

NEVADA **PREPAID** TUITION

Annual Report - Fiscal Year 2018



State of Nevada
Office of the State Treasurer
Zach Conine



Zach Conine
State Treasurer



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

January 25, 2019

The Honorable Steve Sisolak
Governor of the State of Nevada
Capitol Building
Carson City, NV 89701

Dear Governor Sisolak:

In accordance with Nevada Revised Statute 353B.170 and on behalf of the Board of Trustees of the College Savings Plans of Nevada, I respectfully submit the Nevada Prepaid Tuition Program (NPT) Annual Report for Fiscal Year 2018, which presents a detailed analysis of this excellent program.

We are pleased to report that the enrollment period beginning November 1, 2017 and closing on April 30, 2018 resulted in 774 new enrollees, bringing the total number of enrolled children to 21,041. At the end of Fiscal Year 2018, investments in the program totaled more than \$280.6 million.

In addition to enrollment success, the program adopted legislative changes that are enhancing its usefulness and value for Nevadans, including: a 10-year payment plan option; the ability for beneficiaries to utilize leftover credit hours at eligible graduate schools; and, the ability for beneficiaries to transfer unused credits to immediate family members. Notably, the program continues to be self-supporting, requiring no contribution from the State's General Fund. As of June 30, 2018, the funded ratio of the plan was 142.0% based on the actuarial value of assets.

Nevada's Prepaid Tuition Program is one of only 11 such programs in the United States, and now in its 20th anniversary year continues to provide Nevada families with a valuable tool to save for post-secondary education – be it a certificate, associate's degree or bachelor's degree – and prepare for success in the 21st century economy.

Thank you for your leadership in helping to ensure all Nevadans have access to great public education that prepares them for a life full of opportunity. We look forward to being a good partner with your administration in this work, thank you!

Sincerely,

A handwritten signature in black ink, appearing to read "Zach Conine", written over a horizontal line.

Zach Conine
State Treasurer

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Suite 4600
Las Vegas, Nevada 89101
NVPrepaid.gov**

**NEVADA
PREPAID TUITION** 

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EXECUTIVE SUMMARY

The Nevada Prepaid Tuition Program (Program) provides a convenient and affordable way for Nevada families to save for college through an IRS Qualified Tuition Program (QTP) option that allows purchasers to lock in the cost of in-state higher education credit hours today, for future use. This program differs from the other Nevada state sponsored 529 College Savings Plan options in the following way: The Nevada Prepaid Tuition Program allows parents, grandparents, extended family and friends to purchase a contract for a fixed amount of in-state undergraduate credit hours for a child to use when they graduate from high school. The Program offers five tuition plans and four payment options. A purchaser enters into a contract by choosing a plan and a payment option for a specified beneficiary that meets their personal needs and budget. When the beneficiary enrolls in college, the Program will pay the contract benefits (college tuition costs) on their behalf directly to the higher education institution. The contract benefits are based on in-state college tuition rates at Nevada public colleges but can be used toward credit hour (college tuition) costs at any public or private institution of higher education, either in-state or out-of-state that accepts the free application for federal student aid (FAFSA).

The Program operates under Nevada Revised Statutes (NRS) Chapter 353B, which was adopted by the Nevada Legislature in 1997. The Program is administered by the Office of the State Treasurer under the direction of the Board of Trustees of the College Savings Plans of Nevada (Board). The Board consists of the State Treasurer or his/her designee who serves as an ex officio nonvoting member and five voting members:

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

In accordance with NRS 353B, the Board is required to contract with a certified actuary and a certified public accounting firm to perform an annual actuarial valuation and financial audit, respectively. For Fiscal Year 2018 (FY18), the Board was contracted with Gabriel Roeder Smith & Company to conduct the actuarial valuation study and with Eide Bailly LLP to conduct the annual audit of the accounts and records of the Program and the Board.

The Program also contracts and regularly meets with professional investment manager(s) and consultants to invest assets of the plan. The Board contracted with Chicago Equity Partners to manage the fixed income portfolio and invests in institutional mutual funds with Glenmede for covered calls, and three institutional mutual funds with Vanguard for domestic equity. Pension Consulting Alliance (PCA) performed investment oversight and reporting throughout Fiscal Year 2018. Investments were made in accordance with the Program's Investment Policy approved by the Board and posted on the Nevada Prepaid Tuition website.

FINANCIAL STABILITY

The Nevada Prepaid Tuition Program **is not** supported by the full faith and credit of the State of Nevada, nor is it guaranteed by the State's General Fund. The Board continuously evaluates and takes necessary measures to maintain the financial stability of the Program. To that end, in Fiscal Year 2018, the Board:

- ◆ Contracted with investment firms (Chicago Equity Partners, Glenmede, and Vanguard) to provide professional investment services.

- ◆ Contracted with an investment consultant (PCA) to monitor investments and provide consultation and reporting to the Board.
- ◆ Contracted with a marketing firm, Amplify Relations, to enhance and grow its marketing and outreach efforts to increase customer awareness and participation in the Program.
- ◆ Updated and approved a Prepaid Tuition funding guideline by the College Savings Board with the objective of maintaining assets in excess of tuition liabilities based on a funding target of 120% and recommendations of actions to take when the funding status was over or under the 120% target.

Those measures helped to make Fiscal Year 2018 another successful one, resulting in:

- ◆ A favorable rate of return of 6.1% on Actuarial Value of Assets, exceeding assumed return of 5.00%.
- ◆ An increase of 7.4% in the Program's total assets.
- ◆ A considerable increase (32.5%) in the Program's net position.
- ◆ An increase of 774 new enrollees into the program.
- ◆ A funded status of 142.0%.

ENROLLMENT

The Fiscal Year 2018 enrollment period ran from November 1, 2017 to April 30, 2018.

- ◆ There were 774 new enrollments.
- ◆ The number of participants that chose the 4-year University Plan in the FY 2018 open enrollment period was 54.3% which continues to be the most popular plan choice.
- ◆ The lump sum payment option grew slightly from 39.2% in FY 17 to 40.1% in FY 18 and became the largest percentage chosen.
- ◆ The number of newborns enrolled in FY 18 remained roughly the same as the prior fiscal year, and remains the largest percentage (17.8%) of new enrollees in a single age group.

OBJECTIVES

The financial objectives of the Board remain unchanged from previous fiscal years and incorporate the following:

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

CONTRACT PRICING

Like the previous fiscal years, prices for the 2018 enrollment period were established based on four key factors:

- ◆ Future tuition increase assumptions and published rates from the Nevada System of Higher Education (NSHE) institutions approved by the Nevada Board of Regents.

- ◆ Assumed rate of return on investments.
- ◆ Methodology of allocating current and future administrative expenses of the Program.
- ◆ Historical utilization of credit hours by participants in the program.

Based on the above factors, in addition to the newly adopted funding guidelines, completion of the actuarial experience study, and current funded status of the Program, the Board was able to adopt pricing for new contracts in FY 18 with only a negligible increase given the favorable funded status.

BENEFIT USAGE

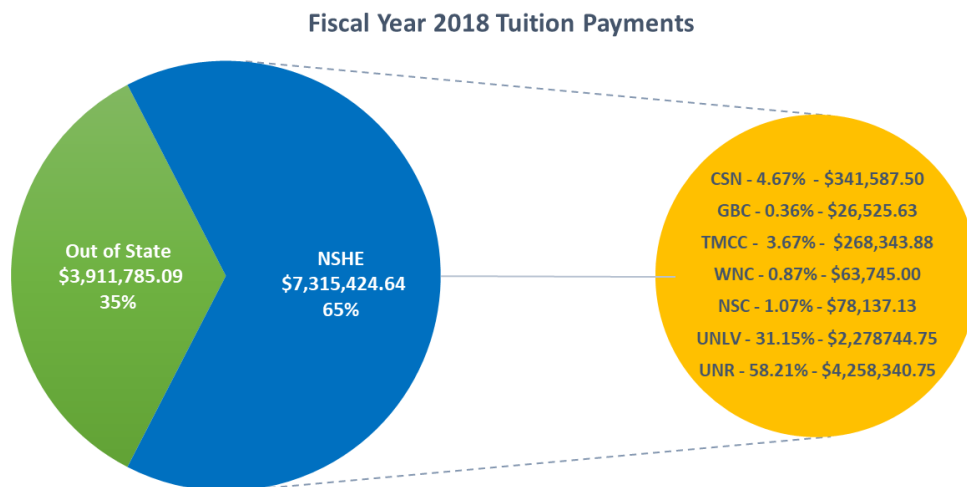
The Program’s benefits can be used at any eligible educational institution nationwide upon the expected matriculation year of the beneficiary. The number of students using their benefits in the Nevada Prepaid Tuition Program continues to grow each year as a larger number of earlier enrollees in the Nevada Prepaid Tuition Program have now graduated high school and are using the benefits of the program as intended.

Highlights for Fiscal Year 2018 include:

- ◆ A total of \$11,227,210 was paid out in tuition benefits to 344 different qualified institutions. An increase of 7.6% from the prior Fiscal Year.
- ◆ A total of \$7,315,425 or 65% was paid to the Nevada System of Higher Education.
- ◆ Roughly 3,280 students used their tuition benefits in FY 2018, an increase of 7.1% from the previous year.
- ◆ As of June 30, 2018, a total of 3,118 students have utilized 100% of their prepaid tuition contract benefits. Of the depleted contracts, 81.4% had a 4-year university plan.

Noted below is the 3-year historical payment summary of payments made to the Nevada System of Higher Education institutions (NSHE), and the amount that has been paid to institutions of higher education across the country.

Tuition Payments			
	FY 18	FY 17	FY 16
In-State (NSHE)	\$7,315,425	\$6,764,359	\$6,856,269
Private/Out-of-State	\$3,911,785	\$3,671,593	\$3,283,280
Total	\$11,227,210	\$10,435,952	\$10,139,549



PROGRAM ENHANCEMENTS:

In Fiscal Year 2017, several legislative enhancements to the Program were passed. During FY 2018, the enhancements were introduced and were well received by contract holders as they began taking advantage of the recent changes. These enhancements add both value and flexibility to current and future participants.

