixed Income* – The System's fixed income holdings valued at NAV consist of private and commingled funds with core fixed and short duration strategies.
- *Domestic Equity* – The System's holdings valued at NAV within the domestic equity category consists of one commingled fund with a broad mandate which seeks to outperform the S&P 500 index.
- *Multi-Strategy* – Assets in the multi-strategy valued at NAV consist of one fund which seeks to provide long-term capital growth by investing in domestic and foreign stocks, real assets, and bonds.
- *International Equity* – The System's holdings at NAV within the International equity category consist of private commingled funds primarily focused on value.
- *Emerging Market Equity* – The System's holdings at NAV within Emerging Market category consist of private commingled funds which look to achieve long-term capital appreciation while investing in equity securities or equity-linked instruments of companies located in emerging market countries.

The table below summarizes redemption restrictions for investments valued at NAV:

	<u>Redemption Frequency</u>	<u>Days' Notice (If applicable)</u>	<u>Remaining Life for Partnership</u>
Marketable Alternatives	Daily, Monthly, Quarterly, Semi-Annually, Annually	90	N/A
Private equity/venture capital	Illiquid	N/A	7 to 12 years
Domestic Equity	Daily, Monthly, Quarterly	0-3	N/A
Fixed income	Daily, Monthly	Same Day	N/A
Emerging Market Equity	Daily, Weekly, Monthly	N/A	N/A
International Equity	Daily, Monthly	N/A	N/A
Real Assets	Daily, Monthly, Quarterly	0-110 days	N/A
Multi-Strategy	Daily	N/A	N/A

NOTE 5 – System Investments:

The Board of Regents policies include the Statement of Investment Objectives and Policies for the Endowment and Operating Funds of the System. This policy governs the investment management of both funds. The Board of Regents is responsible for establishing the investment policies; accordingly, the Board of Regents has promulgated these guidelines in which they have established permitted asset classes and ranges. The asset allocation categories may change from year to year.

Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2024, is as follows:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds publicly traded	\$ 345,085	\$ 443,166
Partnerships	68,451	116,726
Cash and cash equivalents	201,187	201,187
Trusts	3,726	4,488
Private commingled funds	301,758	353,890
	<u>920,207</u>	<u>1,119,457</u>
Less: GBC Foundation Endowments	(10,121)	(10,121)
	<u>\$ 910,086</u>	<u>\$ 1,109,336</u>

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 5 – System Investments (continued):

As of June 30, 2024, the System had entered into various investment agreements with private equity partnerships and private commingled funds. Under the terms of certain of these investment agreements, the System is obligated to make additional investments as requested by these partnerships. Generally, partnership investments do not have a ready market and ownership interests in some of these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are subject to the risks generally associated with equities with additional risks due to leverage and the lack of a ready market for acquisition or disposition of ownership interests.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Position.

Credit risk and interest rate risk

Certain securities with fixed income are subject to credit risk which is the risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, for example Moody's Investors Service or Standard and Poor's. For the types of investments that are subject to rating, the System's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools.

With regard to the trusts included in endowment investments, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to credit risk for these investments.

The credit risk profile for the System's operating and endowment investments at June 30, 2024, is as follows:

	<u>Fair Value</u>	<u>AAAm</u>	<u>Not Rated</u>
Mutual funds publicly traded	443,166	443,166	-
Partnerships	116,726	-	116,726
Cash and cash equivalents - Operating	181,938	-	181,938
Cash and cash equivalents - Endowment	6,318	-	6,318
Cash held by State Treasurer	84	-	84
Restricted cash and cash equivalents	12,847	-	12,847
Trusts	4,488	-	4,488
Private Commingled funds	353,890	-	353,890
	<u>1,119,457</u>	<u>443,166</u>	<u>676,291</u>
Less GBC Foundation Endowments	<u>(10,121)</u>	<u>-</u>	<u>(10,121)</u>
	<u>\$ 1,109,336</u>	<u>\$ 443,166</u>	<u>\$ 666,170</u>

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer investment lives. The System's policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and, therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds and private commingled funds. The segmented time distribution for these investments at June 30, 2024, is as follows:

	Investment Maturities (in years)			Fair Value
	1 -5	5 - 10	More than 10	
Mutual Funds	\$ 43,412	\$ 120,329	\$ -	\$ 163,741
Private Commingled funds	-	64,835	-	64,835
	<u>\$ 43,412</u>	<u>\$ 185,164</u>	<u>\$ -</u>	<u>\$ 228,576</u>

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 5 – System Investments (continued):

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of the custodian, the System may not be able to recover the value of the investments held by the custodian as these investments are uninsured. This risk typically occurs in repurchase agreements where one transfers cash to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. The System does not have a specific policy with regard to custodial credit risk.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. For the fixed income portion of the endowment pool, the System's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The System does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2024, there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

Foreign currency risk

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is, therefore, not subject to foreign currency risk. However, the System has \$223,082 in mutual funds and commingled funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2024.

NOTE 6 – System Endowment Pool:

At June 30, 2024, \$320,263 of endowment fund investments were pooled on a unit market value basis. As of June 30, 2024, the endowment pool was comprised of investments in cash and cash equivalents (1.9%), mutual funds (7.5%), partnerships (35.5%), and private commingled (55.1%). Each individual endowment fund acquires or disposes of units based on the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2024, was \$1,272 (not in thousands). The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with respect to prudent investing and spending of donor-restricted endowments.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the year ended June 30, 2024, the endowment spending policy, as approved by the Board of Regents, authorized a distribution maximum of 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of these spending rules, during 2024, \$33.03 (not in thousands) was distributed to each time-weighted eligible unit for a total spending rule distribution of \$11,036. The 2024 distributions were made from investment income of \$383 and from cumulative gains of pooled investments of \$10,653.

The System's policy is to retain the endowments' realized and unrealized appreciation with the endowment after the annual income distribution has been made. Such realized and unrealized appreciation retained in endowment investments was \$167,257 at June 30, 2024, is reflected within the restricted expendable for scholarships, research and instruction net position category and is available to meet future spending needs subject to the approval of the Board of Regents.

Effective July 1, 2009, the Board of Regents suspended distribution on all underwater accounts. At June 30, 2024, there were no accounts underwater.

NOTE 7 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local and private sources for grants and contracts agreements. The accounts receivable balances as of June 30, 2024, are as follows:

Accounts receivable:	
Student tuition and fees	\$ 104,667
Sales and services	35,490
Local and private grants and contracts	11,228
Other	119
Subtotal	<u>151,504</u>
Less: Allowance for doubtful accounts	<u>(89,823)</u>
Net accounts receivable	<u>\$ 61,681</u>

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 8 – System Loans Receivable:

Loans receivable from students bear interest primarily between 3% and 15% per annum and are generally repayable in installments to the various campuses over a five to ten-year period commencing nine months from the date of separation from the institution. Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2024. A provision for possible uncollectible amounts is recorded on the basis of the various institution's estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2024, are as follows:

Loans Receivable	\$ 5,600
Less: Allowance for doubtful loans	<u>(677)</u>
Net loans receivable	<u>4,923</u>
Less: Current portion	<u>(625)</u>
Total noncurrent loans receivable	<u>\$ 4,298</u>

NOTE 9 – System Capital Assets:

System capital asset activity for the year ended June 30, 2024, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 168,613	\$ 69,491	(162,790)	\$ 75,314
Land	192,951	1,321	-	194,272
Land improvements	288	-	-	288
Intangibles	1,350	-	-	1,350
Collections	13,581	55	(4)	13,632
Total	<u>376,783</u>	<u>70,867</u>	<u>(162,794)</u>	<u>284,856</u>
Capital assets being depreciated:				
Buildings	3,593,043	155,463	(1,910)	3,746,596
Land improvements	186,300	8,410	-	194,710
Machinery and equipment	473,767	42,871	(19,671)	496,967
Intangibles	54,908	1,359	-	56,267
Library books and media	127,485	1,200	(213)	128,472
Total	<u>4,435,503</u>	<u>209,303</u>	<u>(21,794)</u>	<u>4,623,012</u>
Less accumulated depreciation for:				
Buildings	(1,430,775)	(93,524)	1,116	(1,523,183)
Land improvements	(140,563)	(5,890)	1,720	(144,733)
Machinery and equipment	(356,835)	(34,698)	16,399	(375,134)
Intangibles	(50,628)	(1,645)	-	(52,273)
Library books and media	(123,860)	(1,615)	213	(125,262)
Total	<u>(2,102,661)</u>	<u>(137,372)</u>	<u>19,448</u>	<u>(2,220,585)</u>
Right-of-Use assets being amortized:				
ROU buildings/offices	58,970	4,289	(1,664)	61,595
ROU equipment	6,784	403	(431)	6,756
SBITA	68,935	56,432	(25,260)	100,107
Total	<u>134,689</u>	<u>61,124</u>	<u>(27,355)</u>	<u>168,458</u>
Less accumulated amortization for:				
ROU buildings/offices	(11,872)	(8,524)	725	(19,671)
ROU equipment	(2,557)	(1,236)	12	(3,781)
SBITA	(15,944)	(18,686)	10,333	(24,297)
Total	<u>(30,373)</u>	<u>(28,446)</u>	<u>11,070</u>	<u>(47,749)</u>
Total assets being depreciated/amortized, net	<u>2,437,158</u>	<u>104,609</u>	<u>(18,631)</u>	<u>2,523,136</u>
Capital assets, net	<u>\$ 2,813,941</u>	<u>\$ 175,476</u>	<u>(181,425)</u>	<u>2,807,992</u>

In 2024, the total amount recognized as a loss on disposal of assets of \$1,827.

**NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 10 – System Long-Term Debt:

The long-term debt of the System consists of revenue bonds payable, certificates of participation, notes payable, financed purchased obligations, and other minor obligations.

The Board of Regents issues revenue bonds and certificates of participation to provide funds for the construction and renovation of major capital facilities. In addition, revenue bonds have been issued to refund other revenue bonds. In general, long-term debt is issued to fund projects that would not be funded through State appropriations, such as dormitories, dining halls and parking garages.

The Board of Regents has entered into various long-term financed purchase obligations to acquire real estate and equipment. These purchases transfers ownership by the end of the contract, do not contain termination options, but may contain a fiscal funding or cancellation clause that is not reasonably certain to be exercised.

In June 2023, the Board of Regents entered into various agreements related to the development of a new College of Business building and related site improvements at UNR. Under the agreements, UNR is leasing the site (Ground Lease) to the developer and is subleasing the right to occupy the improvements back (Sublease). In connection with the development and construction, there were bonds issued by an independent third party and the lease payments under the Sublease secure the bonds. The Ground Lease is for 1 dollar per year for a period of 35 years or expiration of the 30-year bonds, whichever occurs first. The Sublease requires monthly payments beginning August 1, 2023, for a period of 30 years. Monthly payments under the Sublease vary and are approximately \$9,600 per year. The building, improvements and related debt will be recorded as a financed obligation once the construction is completed, which is anticipated in the fiscal year ending June 30, 2026.

During the 2023–24 fiscal year, the Board of Regents (“Board”) approved the issuance of long-term bonds and obligations to refinance existing bonds for savings.

At its meeting on July 21, 2023, the Board of Regents approved a resolution which authorized refinancing the State of Nevada Certificates of Participation, Series 2013 issued on behalf of NSU. This obligation was issued by the State of Nevada and is repaid from funds at NSU through an interagency agreement with the State Treasurer’s Office. On February 8, 2024, the State successfully sold the refunding certificates of participation at an effective interest rate of 3.45%, which was significantly lower than the rate on the 2013 bonds of 4.86%. As a result of the lower borrowing rate, total savings from refinancing were \$7.2 million (\$5.3 million present value or 12.7%).

At its February 29-March 1, 2024 meeting, the Board approved the issuance of two refunding bonds. The first was the issuance of refunding universities revenue bonds on behalf of UNR. At the February/March meeting, present value savings from refinancing were estimated at \$3.6 million. The second transaction authorized by the Board was the issuance of refunding certificates of participation by NSHE on behalf of UNR. The estimated present value savings presented to the Board was \$824. The universities revenue refunding bonds has an effective interest rate of 3.61%. Savings are a result of the difference between this rate and the effective rate on the refunded 2014 universities revenue bonds of 4.69%. Total savings were \$4.6 million (\$3.3 million present value or 9.4%). The refunding certificates of participation have an effective interest rate of 3.47%. Savings are a result of the difference between this rate and the effective rate on the refunded 2014 certificates of participation of 4.24%. Total savings were \$891 (\$657 present value or 3.7%). As part of this transaction, and as approved by the Board of Regents, TMCC prepaid its portion of the 2014 certificates from cash on hand, which will result in total interest savings over the upcoming 10 years of \$728.