- ❖ Changes to NRS 353B now allows unused credits from student’s prepaid tuition contracts to be applied towards graduate level coursework, paid at the undergraduate rate. This will give families further flexibility to maximize the value of their contracts as more and more students are taking college courses in high school and/or Advanced Placement classes and graduating from college with credits remaining on their Prepaid Tuition contracts.
- ❖ Changes to NAC 353B now allows a change to the qualified beneficiary on a contract after tuition benefits have been paid for the initial beneficiary. In the past, you could not transfer contracts once benefits had been paid. This ‘transfer after use’ option will give families further flexibility to maximize the contract’s tuition benefits by allowing other qualified family members to use the benefits rather than cancelling their contracts if one child does not finish college or completes their undergraduate degree with credits remaining. In addition, changes to NAC 353 B implemented a 10-year payment option to give families another alternative to the current lump sum, 5 year, or extended monthly payment options. This will allow participants to pay for their contracts over a shorter period of time in some cases, which, in turn saves families additional interest paid over the life of the contract. Due to timing, this enhancement will begin with the Fiscal Year 2019 enrollment period.
- ❖ Future objectives and strategies to enhance the Nevada Prepaid Tuition program include ongoing evaluation of the following:
 - The factors and assumptions used to set contract prices to ensure the program remains affordable for Nevada families.
 - The position and assumptions used for establishing the asset allocation of the Trust Fund portfolio to ensure its long-term financial viability in a cyclical investment environment.
 - Continued assessment of the overall Program to identify ways to provide enhanced servicing options to parents and students using the program benefits.
 - The expansion of education and outreach to better educate Nevada’s families about the program and its many benefits.



SUMMARY OF ACTUARIAL VALUATION REPORT

The Board is required by NRS 353B.190 to contract with an independent certified actuary to perform an annual actuarial valuation of the Higher Education Tuition Trust Fund. As in the previous fiscal year, the Board contracted with Gabriel Roeder Smith & Company (GRS) to perform the valuation for Fiscal Year 2018. The Actuarial Valuation Report for Fiscal Year 2018 as prepared by GRS shows continued improvement in the financial position of the Higher Education Tuition Trust Fund/Prepaid Tuition Program.

In addition, in Fiscal Year 2018 GRS conducted an Actuarial Experience Study, which evaluated actual contract usage, including refunds and credit hour utilization over a five-year period from July 1, 2012 to June 30, 2017 as compared to the program's actuarial assumptions. Findings of the study determined that the Program's contracts refunded at higher rates than previously assumed and that the Program's credit utilization patterns were lower than expected. The study also illustrated a correlation between the type of contract purchased and the rate in which it was refunded, and how those credit hours were purchased, affected utilization. Based on the outcome of the point in time actuarial usage study, the Board made minor changes to future Program assumptions.

Financially significant results experienced during Fiscal Year 2018 are summarized below, and include:

- ◆ The stabilization reserve (surplus) grew by \$19,068,820, or 26.3% from the prior fiscal year. This surplus acts as a risk reserve to mitigate future experience losses. The increase was primarily due to the interest earned on investments above the assumed rate of return at 5.0%, assumption changes resulting from the experience study, and other contract experiences, such as purchaser contract conversions, etc.
- ◆ The actuarial value of assets grew by 7.3%, an increase of \$18,198,571 from the prior fiscal year.
- ◆ The funded ratio, which represents the Program's ability to meet its current and future obligations for all contracts, rose again this fiscal year from 132.7% in FY 17 to 142.0% in FY 18. The assumption changes resulting from the experience study are the largest single item resulting in gains to the FY18 Program funded status.

RECONCILIATION OF PROGRAM ASSETS		
	FY 2018	FY 2017
Beginning Market Value of Assets	\$255,914,783	\$227,434,791
Additions		
Admin Fees & transfer from Endowment account	\$828,074	\$747,775
Contract Payments	\$16,267,178	\$17,910,470
Investment Income	\$22,002,935	\$23,164,829
Total Additions	\$39,098,187	\$41,823,074
Deductions		
Tuition Payments	\$11,227,210	\$10,435,951
Refunds	\$2,324,047	\$2,112,438
Admin and Investment Expenses	\$821,074	\$794,693
Total Deductions	\$14,372,331	\$13,343,082
Net Increases	\$24,725,856	\$28,479,992
Ending Market Value of Assets	\$280,640,639	\$255,914,783

SUMMARY OF VALUATION RESULTS		
	FY 2018	FY 2017
Assets		
Actuarial Value of Assets	\$268,493,377	\$250,294,806
Present Value of Future Contract Payments	\$40,771,772	\$43,209,098
Total Actuarial Value of Fund Assets	\$309,265,149	\$293,503,904
Liabilities		
Actuarial Present Value of Future Tuition Payments, Refunds, and Fees,	\$217,791,646	\$221,099,221
Surplus	\$91,473,503	\$72,404,683
Funded Ratio	142.0%	132.7%

Because of the Board's strong oversight of its investments, assumptions, and contract pricing, the Program has been able to maintain its surplus and high funded ratio. This is of critical importance, since the Program is not supported or backed by the State's general fund. The full actuarial valuation report is contained in Appendix A.

SUMMARY OF INDEPENDENT AUDITOR’S REPORT

NRS 353B.180 requires the Board to contract with an independent certified public accounting firm to perform an annual audit of accounts and records of the State Treasurer and the Board. The Board contracted with the independent auditing firm Eide Bailly LLP, which performed the audit on the Higher Education Tuition Trust Fund for Fiscal Year 2018.

The purpose of the report is to describe the scope of testing of internal controls and compliance, and the results of that testing. For Fiscal Year 2018, the Trust Fund once again received a favorable opinion with no deficiencies in internal controls of material weakness to be found or reported. Points of interest were:

- ◆ Total assets held were \$321,468,423, an increase of \$22,233,923 or 7.4% from the previous fiscal year.
- ◆ The Trust Fund for the third year saw a decrease in total operating expenses. A significant decrease of \$12,495,980 (61.2%) from the prior fiscal year brought the total operating expenses to \$11,292,303 in FY 18.
- ◆ The Cash and Cash Equivalents grew slightly in FY 18 from the prior fiscal year. From \$4,719,718 in FY 17 to \$5,532,834 in FY 18, an increase of 17.2%.
- ◆ In FY 18, the operating revenues decreased by \$3,998,312 or 22.3% from the prior fiscal year.
- ◆ The overall net position for FY 18 saw a significant increase of \$25,313,093 (32.5%) from the prior fiscal year.

Higher Education Tuition Trust Fund Net Position

	2018	2017
Assets		
Current and other assets	\$ 321,411,717	\$ 299,161,095
Net capital assets	56,706	73,405
Total Assets	321,468,423	299,234,500
Deferred Outflows		
Pension and OPEB Related	58,642	47,077
Liabilities		
Current liabilities	17,689,218	19,297,822
Noncurrent liabilities	200,738,842	202,209,112
Total Liabilities	218,428,060	221,506,394
Deferred Inflows		
Pension and OPEB Related	33,007	21,738
Net Position		
Net investment in capital assets	56,706	73,405
Unrestricted	103,009,292	77,679,500
Total Net Position	\$ 103,065,998	\$ 77,752,905

The financial statements of the Trust Fund were prepared in conformance with U.S. Generally Accepted Accounting Principles (GAAP) as applied to government agencies and standards accepted by the Governmental Accounting Standards Board (GASB). The Trust Fund continues to be classified as an enterprise fund of the State of Nevada and was included in the State of Nevada’s *Comprehensive Annual Financial Report*.

The financial statements and full report is contained in Appendix B.

SUMMARY OF INVESTMENT REPORTS

The Program contracts and regularly meets with professional investment managers and consultants to invest assets of the Higher Education Tuition Trust Fund. The Board contracted with Chicago Equity Partners to manage the fixed income portfolio, invests in institutional mutual funds with Glenmede for covered calls, and three U.S. equity mutual funds with Vanguard. The Board contracted with Pension Consultant Alliance (PCA) as its investment consultant. Included in this annual report is the performance review from PCA as of June 30, 2018.

In Fiscal Year 2018, the Board maintained its investment policy and asset allocation from the previous fiscal year. The portfolio's asset allocation is comprised of 30% fixed income, 20% covered calls, and 50% equities. The equities portion of the portfolio is further allocated to three separate funds: Large Cap, Mid Cap, and Small Cap. The actual allocations deviated slightly from the target allocations, however all were within acceptable variance levels.

Points of interest to note include the following:

- ◆ The market value of assets grew to \$275,172,000 in Fiscal Year 2018, which was an increase of \$23,758,000 or 9.5% from the prior fiscal year.
- ◆ For the fiscal year ending June 30, 2018, the Program's portfolio rate of return on a Market Value basis was 8.6%, which met its benchmark.
- ◆ The Program's three-year investment return was 7.9%, slightly below the target benchmark of 8.0%.

Fund Market Values of Investments

Asset Class	Target Allocation		Actual Allocation		Fiscal Year 2018	Fiscal Year 2017
	FY 18	FY 17	FY 18	FY 17		
Large Cap	39%	39%	40.0%	42.2%	\$110,180,000	\$106,118,000
Mid Cap	7%	7%	7.4%	7.7%	\$20,340,000	\$19,350,000
Small Cap	4%	4%	4.0%	4.0%	\$11,053,000	\$10,043,000
Covered Calls	20%	20%	20.8%	19.1%	\$57,144,000	\$47,917,000
Fixed Income	30%	30%	27.8%	27%	\$76,455,000	\$67,985,000
Total	100%	100%	100%	100%	\$275,172,000	\$251,414,000

Investment Performance (Net of Fees)

	1 Year	3 Year	5 Year
Total Portfolio	8.6	7.9	8.8
Policy Benchmark	8.6	8.0	8.8
Excess Return(Net)	0.0	-0.1	0.0

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

SUMMARY OF ENROLLMENT STATISTICS

General statistics are collected from the enrollment forms submitted by purchasers who enrolled children in the Program. Demographic data is voluntarily collected at enrollment time. All information is provided by purchasers and only shared in aggregate. The information below is presented for Fiscal Year 2018 and in comparison, to the last three fiscal years. Highlights of the information collected and/or reported during Fiscal Year 2018 open enrollment are noted below.

- ◆ Program chosen: The number of purchasers choosing a four year university plan in Fiscal Year 2018 continues to be the most popular, with 54.3% of purchasers choosing this plan option. Second choice for purchasers was again the two-year university plan at 16.5% of all contracts sold.
- ◆ Program Payment Options: The lump sum payment option grew again this year, reaching 40.1% of the participant's payment plan choice. The five-year and extended monthly installment payment options made up the other 59.9% of contracts purchased. Among new enrollees choosing a monthly payment option, 13.4% chose to make a down payment, lowering their monthly payments for the contract they purchased.
- ◆ Clark County remains the largest purchaser population with roughly 50% of contract sold. Washoe County continues to follow with 37% and Carson City declined slightly to fourth with 3% of contracts purchased.
- ◆ Newborn enrollments remain the single highest percentage of contracts sold at almost 18%, which gives families the longest time to pay for and benefit from college tuition increases over the years by locking in tuition when their child is under a year old. Seven percent of parents/grandparents bought Prepaid Tuition for their fifth grader's or children getting ready for kindergarten at age 4/5.
- ◆ Almost 56% reported beneficiaries were Caucasian, followed by Asians (17.4%), Hispanics (12.4%), and African-Americans (4.5%).
- ◆ Although any Nevada resident or graduate of the Nevada System of Higher Education can purchase a contract, parents purchased the most contracts at 83%, followed by grandparents who purchased the program for their grandchildren representing 14% of the contracts sold in Fiscal Year 2018. Note: A purchaser does not need to live in Nevada if the beneficiary they are purchasing the contract for is a Nevada resident.
- ◆ Education Level: Similar to the previous fiscal year, participants reporting that they have a bachelor's degree in fiscal year 2018 represents the largest percentage 37% of contract purchaser's, followed by those holding a master's degree at almost 17%.
- ◆ Annual Income: Purchasers with annual household incomes under \$50,000 represented over 8% of the contracts sold. Purchasers with annual household incomes ranging from \$50,000 to \$79,000 represented 13%, and those with an income level of \$80,000 or more represented 60% of all contracts purchased.
- ◆ Referral Source: 40% of the purchasers indicated that friends/relatives were the primary source of information about the Prepaid Tuition program, followed by school flyer/banner at 14%, and Radio/TV at 13%

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

OUTREACH AND EDUCATION

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

For the sixth year, the Nevada Prepaid Tuition Program continued with a very popular early enrollment promotion that awarded two participants with a Nevada Prepaid Tuition account of one full year of college tuition at the university level! This promotion encourages families to consider the Prepaid Tuition Program and to enroll early if they are interested in purchasing the program for their child, as the promotion is only open for the first 90 days of Program open enrollment every year. One winner was awarded in Northern and Southern Nevada. In March 2018, the southern Nevada winner was recognized on "KVVU Fox 5 More Access." In Northern Nevada, a very generous family decided to 'pay it forward' by sharing their win with another family. This gesture was made by an amazing Reno doctor who remained anonymous and had purchased 3 contracts for his children and had the financial means to donate their family's prize to another child. Both families were thrilled to be a part of the program, and to be participants in the Nevada Prepaid Tuition Program.

Staff remained diligent in their outreach efforts during the fiscal year. With both determination and innovation staff attended roughly 192 events throughout Nevada despite large budget cuts in Fiscal Year 2018. Staff continued to communicate with families at numerous face-to-face events throughout Nevada as well as through online media sources, including online banner advertising, Facebook ads, online search engine marketing, and other digital mediums. Staff continued their passionate message to families about the importance of saving for college and working with their children to formulate a post high school plan. Over 21,000 families have enrolled their children into the program since it opened in 1998. In FY 18, the Program once again contracted with Amplify Relations to assist with its marketing and outreach awareness efforts. Sage, the college savings desert tortoise mascot, is focused on getting kids excited about going to college and highlighting all of the saving options the State Treasurer's office offers.



The Thomas family of Southern Nevada is awarded one year of free tuition by Treasurer Dan Schwartz.



Deputy Treasurer Sheila Salehian provides Prepaid Tuition information on Channel 13 Morning Blend in Las Vegas.

APPENDIX A

ACTUARIAL VALUATION REPORT

Nevada Prepaid Tuition Program

Actuarial Valuation Report

As of June 30, 2018





October 3, 2018

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

Attention: Ms. Sheila A. Salehian, Deputy Treasurer

Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2018

Dear Trustees:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the "Program") as of June 30, 2018. The purpose of this actuarial valuation is to evaluate the financial status of the Program as of June 30, 2018.

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

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2018, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

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

The valuation results set forth in this report are based upon data and information, furnished by the Program, concerning Program benefits, financial transactions, and beneficiaries of the Program. We reviewed this information for internal and year-over-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Program. Further, the data and information provided is through June 30, 2018, and does not reflect subsequent market changes.

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

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Program and the Program's Board. We last performed a detailed experience study following the June 30, 2017 Actuarial Valuation. We believe the assumptions are reasonable for the purpose of the measurement and are in compliance with actuarial standards regarding pension calculations, and consequently, for the Program.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions. It is not possible or practical to consider every possible contingency because we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

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

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Nevada Prepaid Tuition Program as of June 30, 2018.

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

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

James R. Sparks is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Respectfully submitted,



Kenneth G. Alberts



James R. Sparks, ASA, MAAA

KGA/JRS:bd



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SECTION A

EXECUTIVE SUMMARY

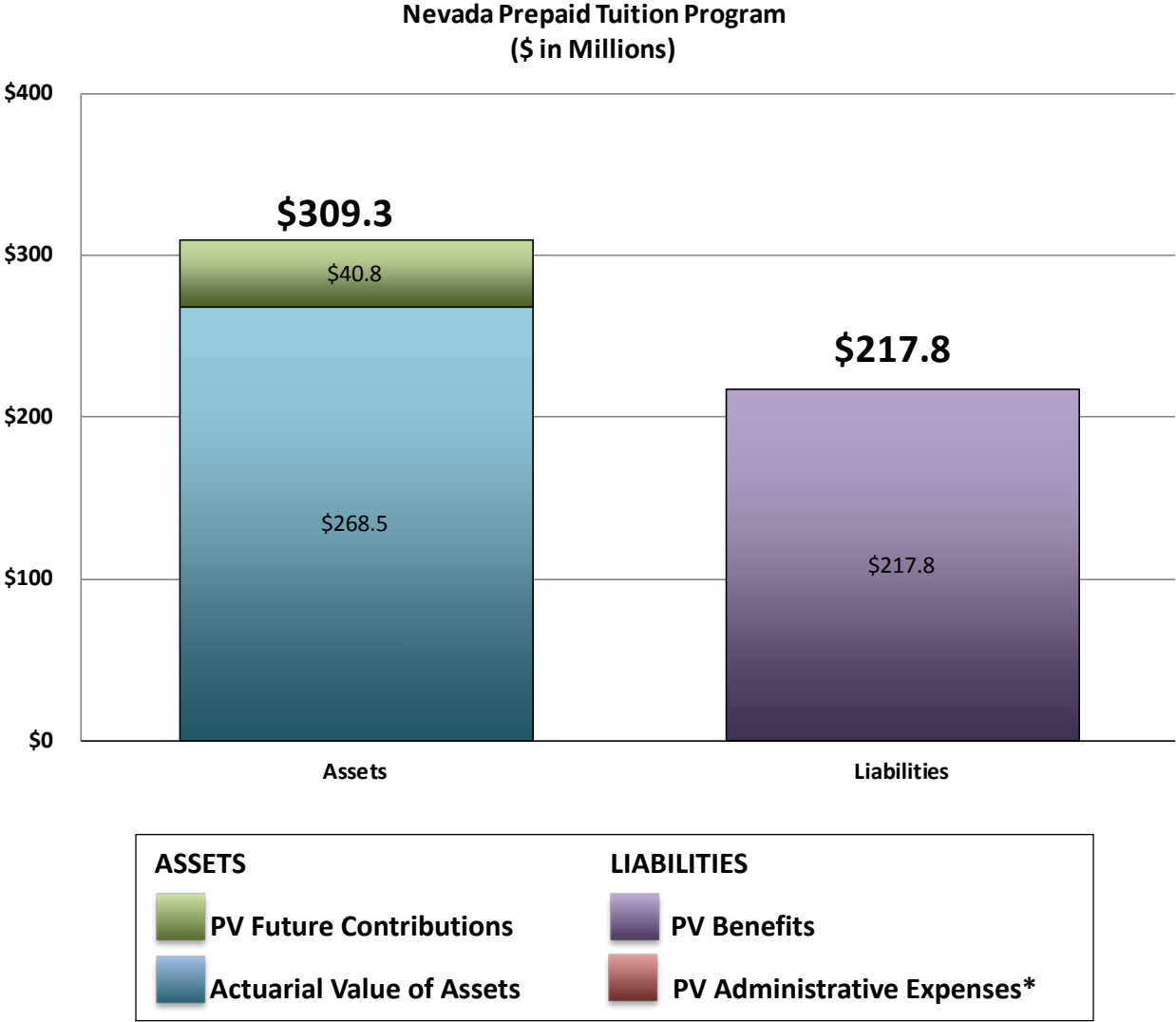
Summary of Results

Valuation Date:	June 30, 2018
Membership Summary:	
Counts	
Contract Payments in Progress	3,668
Contract Payments Fully Paid	5,175
Delinquent in Contract Payments	358
Benefit Payments in Progress	2,927
Deferred Benefits	313
Total	12,441
Assets	
Actuarial Value of Assets	\$ 268,493,377
Present Value of Future Contract Payments	\$ 40,771,772
Total	\$ 309,265,149
Rate of Return on Actuarial Value of Assets for Year Ended June 30, 2018	6.11%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds and Fees)	\$ 217,791,646
Surplus/(Deficit)	\$ 91,473,503
Funded Ratio*	142.0%

* The Funded Ratio is the ratio of the Actuarial Value of Assets to actuarial liabilities as defined in the Board's Funding Guideline (see Appendix). This ratio may not be appropriate for determining the Program's settlement costs. This ratio is appropriate for determining the need for future contributions from sources other than payments due from current contracts. A ratio above 100% indicates that additional future contributions from sources other than current contracts are not currently needed to cover liabilities for current contracts under the current set of assumptions. The funded status would be 147.6% if the Market Value of Assets was used. The rate of return on a Market Value basis was 8.51%.