System long-term debt activity for the year ended June 30, 2024, is as follows:

	Annual Interest Rate	FY Final Payment Date	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
UNIVERSITY REVENUE BONDS								
Universities Revenue Bonds, Series 2013A	2.00% to 5.00%	2034	\$ 40,035	\$ 1,670	\$ -	\$ (1,670)	\$ -	\$ -
Universities Revenue Bonds, Series 2013B	3.00% to 5.00%	2036	105,300	6,725	-	(6,725)	-	-
Universities Revenue Bonds, Series 2014A	4.00% to 5.00%	2044	49,995	38,885	-	(37,025)	1,860	1,860
University Revenue Bonds, Series 2015A	3.00% to 5.00%	2036	61,455	54,660	-	(3,325)	51,335	3,485
Universities Revenue Bonds, Series 2015B	2.00% to 3.00%	2027	7,480	3,190	-	(770)	2,420	785
Universities Revenue Bonds, Series 2016A	2.00% to 5.00%	2039	57,750	50,835	-	(2,650)	48,185	2,345
Universities Revenue Bonds, Series 2016B	2.50% to 5.00%	2037	13,580	10,925	-	(615)	10,310	640
Universities Revenue Bonds, Series 2017A	3.25% to 5.00%	2041	25,905	24,210	-	(910)	23,300	955
Universities Revenue Bonds, Series 2019A	3.00% to 5.00%	2050	18,640	17,965	-	(365)	17,600	380
Universities Revenue Bonds, Series 2021	2.38% to 5.00%	2052	35,705	34,565	-	(1,330)	33,235	1,395
Universities Revenue Bonds, Series 2022	3.00% to 5.00%	2033	21,905	21,905	-	(1,630)	20,275	1,860
Universities Revenue Bonds, Series 2023	4.00% to 5.00%	2035	77,285	77,285	-	-	77,285	7,915
Universities Revenue Bonds, Series 2024	4.00% to 5.00%	2044	32,275	-	32,275	-	32,275	-
UNIVERSITY REVENUE BONDS SUBTOTAL				342,820	32,275	(57,015)	318,080	21,620

**NEVADA SYSTEM OF HIGHER EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 10 – System Long-Term Debt (continued):

COMMUNITY COLLEGE REVENUE BONDS

College Revenue Bonds, Series 2017A	3.00% to 5.00%	2048	70,915	63,380	-	(1,504)	61,876	1,580
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CERTIFICATES OF PARTICIPATION

Certificates of Participation, Series 2014A	2.00% to 5.00%	2045	34,220	28,205	-	(21,880)	6,325	-
Certificates of Participation, Series 2016A	2.00% to 5.00%	2047	63,095	50,190	-	(1,860)	48,330	1,895
Certificates of Participation, Series 2016B	1.65% to 4.72%	2047	50,405	44,165	-	(1,130)	43,035	1,165
Certificates of Participation, Series 2017A	3.00% to 5.00%	2048	28,890	25,855	-	(615)	25,240	635
Certificates of Participation, Series 2018A	3.00% to 5.00%	2049	12,475	11,640	-	(265)	11,375	280
Certificates of Participation, Series 2020A	3.00% to 5.00%	2051	52,620	51,710	-	(490)	51,220	515
Certificates of Participation, Series 2024	5%	2040	15,395	-	15,395	-	15,395	-
CERTIFICATES OF PARTICIPATION SUBTOTAL			211,765	15,395	(26,240)	200,920	4,490	
Discounts				-	-	-	-	-
Premiums				39,006	4,941	(6,434)	37,513	3,399
TOTAL BONDS			656,971	52,611	(91,193)	618,389	31,089	

DIRECT BORROWINGS - NOTES PAYABLE

Wells Fargo Bank, UNR MEBD Refunding	1.80%	2026	7,570	2,636	-	(862)	1,774	879
ZionsBankcorp, UNLV Football facility	1.98%	2023	15,297	1,990	-	(1,990)	-	-
ZionsBankcorp, UNR Football facility	2.25%	2029	3,200	2,423	-	(324)	2,099	331
DIRECT BORROWINGS - NOTES PAYABLE TOTAL			7,049	-	(3,176)	3,873	1,210	

DIRECT BORROWING - FINANCED PURCHASE OBLIGATIONS

Six Degrees / Arrow Capital - Checkpoint Firewall	0%	2023	532	133	-	(133)	-	-
State COP NSE and RSC buildings	5%	2043	50,445	42,720	-	(42,720)	-	-
State COP KAB and RSC buildings	5%	2043	37,160	-	37,160	-	37,160	845
Nursing Equip - First American Bank	3.56%	2025	1,484	493	-	(322)	171	171
200 Lenovo Computers-First American Bank	7.20%	2028	123	123	-	(21)	102	23
Lenovo Data Center-First American Bank	7.06%	2028	184	-	184	(25)	159	33
55 Dell Computers-First American Bank	7.83%	2029	60	-	60	(5)	55	11
DIRECT BORROWING - FINANCED PURCHASE OBLIGATIONS TOTAL			43,469	37,404	(43,226)	37,647	1,083	

TOTAL LONG-TERM DEBT \$ 707,489 \$ 90,015 \$(137,595) \$ 659,909 \$ 33,382

The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures. The Certificates of Participation are secured by any and all available revenues as defined in the bond indentures. There are a number of limitations and restrictions contained in the various bond indentures. The most restrictive covenants of the various bond indentures require the various divisions and campuses of the System to maintain minimum levels of revenues, as defined in the indentures. The System is in compliance with all covenants.

Scheduled maturities of long-term debt for the years ending June 30 are as follows:

Year Ended June 30,	UNIVERSITY REVENUE BONDS			COMMUNITY COLLEGE REVENUE BONDS		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 21,620	\$ 12,416	\$ 34,036	\$ 1,580	\$ 2,326	\$ 3,906
2026	21,565	11,839	33,404	1,660	2,245	3,905
2027	18,690	10,854	29,544	1,740	2,160	3,900
2028	18,380	9,965	28,345	1,830	2,071	3,901
2029	19,270	9,070	28,340	1,920	1,978	3,898
2030-2034	107,075	31,392	138,467	10,920	8,607	19,527
2035-2039	68,280	12,045	80,325	12,795	6,732	19,527
2040-2044	25,520	4,351	29,871	15,105	4,341	19,446
2045-2049	11,860	1,513	13,373	14,326	1,174	15,500
2050-2054	5,820	186	6,006	-	-	-
	\$ 318,080	\$ 103,631	\$ 421,711	\$ 61,876	\$ 31,634	\$ 93,510

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NOTE 10 – System Long-Term Debt (continued):

Year Ended June 30,	CERTIFICATES OF PARTICIPATION			DIRECT BORROWINGS - NOTES PAYABLE		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 4,490	\$ 6,933	\$ 11,423	\$ 1,210	\$ 70	\$ 1,280
2026	5,210	6,966	12,176	1,233	45	1,278
2027	5,595	6,730	12,325	346	28	374
2028	5,870	6,488	12,358	354	20	374
2029	6,115	6,246	12,361	361	12	373
2030-2034	30,905	27,705	58,610	369	4	373
2035-2039	42,920	21,059	63,979	-	-	-
2040-2044	51,800	12,609	64,409	-	-	-
2045-2049	41,505	3,572	45,077	-	-	-
2050-2054	6,510	200	6,710	-	-	-
	<u>\$ 200,920</u>	<u>\$ 98,508</u>	<u>\$ 299,428</u>	<u>\$ 3,873</u>	<u>\$ 179</u>	<u>\$ 4,052</u>

Year Ended June 30,	DIRECT BORROWING - FINANCE PURCHASE OBLIGATIONS		
	Principal	Interest	Total
2025	\$ 1,083	\$ 2,179	\$ 3,262
2026	1,366	1,723	3,089
2027	1,437	1,652	3,089
2028	1,512	1,578	3,090
2029	1,519	1,502	3,021
2030-2034	8,710	6,309	15,019
2035-2039	11,115	3,903	15,018
2040-2044	10,905	1,112	12,017
	<u>\$ 37,647</u>	<u>\$ 19,958</u>	<u>\$ 57,605</u>

Various outstanding notes from direct borrowings and direct placements of the System in the combined amount of \$487 contain provisions that in an event of default, the outstanding amounts become immediately due. An outstanding note from direct borrowings and direct placements of the System in the amount of \$171 is secured by instructional equipment as collateral. Various outstanding notes from direct borrowings and direct placements of the System in the combined amount of \$1,774 contain provisions that in an event of default, the respective interest rates are reset to a higher default rate.

Obligation	Maturity	Outstanding (\$)	Unused Line		Interest Rate/Other	Acceleration	Finance-Related		Subjective Acceleration
			of Credit (\$)	Pledged Assets?			Termination Events?	Clauses(s)	
NSU - Laerdal Equipment Lease	01/01/25	\$ 171	n/a	Yes-Note III	Yes-Note III	No	No	No	
NSU - RSC Building	06/01/43	37,160	n/a	No	Yes-Note I	No	No	No	
UNR - MEB Refunding Note	01/02/26	1,774	n/a	No	Yes-Note II	No	No	No	
NSU - Lenovo Equipment Lease	07/16/28	102	n/a	Yes-Note III	Yes-Note III	No	No	No	
NSU - Lenovo Data Center Lease	08/20/28	159	n/a	Yes-Note III	Yes-Note III	No	No	No	
NSU - Dell Equipment Lease	12/11/28	55	n/a	Yes-Note III	Yes-Note III	No	No	No	
UNR - Athletics Note	07/01/29	2,099	n/a	No	No	No	No	No	

- I. This obligation was issued by the State of Nevada and is repaid from funds at NSU through an interagency agreement with the State Treasurer's Office.
- II. Upon the occurrence and continuance of an Event of Default, the Note will bear interest at the Default Rate, which consists of the summation of the following: (A) three percent (3.0%), and (B) the greatest of (i) the Prime Rate (as defined in Exhibit A of the Note) plus one percent (1.0%), (ii) the Federal Funds Rate (as defined in Exhibit A of the Note) plus two percent (2.0%), and (iii) seven percent (7.0%).
- III. Assets pledged include equipment purchased with proceeds of the lease. Upon an event of default, the Lessor may by notice in writing to Lessee, as liquidated damages for loss of bargain and not as a penalty, accelerate and declare to be immediately due and payable the Stipulated Loss Value.
- IV. Assets pledged include equipment purchased with proceeds of the lease. Upon an event of default, the Originator may terminate the Customer's rights to use the product and require the Customer to return the product in accordance with the terms and conditions of the Agreement. An Event of Default has occurred if NSHE's Senior-most Revenue Backed rating assigned by Moody's falls below "A3". Upon an Event of Default, all payments then due and the present value of all remaining payments to become due in the future plus the anticipated purchase price, both discounted at a rate of 2% per annum, are immediately due.

NEVADA SYSTEM OF HIGHER EDUCATION
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NOTE 11 – Lessor Leases:

Lease Receivables

The System leases real estate and equipment to independent third parties. The income under these lease agreements was approximately \$12,593 in 2024. The System had current lease receivables and lease receivables due from related organizations of \$7,738 and \$3,082, respectively, and long-term lease receivables and long-term lease receivables due from related organizations of \$59,952 and \$12,879, respectively, as of June 30, 2024. Deferred inflows of resources of \$80,935 are associated with these leases as of June 30, 2024.

The System had a total of 21 leases of which call for payments that are partially or completely variable and were not included in lease receivables or deferred inflows of resources. These variable payments were a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, use of a Capital Asset, or changes in an index rate. A total of \$464 was recognized as revenue from these variable payments for the year ended June 30, 2024.

	Beginning Balance	Additions	Deletions	Ending Balance	Current
System Lease Receivable Total	\$ 91,568	\$ 4,936	\$ 12,593	\$ 83,911	\$ 11,080

The principal and interest revenue for the next five years and beyond are projected below for lease receivables:

	Principal	Interest	Total
2025	\$ 11,080	\$ 1,876	\$ 12,956
2026	10,041	1,656	11,697
2027	8,386	1,445	9,831
2028	7,975	1,236	9,211
2029	7,593	1,035	8,628
2030-2034	24,065	2,666	26,731
2035-2039	4,077	985	5,062
2040-2044	2,976	718	3,694
2045-2049	3,284	471	3,755
2050-2054	3,245	220	3,465
2055-2059	1,189	20	1,209
Thereafter	-	-	-
Total	\$ 83,911	\$ 12,328	\$ 96,239

NOTE 12 – Lessee Leases:

The System has entered into various leases for land, building, equipment, infrastructure, facilities and improvements with terms and conditions that range in length from one to fifteen years. The System uses municipal market data (MMD) rates to measure lease liabilities unless the interest rate is stated in the lease. Rates ranged from .0610 to 4.1320 and payments range from \$3 to \$491 for fiscal year 2024. Of these leases, a total of 14 agreements call for payments that were partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, use from a capital asset, or changes in index rates. A total of \$253 was recognized as expenses from these variable payments for the year ended June 30, 2024. Amortization expense of \$9,760 and interest expense of \$1,118 were incurred for the year ended June 30, 2024.