Includes a 3% increase in funded status due to updating of assumptions in connection with the 5-year experience review. See page A-6 for further details regarding the change in funding status during the year.

Summary of Assets and Liabilities as of June 30, 2018



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

Funded Status as of June 30, 2018

Actuarial Present Value of Future Tuition Payments, Fees and Expenses	\$217,791,646
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	\$309,265,149
Surplus/(Deficit) as of June 30, 2018	\$ 91,473,503

Change in Surplus/(Deficit)

	Surplus/(Deficit)
(1.) Value as of June 30, 2017	\$ 72,404,683
(2.) Contract Payments	\$ -
(3.) Admin Fees net of Admin Contributions [^]	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 3,620,234
(5.) New Enrollment Group #	\$ 288,458
(6.) Projected Values at June 30, 2018 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 76,313,375
(7.) Change Due to:	
a. Investment Experience Above/(Below) Assumed	\$ 2,793,104
b. Tuition/Fee Inflation	\$ -
c. Experience Study Assumption Changes ^{&}	\$ 7,010,568
d. Change in Investment Return Assumption	\$ -
e. Change in Tuition Increase Assumption	\$ 2,576,360
f. Other Program Experience During Fiscal Year 2018 @	\$ 2,780,096
Total	\$ 15,160,128
(8.) Actual Value as of June 30, 2018 [(6.) + (7.)]	\$ 91,473,503

[^] Administrative fees are covered by a contribution from the Endowment Fund.

[#] Determined before change in assumptions.

[&] Increases in the surplus attributable to assumption changes primarily were as a result of lowering credit utilization assumptions and increasing cancellation rates, see report dated April 10, 2018.

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

Discussion

Actuarial Valuation

Gabriel, Roeder, Smith & Company (“GRS”) has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2018.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2018 and compare such liabilities with the value of the assets associated with the Program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

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

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

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

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

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

Financial Status of Program

As of June 30, 2018, the present value of all future tuition obligations under contracts outstanding (and excluding estimated future administrative expenses) at that date is \$217.8 million. Fund assets as of June 30, 2018, including the Actuarial Value of Program Assets and the present value of installment contract receivables, are \$309.3 million.

The difference between the Actuarial Value of Assets of \$309.3 million and Program obligations of \$217.8 million represents a Program surplus of \$91.5 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2017 was \$64.3 million.

Under the approved assumptions, the Program is 142.0% funded and is expected to be able to pay benefits on behalf of all current contracts.

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

Discussion

Gain/Loss Analysis

In addition to assumption and methodology changes, the Program experienced continued improvement in the funded status during the year ending June 30, 2018. This net gain was attributed to an investment return on assets that was above the assumed 5.00% rate of return. The return on a Market Value basis was 8.51%. However, using a 5-year smoothing method, the Actuarial Value of Assets recognized a rate of return of 6.11%. In addition, any investment income on the surplus acts as an additional gain to the Program.

Assumption Changes

Assumptions for the June 30, 2018 were updated in conjunction with the Experience Study dated April 10, 2018. The assumptions which were approved by the Board are summarized in the annual assumption letter dated June 1, 2018.

Technical Valuation Programming Updates

There were no changes in the Valuation methodology since the June 30, 2017 Actuarial Valuation.

Benefit Provisions

The following changes in the Program provisions became effective since the last actuarial valuation as of June 30, 2017:

- addition of a 10-year payment plan;
- allowing unused credits after college graduation to be used for graduate school paid out at the Undergraduate rate (no change in the maximum utilization period); and
- allowing a change in beneficiary after matriculation.

These changes were considered in conjunction with the experience study when recommending assumptions. The changes did not otherwise affect the computation of liabilities.

Discussion

Annual Benefit Payouts

Annual benefit payouts continue to be less than expected over the last several valuations resulting in experience gains. Utilization assumptions were lowered during the experience study. This resulted in the actual benefit payouts to be closer to expected (\$16.2 million in tuition payments and refunds expected versus \$13.6 actual). In prior years, this gap was significantly larger. If the trend continues over the next 5 years, we will recommend adjustments to the assumptions in the next experience study.

Reconciliation of Funded Status Change

	Surplus/(Deficit)	Funded %
June 30, 2017	\$ 72,404,683	132.7%
Interest at Assumed Return (5.00%)	3,620,234	1.6%
Investment Experience above/(below) Assumed	2,793,104	1.3%
New Contract Experience	288,458	0.1%
Experience Study Assumption Changes	7,010,568	3.2%
Change in Tuition Increase Assumption	2,576,360	1.2%
Other Experience	2,780,096	1.3%
Change in %'s due to decreasing/(increasing) liabilities*	N/A	0.6%
June 30, 2018	\$ 91,473,503	142.0%

* The denominator of the funded status calculation at the beginning of year (June 30, 2017) is based upon the June 30, 2017 total liabilities, while the June 30, 2018 funded status is based upon of the June 30, 2018 total liabilities.

Asset Methodology

In accordance with the Funding Guideline adopted by the Board, this valuation uses a smoothing process in determining the Actuarial Value of Assets (also known as the Funding Value of Assets). This process immediately recognizes the expected return. Twenty percent (20%) of the difference between the actual and expected return is also recognized in the current year and 20% is recognized in each of the next 4 years. The Actuarial Value of Assets is not allowed to deviate by more than 20% from the market value. This smoothing process is intended to provide a more stable valuation from year to year. This method was first implemented in the June 30, 2015 Actuarial Valuation.

Reported Assets

The reported Market Value of Assets is above the beginning of year Market Value plus revenues less expenditures by approximately nine thousand (\$9k). This difference was subtracted from investment income for purposes of the Valuation.

Program Payments Modeled

All reported assets were assumed to be available to pay Program payments (tuition and refunds). No non-Program payments were assumed to occur.

SECTION B

PROGRAM DESCRIPTION

Summary of Program Description Evaluated June 30, 2018

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

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

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

- **Lump-Sum Payment** (Full Contract paid in full at time of enrollment to the Program)
- **10-Year Payments*** (120 monthly payments after purchase of contract)
- **5-Year Payments*** (60 monthly payments after purchase of contract)
- **Extended Payments*** (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)

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

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

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

Usage Period – Contracts purchased before 2010 technically have up to 10 years from the expected matriculation date to utilize credits. Contracts purchased on or after 2010 have a 6-year period from the expected matriculation date to utilize credits.

SECTION C

VALUATION RESULTS

Principal Valuation Results as of June 30, 2018

	2018	2017
Number of Members		
a. Contract Payments in Progress	3,668	3,806
b. Contract Payments Fully Paid	5,175	5,091
c. Delinquent in Contract Payments	358	388
d. Benefit Payments in Progress	2,927	2,777
e. Deferred Benefits	313	278
f. Total	12,441	12,340
 Assets		
a. Actuarial Value of Assets	\$ 268,493,377	\$ 250,294,806
b. PV Future Member Contributions	40,771,772	43,209,098
c. Total Actuarial Value of Assets	\$ 309,265,149	\$ 293,503,904
 Actuarial Results		
Liabilities - Tuition and Fees	\$ 217,791,646	\$ 221,099,221
Liabilities - Present Value of Future Administrative Expenses	-	-
Liabilities Total	\$ 217,791,646	\$ 221,099,221
Surplus/(Deficit)	\$ 91,473,503	\$ 72,404,683
Funded Ratio	142.0%	132.7%

Principal Valuation Results as of June 30, 2018 (Concluded)

	2018	2017
Assets		
a. Actuarial Value of Assets	\$ 268,493,377	\$ 250,294,806
b. PVFMC* (Short Term) ^a	9,233,936	9,645,335
c. PVFMC* (Long Term) ^b	31,537,836	33,563,763
d. Total Actuarial Value of Assets	\$ 309,265,149	\$ 293,503,904
 Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses		
a. Short Term ^a	\$ 17,509,034	\$ 19,160,843
b. Long Term ^b	200,282,612	201,938,378
c. Total	\$ 217,791,646	\$ 221,099,221
 Surplus/(Deficit)	 \$ 91,473,503	 \$ 72,404,683
 Funded Ratio	 142.0%	 132.7%

* Present Value of Future Member Contributions.

^a Present value of amounts in following year.

^b Present value of amounts after first year.

Year to Year Change in Actuarial Calculations

	Present Value of Benefits	PV Future Member Contributions	Funding Value of Assets	Surplus/(Deficit)
	(i)	(ii)	(iii)	(iii) + (ii) - (i)
(1.) Values as of June 30, 2017	\$ 221,099,221	\$ 43,209,098	\$ 250,294,806	\$ 72,404,683
(2.) Contract Payments	\$ -	\$ (9,889,353)	\$ 9,889,353	\$ -
(3.) Tuition Payments, Refunds, Admin Fees net of Admin Contributions [^]	\$ (13,446,957)	\$ -	\$ (13,446,957)	\$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	\$ 10,718,787	\$ 1,913,221	\$ 12,425,800	\$ 3,620,234
(5.) New Enrollment Group #	\$ 13,717,365	\$ 7,468,552	\$ 6,537,271	\$ 288,458
(6.) Projected Values at June 30, 2018 [(1.) + (2.) + (3.) + (4.) + (5.)]	\$ 232,088,416	\$ 42,701,518	\$ 265,700,273	\$ 76,313,375
(7.) Change Due to:				
a. Investment Experience Above/(Below) Assumed*	\$ -	\$ -	\$ 2,793,104	\$ 2,793,104
b. Tuition/Fee Inflation	-	-	-	-
c. Experience Study Assumption Changes ^{&}	(8,142,382)	(1,131,814)	-	7,010,568
d. Change in Investment Return Assumption	-	-	-	-
e. Change in Tuition Increase Assumption	(2,576,360)	-	-	2,576,360
f. Other Program Experience During Fiscal Year 2018 @	(3,578,028)	(797,932)	-	2,780,096
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e. + (7.)f.]	\$ (14,296,770)	\$ (1,929,746)	\$ 2,793,104	\$ 15,160,128
(9.) Actual Values as of June 30, 2018 [(6.) + (8.)]	\$ 217,791,646	\$ 40,771,772	\$ 268,493,377	\$ 91,473,503

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

[^] Administrative fees are covered by a contribution from the Endowment Fund.

Determined before change in assumptions.

[&] Increases in the surplus attributable to assumption changes primarily were as a result of lowering credit utilization assumptions and increasing cancellation rates.

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

SECTION D

FUND ASSETS

Statement of Program Assets (at Market Value)

Nevada Prepaid Tuition Program
Statement of Program Market Value of Assets
Year Ended June 30, 2018

1. Cash	\$ 5,467,734
2. Equities	
a. Large Cap Equities	\$ 110,180,342
b. Mid Cap Equities	20,340,151
c. Small Cap Equities	<u>11,052,536</u>
Total Equities	\$ 141,573,029
3. Fixed Income	\$ 76,455,633
4. Other Investments	\$ 57,144,243
5. Net Assets = (1) + (2) + (3) + (4)	<u>\$ 280,640,639</u>

Reconciliation of Program Assets

Nevada Prepaid Tuition Program Statement of Changes in Program Market Value of Assets Year Ended June 30, 2018

1. Market Value of Assets at Beginning of Year	\$ 255,914,783
2. Changes During Year	
a. Additions	
(i) Investment Income	\$ 22,002,935 *
(ii) Contract Payments	16,267,178
(iii) Administration Fees	104,300
(iv) Transfers from Endowment Account	723,774
Total Additions = (i) + (ii) + (iii) + (iv)	<u>\$ 39,098,187</u>
b. Deductions	
(i) Tuition Payments	\$ 11,227,210
(ii) Refunds	2,324,047
(iii) Administration Expenses	723,774
(iv) Investment Expenses	97,300
Total Deductions = (i) + (ii) + (iii) + (iv)	<u>\$ 14,372,331</u>
Net Increases (Decreases) During Year = a - b	<u>\$ 24,725,856</u>
3. Market Value of Assets at End of Year = 1 + 2	\$ 280,640,639
4. Purchased Interest	\$ -
5. Net Market Value of Assets at End of Year = 3 + 4	<u>\$ 280,640,639</u>

* Investment Income includes -\$9,077.23 variance in reported assets. Inclusion of this cash flow as investment income does not have a significant effect on valuation results.

Development of Actuarial Value of Assets

Year Ended June 30	2017	2018	2019	2020	2021	2022
A. Actuarial Value of Assets Beginning of Year	\$ 232,139,078	\$ 250,294,806				
B. Market Value End of Year	255,914,783	280,640,639				
C. Market Value Beginning of Year	227,434,791	255,914,783				
D. Non-Investment/Administrative Net Cash Flow						
D1. Contract Payments, Admin Fees, Endowment Contributions	18,658,245	17,095,252				
D2. Tuition Payments, Refunds, Admin Expenses	(13,175,564)	(14,275,031)				
D3. Total Net Cash Flow: D1+D2	5,482,681	2,820,221				
E. Investment Return						
E1. Market Total: B-C-D3	22,997,311	21,905,635				
E2. Assumed Rate of Return	5.00%	5.00%				
E3. Assumed Amount of Return	11,744,021	12,585,246				
E4. Amount Subject to Phase-In: E1-E3	11,253,290	9,320,389				
F. Phased-In Recognition of Investment Return						
F1. Current Year: 0.20 x E4	2,250,658	1,864,078				
F2. First Prior Year	(739,390)	2,250,658	\$ 1,864,078			
F3. Second Prior Year	(582,242)	(739,390)	2,250,658	\$ 1,864,078		
F4. Third Prior Year	-	(582,242)	(739,390)	2,250,658	\$ 1,864,078	
F5. Fourth Prior Year	-	-	(582,242)	(739,391)	2,250,658	\$ 1,864,077
F6. Total Phase-Ins	929,026	2,793,104	2,793,104	3,375,345	4,114,736	1,864,077
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6	\$ 250,294,806	\$ 268,493,377				
G2. Upper Corridor Limit: 120% x B	307,097,740	336,768,767				
G3. Lower Corridor Limit: 80% x B	204,731,826	224,512,511				
G4. Actuarial Value of Assets End of Year	\$ 250,294,806	\$ 268,493,377				
H. Difference Between Market and Actuarial Value	5,619,977	12,147,262	9,354,158	5,978,813	1,864,077	-
I. Recognized Rate of Return	5.40 %	6.11 %				
J. Market Rate of Return	9.99 %	8.51 %				
K. Ratio of Actuarial Value to Market Value	98 %	96 %				

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

SECTION E

PARTICIPANT DATA

Member Data Beginning to End of Year Summary as of June 30, 2018

	Type of Contract					Total
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll	
Beginning of Year (6/30/2017)	8,770	1,187	362	1,200	821	12,340
New Contracts	418	123	61	94	71	767
Removed Contracts	518	32	9	74	33	666
End of Year (6/30/2018)	8,670	1,278	414	1,220	859	12,441

Member Matriculation Summary as of June 30, 2018

Projected Enrollment Year	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
2002	4	-	-	1	-	5	0.04%
2003	13	-	-	3	1	17	0.14%
2004	24	-	-	4	-	28	0.23%
2005	39	1	-	2	1	43	0.35%
2006	54	-	-	10	4	68	0.55%
2007	51	1	-	13	2	67	0.54%
2008	69	1	-	12	6	88	0.71%
2009	90	1	-	17	4	112	0.90%
2010	128	4	-	8	1	141	1.13%
2011	140	1	-	18	6	165	1.33%
2012	165	3	-	24	10	202	1.62%
2013	210	4	-	23	11	248	1.99%
2014	303	16	1	37	13	370	2.97%
2015	491	15	1	49	19	575	4.62%
2016	545	30	5	60	22	662	5.32%
2017	511	50	3	75	36	675	5.42%
2018	606	61	10	65	45	787	6.32%
2019	588	72	18	54	44	776	6.23%
2020	426	90	17	77	65	675	5.43%
2021	470	102	36	59	74	741	5.96%
2022	445	92	36	68	65	706	5.67%
2023	416	77	27	63	49	632	5.08%
2024	370	92	40	78	54	634	5.10%
2025	389	95	33	68	49	634	5.10%
2026	334	88	21	50	40	533	4.28%
2027	281	69	30	56	41	477	3.83%
2028	270	58	19	33	38	418	3.36%
2029	259	53	22	45	41	420	3.38%
2030	237	44	24	39	40	384	3.09%
2031	201	56	15	24	31	327	2.63%
2032	177	30	15	27	17	266	2.14%
2033	131	26	17	22	16	212	1.70%
2034	141	28	14	23	9	215	1.73%
2035	92	18	10	13	5	138	1.11%
Total	8,670	1,278	414	1,220	859	12,441	100.00%
	69.69%	10.27%	3.33%	9.81%	6.90%	100.00%	

Member Payment Option Summary as of June 30, 2018

Contract Payment Type	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
Lump Sum	3,273	405	199	295	207	4,379	35.20%
5-Year Payments	2,887	339	107	373	311	4,017	32.29%
Extended Payments	2,510	534	108	552	341	4,045	32.51%
Total	8,670	1,278	414	1,220	859	12,441	100.00%
	69.69%	10.27%	3.33%	9.81%	6.90%	100.00%	

SECTION F

METHODS AND ASSUMPTIONS

Valuation Methods and Assumptions

All actuarial assumptions are expectations of future experience, not market measures. The rationale for the assumptions is described in the 2013-2017 Experience Study and the annual assumptions letters addressed to the Board.

Assumed Rate of Return, Net of Investment Fees: 5.00%

Assumed Rate of Tuition Increases from Prior Academic Year:

Academic Year	Community	
	University	College
2019-2020	4.00%	4.00%
2020-2021	4.00%	4.00%
2021-2022+	4.75%	4.00%

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

Type of Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Seventh Year	Eighth Year
4-Year University Contracts (pre-2010)	20%	20%	20%	15%	10%	5%	5%	5%
4-Year University Contracts (post-2010)	20%	20%	20%	15%	15%	10%		
2-Year CC Plus 2-Year Univ Contracts (pre-2010)	18%	18%	18%	18%	9%	9%	5%	5%
2-Year CC plus 2-Year Univ Contracts (post-2010)	18%	18%	18%	18%	14%	14%		
2-Year University Contracts	25%	25%	20%	15%	10%	5%		
2-Year Community College Contracts	30%	25%	15%	10%	10%	10%		
1-Year Contracts	100%	0%	0%	0%	0%			

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

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

Years of Payment Since Purchase	University Contracts			Community College Contracts*		
	Lump Sum	Five-Year Payments	Extended/ 10-Year Pmts	Lump Sum	Five-Year Payments	Extended/ 10-Year Pmts
1	0.50%	4.00%	5.50%	0.75%	6.00%	7.00%
2	0.50%	4.00%	4.50%	0.75%	5.00%	6.00%
3	0.50%	3.00%	4.00%	0.75%	4.00%	5.00%
4	0.50%	2.00%	3.00%	0.75%	3.00%	5.00%
5	0.50%	1.00%	2.50%	0.75%	2.00%	4.00%
6	0.50%	0.50%	2.50%	0.75%	1.00%	4.00%
7	0.50%	0.50%	2.00%	0.75%	0.75%	3.00%
8	0.50%	0.50%	1.00%	0.75%	0.75%	3.00%
9	0.50%	0.50%	1.00%	0.75%	0.75%	2.00%
10	0.50%	0.50%	1.00%	0.75%	0.75%	2.00%
11	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%
12	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%
13	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
14	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%
15+	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%

^ The 2-Year Community College plus 2-Year University contracts were included with Community College contracts for the purposes of the refund assumption.