The total amount of lease assets and the related accumulated amortization are as follows:

Total right-to-use lease assets	\$ 68,351
Less: accumulated amortization	(23,452)
Carrying Value	\$ 44,899

Lease Liabilities

Long-term lease liability activity is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current
System long-term lease liability Total	\$ 52,996	\$ 4,324	\$ (9,872)	\$ 47,448	\$ 8,635

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NOTE 12 – Lessee Leases (continued):

The principal and interest expense for the next five years and beyond are projected below for lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,635	\$ 932	\$ 9,567
2026	8,251	779	9,030
2027	8,056	627	8,683
2028	6,376	476	6,852
2029	4,138	371	4,509
2030-2034	9,877	954	10,831
2035-2039	1,986	94	2,080
2040-2044	129	9	138
Thereafter	-	-	-
Total Requirements	<u>\$ 47,448</u>	<u>\$ 4,242</u>	<u>\$ 51,690</u>

NOTE 13 – SBITA:

The System entered into various SBITAs, with terms and conditions that range in length from one to ten years, that convey the System control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. The subscription agreement ("Agreement") term rate is solely a combination of an applicable market rate and a credit spread based on market data points as of the most recent quarter end as compared to the Agreement commencement date. The System's interest rate range was between 1.7103 and 3.7120. The lowest payment was \$0 and the highest \$3,290. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that change from time to time, use of the IT asset, or changes in index rates. The System recognized a total of \$1,559 as expenses from these variable payments for the year ended June 30, 2024. Amortization expense of \$18,686 and interest expense of \$975 were incurred for the year ended June 30, 2024.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total right-to-use subscription assets	\$ 100,107
Less: accumulated amortization	<u>(24,297)</u>
Carrying Value	<u>\$ 75,810</u>

SBITA Liabilities

Long-term liability activity for the year ended June 30, 2024, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current</u>
SBITA Liability	\$ 48,060	\$ 56,637	\$ (34,071)	\$ 70,626	\$ 14,824

The principal and interest expense for the next five years and beyond are projected below for subscription obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,824	\$ 429	\$ 15,253
2026	11,503	222	11,725
2027	9,046	105	9,151
2028	6,002	23	6,025
2029	4,543	10	4,553
Thereafter	-	-	-
Total Requirements	<u>\$ 70,626</u>	<u>\$ 792</u>	<u>\$ 71,418</u>

The System has entered into additional SBITAs that have not yet commenced as of June 30, 2024, with both fixed and variable payments required. Terms range from 2024 to 2028 with a total future commitment of \$400.

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NOTE 14 – Unemployment Insurance and Workers’ Compensation:

The System is self-insured for unemployment insurance and workers compensation. These risks are subject to various claim and aggregate limits, with excess workman’s comp coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The change to workers’ compensation liability is based upon an independent actuarial determination of the present value of the anticipated future payments.

Changes in unemployment and workers compensation for the year ended June 30, 2024, are as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Unemployment insurance	\$1,077	\$ 128	\$ 285	\$ 920
Workers’ compensation	<u>2,605</u>	<u>515</u>	<u>528</u>	<u>2,592</u>
Total	<u>\$3,682</u>	<u>\$ 643</u>	<u>\$ 813</u>	<u>\$3,512</u>

NOTE 15 – System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Refundable advances under federal loan program	\$ 3,394	\$ 40	\$ (407)	\$ 3,027	\$ -
Compensated absences	64,236	52,729	(41,837)	75,128	50,541
Other noncurrent liabilities	623	-	-	623	-
Total	<u>\$ 68,253</u>	<u>\$ 52,769</u>	<u>\$ (42,244)</u>	<u>\$ 78,778</u>	<u>\$ 50,541</u>

NOTE 16 – Extinguishment of Debt:

In prior years, the System defeased outstanding bonds and obligations by placing the proceeds of new bonds into an irrevocable escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the System’s financial statements. On June 30, 2024, \$56,230 of outstanding bonds were considered defeased.

In prior years, the System refinanced or defeased existing bonds for net cash flow savings or economic gain (present value of cash flow savings). In the fiscal year ended June 30, 2024, the System refinanced \$53,185 of bonds, and refinancing activities produced cash flow savings and economic gain of \$5,539 and \$3,966, respectively.

NOTE 17 – Irrevocable Letter of Credit:

In connection with its self-insured workers’ compensation liability, the System is required to maintain a letter of credit for the State of Nevada in the amount of \$1,093 as of April 10, 2024. A letter of credit for workers' compensation liability is also required by beneficiary, Arrowood Indemnity Co., in the amount of \$120 until September 9, 2024.

NOTE 18 – System Pension Plans:

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the PERS, a cost-sharing multiple-employer public employee retirement system. Professional employees are covered under PERS or the System Retirement Plan Alternative, a defined contribution retirement plan qualified under Internal Revenue Code Section 401(a).

Under the System Retirement Plan Alternative, the System and participants have the option to make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

System employees may elect to participate in the System Supplemental Retirement Plan, a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code, subject to maximum contribution limits established annually by the Internal Revenue Service. The employee contributions are not matched by the System.

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NOTE 18 – System Pension Plans (continued):

The System's contribution to all retirement plans for the year ended June 30, 2024, was \$73,880 in Public Employees Retirement Plan (PERS), and \$120,679 in retirement plan alternative (RPA), equal to the required contribution for the year.

General Information about the PERS Cost Sharing Pension Plan

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system, and was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

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

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.50% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for

retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of 5 years of service.

Contributions

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

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

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

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

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NOTE 18 – System Pension Plans (continued):

For the fiscal year ended June 30, 2024, the statutory employer/employee matching rate was 17.50% as compared to the prior year rate of 15.50%. The employer-pay contribution (EPC) rate was 33.50% as compared to the prior year rate of 29.75%.

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

At June 30, 2024, the System reported a liability of \$508,975 for its proportionate share of the net pension liability. The System's proportion of the net pension liability is based on their combined employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2023. The System's proportionate share is 2.79%, which was an increase of 0.01% from the year ended June 30, 2023.

For the year ended June 30, 2024, the System recognized pension expense of \$73,880. At June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 66,342	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	4,763
Changes in assumptions	47,700	-
Changes in proportion	34,602	51,282
System contributions subsequent to the measurement date	43,603	-
	<u>\$ 192,247</u>	<u>\$ 56,045</u>

In 2025 \$43,603 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred inflows and outflows of resources will be recognized in pension expense as follows for the years ended June 30:

2025	\$ 14,860
2026	10,590
2027	60,566
2028	4,004
2029	2,579
Thereafter	-
	<u>\$ 92,599</u>

Actuarial Assumptions

The PERS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Investment Rate of Return	7.25%
Productivity pay increase	0.50%
Projected salary increases	4.20% to 9.10%, depending on service
	Rates include inflation and productivity increases
Other assumptions	Same as those used in the June 30, 2023, funding actuarial valuation

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

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except those projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

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NOTE 18 – System Pension Plans (continued):

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

<u>Asset Class</u>	<u>Target Allocation</u>
US Stocks	42%
International Stocks	18%
US Bonds	28%
Private Markets**	12%

* As of June 30, 2023, PERS’ long-term inflation assumption was 2.50%

Pension Liability Discount Rate Sensitivity

The following represents the System’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the System’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
NSHE’s proportional share of the net pension liability	\$792,037	\$508,975	\$275,362

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS’ Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report is available online at www.nvpers.org or may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

NOTE 19 – System Postemployment Benefits Other than Pensions:

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

Benefits provided

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

The following individuals and their dependents are eligible to receive benefits from the Retirees’ Fund:

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

- Was initially hired by the state prior to January 1, 2010, and has at least five years of public service, or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012, and has at least fifteen years of public service, or

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NOTE 19 – System Postemployment Benefits Other than Pensions (continued):

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

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

Contributions

The State Retirees’ Health and Welfare Benefits Fund (Retirees’ Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees (NRS 287.0436). The money in the Retirees’ Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees’ Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. The Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012 and have retired with state service. The money assessed must be deposited into the Retirees’ Fund and must be based upon a base amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. (NRS 287.046) The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered payroll, for the fiscal year ended June 30, 2023 was 2.18%. The benefits not paid by the retiree trust are financed via premiums NSHE pay for active employees. The total employer contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2024 were \$35,978.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2024, NSHE reported a liability of \$598,287 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation measured as of June 30, 2023. NSHE’s proportion of the collective net OPEB liability was based on the NSHE’s share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers. On June 30, 2023, the NSHE’s proportion was 41.0356%.

For the year ended June 30, 2024, NSHE recognized OPEB expense of \$31,495. On June 30, 2024, NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ -	\$ 11,736
Changes in assumption	8,409	37,543
Net difference between projected and actual earnings in OPEB plan investments	-	175
System contributions subsequent to the measurement date	35,978	-
Total	<u>\$ 44,387</u>	<u>\$ 49,454</u>

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NOTE 19 – System Postemployment Benefits Other than Pensions (continued):

Of the total amount reported as deferred outflows of resources related to OPEB, \$35,978 results from NSHE contributions subsequent to the measurement date and before the end of the fiscal year which are included as a reduction of the collective net OPEB liability in the year in June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2025		\$ (17,147)
2026		(19,902)
2027		(1,774)
2028		(1,751)
Thereafter		(471)
Total		<u>\$ (41,045)</u>

Actuarial assumptions

The actuarial assumptions and methods used in the June 30, 2024, valuation are stated below.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Method	Entry Age Normal Level % of Pay
Inflation (CPI)	2.50%
Salary Increases	4.20% to 9.10% varying by service, including inflation
Discount Rate	3.65%
Dental	4.00%
Administrative Cost	3.00%
Investment rate of return	2.50%, same as Inflation Rate assumption
Health Care Trend Rates	For medical and prescription drug, 4.80% increase effective July 1, 2023, then 7.25% graded down 0.25% to ultimate 4.50% over 11 years. For Part B Reimbursement, 0% and 27.17% effective July 1, 2023 and 2024, respectively, then 4.50%.
Mortality Rates	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table, projected by MP-2020 (See Actuarial Assumptions and Methods section for additional details)

The demographic assumptions which are not unique to the OPEB valuation were based on the 2020 Actuarial Experience Study conducted by the Public Employee's Retirement System of the State of Nevada, dated September 10, 2021.

Sensitivity of the NSHE's proportionate share of the collective net OPEB liability to changes in the discount rate

The following presents the NSHE's proportionate share of the collective net OPEB liability, as well as what the NSHE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.65% or 1-percentage-point higher 4.65% than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
NSHE's proportionate share of the collective net OPEB liability	\$656,231	\$598,287	\$548,030

Sensitivity of NSHE's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
NSHE's proportionate share of the collective net OPEB liability	\$567,346	\$598,287	\$633,792

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NOTE 20 – System Commitments and Contingent Liabilities:

OPEB plan fiduciary net position

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

Payables to the OPEB plan

At June 30, 2024, NSHE reported payables to the defined benefit OPEB plan of \$187 for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.

The System is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, System management believes that, except as provided below, any liability in those legal actions, in excess of insurance coverage, will not materially adversely affect the System's net financial position, changes in net position or cash flows of the System.

The System and the State of Nevada are defendants in various lawsuits, collectively referred to as the Little Valley Fire Cases. The cases relate to a prescribed burn conducted by the Nevada Division of Forestry in October 2017 on land partially owned by UNR. Embers from the fire escaped and burned 23 structures. The System and the State of Nevada share an excess liability policy. At this point it is difficult to estimate the likelihood of an unfavorable outcome and the likely exposure, but the excess liability carrier has been placed on notice of these cases.

The System has an actuarial study of its workers' compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior year and projects the rates needed for the coming year. The System uses a third-party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment insurance liability. The System is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the System budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the System cannot be reasonably determined as of June 30, 2023, but no significant reduction in force or staffing cuts are anticipated.

The System receives Federal grants and awards, and amounts are subject to change based on outcomes of Federal audits. Management believes any changes made will not materially affect the net position, changes in net position or cash flows of the System.