Valuation Methods and Assumptions (Concluded)

If credit utilization for a member has been at or above expectations, 100% of remaining credits will be utilized.

If credit utilization for a member has been below expectations, ½ of the difference between past expected credit utilization and actual credit utilization will be utilized in the future. Any remaining balances are assumed to be refunded.

Election of Program Changes:	None.
Election of Change of Beneficiary:	None.
Liability Adjustments for Administrative Expenses:	None. Administrative expenses are paid from outside the trust.
Contract Terms:	No changes in contract terms are assumed, once initiated.
Pricing Methodology:	Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption.
Timing of Tuition Payments:	Two payments per year (mid September & mid February) for beneficiaries who have matriculated
Timing of Refunds:	At the end of the month the member withdraws from the plan.
Weighted Average Tuition (WAT) for the 2018/2019 Academic Year:	
○ 4-Year College:	\$6,720.00
○ 2-Year College:	\$2,962.50
Bias Load:	None.

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

SECTION G

SENSITIVITY ANALYSIS

Sensitivity Analysis Description

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Nevada Prepaid Tuition Program. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 5.00% each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Program's results under alternative assumptions for future investment income and tuition increases as follows:

1. Current valuation assumptions approved by the Program's Board.
2. Tuition increase assumptions are 100 basis points higher/lower than currently assumed.
3. The investment return assumption is 100 basis points higher/lower than assumed.
4. Tuition increase assumptions are 100 basis points higher and the investment return assumption is 100 basis points lower than assumed.
5. Tuition increase assumptions are 100 basis points lower and the investment return assumption is 100 basis points higher than assumed.
6. Tuition increase assumptions are 25 basis points higher and the investment return assumption is 50 basis points higher than assumed.

Investment gains and losses not yet realized on the valuation date as a result of the 5-year asset smoothing method will be realized in each of the next 4 years. For purposes of this sensitivity testing, future experience was assumed to match the illustrated change in assumptions.

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

The projections assume no new contract purchases. Future contract purchases will affect projection results based on the risk margins built into future pricings. If risk margins for new purchases are lower than the current funded status, there will be downward pressure on future funded statuses and vice-versa.

Sensitivity Analysis Summary

\$ in Millions

	Current Valuation Assumptions (G-3)	Assumed Tuition Increases +100 Basis Points (G-4)	Assumed Tuition Increases -100 Basis Points (G-5)	Assumed Investment Return +100 Basis Points (G-6)	Assumed Investment Return -100 Basis Points (G-7)	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-8)	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-9)	Assumed Tuition Increases +25 Basis Points and Investment Return +50 Basis Points (G-10)
Assumed Investment Return	5.00%	5.00%	5.00%	6.00%	4.00%	4.00%	6.00%	5.50%
Assumed Long-Term Tuition Increases (Univ)	4.75%	5.75%	3.75%	4.75%	4.75%	5.75%	3.75%	5.00%
Assumed Long-Term Tuition Increases (CC)	4.00%	5.00%	3.00%	4.00%	4.00%	5.00%	3.00%	4.25%
1 Assets								
a. Actuarial Value of Assets	\$268.5	\$268.5	\$268.5	\$268.5	\$268.5	\$268.5	\$268.5	\$268.5
b. PV Future Member Contributions	\$ 40.8	\$ 40.8	\$ 40.8	\$ 39.4	\$ 42.2	\$ 42.2	\$ 39.4	\$ 40.1
c. Total Assets	\$309.3	\$309.3	\$309.3	\$307.9	\$310.7	\$310.7	\$307.9	\$308.6
2 Actuarial Results								
Liabilities - Tuition and Fees	\$217.8	\$228.9	\$207.6	\$203.4	\$233.9	\$246.4	\$194.3	\$212.9
Liabilities - PV of Future Admin. Expenses	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Liabilities Total	\$217.8	\$228.9	\$207.6	\$203.4	\$233.9	\$246.4	\$194.3	\$212.9
Surplus/(Deficit)	\$ 91.5	\$ 80.4	\$101.7	\$104.5	\$ 76.8	\$ 64.3	\$113.6	\$ 95.7
Funded Ratio	142.0%	135.1%	149.0%	151.4%	132.8%	126.1%	158.5%	144.9%
Difference From Results based on Current Assumptions								
Surplus	\$0.0	\$(11.1)	\$10.2	\$13.0	\$(14.7)	\$(27.2)	\$22.1	\$4.2
Funded Ratio	0.0%	(6.9)%	7.0%	9.4%	(9.2)%	(15.9)%	16.5%	2.9%

Numbers may not match schedules in Section G due to rounding.

Nevada Prepaid Tuition Program
Projection Based on June 30, 2018 Valuation Results

Input	
Valuation	
Assumed Rate of Investment Return	5.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$217,791,646
Present Value of Future Contract Payments	\$ 40,771,772
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$ (91,473,503)
Funded Status	142.0%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	5.00%	n/a	n/a	\$ 268,493,377	\$ 17,509,034	\$ -	-	\$ 9,233,936	142.0%
2020	5.00%	4.00%	4.00%	276,022,297	18,636,721	-	-	7,819,558	147.0%
2021	5.00%	4.00%	4.00%	281,840,736	18,975,494	-	-	6,478,468	153.2%
2022	5.00%	4.75%	4.00%	286,925,631	19,565,085	-	-	5,237,737	160.9%
2023	5.00%	4.75%	4.00%	288,092,274	19,389,117	-	-	4,067,384	168.9%
2024	5.00%	4.75%	4.00%	286,409,068	19,469,517	-	-	3,142,687	177.2%
2025	5.00%	4.75%	4.00%	283,586,351	19,289,892	-	-	2,656,464	187.3%
2026	5.00%	4.75%	4.00%	280,300,569	19,405,575	-	-	2,150,577	199.5%
2027	5.00%	4.75%	4.00%	276,197,850	18,678,791	-	-	1,785,511	214.9%
2028	5.00%	4.75%	4.00%	272,269,798	17,864,805	-	-	1,468,997	233.9%
2029	5.00%	4.75%	4.00%	268,667,690	16,961,333	-	-	1,200,235	257.7%
2030	5.00%	4.75%	4.00%	265,551,921	16,263,042	-	-	919,658	287.8%
2031	5.00%	4.75%	4.00%	262,718,964	15,474,191	-	-	672,122	327.6%
2032	5.00%	4.75%	4.00%	260,312,739	14,311,661	-	-	486,587	381.5%
2033	5.00%	4.75%	4.00%	258,812,049	13,372,889	-	-	337,140	455.9%
2034	5.00%	4.75%	4.00%	258,065,114	11,985,397	-	-	211,114	565.2%
2035	5.00%	4.75%	4.00%	258,605,373	10,879,309	-	-	74,181	730.5%
2036	5.00%	4.75%	4.00%	260,190,257	9,415,138	-	-	5,798	1,000.0%+
2037	5.00%	4.75%	4.00%	263,319,962	7,071,672	-	-	-	1,000.0%+
2038	5.00%	4.75%	4.00%	269,060,704	5,070,558	-	-	-	1,000.0%+
2039	5.00%	4.75%	4.00%	277,189,654	3,307,382	-	-	-	1,000.0%+
2040	5.00%	4.75%	4.00%	287,576,386	1,964,794	-	-	-	1,000.0%+
2041	5.00%	4.75%	4.00%	299,892,172	684,151	-	-	-	1,000.0%+
2042	5.00%	4.75%	4.00%	314,168,422	3,193	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2018 Tuition Increases +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$228,854,794
Present Value of Future Contract Payments	\$ 40,771,772
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$(80,410,355)
Funded Status	135.1%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	5.00%	n/a	n/a	\$ 268,493,377	\$ 17,509,034	\$ -	-	\$ 9,233,936	135.1%
2020	5.00%	4.00%	4.00%	276,022,297	18,636,721	-	-	7,819,558	139.3%
2021	5.00%	4.00%	4.00%	281,840,736	18,975,494	-	-	6,478,468	144.5%
2022	5.00%	5.75%	5.00%	286,925,631	19,740,819	-	-	5,237,737	150.8%
2023	5.00%	5.75%	5.00%	287,907,753	19,743,610	-	-	4,067,384	157.3%
2024	5.00%	5.75%	5.00%	285,843,104	20,010,233	-	-	3,142,687	163.8%
2025	5.00%	5.75%	5.00%	282,424,336	20,014,560	-	-	2,656,464	171.6%
2026	5.00%	5.75%	5.00%	278,319,553	20,328,630	-	-	2,150,577	181.1%
2027	5.00%	5.75%	5.00%	273,148,575	19,754,456	-	-	1,785,511	193.1%
2028	5.00%	5.75%	5.00%	267,938,612	19,074,141	-	-	1,468,997	207.8%
2029	5.00%	5.75%	5.00%	262,850,141	18,282,744	-	-	1,200,235	226.1%
2030	5.00%	5.75%	5.00%	258,056,013	17,698,712	-	-	919,658	249.2%
2031	5.00%	5.75%	5.00%	253,340,808	17,002,858	-	-	672,122	279.6%
2032	5.00%	5.75%	5.00%	248,860,575	15,877,342	-	-	486,587	320.8%
2033	5.00%	5.75%	5.00%	245,143,312	14,979,597	-	-	337,140	377.2%
2034	5.00%	5.75%	5.00%	242,025,897	13,555,371	-	-	211,114	460.0%
2035	5.00%	5.75%	5.00%	240,115,723	12,424,804	-	-	74,181	584.8%
2036	5.00%	5.75%	5.00%	239,153,355	10,857,425	-	-	5,798	795.0%
2037	5.00%	5.75%	5.00%	239,716,815	8,232,959	-	-	-	1,000.0%+
2038	5.00%	5.75%	5.00%	243,058,049	5,959,526	-	-	-	1,000.0%+
2039	5.00%	5.75%	5.00%	248,953,449	3,924,311	-	-	-	1,000.0%+
2040	5.00%	5.75%	5.00%	257,280,595	2,353,541	-	-	-	1,000.0%+
2041	5.00%	5.75%	5.00%	267,673,406	827,339	-	-	-	1,000.0%+
2042	5.00%	5.75%	5.00%	280,188,370	3,862	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2018 Tuition Increases -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$ 207,619,680
Present Value of Future Contract Payments	\$ 40,771,772
June 30, 2018 Actuarial Value of Assets	\$ 268,493,377
Unfunded Liability	\$(101,645,469)
Funded Status	149.0%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	5.00%	n/a	n/a	\$ 268,493,377	\$ 17,509,034	\$ -	-	\$ 9,233,936	149.0%
2020	5.00%	4.00%	4.00%	276,022,297	18,636,721	-	-	7,819,558	154.9%
2021	5.00%	4.00%	4.00%	281,840,736	18,975,494	-	-	6,478,468	162.3%
2022	5.00%	3.75%	3.00%	286,925,631	19,389,351	-	-	5,237,737	171.5%
2023	5.00%	3.75%	3.00%	288,276,795	19,037,993	-	-	4,067,384	181.3%
2024	5.00%	3.75%	3.00%	286,971,495	18,939,030	-	-	3,142,687	191.6%
2025	5.00%	3.75%	3.00%	284,733,911	18,585,692	-	-	2,656,464	204.2%
2026	5.00%	3.75%	3.00%	282,244,918	18,517,113	-	-	2,150,577	219.6%
2027	5.00%	3.75%	3.00%	279,172,301	17,653,280	-	-	1,785,511	239.1%
2028	5.00%	3.75%	3.00%	276,469,759	16,722,811	-	-	1,468,997	263.2%
2029	5.00%	3.75%	3.00%	274,276,742	15,725,361	-	-	1,200,235	293.4%
2030	5.00%	3.75%	3.00%	272,739,196	14,932,960	-	-	919,658	331.9%
2031	5.00%	3.75%	3.00%	271,662,189	14,071,411	-	-	672,122	382.9%
2032	5.00%	3.75%	3.00%	271,176,045	12,888,567	-	-	486,587	452.3%
2033	5.00%	3.75%	3.00%	271,712,768	11,926,379	-	-	337,140	548.3%
2034	5.00%	3.75%	3.00%	273,129,706	10,585,387	-	-	211,114	689.9%
2035	5.00%	3.75%	3.00%	275,893,204	9,514,222	-	-	74,181	904.9%
2036	5.00%	3.75%	3.00%	279,775,822	8,153,313	-	-	5,798	1,000.0%+
2037	5.00%	3.75%	3.00%	285,209,721	6,065,335	-	-	-	1,000.0%+
2038	5.00%	3.75%	3.00%	293,101,606	4,307,514	-	-	-	1,000.0%+
2039	5.00%	3.75%	3.00%	303,233,796	2,782,868	-	-	-	1,000.0%+
2040	5.00%	3.75%	3.00%	315,473,475	1,637,420	-	-	-	1,000.0%+
2041	5.00%	3.75%	3.00%	329,527,858	564,714	-	-	-	1,000.0%+
2042	5.00%	3.75%	3.00%	345,411,301	2,636	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2018 Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$203,390,635
Present Value of Future Contract Payments	\$ 39,435,295
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$(104,538,037)
Funded Status	151.4%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	6.00%	n/a	n/a	\$ 268,493,377	\$ 17,439,032	\$ -	-	\$ 9,190,276	151.4%
2020	6.00%	4.00%	4.00%	278,652,403	18,562,531	-	-	7,782,585	157.6%
2021	6.00%	4.00%	4.00%	287,320,150	18,900,084	-	-	6,447,837	165.4%
2022	6.00%	4.75%	4.00%	295,474,712	19,487,455	-	-	5,212,972	174.9%
2023	6.00%	4.75%	4.00%	299,936,320	19,312,375	-	-	4,048,153	185.1%
2024	6.00%	4.75%	4.00%	301,752,424	19,392,575	-	-	3,127,828	196.0%
2025	6.00%	4.75%	4.00%	302,616,938	19,213,805	-	-	2,643,904	209.1%
2026	6.00%	4.75%	4.00%	303,209,859	19,329,154	-	-	2,140,409	225.2%
2027	6.00%	4.75%	4.00%	303,182,380	18,605,293	-	-	1,777,069	245.6%
2028	6.00%	4.75%	4.00%	303,535,405	17,794,549	-	-	1,462,051	270.8%
2029	6.00%	4.75%	4.00%	304,435,082	16,894,660	-	-	1,194,560	302.4%
2030	6.00%	4.75%	4.00%	306,059,081	16,199,144	-	-	915,310	342.7%
2031	6.00%	4.75%	4.00%	308,221,762	15,413,421	-	-	668,944	395.9%
2032	6.00%	4.75%	4.00%	311,085,921	14,255,478	-	-	484,287	468.5%
2033	6.00%	4.75%	4.00%	315,153,613	13,320,412	-	-	335,546	568.8%
2034	6.00%	4.75%	4.00%	320,298,872	11,938,380	-	-	210,116	716.9%
2035	6.00%	4.75%	4.00%	327,084,845	10,836,649	-	-	73,830	941.5%
2036	6.00%	4.75%	4.00%	335,301,347	9,378,232	-	-	5,770	1,000.0%+
2037	6.00%	4.75%	4.00%	345,484,618	7,043,953	-	-	-	1,000.0%+
2038	6.00%	4.75%	4.00%	358,747,105	5,050,682	-	-	-	1,000.0%+
2039	6.00%	4.75%	4.00%	374,918,208	3,294,418	-	-	-	1,000.0%+
2040	6.00%	4.75%	4.00%	393,921,218	1,957,092	-	-	-	1,000.0%+
2041	6.00%	4.75%	4.00%	415,481,973	681,469	-	-	-	1,000.0%+
2042	6.00%	4.75%	4.00%	439,688,535	3,181	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program
Projection Based on June 30, 2018 Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$233,929,510
Present Value of Future Contract Payments	\$ 42,205,332
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$ (76,769,199)
Funded Status	132.8%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	4.00%	n/a	n/a	\$ 268,493,377	\$ 17,580,055	\$ -	-	\$ 9,278,224	132.8%
2020	4.00%	4.00%	4.00%	273,392,312	18,711,990	-	-	7,857,062	136.7%
2021	4.00%	4.00%	4.00%	276,414,224	19,052,002	-	-	6,509,540	141.6%
2022	4.00%	4.75%	4.00%	278,541,368	19,643,845	-	-	5,262,858	147.7%
2023	4.00%	4.75%	4.00%	276,590,873	19,466,976	-	-	4,086,892	153.8%
2024	4.00%	4.75%	4.00%	271,659,220	19,547,579	-	-	3,157,760	159.9%
2025	4.00%	4.75%	4.00%	265,480,178	19,367,088	-	-	2,669,205	167.3%
2026	4.00%	4.75%	4.00%	258,733,587	19,483,109	-	-	2,160,892	176.2%
2027	4.00%	4.75%	4.00%	251,067,825	18,753,360	-	-	1,794,075	187.4%
2028	4.00%	4.75%	4.00%	243,472,881	17,936,085	-	-	1,476,042	201.2%
2029	4.00%	4.75%	4.00%	236,093,351	17,028,978	-	-	1,205,991	218.4%
2030	4.00%	4.75%	4.00%	229,081,179	16,327,871	-	-	924,069	240.2%
2031	4.00%	4.75%	4.00%	222,224,473	15,535,846	-	-	675,345	268.8%
2032	4.00%	4.75%	4.00%	215,658,530	14,368,662	-	-	488,921	307.4%
2033	4.00%	4.75%	4.00%	209,849,941	13,426,131	-	-	338,757	360.5%
2034	4.00%	4.75%	4.00%	204,633,069	12,033,100	-	-	212,127	438.3%
2035	4.00%	4.75%	4.00%	200,524,579	10,922,590	-	-	74,537	555.6%
2036	4.00%	4.75%	4.00%	197,263,587	9,452,583	-	-	5,825	753.2%
2037	4.00%	4.75%	4.00%	195,329,503	7,099,796	-	-	-	1,000.0%+
2038	4.00%	4.75%	4.00%	195,758,896	5,090,723	-	-	-	1,000.0%+
2039	4.00%	4.75%	4.00%	198,294,900	3,320,535	-	-	-	1,000.0%+
2040	4.00%	4.75%	4.00%	202,773,340	1,972,608	-	-	-	1,000.0%+
2041	4.00%	4.75%	4.00%	208,832,762	686,872	-	-	-	1,000.0%+
2042	4.00%	4.75%	4.00%	216,471,726	3,206	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2018 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$246,385,919
Present Value of Future Contract Payments	\$ 42,205,332
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$ (64,312,790)
Funded Status	126.1%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	4.00%	n/a	n/a	\$ 268,493,377	\$ 17,580,055	\$ -	-	\$ 9,278,224	126.1%
2020	4.00%	4.00%	4.00%	273,392,312	18,711,990	-	-	7,857,062	129.3%
2021	4.00%	4.00%	4.00%	276,414,224	19,052,002	-	-	6,509,540	133.3%
2022	4.00%	5.75%	5.00%	278,541,368	19,820,279	-	-	5,262,858	138.2%
2023	4.00%	5.75%	5.00%	276,407,383	19,822,879	-	-	4,086,892	142.9%
2024	4.00%	5.75%	5.00%	271,098,251	20,090,446	-	-	3,157,760	147.5%
2025	4.00%	5.75%	5.00%	264,332,189	20,094,637	-	-	2,669,205	153.0%
2026	4.00%	5.75%	5.00%	256,783,027	20,409,835	-	-	2,160,892	159.7%
2027	4.00%	5.75%	5.00%	248,075,447	19,833,302	-	-	1,794,075	168.1%
2028	4.00%	5.75%	5.00%	239,237,668	19,150,230	-	-	1,476,042	178.3%
2029	4.00%	5.75%	5.00%	230,426,020	18,355,644	-	-	1,205,991	191.0%
2030	4.00%	5.75%	5.00%	221,807,422	17,769,250	-	-	924,069	207.1%
2031	4.00%	5.75%	5.00%	213,160,730	17,070,592	-	-	675,345	228.1%
2032	4.00%	5.75%	5.00%	204,636,102	15,940,570	-	-	488,921	256.4%
2033	4.00%	5.75%	5.00%	196,751,832	15,039,229	-	-	338,757	295.2%
2034	4.00%	5.75%	5.00%	189,333,414	13,609,317	-	-	212,127	351.9%
2035	4.00%	5.75%	5.00%	182,973,673	12,474,231	-	-	74,537	437.0%
2036	4.00%	5.75%	5.00%	177,396,938	10,900,605	-	-	5,825	580.0%
2037	4.00%	5.75%	5.00%	173,162,245	8,265,700	-	-	-	845.7%
2038	4.00%	5.75%	5.00%	171,492,407	5,983,226	-	-	-	1,000.0%+
2039	4.00%	5.75%	5.00%	172,129,548	3,939,918	-	-	-	1,000.0%+
2040	4.00%	5.75%	5.00%	174,917,215	2,362,901	-	-	-	1,000.0%+
2041	4.00%	5.75%	5.00%	179,456,486	830,629	-	-	-	1,000.0%+
2042	4.00%	5.75%	5.00%	185,770,891	3,877	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2018 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$194,314,599
Present Value of Future Contract Payments	\$ 39,435,295
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$(113,614,073)
Funded Status	158.5%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	6.00%	n/a	n/a	\$ 268,493,377	\$ 17,439,032	\$ -	-	\$ 9,190,276	158.5%
2020	6.00%	4.00%	4.00%	278,652,403	18,562,531	-	-	7,782,585	165.7%
2021	6.00%	4.00%	4.00%	287,320,150	18,900,084	-	-	6,447,837	174.8%
2022	6.00%	3.75%	3.00%	295,474,712	19,312,409	-	-	5,212,972	186.1%
2023	6.00%	3.75%	3.00%	300,121,869	18,962,628	-	-	4,048,153	198.3%
2024	6.00%	3.75%	3.00%	302,319,837	18,864,167	-	-	3,127,828	211.6%
2025	6.00%	3.75%	3.00%	303,778,508	18,512,364	-	-	2,643,904	227.7%
2026	6.00%	3.75%	3.00%	305,184,651	18,444,176	-	-	2,140,409	247.6%
2027	6.00%	3.75%	3.00%	306,213,737	17,583,802	-	-	1,777,069	272.7%
2028	6.00%	3.75%	3.00%	307,831,425	16,657,031	-	-	1,462,051	304.0%
2029	6.00%	3.75%	3.00%	310,194,631	15,663,533	-	-	1,194,560	343.5%
2030	6.00%	3.75%	3.00%	313,469,198	14,874,276	-	-	915,310	393.9%
2031	6.00%	3.75%	3.00%	317,480,846	14,016,139	-	-	668,944	460.8%
2032	6.00%	3.75%	3.00%	322,381,669	12,837,963	-	-	484,287	552.3%
2033	6.00%	3.75%	3.00%	328,629,673	11,879,571	-	-	335,546	679.3%
2034	6.00%	3.75%	3.00%	336,110,786	10,543,857	-	-	210,116	867.4%
2035	6.00%	3.75%	3.00%	345,323,668	9,476,913	-	-	73,830	1,000.0%+
2036	6.00%	3.75%	3.00%	356,075,820	8,121,353	-	-	5,770	1,000.0%+
2037	6.00%	3.75%	3.00%	368,837,851	6,041,560	-	-	-	1,000.0%+
2038	6.00%	3.75%	3.00%	384,564,068	4,290,629	-	-	-	1,000.0%+
2039	6.00%	3.75%	3.00%	403,089,845	2,771,960	-	-	-	1,000.0%+
2040	6.00%	3.75%	3.00%	424,336,959	1,631,001	-	-	-	1,000.0%+
2041	6.00%	3.75%	3.00%	448,068,315	562,500	-	-	-	1,000.0%+
2042	6.00%	3.75%	3.00%	474,356,163	2,626	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