The estimated cost to complete property authorized or under construction at June 30, 2024, is \$25,037. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NOTE 21 – Risk Management:

The System is an entity created by the Constitution of the State of Nevada. The System transfers its tort liabilities to the Tort Claims Fund of the State. The State purchases excess liability layered policies in the amount of \$10,000 excess of a \$10,000 self-insured retention (SIR).

The System purchases the following commercial insurance:

- Coverage for direct physical loss or damage to the System's property with limits of \$1B per occurrence and a \$500 per occurrence deductible. (Various sub-limits of liability and deductibles are specified in the policy.)
- Worker's compensation (foreign and domestic) with statutory limits excess of a \$750 SIR.
- Active Assailant layered policies with limits of \$10,000 and a deductible of \$100.
- Crime & Fidelity (employee dishonesty) with limits of \$1,250 and a deductible of \$100.
- Coverage for cyber liability layered policies with limits of \$15,000 per claim and a deductible of \$500.
- Medical malpractice with limits of \$1,000 per claim and \$3,000 aggregate.
- Allied health malpractice with limits of \$1,000 per claim and \$3,000 aggregate.

The System purchases other commercial insurance for incidental exposures where prudent. The System is charged an assessment to cover its portion of the State's cost of the Tort Claims fund.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 22 – Subsequent Events:

On May 17, 2023, the Nevada System of Higher Education (NSHE) signed a master lease agreement with ML 4700 LLC for the management of the Gateway property located at 4700 Maryland Parkway, Las Vegas, NV. The original lease was effective from June 1, 2023, to May 31, 2028. The Gateway property includes various other commercial and residential leases under the master agreement. As of June 30, 2024, the lease receivable asset and the offsetting deferred inflow of resources on the statement of Net Position were valued at \$25.3 million and \$24.8 million, respectively. In July 2024, a notice of default was issued. In August 2024, UNLV was granted a court appointed receiver for the ongoing subleases. Due to the nature of the underlying subleases and expectation of the underlying collectability of the subleases, an allowance was not recorded for the allowance on the lease receivable and offsetting deferred inflow of resources as of June 30, 2024, as management believes the overall net impact to be minimal on the Statement of Revenues, Expenses, and Changes in Net Position. NSHE will record the full termination of the master lease in fiscal year 2025 and subsequently evaluate the individual underlying subleases for inclusion under GASB 87.

NOTE 23– Functional Classification of System Expenses:

The following is the functional classification of Operating expenses as reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2024:

Instruction	\$ 808,701
Research	204,692
Public service	142,398
Academic support	235,623
Institutional support	227,828
Student services	229,766
Operation and maintenance of plant	158,851
Scholarships and fellowships	112,957
Auxiliary enterprises	108,207
Depreciation	165,818
Total	<u>\$ 2,394,841</u>

NOTE 24 – System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements include the financial data of the System’s discretely presented campus foundations, UNLV Medicine, and Nevada Health and Bioscience Asset Corporation. Due to the condensed nature of this information, the individual line items may not necessarily agree with the financial statements of the System Related Organizations, although the totals agree with the financial statements. Condensed combining financial data of the System Related Organizations is as follows:

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NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2024

	CSN Foundation	DRI Foundation	DRI Research Park	GBC Foundation	NSU Foundation	TMCC Foundation	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association
ASSETS										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 154	\$ 1,803	\$ 17	\$ 329	\$ 525	\$ 1,048	\$ 19,583	\$ 739	\$ -	\$ 565
Restricted cash and cash equivalents	3,785	-	-	1,804	7,118	-	-	-	-	-
Short-term investments	4,232	-	-	819	1,472	3,748	26,481	1,847	6,039	2,322
Accounts receivable, net	-	-	-	-	-	-	-	-	-	10
Pledges receivable, net	31	-	-	30	114	451	6,909	-	-	-
Patient accounts receivable, net	-	-	-	-	-	-	-	-	-	-
Current portion of loans receivable, net	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Deposits and prepaid expenditures, current	9	25	-	-	1	31	80	3	-	50
Due from affiliated organizations	-	3	-	6	-	35	2,962	-	-	-
Other current assets	1	-	-	11	-	-	1,330	590	-	-
Total Current Assets	8,212	1,831	17	2,999	9,230	5,313	57,345	3,179	6,039	2,947
<i>Noncurrent Assets</i>										
Investments	2,460	1,552	-	386	1,607	-	97,674	-	-	-
Restricted investments	-	-	-	9,070	-	-	-	-	-	-
Endowment investments	-	-	-	-	-	1,182	327,368	-	-	-
Loans receivable, net	-	-	-	-	-	-	-	-	-	-
Capital assets, net	-	397	-	-	-	-	1,058	11,179	55	13
Pledges receivable, net	-	-	-	217	104	435	10,504	-	-	-
Other noncurrent assets	32	-	-	-	-	-	13,861	8,135	-	-
Total Noncurrent Assets	2,492	1,949	-	9,673	1,711	1,617	450,465	19,314	55	13
TOTAL ASSETS	10,704	3,780	17	12,672	10,941	6,930	507,810	22,493	6,094	2,960
LIABILITIES										
<i>Current Liabilities</i>										
Accounts payable	8	-	-	-	-	7	1,027	86	-	3
Accrued payroll and related liabilities	-	-	-	66	-	-	-	-	-	-
Current portion of leases payable	-	-	-	-	-	-	-	-	-	-
Leases Payable Due to Related Organizations	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	160	3	-	-	-	-	-	-	-
Funds held in trust for others	-	-	-	-	-	-	-	-	-	-
Due to Related Organizations	-	-	-	63	-	211	-	-	-	-
Assets held for others	-	-	-	-	-	-	-	-	-	-
Grant payable	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	30	3	27	-
Total Current Liabilities	8	160	3	129	-	218	1,057	89	27	3
<i>Noncurrent Liabilities</i>										
Unearned revenue	-	-	86	-	-	-	-	-	-	-
Lease Payable Due to Related Organizations, LT	-	-	-	-	-	-	-	-	-	-
Leases payable	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-	-	839	-	-	-
Total Noncurrent Liabilities	-	-	86	-	-	-	839	-	-	-
TOTAL LIABILITIES	8	160	89	129	-	218	1,896	89	27	3
DEFERRED INFLOWS OF RESOURCES										
Split-interest agreements	-	-	-	19	-	-	949	-	-	-
Unearned lease revenue	-	-	-	-	-	-	-	11,344	-	-
TOTAL DEFERRED INFLOW OF RESOURCES	-	-	-	19	-	-	949	11,344	-	-
NET POSITION										
Net investment in capital assets	-	398	-	-	-	-	1,058	11,179	55	13
Restricted - Nonexpendable	2,493	-	-	5,407	1,607	1,187	288,447	-	-	-
Restricted - Expendable - Scholarships, research and instructio	6,820	1,148	-	5,470	8,808	4,441	212,582	-	-	2
Restricted - Expendable - Capital projects	-	-	-	243	-	-	-	-	-	-
Unrestricted	1,383	2,074	(72)	1,404	526	1,084	2,878	(119)	6,012	2,942
TOTAL NET POSITION	\$ 10,696	\$ 3,620	\$ (72)	\$ 12,524	\$ 10,941	\$ 6,712	\$ 504,965	\$ 11,060	\$ 6,067	\$ 2,957

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2024

	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Limited	UNLV/MED	UNR Foundation	UNR WPAA	WNC Foundation	NHBAC	Eliminations	Total System Related Organizations
ASSETS										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 155	\$ 33	\$ 579	\$ 11,263	\$ 61,216	\$ 65	\$ 679	\$ 21,279	\$ -	\$ 120,032
Restricted cash and cash equivalents	-	-	-	735	-	-	1,399	-	-	14,841
Short-term investments	1,604	562	4,796	-	292,077	9,966	-	46,675	-	402,640
Accounts receivable, net	-	-	-	9,525	-	-	-	65	-	9,600
Pledges receivable, net	-	-	-	-	4,991	-	-	421	-	12,947
Patient accounts receivable, net	-	-	-	5,685	-	-	-	-	-	5,685
Current portion of loans receivable, net	-	-	-	-	19	-	-	-	-	19
Inventories	-	-	-	389	-	-	-	-	-	389
Deposits and prepaid expenditures, current	-	-	2	316	-	-	20	66	-	603
Due from affiliated organizations	-	-	-	281	215	44	-	-	(3,546)	-
Other current assets	-	7	77	-	1,688	-	-	-	(1,162)	2,542
Total Current Assets	1,759	602	5,454	28,194	360,206	10,075	2,098	68,506	(4,708)	569,298
<i>Noncurrent Assets</i>										
Investments	-	-	-	-	-	-	-	-	-	103,679
Restricted investments	-	-	-	-	-	-	7,427	-	-	16,497
Endowment investments	-	1,077	-	-	112,144	-	-	-	-	441,771
Loans receivable, net	-	-	-	-	28	-	-	-	-	28
Capital assets, net	-	-	-	880	42,019	35	-	131,947	-	187,583
Pledges receivable, net	-	-	-	-	6,413	-	-	-	-	17,673
Other noncurrent assets	-	-	-	16,384	10,133	-	-	-	-	48,545
Total Noncurrent Assets	-	1,077	-	17,264	170,737	35	7,427	131,947	-	815,576
TOTAL ASSETS	1,759	1,679	5,454	45,458	530,943	10,110	9,525	200,453	(4,708)	1,385,074
LIABILITIES										
<i>Current Liabilities</i>										
Accounts payable	1	2	-	1,987	237	-	-	406	-	3,764
Accrued payroll and related liabilities	-	-	-	1,607	-	-	-	-	-	1,673
Current portion of leases payable	-	-	-	-	-	-	-	-	-	-
Leases Payable Due to Related Organizations	-	-	-	3,342	-	-	-	-	-	3,342
Unearned revenue	-	-	-	-	-	-	8,904	-	-	9,067
Funds held in trust for others	-	-	-	-	-	-	-	-	-	-
Due to Related Organizations	-	-	-	9,338	1,980	-	-	-	(4,708)	6,884
Assets held for others	-	-	-	-	-	-	-	13,890	-	13,890
Grant payable	-	-	-	-	-	-	-	42,016	-	42,016
Other current liabilities	150	-	16	527	-	1	-	35,000	-	35,754
Total Current Liabilities	151	2	16	16,801	2,217	1	8,904	91,312	(4,708)	116,390
<i>Noncurrent Liabilities</i>										
Unearned revenue	-	-	-	-	1,471	-	-	-	-	1,557
Lease Payable Due to Related Organizations, LT	-	-	-	13,957	-	-	-	-	-	13,957
Leases payable	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-	-	-	-	-	839
Total Noncurrent Liabilities	-	-	-	13,957	1,471	-	-	-	-	16,353
TOTAL LIABILITIES	151	2	16	30,758	3,688	1	8,904	91,312	(4,708)	132,743
DEFERRED INFLOWS OF RESOURCES										
<i>DEFERRED INFLOWS OF RESOURCES</i>										
Split-interest agreements	-	-	-	-	7,760	-	-	-	-	8,728
Unearned lease revenue	-	-	-	-	-	-	-	-	-	11,344
TOTAL DEFERRED INFLOW OF RESOURCES	-	-	-	-	7,760	-	-	-	-	20,072
NET POSITION										
<i>NET POSITION</i>										
Net investment in capital assets	-	-	-	(35)	42,019	36	-	76,041	-	130,764
Restricted - Nonexpendable	47	774	-	-	205,118	3,043	-	-	-	508,123
Restricted - Expendable - Scholarships, research and instruction	111	303	-	735	248,693	6,008	-	11,125	-	506,246
Restricted - Expendable - Capital projects	-	-	-	-	-	-	-	-	-	243
Unrestricted	1,450	600	5,438	14,000	23,665	1,022	621	21,975	-	86,883
TOTAL NET POSITION	\$ 1,608	\$ 1,677	\$ 5,438	\$ 14,700	\$ 519,495	\$ 10,109	\$ 621	\$ 109,141	\$ -	\$ 1,232,259

The accompanying notes are an integral part of these financial statements.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

**NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 20, 2024**

	CSN Foundation	DRI Foundation	DRI Research Park	GBC Foundation	NSU Foundation	TMCC Foundation	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association
Operating Revenues										
Patient revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract revenue	-	-	-	-	-	-	-	73	-	-
Contributions	1,067	2,720	-	997	1,527	2,557	24,479	151	51	1,135
Campus support	541	496	62	73	-	415	3,573	-	-	-
Special events and fundraising	109	-	-	-	-	-	-	-	-	150
Other operating revenues	4	-	28	-	349	141	1,203	866	84	152
Total Operating Revenues	1,721	3,216	90	1,070	1,876	3,113	29,255	1,090	135	1,437
Operating Expenses										
Employee compensation and benefits	-	(495)	(54)	-	-	-	(3,571)	(140)	-	(643)
Supplies and services	(544)	(199)	(17)	-	-	-	(5,345)	(415)	(59)	(486)
Program expenses, System Related Organizations	(1,808)	-	-	(16)	(1,366)	(3,230)	(166)	-	(24)	(336)
Depreciation	-	-	-	-	-	-	(68)	(361)	-	(2)
Other operating expenses	-	(8)	-	(307)	(1,400)	(462)	-	-	-	-
Total Operating Expenses	(2,352)	(702)	(71)	(323)	(2,766)	(3,692)	(9,150)	(916)	(83)	(1,467)
Operating Income (Loss)	(631)	2,514	19	747	(890)	(579)	20,105	174	52	(30)
Nonoperating Revenues (Expenses)										
Investment Income (Loss), net	-	77	-	1,057	-	504	36,928	125	611	342
Payments to System campuses and divisions	-	(2,434)	-	(1,038)	-	-	(33,995)	(55)	(387)	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other nonoperating revenues (expenses)	-	-	-	-	-	-	1,244	-	-	-
Total Nonoperating Revenues (Expenses)	-	(2,357)	-	19	-	504	4,177	70	224	342
Income (Loss) Before Other Revenue (Expenses)	(631)	157	19	766	(890)	(75)	24,282	244	276	312
Other Revenues (Expenses)										
Additions to permanent endowments	220	-	-	107	8	-	14,896	-	-	-
Other Foundation revenues (expenses)	996	-	-	-	-	-	-	-	-	-
Total Other Revenues (Expenses)	1,216	-	-	107	8	-	14,896	-	-	-
Increase (Decrease) in Net Position	585	157	19	873	(882)	(75)	39,178	244	276	312
NET POSITION										
Net position - beginning of year - as originally presented	10,111	3,463	(91)	11,651	11,823	6,787	465,787	10,816	5,791	2,645
Addition of NHBAC	-	-	-	-	-	-	-	-	-	-
Net position - beginning of year - as restated	10,111	3,463	(91)	11,651	11,823	6,787	465,787	10,816	5,791	2,645
Net position - end of year	\$ 10,696	\$ 3,620	\$ (72)	\$ 12,524	\$ 10,941	\$ 6,712	\$ 504,965	\$ 11,060	\$ 6,067	\$ 2,957

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 24 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 20, 2024

	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	UNLVMED	UNR Foundation	UNR WPAA	WNC Foundation	NHBAC	Total System Related Organizations
Operating Revenues									
Patient revenue	\$ -	\$ -	\$ -	\$ 58,050	\$ -	\$ -	\$ -	\$ -	\$ 58,050
Contract revenue	-	-	-	16,560	-	-	-	-	16,633
Contributions	20	46	-	-	33,054	51	1,429	11,084	80,368
Campus support	-	-	-	-	4,182	-	308	-	9,650
Special events and fundraising	57	46	-	-	1,011	-	231	-	1,604
Other operating revenues	56	2	-	9,109	-	-	31	4,793	16,818
Total Operating Revenues	133	94	-	83,719	38,247	51	1,999	15,877	183,123
Operating Expenses									
Employee compensation and benefits	-	-	(44)	(27,560)	(4,751)	-	(330)	(486)	(38,074)
Supplies and services	(44)	(37)	(24)	(683)	(1,079)	(29)	(28)	(327)	(9,316)
Program expenses, System Related Organizations	(405)	(65)	-	(17,650)	(344)	0	-	(47,908)	(73,318)
Depreciation	-	-	-	(3,954)	(2,087)	(2)	-	(2,639)	(9,113)
Other operating expenses	-	-	(99)	-	-	-	(140)	-	(2,416)
Total Operating Expenses	(449)	(102)	(167)	(49,847)	(8,261)	(31)	(498)	(51,360)	(132,237)
Operating Income (Loss)	(316)	(8)	(167)	33,872	29,986	20	1,501	(35,483)	50,886
Nonoperating Revenues (Expenses)									
Investment Income (Loss), net	198	165	169	-	40,762	1,351	120	1,935	84,344
Payments to System campuses and divisions	-	-	-	(29,585)	(41,142)	(411)	(1,418)	-	(110,465)
Interest expense	-	-	-	(414)	-	-	-	-	(414)
Other nonoperating revenues (expenses)	-	-	-	-	-	-	-	-	1,244
Total Nonoperating Revenues (Expenses)	198	165	169	(29,999)	(380)	940	(1,298)	1,935	(25,291)
Income (Loss) Before Other Revenue (Expenses)	(118)	157	2	3,873	29,606	960	203	(33,548)	25,595
Other Revenues (Expenses)									
Additions to permanent endowments	-	-	-	-	3,417	69	-	-	18,717
Other Foundation revenues (expenses)	-	-	(12)	-	-	-	-	-	984
Total Other Revenues (Expenses)	-	-	(12)	-	3,417	69	-	-	19,701
Increase (Decrease) in Net Position	(118)	157	(10)	3,873	33,023	1,029	203	(33,548)	45,296
NET POSITION									
Net position - beginning of year - as originally presented	1,726	1,520	5,448	10,827	486,472	9,080	418	-	1,044,274
Addition of NHBAC	-	-	-	-	-	-	-	142,689	142,689
Net position - beginning of year - as restated	1,726	1,520	5,448	10,827	486,472	9,080	418	142,689	1,186,963
Net position - end of year	\$ 1,608	\$ 1,677	\$ 5,438	\$ 14,700	\$ 519,495	\$ 10,109	\$ 621	\$ 109,141	\$ 1,232,259

The accompanying notes are an integral part of these financial statements.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents consist of the following as of June 30:

	2024
Cash and cash equivalents	\$ 855
Money market funds	60,361
	<u>\$ 61,216</u>

The fair value of investments consists of the following as of June 30:

	2024
Equity investments	\$ 2,093
Commingled funds	366,961
Certificates of deposits	4,963
Corporate bonds	3,762
U.S. Government securities	26,442
	<u>\$ 404,221</u>

At June 30, 2024, the Foundation's investments had the following maturities:

	Investment Maturities (in years)			
	Less than 1	1-5	6-21	Fair Value
Certificates of deposits	\$ 3,555	\$ 1,408	\$ -	\$ 4,963
Corporate bonds	783	2,979	-	3,762
U.S. Government securities	18,320	8,122	-	26,442
	<u>\$ 22,658</u>	<u>\$ 12,509</u>	<u>\$ -</u>	<u>\$ 35,167</u>

The Foundation's investment pool is split into two discrete pools: the operating pool and the endowment pool. The Foundation's policy for the operating pool is to exercise sufficient due diligence to minimize investing operating cash in instruments that will lack liquidity. The Foundation considers cash to consist of both short-term and long-term funds. The short-term fund shall be funded in an amount sufficient to meet the expected daily cash requirements of the Foundation. The goals of the investments are to maintain the principal in the account while maximizing the return on the investments. The short-term funds are staggered in 30, 60 and 90-day investments. Appropriate types of investments are money market funds, certificates of deposit, commercial paper, U.S. Treasury bills and notes, mortgage-backed securities (U.S. Government) and internal loans to the University secured by a promissory note with an appropriate interest rate. The intermediate term operating cash is invested in fixed income securities generally having an average maturity of five years or less in order to take advantage of higher yields, and include longer term certificates of deposit, government securities, or corporate notes.

The Foundation's policy for the endowment pool is to invest according to an asset allocation strategy that is designed to meet the goals of the Endowment Investment Objective. The strategy will be based on a number of factors, including:

- The projected spending needs;
- The maintenance of sufficient liquidity to meet spending payments;
- Historical and expected long-term capital market risk and return behaviors; and
- The relationship between current and projected assets of the Endowment and its spending requirements.

This policy provides for diversification of assets in an effort to maximize the investment return and manage the risk of the Endowment consistent with market conditions. Asset allocation modeling identifies asset classes the Endowment will use and the percentage each class represents in the total fund. Due to the fluctuation of fair values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

Investment Program Strategy

As a result of the above process, the Board has adopted the following asset allocation targets and ranges, exclusive of amounts transferred to the Endowment's operating account:

Asset Class	Target	Target Range
Global Equity	43%	30%-60%
Private Equity	25%	15%-30%
Diversifiers	15%	8%-22%
Real Assets	5%	3%-8%
Fixed Income	10%	5%-15%
Cash	2%	0-5%

Although the Board adopted these ranges, the investment portfolio can't get to these allocations quickly and may be overweight or underweight based on the available investments at any given point in time.

Investment Risk Factors

There are many factors that can affect the fair value of investments. Some factors, such as credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates. The Investment Committee meets quarterly to review the investments and has policies regarding acceptable levels of risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing, and the Foundation currently purchases certificates of deposit of less than \$250 per bank or institution. Commercial paper is limited to a maximum of 10% of the total cash and cash equivalents available. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Fixed income securities or obligations of the U.S. Government are not considered to have credit risk.

At June 30, 2024, the Foundation's investments had the following quality ratings:

	Quality Ratings			
	Fair Value	AAA - A-	BBB+ - B-	Unrated
Corporate Bonds	\$ 3,762	\$ 3,566	\$ 196	\$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits the maturities of U.S. Treasury instruments and certificates of deposit to no more than 90 days unless the rate justifies the return and the current liquidity requirements are met.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

Custodial Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the Foundation's deposits may not be returned if balances are in excess of Federal Deposit Insurance Corporation ("FDIC") maximums. All cash deposits are primarily on deposit with two financial institutions and several investment companies. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Foundation's bank balances totaled \$61,200. Of this balance, \$500 was covered by depository insurance and \$60,400 is held in US Government Money Market Funds and the remaining \$300 was uninsured and uncollateralized and, as a result, was subject to custodial credit risk at June 30, 2024.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments consist primarily of commingled funds. Debt and equity securities other than open-end mutual funds are uncollateralized.

Redemption Notice

Certain commingled investments classified as current have notice requirements before the investment can be redeemed; these requirements range from 1-30 days. Other commingled investments have set dates upon which they can be redeemed; these investments have been classified as long-term based on these dates.

Commitments

As of June 30, 2024, the Foundation has commitments to acquire approximately \$34,200, in commingled funds.

Fair Value Measurements

The Foundation has valued their investments based on the following levels of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and derivative contracts.

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("NAV") – The amount of net assets attributable to each unit outstanding at the close of the period.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

- *Commingled funds* – Valued at NAV or at quoted prices if traded in active markets.
- *Residual interest in irrevocable trust* – Assets held by the Foundation in commingled funds are valued at NAV.
- *Assets held in trust by others* – Assets include both commingled funds valued at NAV and the Foundation's beneficial interest in real estate where fair value is estimated based on appraised value.
- *Equity investments, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2024, are:

	Level 1	NAV	Total
Investments			
Equity investments	\$ 2,093	\$ -	\$ 2,093
Commingled funds	216,511	150,449	366,960
Certificate of deposit	4,964	-	4,964
Corporate bonds	3,762	-	3,762
U.S. Government securities	26,442	-	26,442
	<u>\$ 253,772</u>	<u>\$ 150,449</u>	<u>\$ 404,221</u>
Residual interest in trusts			
Commingled funds	<u>\$ -</u>	<u>\$ 678</u>	<u>\$ 678</u>

The Foundation did not hold any investments fair valued using Level 2 or 3 inputs for the year ended June 30, 2024.

Related Party Transactions

The University provided the Foundation with administrative and support services for the year ended June 30, 2024, in the amount of \$4,200. The Foundation received \$800 for management fees related to endowments held on the University's behalf from NSHE for the years ended June 30, 2024. The Foundation received \$6,600 in contributions from current Foundation board members and Emeriti for the years ended June 30, 2024. These amounts are included in investment income on the Statements of Support and Revenue, Expenses and Changes in Net Position. The Foundation recorded pledges receivable from related parties of \$3,900 for the years ended June 30, 2024, and in-kind contributions of \$1 for the years ended June 30, 2024. Amounts due from the University of Nevada at June 30, 2024, was \$200.

Amounts transferred to related parties for the years ended June 30, 2024, \$41,100. Amounts reflect totals transferred to the Board of Regents and the University for university programs, scholarships and capital projects. Amounts due from the Foundation to the University at June 30, 2024 was \$1,900.

UNLV Foundation:

The UNLV Foundation accounts for investments in accordance with GASB Statement N. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires government entities to report investments at fair value in the statements of net position and GASB 72, *Fair Value Measurement and Application*, which requires disclosures made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of \$907 for the year ended June 30, 2024 and was netted against interest and dividends on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position. Investments are recorded on the date of settlement.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

Investments consist of the following at June 30, 2024:

Mutual funds	\$	51,468
Certificates of deposits		2,376
Equities		19,138
Collateralized securities		50,345
U.S. government obligations		48,029
U.S. corporate bonds		32,102
Alternative investments		237,034
Non-U.S. corporate bonds		11,031

<u>Investment in securities at fair value</u>	\$	<u>451,523</u>
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Investment in securities at fair value

Investment in securities - Current	\$	26,481
Investment in securities - Non-Current		425,042

<u>Investment in securities at fair value</u>	\$	<u>451,523</u>
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Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2024, the total balance for the UNLV Foundation's cash and money market funds was \$19,600. Of this balance, \$500 at June 30, 2024, were covered by the Federal Deposit Insurance Corporation, and \$19,100 was uninsured at June 30, 2024. Cash balances in United States banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250 per bank.

The custodial credit risk for investments is the risk that, in the event of a failure of the custodian, the UNLV Foundation may not be able to recover the value of the investments held by the custodian as these investments are uninsured. The UNLV Foundation does not have a specific policy with regard to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The UNLV Foundation reduces its exposure to credit risk with policy guidelines that instruct money managers to purchase securities rated investment grade or better. However, up to 25% of the fixed-income portfolios may be allocated to below investment grade. The credit ratings of fixed income investments at June 30, 2024, are as follows:

June 30, 2024	Total	AAA	AA	A	BBB	Below Investment Grade
Collateralized securities	\$ 50,345	\$ 47,270	\$ 922	\$ 1,211	\$ 508	\$ 433
U.S. corporate bonds	32,102	201	444	9,695	20,729	1,034
Non-U.S. corporate bonds	11,031	-	-	4,224	6,635	172
Total	\$ 93,478	\$ 47,471	\$ 1,366	\$ 15,130	\$ 27,872	\$ 1,639

NEVADA SYSTEM OF HIGHER EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2024

NOTE 24 - System Related Organizations (continued):

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an amendment of GASB Statement No. 3*, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality and they are not rated. The UNLV Foundation's mutual funds and certificates of deposit are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investments within any one issuer. For the fixed income portion of the endowment pool, the Foundation's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The Foundation does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2024, there were no investments over 5% with any one issuer in an amount that would constitute a concentration of credit risk to the Foundation.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The UNLV Foundation's policy guidelines on maturity parameters state that the fixed-income portfolio's average weighted duration is to remain within 20% of the benchmark duration.

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2024, were 8.35 years. The fixed-income portfolio's average maturity was 10.53 years at June 30, 2024. Interest rates range from 4.78% to 5.98% for the year ended.

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Bloomberg Barclays Aggregate U.S. Bond Index average as the benchmark; maturity as of June 30, 2023, were 8.80 years. The fixed-income portfolio's average maturity was 9.8 years at June 30, 2023. Interest rates range from 4.78% to 5.98% for the year ended June 30, 2024.

Investments at June 30, 2024	Maturity under 1 Year	Maturity 1 -5 Years	Maturity 6 -10 Years	Maturity over 10 Years	Total
Mutual funds	\$ 24,176	\$ 27,291	\$ -	\$ -	\$ 51,467
Certificates of deposits	783	1,593	-	-	2,376
Collateralized securities	24	5,818	3,608	40,894	50,344
U.S. Government obligations	-	16,830	18,219	12,980	48,029
U.S corporate bonds	1,129	13,030	11,109	6,834	32,102
Non-U.S. corporate bonds	369	5,553	3,843	1,267	11,032
Investment in Securities at Fair Value	\$ 26,481	\$ 70,115	\$ 36,779	\$ 61,975	\$ 195,350

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All non-U.S. corporate bonds are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes private equity, real estate, assets held in charitable remainder trusts and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value (“NAV”) - The amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period.

The assets or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Alternative investments* – Valued at NAV.
- *Real estate* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation’s beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Mutual funds, U.S. corporate bonds, non-U.S. corporate bonds, equities, certificates of deposit, U.S. Government securities, and Collateralized securities* – Valued at the closing price reported on the active market on which the security is traded, if available.
- *Assets held in charitable remainder trusts* – Assets held in trust represents the Foundation’s beneficial interest in equities held in the trusts, fair value of the equities is based on closing prices reported on the active market on which the security is traced. The Foundation’s interest in those assets is estimated based on models using various estimates from management, including date assets will be received.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2024, are:

Investments at June 30, 2024	Level 1	Level 2	Level 3	NAV	Total
Alternative investment	\$ -	\$ -	\$ -	\$ 237,034	\$ 237,034
Mutual funds	51,468	-	-	-	51,468
Collateralized securities	-	50,345	-	-	50,345
U.S corporate bonds	32,102	-	-	-	32,102
Non-U.S. corporate bonds	11,031	-	-	-	11,031
Equities	19,138	-	-	-	19,138
Certificates of deposits	2,376	-	-	-	2,376
U.S. Government obligations	48,029	-	-	-	48,029
	\$ 164,144	\$ 50,345	\$ -	\$ 237,034	\$ 451,523
Investments in real estate	\$ -	\$ -	\$ 12,130	\$ -	\$ 12,130
Assets held in charitable remainder trusts					
Equities	\$ -	\$ -	\$ 1,245	\$ -	\$ 1,245

Related Party Transactions

UNLV contributes to the administrative and accounting support of the UNLV Foundation. This support totaled \$3,600 for the year ended June 30, 2024, is included as University Support on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 - System Related Organizations (continued):

The Foundation transfers funds for programs and scholarships as requested by UNLV and its affiliated foundations, as appropriate and approved. Program expenses in the amount of \$22,000 were transferred to UNLV and its affiliated foundations for the year ended June 30, 2024. Scholarship expenses were \$7,200 for year ended June 30, 2024. Both are included in the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position.

The UNLV Foundation transfers funds for salaries and benefits to UNLV. Due to the timing of payroll, position vacancies, and salary reassignments, the amount in the UNLV Foundation account at UNLV is treated as Due to UNLV or a Due to the UNLV Foundation. The UNLV Foundation had a Due from UNLV of \$3,000 as of June 30, 2024, resulting primarily from amounts transferred to UNLV for salaries and benefits that are not year payable as of the end of the respective year as well as a bridge loan to UNLV for Dreamscape totaling \$2.0 million. As of the date of these financial statements, the bridge loan has been paid in full.

UNLV Medicine Inc. dba UNLV Health:

Patient Receivables

Patient receivables are uncollateralized patient and third-party obligations. Unpaid patient receivables are not assessed interest. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision. There were contractual allowances and estimated uncollectables of \$10,288 and \$3,866 at the year ended June 30, 2024.

Operating Revenues and Expenses

UNLV Health's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services - UNLV Health's principal activity, and the cost of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

Net Contract Revenue

Contract revenue includes agreements UNLV Health has with various local hospitals and other organizations for on-call services and medical directorship. These agreements are based on specified rates. Contract revenue is recognized when services are performed.

Grants and Contributions

UNLV Health may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of expenses and changes in net position.

Net Patient Service Revenue

UNLV Health has agreements with third-party payors that provide for payments to UNLV Health at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Medicare is a federal health insurance program that provides coverage for people 65 years and older, for certain disabled people, and for some people with End Stage Renal Disease. Medicare reimburses physician claims based on a resource based relative value scale (RBRVS) that assigns value to procedures in relation to one another and is used to establish the Medicare fee schedule. The Medicare fee schedule determines how UNLV Health is paid.

Medicaid – Medicaid is a medical coverage program jointly funded by both the states and the federal government for residents who qualify based on annual income that falls below the state or nationally indicted poverty level. UNLV Health is paid according to the Medicaid fee schedule.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

Commercial and Other Insurance – UNLV Health has entered into agreements with numerous nongovernmental third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include contracts with commercial insurance companies and workers’ compensation plans, which reimburse UNLV Health on a fee schedule, a percentage of billed charges, or a percentage of RBRVS.

Net patient service revenue is reported when services are provided to patients, including capitation payment arrangements, at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net patient service revenue.

Concentration of gross revenues by major payor accounted for the following percentages of UNLV Health’s patient service revenues for the year ended June 30, 2024:

	2024
Medicare	18%
Medicaid	50%
Commercial	24%
Governmental agencies	3%
Self pay	5%
	<u>100%</u>

Upper Payment Limit (UPL) and Medicaid Care Organization (MCO) Supplemental Payment Program

The State of Nevada currently has a UPL and MCO Supplemental Payment Program (Program). Revenue for UPL and MCO is accrued and recognized based on the previous quarter’s payment. The formula for calculating and distributing these payments is authorized pursuant to the Medicaid State Plan.

The following table summarizes the UPL and MCO funds earned and fees paid. The funds earned are included in net patient service revenue and the assessment is included in academic support expenses in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2024:

UPL and MCO funds earned	\$ 15,296
UPL and MCO assessment	<u>(5,018)</u>
	<u>\$ 10,278</u>

As this Program is relatively new, management has made certain estimates related to the revenues and expenses for the Program. Net patient service revenue for the year ended June 30, 2024, increased by \$4,027 related to the Program revenue for the period from January 1, 2023 through June 30, 2023, as management was not able to estimate those amounts during fiscal year 2023. In addition, academic support expense for the year ended June 30, 2024, increased by \$1,192 related to Program assessment for the period from January 1, 2023 through June 30, 2023. The net impact to the revenues in excess of expenses for the year ended June 30, 2024, is \$2,834.

As of June 30, 2024, a receivable of \$6,990 related to amounts still to be collected is included in other accounts receivable on the statement of net position. The annual amounts to be received and paid by UNLV Health are subject to change annually based on various factors involved in determining the amount of federal matching funds.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
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NOTE 24 - System Related Organizations (continued):

Transactions with Affiliates and Related Parties

KSOM pays salaries for all its faculty physician members along with leases, malpractice, EMR, and other administration expenses. UNLV Health reimburses KSOM for any amounts not covered by state appropriations, grant contract income, or other sources that are administered by KSOM. During the fiscal year ended June 30, 2024, UNLV Health recorded the following expenses during the year ended June 30, 2024:

Physician salaries, including bonuses	\$ 25,238
Lease payments, excluding amounts offset to principal of \$1,919,070	628
Malpractice, legal, and general liability insurance	1,588
EMR and IT related expenses	1,240
Dean's taxes	426
Audit fees	113
Other administrative expenses	<u>233</u>
Total expenses to KSOM	<u>\$ 29,466</u>

UNLV Health owes KSOM \$4,321 related to these expenses as of June 30, 2024, which are included in due to affiliates, net, in the accompanying statement of financial position.

In addition to these expenses, UNLV Health incurred amounts to KSOM related to the Upper Payment Limit (UPL) and the Medicaid Care Organization (MCO) Supplemental Payment Program in the following amounts, which are included as an offset to net patient service revenue:

Upper Payment Limit (UPL) fees	\$ 1,288
Medicaid Care Organization (MCO) Supplemental Payment Program fees	<u>3,730</u>
Total UPL and MCO Supplemental Payment Program fees	<u>\$ 5,018</u>

UNLV Health owes KSOM for this entire amount as of June 30, 2024, which is included in due to affiliates, net, in the accompanying statement of financial position.

On April 16, 2020, a Memorandum of Understanding (MOU) was made by and between the Board of Regents of the NSHE on behalf of KSOM and UNLV Health. The MOU commenced and continues in full force and effect for five years from the effective date of April 6, 2020. The purpose of the MOU is to memorialize those certain real estate leases held under the name of KSOM as lessee, but for which KSOM has granted UNLV Health rights to use the respective facility assets. In return for KSOM granting UNLV Health the right to use those certain facility assets, UNLV Health will be responsible for paying monthly financial obligations due for said leases for the duration of the lease terms unless the parties agree otherwise in writing.

At June 30, 2024, UNLV Health had right to use facility assets, net, sub-leased from KSOM of \$13, and related lease liabilities of \$14. UNLV Health incurred variable expenses of \$0.3 and interest expense of \$0.3 related to these leases. UNLV Health paid \$2 related to these lease agreements of which \$1,919 reduced the lease liabilities.

At the end of the previous fiscal year, UNLV Health entered into an agreement with KSOM related to an electronic health record (EHR) system. This agreement was recorded as a subscription-based IT arrangement (SBITA). At the time this agreement was entered into, a SBITA asset and related SBITA liability were recorded in the amount of \$1,803. During the year ended June 30, 2024, UNLV Health paid \$391 related to this SBITA agreement of which \$358 reduced the liability to \$1,096 and \$33 was recorded as interest expense. In addition, amortization expense was recorded which resulted in the net book value of the SBITA asset being reduced to \$1,070.

UNLV Health is covered under a professional liability insurance policy for medical malpractice claims that is purchased by KSOM and names UNLV Health as additional named insured. The policy is on a claims-made basis and provides coverage of \$1,000 per claim and \$3,000 per year in the aggregate. KSOM presently intends to renew claims-made coverage annually and expects to be able to obtain such coverage. UNLV Health reimbursed KSOM \$1,586 for the professional liability malpractice insurance and other insurance premiums during the year ended June 30, 2024.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

UNLV Health also paid \$223 to UNLV for PCC expenses that consisted of (a) variable cost rent expense of \$204 and (b) interest expense of \$20. In relation to this agreement, UNLV Health has a right to use leased asset, net, of \$2,086 and a related lease liability of \$2,142.

UNLV Health provides coverage in UNLV's student health clinic, sport medicine, and obstetrics/gynecology. The total amount of service provided and included in contract revenue for the year ended June 30, 2024 was \$380. In addition, UNLV provided grants to UNLV Health in the amount of \$767 for the year ended June 30, 2024. The total amounts due from UNLV in relation with these services and grants as of June 30, 2024, was \$281.

Nevada Health and Bioscience Asset Corporation:

Organization

Nevada Health and Bioscience Asset Corporation (the organization) is a nonprofit organization formed for the sole purpose of funding, developing, and constructing a medical education building and associated medical school facilities and amenities to house the University of Nevada, Las Vegas ("UNLV") School of Medicine.

These financial statements have been prepared on a calendar year basis and in conformity with generally accepted accounting principles (GAAP) in the United States of America as defined by the Financial Accounting Standards Board (FASB), the independent and ultimately authoritative accounting and financial reporting standard-setting body for nonprofit organizations.

Grant Advance Liability

The amount represents advances of American Rescue Plan Act funds from the State of Nevada that are conditional upon the Organization spending the funds on specific projects. The contributions are conditional upon the Organization incurring eligible expenditures. Subsequent to year-end, a portion of the grant advance liability was returned to the State.

Grant Expense and Grants Payable

Unconditional grants are recorded as expense in the period the grant is approved. Conditional grants, with a barrier and a right of return, are recorded as expense during the year in which the conditions are substantially met or waived by the Organization. Grants payable within one year are recorded at their fair value at the date of authorization. Grants payable in more than one year are recorded at the present value of their future cash outflows using U.S. Treasury rates for the period of the respective multi-year grant.

The Organization provides facility space to UNLV on a below-market rent basis. The fair value of using the facility is recorded as grants expense and grants payable when the commitment to provide space is unconditionally made. As the facilities are occupied, in-kind rental revenue is recognized and included in other income in the statements of activities.

Investments and Fair Value Measurements

The fair value measurements standard establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the standard are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. This category includes U.S. fixed income securities.

Level 2 – Quoted prices are available in non-active markets or in active markets for similar assets or liabilities, or inputs that are observable, either directly or indirectly, as of the reporting date for substantially the full term through corroboration with observable market data.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 24 - System Related Organizations (continued):

The following table sets forth by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023.

	2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. fixed income securities	\$ 46,675	\$ 46,675	\$ -	\$ -
Total assets measured at fair value	<u>\$ 46,675</u>	<u>\$ 46,675</u>	<u>\$ -</u>	<u>\$ -</u>

Property and Equipment

Property and equipment consisted of the following at December 31:

	2023
Land and improvements	\$ 13,893
Building	111,413
Equipment	4,063
Furniture and Fixtures	3,550
Construction in progress	<u>1,667</u>
Total	<u>134,586</u>
Less accumulated depreciation	<u>(2,639)</u>
	<u>\$ 131,947</u>

No depreciation expense was recorded for fiscal year 2022 as the assets were still under construction and not yet placed into service. The Organization had one major construction program underway during 2022 related to completion of the medical education building, which was completed and placed into service in May 2023. Remaining construction in progress at December 31, 2023, relates to construction of a lab, and a clinical and mental health facility. Subsequent to December 31, 2023, the clinical and mental health facility construction in progress, which amounted to approximately \$819, was written off as the project was ceased.

Development and Lease Agreements

On March 18, 2020, the Organization entered into a Development Agreement and a Lease Agreement with UNLV (collectively, "Agreements"). Based on the Agreements, UNLV transferred to the Organization the deed to a parcel of land for the purpose of constructing the Medical Education Building (MEB).

UNLV is considered a financially interrelated entity to the Organization. UNLV is the specified beneficiary of the land transfer, by means of the Development agreement and expects payment of the transferred assets in the future. Accordingly, the land that UNLV transferred to the Organization for purposes of constructing the MEB has been recorded at its estimated fair value on the date of transfer of \$13,890 within liabilities on the statements of financial position as an "Asset held for others".

Construction of the MEB was considered completed in May 2023 upon receipt of an unconditional certificate of occupancy from Clark County, Nevada. Upon receipt of the unconditional certificate of occupancy, the Organization shall lease to UNLV the MEB and all associated grounds, furniture, and equipment. UNLV shall pay to the Organization a fixed rent at the rate of one dollar per year. The lease term commenced in May 2023 and extends until January 2030. Upon expiration of the lease term, conditional upon UNLV adhering to the terms and conditions in the Lease Agreement, all right, title, and interest in and to the MEB shall be conveyed to UNLV. The terms and conditions include specifications related to maintenance of the premises by UNLV, among other things, and are considered to be more than administrative in nature. The Organization will not recognize the obligation to transfer title of the MEB to UNLV until January 2030, assuming that UNLV meets the conditions stated in the agreement.

The promise to lease the MEB to UNLV was considered a conditional promise to give as of December 31, 2022, as it was conditional upon receipt of a certificate of occupancy. The conditions were met and the lease commenced in May 2023. The Organization recognized the fair value of below-market rent provided to UNLV during the year-ended December 31, 2023, as in-kind grant expense and in-kind rental income in the amount of \$4,793. In addition, the Organization has recorded additional grant payable and expense during 2023 totaling \$42,016 for the present value of future remaining unconditional free rent periods promised to UNLV. This amount is included in grants payable at December 31, 2023.

Unaudited

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (in \$1,000's)
Public Employees' Retirement System of Nevada Last 10 Fiscal Years
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	2.79%	2.78%	2.99%	3.00%	3.00%	2.92%	2.88%	2.89%	2.83%	2.81%
System's proportionate share of the net pension liability	\$ 508,975	\$ 501,370	\$ 272,974	\$ 424,238	\$ 414,036	\$ 398,883	\$ 383,226	\$ 389,352	\$ 324,708	\$ 292,841
System's covered payroll	\$ 209,321	\$ 198,288	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653	\$ 162,250
System's proportionate share of the net pension liability as a percentage of its covered-payroll	243.16%	252.85%	133.13%	211.23%	211.05%	212.47%	213.27%	227.68%	196.02%	180.49%
PERS fiduciary net position as a percentage of the total net pension liability	76.20%	75.12%	86.51%	77.04%	76.46%	75.24%	74.42%	72.23%	75.13%	75.13%

* The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEMS CONTRIBUTIONS FOR THE TOTAL NET PENSION LIABILITY (in \$1,000's)
Public Employees' Retirement System of Nevada Last 10 Fiscal Years
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractual required contribution	\$ 43,603	\$ 32,454	\$ 30,715	\$ 31,286	\$ 30,564	\$ 28,549	\$ 27,030	\$ 34,456	\$ 33,124	\$ 29,901	(Historical information prior to the implementation of GASB 67/68 is not required)
Contributions in relation to contractually required contribution	(43,603)	(32,454)	(30,715)	(31,286)	(30,564)	(28,549)	(27,030)	(43,152)	(35,756)	(29,901)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,696)	\$ (2,632)	\$ -	
System's covered payroll	\$ 249,540	\$ 209,321	\$ 198,288	\$ 205,049	\$ 200,838	\$ 196,183	\$ 187,737	\$ 179,694	\$ 171,007	\$ 165,653	
Contributions as a percentage of covered payroll	17.47%	15.50%	15.49%	15.26%	15.22%	14.55%	14.40%	19.17%	19.37%	18.05%	

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (in \$1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
System's proportion of the net OPEB liability	41.04%	40.56%	40.10%	40.35%	40.85%	39.13%	(Historical information prior to the implementation of GASB 74/75 is not required)				
System's proportionate share of the net OPEB liability	598,287	584,918	621,544	606,769	569,268	518,254					
System's covered-employee payroll	770,032	740,121	744,695	757,182	711,803	667,622					
System's proportion share of the net OPEB liability as a percentage of its covered-employee payroll	77.70%	79.03%	83.46%	80.14%	79.98%	77.63%					
State of Nevada Retirees' Health and Welfare Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					

**NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEMS CONTRIBUTIONS FOR THE NET OPEB LIABILITY (in \$1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Contractual required contributions	\$ 24,153	\$ 16,710	\$ 16,061	\$ 17,426	\$ 17,794	\$ 16,727	\$ 15,689	(Historical information prior to the implementation of GASB 74/75 is not required)				
Contributions in relation to the contractual required contribution	(28,113)	(16,785)	(16,058)	(15,857)	(17,716)	(16,656)	(15,702)					
Contribution deficiency(excess)	\$ (3,960)	\$ (75)	\$ 3	\$ 1,569	\$ 78	\$ 71	\$ (13)					
System's covered-employee payroll	\$ 903,929	\$ 770,032	\$ 740,121	\$ 744,695	\$ 757,182	\$ 711,803	\$ 667,622					
Contributions as a percentage of covered-employee payroll	2.67%	2.17%	2.17%	2.34%	2.35%	2.35%	2.35%					

**NEVADA SYSTEM OF HIGHER EDUCATION
NOTES TO THE REQUIRED SCHEDULES FOR THE NET OPEB LIABILITY
State of Nevada Retirees' Health Welfare Benefits Plan**

Valuation date	June 30, 2022
Measurement Date	June 30, 2023
Methods used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal Level % of Pay
Asset Valuation Method	Market Value
Discount Rate	3.65% bond index as of June 30, 2023
Inflation Rate	2.50%
Investment Return Assumptions	2.50%; same as Inflation Rate assumption

The accompanying notes are an integral part of these financial

Unaudited

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SUPPLEMENTAL INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING STATEMENTS OF NET POSITION (in \$1,000's)
AS OF JUNE 30, 2024

	CSN	DRI	GBC	NSU	SA	TMCC	UNLV	UNR	WNC	Eliminations	TOTAL
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 12,764	\$ 7,424	\$ 1,166	\$ 1,738	\$ 81,957	\$ 7,402	\$ 28,153	\$ 38,991	\$ 2,343	\$ -	\$ 181,938
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Short-term investments	71,553	38,481	7,124	19,084	7,059	36,209	240,468	166,365	7,861	-	594,204
Accounts receivable, net	5,261	1,754	2,355	1,066	27	2,063	23,708	25,002	445	-	61,681
Receivable from U.S. Government	4,105	7,214	1,838	1,419	3,341	1,266	52,556	47,515	443	-	119,697
Receivable from State of Nevada	6,105	613	1,710	767	1,819	2,792	22,415	8,263	1,323	-	45,807
Receivable from other institutions	-	-	-	-	945	-	-	-	-	(945)	-
Loans receivable, net	-	-	-	-	-	-	72	552	1	-	625
Due from System Related Organizations	-	-	-	12	-	249	9,076	1,121	-	(3,574)	6,884
Leases receivable	-	-	-	-	-	191	6,153	1,394	-	-	7,738
Leases receivable Due from System Related Organizations	-	-	-	-	-	-	3,082	-	-	260	3,342
Inventories	1,170	-	-	-	-	38	1,948	3,709	-	-	6,865
Deposits and prepaid expenditures, current	1,068	513	249	60	2,996	64	6,811	7,682	-	-	19,443
Other current assets	-	-	-	-	-	61	-	5	-	-	66
Total Current Assets	102,026	55,999	14,442	24,146	98,144	50,335	394,442	300,599	12,416	(4,259)	1,048,290
Noncurrent Assets											
Cash held by State Treasurer	19	-	-	-	-	-	-	-	65	-	84
Restricted cash and cash equivalents	309	-	-	3,754	-	-	8,784	-	-	-	12,847
Endowment investments	7,753	45,157	933	-	12,003	15,460	68,692	169,924	341	-	320,263
Deposits and prepaid expenditures	-	-	-	-	-	-	400	-	-	-	400
Loans receivable, net of current	-	-	-	-	-	-	2,125	2,173	-	-	4,298
Leases receivable, net of current	-	-	-	-	-	98	53,344	6,510	-	-	59,952
Leases receivable due from System Related Organizations, net of current	-	-	-	-	-	-	12,879	-	-	-	12,879
Capital assets, net	267,288	43,296	45,954	114,229	56,839	75,608	1,111,482	1,071,436	21,860	-	2,807,992
Total Noncurrent Assets	275,369	88,453	46,887	117,983	68,842	91,166	1,257,706	1,250,043	22,266	-	3,218,715
TOTAL ASSETS	377,395	144,452	61,329	142,129	166,986	141,501	1,652,148	1,550,642	34,682	(4,259)	4,267,005
DEFERRED OUTFLOWS OF RESOURCES											
OPEB related	4,526	1,397	669	1,319	777	1,602	18,820	14,741	536	-	44,387
Loss on bond refunding	-	-	-	-	-	-	-	2,547	-	-	2,547
Pension related	25,694	5,849	3,900	4,270	5,835	8,847	66,943	66,327	4,582	-	192,247
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,220	7,246	4,569	5,589	6,612	10,449	85,763	83,615	5,118	-	239,181
LIABILITIES											
Current Liabilities											
Accounts payable	7,384	858	198	1,257	1,192	843	20,786	26,402	455	-	59,375
Accrued payroll and related liabilities	10,741	2,776	1,299	3,476	15,242	3,600	45,132	33,256	1,248	-	116,770
Unemployment insurance and workers' compensation	444	30	33	37	14	126	1,455	1,252	121	-	3,512
Due to State of Nevada	-	-	-	-	284	-	1,915	120	-	-	2,319
Due to other institutions	2,848	819	369	946	(26,415)	992	12,046	8,993	343	(941)	-
Due to System Related Organizations	-	3	-	-	-	-	3,107	208	-	(3,318)	-
Current portion of compensated absences	4,223	4,066	418	1,139	1,339	1,772	21,238	15,653	693	-	50,541
Current portion of long-term debt	1,727	-	-	1,083	-	299	15,414	14,859	-	-	33,382
Current portion of leases payable	463	-	18	-	630	-	5,020	2,504	-	-	8,635
Current portion of subscriptions payable	998	80	50	381	5,307	216	5,082	2,710	-	-	14,824
Current portion of OPEB	3,668	1,133	543	1,069	630	1,298	15,254	11,949	434	-	35,978
Leases payable due to Related Organizations	-	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	1,183	1	8	32	287	228	4,003	5,316	-	-	11,058
Unearned revenue	4,369	1,256	1,957	2,608	1,145	1,236	37,246	69,212	111	-	119,140
Deposits held for others	242	-	87	16	-	111	824	1,098	135	-	2,513
Due to affiliates	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	65	-	-	-	-	-	1,638	483	-	-	2,186
Total Current Liabilities	38,355	11,022	4,980	12,044	(345)	10,721	190,160	194,015	3,540	(4,259)	460,233
Noncurrent Liabilities											
Refundable advances under federal loan programs	-	-	-	-	-	-	2,109	918	-	-	3,027
Compensated absences, net of current	1,661	770	181	2,115	739	387	11,545	7,057	132	-	24,587
Long-term debt, net of current	63,595	-	-	36,564	-	11,343	190,436	324,589	-	-	626,527
Lease payable, net of current	1,179	-	18	-	1,267	-	29,135	7,214	-	-	38,813
Subscriptions payable, net of current	2,836	41	247	482	41,899	335	7,288	2,674	-	-	55,802
Net pension liability	67,892	15,756	10,723	10,026	13,785	23,872	171,636	182,961	12,324	-	508,975
OPEB Liability, net of current	57,331	17,700	8,479	16,712	9,841	20,292	238,416	186,750	6,788	-	562,309
Other noncurrent liabilities	-	-	-	623	-	-	-	-	-	-	623
Total Noncurrent Liabilities	194,494	34,267	19,648	66,522	67,531	56,229	650,565	712,163	19,244	-	1,820,663
TOTAL LIABILITIES	232,849	45,289	24,628	78,566	67,186	66,950	840,725	906,178	22,784	(4,259)	2,280,896
DEFERRED INFLOWS OF RESOURCES											
Deferred inflows on leases	-	-	-	-	-	289	73,001	7,645	-	-	80,935
OPEB related	5,042	1,557	746	1,470	865	1,785	20,968	16,424	597	-	49,454
Gain on bond refunding	-	-	-	-	-	-	1,852	5,747	-	-	7,599
Pension related	7,283	2,162	1,324	94	2,450	3,346	16,641	21,191	1,554	-	56,045
TOTAL DEFERRED INFLOWS OF RESOURCES	12,325	3,719	2,070	1,564	3,315	5,420	112,462	51,007	2,151	-	194,033
NET POSITION											
Net investment in capital assets	196,490	43,175	45,620	75,718	7,735	63,416	857,255	709,016	21,860	-	2,020,285
Restricted - Nonexpendable	2,272	25,809	504	-	7,183	6,846	12,195	41,416	359	-	96,584
Restricted - Expendable - Scholarships, research and instruction	10,419	33,194	718	3,881	5,021	9,537	67,273	120,290	2,203	-	252,536
Restricted - Expendable - Loans	-	-	141	-	28	52	479	7,271	2	-	7,973
Restricted - Expendable - Capital projects	4,562	1,554	2,089	-	303	-	12,142	13,519	1,984	-	36,153
Restricted - Expendable - Debt service	1,580	-	-	3,754	-	280	13,868	13,017	-	-	32,499
Unrestricted	(52,882)	(1,042)	(9,872)	(15,765)	82,827	(551)	(178,488)	(227,457)	(11,543)	-	(414,773)
TOTAL NET POSITION	\$ 162,441	\$ 102,690	\$ 39,200	\$ 67,588	\$ 103,097	\$ 79,580	\$ 784,724	\$ 677,072	\$ 14,865	\$ -	\$ 2,031,257

The accompanying notes are an integral part of these financial statements.

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in \$1,000's)
FOR THE YEAR ENDED JUNE 30, 2024

	<u>CSN</u>	<u>DRI</u>	<u>GBC</u>	<u>NSU</u>	<u>SA</u>	<u>TMCC</u>	<u>UNLV</u>	<u>UNR</u>	<u>WNC</u>	<u>Eliminations</u>	<u>TOTAL</u>
Operating Revenues											
Student tuition and fees (net of scholarship allowance of \$243,646)	\$ 44,624	\$ -	\$ 7,039	\$ 5,761	\$ -	\$ 17,756	\$ 225,472	\$ 152,304	\$ 5,419	\$ (55)	\$ 458,320
Federal grants and contracts	14,465	43,089	3,100	11,365	759	6,522	98,044	172,412	3,349	(7,145)	345,960
State grants and contracts	5,942	1,139	1,541	2,355	-	3,280	36,398	21,420	159	(3)	72,231
Local grants and contracts	-	43	-	-	7	-	1,558	2,310	-	-	3,918
Other grants and contracts	262	8,135	1,701	69	224	352	3,113	32,675	142	(2)	46,671
Sales and services of educational departments scholarship allowance of \$35,592)	1,967	378	116	522	2,596	1,886	106,061	90,461	302	(3,793)	200,496
Sales and services of auxiliary enterprises (net of scholarship allowance of \$11,212)	1,125	-	459	74	-	1,971	47,887	44,859	866	(7,002)	90,239
Interest earned on loans receivable	-	-	-	-	-	-	21	64	-	-	85
Other operating revenues	795	896	385	305	864	380	4,680	6,855	423	(367)	15,216
Total Operating Revenues	69,180	53,680	14,341	20,451	4,450	32,147	523,234	523,360	10,660	(18,367)	1,233,136
Operating Expenses											
Employee compensation and benefits	(158,822)	(43,066)	(23,996)	(47,555)	(21,174)	(60,302)	(671,354)	(524,322)	(23,079)	-	(1,573,670)
Utilities	(5,189)	(1,150)	(1,001)	(814)	(35)	(1,314)	(19,788)	(16,255)	(739)	-	(46,285)
Supplies and services	(40,150)	(11,894)	(5,596)	(13,565)	(8,917)	(15,172)	(201,919)	(210,665)	(6,841)	18,411	(496,308)
Scholarships and fellowships	(32,524)	(51)	(4,067)	(14)	(343)	(9,029)	(37,521)	(26,255)	(3,334)	378	(112,760)
Depreciation and amortization	(20,812)	(4,448)	(2,799)	(4,975)	(7,227)	(5,121)	(63,126)	(55,745)	(1,565)	-	(165,818)
Total Operating Expenses	(257,497)	(60,609)	(37,459)	(66,923)	(37,696)	(90,938)	(993,708)	(833,242)	(35,558)	18,789	(2,394,841)
Operating Income (Loss)	(188,317)	(6,929)	(23,118)	(46,472)	(33,246)	(58,791)	(470,474)	(309,882)	(24,898)	422	(1,161,705)
Nonoperating Revenues (Expenses)											
State appropriations	119,722	10,203	17,373	34,007	27,804	40,540	317,550	230,961	16,476	(3)	814,633
Gifts (including \$59,409 from System Related Organizations)	1,532	690	141	1,361	-	1,318	27,473	31,167	1,290	(42)	64,930
Investment income (loss), net	10,897	9,089	1,380	3,118	2,278	6,485	41,874	38,390	2,020	(330)	115,201
Gain (loss) on disposal of capital assets	11	(123)	(41)	-	(144)	(51)	(1,273)	(160)	(46)	-	(1,827)
Interest expense	(2,351)	(4)	(2)	(4,297)	(327)	(521)	(7,511)	(12,153)	-	-	(27,166)
Interest revenue	-	-	-	-	-	7	1,961	135	-	-	2,103
Payments to System campuses and divisions	(6,637)	(3,103)	(913)	(2,154)	53,942	(3,376)	(23,215)	(13,663)	(907)	-	(26)
Other nonoperating revenues	-	(2)	(58)	6,374	116	137	11,145	1,698	8	(47)	19,371
Federal grants and contracts	39,098	-	3,173	9,405	557	7,994	60,867	24,054	3,495	-	148,643
Total Nonoperating Revenues	162,272	16,750	21,053	47,814	84,226	52,533	428,871	300,429	22,336	(422)	1,135,862
Loss Before Other Revenue (Expenses)	(26,045)	9,821	(2,065)	1,342	50,980	(6,258)	(41,603)	(9,453)	(2,562)	-	(25,843)
Other Revenues (Expenses)											
State appropriations restricted for capital purposes	4,697	1,587	5,419	1,007	597	2,397	22,210	11,617	2,707	-	52,238
Capital grants and gifts (including \$15,364 from System Related Organizations)	72	-	38	-	-	796	2,997	13,305	7	-	17,215
Return of Capital Gifts	-	-	-	-	-	-	(110)	-	-	-	(110)
Additions (Deductions) to permanent endowments (including \$100 to System Related Organizations)	37	1,711	-	-	9	835	-	100	-	-	2,692
Total Other Revenues	4,806	3,298	5,457	1,007	606	4,028	25,097	25,022	2,714	-	72,035
Increase (Decrease) in Net Position	(21,239)	13,119	3,392	2,349	51,586	(2,230)	(16,506)	15,569	152	-	46,192
NET POSITION											
Net position - beginning of year	183,680	89,571	35,808	65,239	51,511	81,810	801,230	661,503	14,713	-	1,985,065
Net position - end of year	\$ 162,441	\$ 102,690	\$ 39,200	\$ 67,588	\$ 103,097	\$ 79,580	\$ 784,724	\$ 677,072	\$ 14,865	\$ -	\$ 2,031,257

The accompanying notes are an integral part of these financial statements.

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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 Regents
Nevada System of Higher Education
Reno, Nevada

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada System of Higher Education (the “System”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements and have issued our report thereon dated November 1, 2024. Our report includes a reference to other auditors who audited the financial statements of the following, as described in our report on the System’s financial statements:

- College of Southern Nevada, a discretely presented component unit
- Desert Research Institute Foundation, a discretely presented component unit
- Great Basin College Foundation, a discretely presented component unit
- Nevada Health and Bioscience Asset Corporation
- Nevada State University Foundation, a discretely presented component unit
- Rebel Golf Foundation, a discretely presented component unit
- Truckee Meadows Community College Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Alumni Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Foundation, a discretely presented component unit
- University of Nevada, Las Vegas Research Foundation, a discretely presented component unit
- Western Nevada College Foundation, a discretely presented component unit

This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Great Basin College Foundation, University of Nevada, Las Vegas Alumni Foundation, Rebel Golf Foundation and Nevada Health and Bioscience Asset Corporation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 System's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-006 to be a significant deficiency.

Report on Compliance and Other Matters

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

The System's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
November 1, 2024