Nevada Prepaid Tuition Program

Projection Based on June 30, 2018 Tuition Increases +25 Basis Points & Investment Return +50 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.50%

Estimated Valuation Results	
Present Value of Future Tuition and Fees	\$212,917,414
Present Value of Future Contract Payments	\$ 40,091,980
June 30, 2018 Actuarial Value of Assets	\$268,493,377
Unfunded Liability	\$ (95,667,943)
Funded Status	144.9%
Year Insolvent	Never

Fiscal Year Ending June 30,	Actual Investment Return During Year	Actual Tuition Increase for Universities	Actual Tuition Increase for Comm. Colleges/CC	Actuarial Value of Assets (BOY*)	Projected Tuition Payments & Refunds (Discounted to BOY*)	Other Payments	Additional Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2019	5.50%	n/a	n/a	\$ 268,493,377	\$ 17,473,907	\$ -	-	\$ 9,212,029	144.9%
2020	5.50%	4.00%	4.00%	277,337,335	18,599,493	-	-	7,801,006	150.3%
2021	5.50%	4.00%	4.00%	284,573,830	18,937,653	-	-	6,463,098	157.0%
2022	5.50%	5.00%	4.25%	291,179,471	19,569,978	-	-	5,225,310	165.2%
2023	5.50%	5.00%	4.25%	293,924,795	19,438,742	-	-	4,057,734	173.8%
2024	5.50%	5.00%	4.25%	293,863,695	19,564,860	-	-	3,135,231	182.8%
2025	5.50%	5.00%	4.25%	292,692,941	19,430,592	-	-	2,650,162	193.7%
2026	5.50%	5.00%	4.25%	291,087,699	19,594,262	-	-	2,145,475	207.0%
2027	5.50%	5.00%	4.25%	288,689,052	18,905,530	-	-	1,781,275	223.8%
2028	5.50%	5.00%	4.25%	286,500,861	18,124,863	-	-	1,465,511	244.5%
2029	5.50%	5.00%	4.25%	284,682,793	17,249,394	-	-	1,197,387	270.5%
2030	5.50%	5.00%	4.25%	283,405,479	16,579,034	-	-	917,476	303.4%
2031	5.50%	5.00%	4.25%	282,469,837	15,812,957	-	-	670,527	346.8%
2032	5.50%	5.00%	4.25%	282,030,415	14,660,298	-	-	485,433	405.8%
2033	5.50%	5.00%	4.25%	282,587,605	13,731,855	-	-	336,340	487.1%
2034	5.50%	5.00%	4.25%	283,997,656	12,336,923	-	-	210,613	606.9%
2035	5.50%	5.00%	4.25%	286,824,270	11,225,825	-	-	74,005	788.1%
2036	5.50%	5.00%	4.25%	290,834,435	9,738,717	-	-	5,784	1,000.0%+
2037	5.50%	5.00%	4.25%	296,562,084	7,332,202	-	-	-	1,000.0%+
2038	5.50%	5.00%	4.25%	305,137,526	5,269,898	-	-	-	1,000.0%+
2039	5.50%	5.00%	4.25%	316,360,347	3,445,604	-	-	-	1,000.0%+
2040	5.50%	5.00%	4.25%	330,125,054	2,051,791	-	-	-	1,000.0%+
2041	5.50%	5.00%	4.25%	346,117,293	716,149	-	-	-	1,000.0%+
2042	5.50%	5.00%	4.25%	364,398,207	3,343	-	-	-	1,000.0%+

* Beginning/End of year (Fiscal).

APPENDIX

BOARD'S FUNDING GUIDELINE

Nevada Prepaid Tuition Program Funding Guideline

Introduction

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

- 1) Ensure that the trust will have sufficient funds to pay tuition benefits when due.
- 2) Provide guidance with respect to establishing appropriate risk reserves for pricing of future contracts.

Funding Goals

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

Funding Target

1. The Board has established a funding target of actuarial value of assets equal to 120% of actuarial liability for the Program.

In 2016, the Board adopted an explicit risk premium for pricing new contracts of 6% for universities (4-year institutions) and 1% for community colleges (2-year institutions).

Board Actions if Funded Ratio Falls Below Target

1. In any year that the funded ratio falls below the 120% funded target (based on the most recent valuation), but is within 200 basis points, then the explicit risk premium for new contracts will be increased by 2% (200 basis points) for 4-year institutions and 1% (100 basis point) for 2-year institutions.
2. If the funded ratio is below the 120% funding target by at least 200 basis points but less than 1,000 basis points, then the explicit risk premium for new contracts will be increased by 4% (400 basis points) for 4-year institutions and 2% (200 basis points) for 2-year institutions.
3. If the funded ratio is below the funding target by at least 1,000 basis points, then the explicit risk premium will be increased by 6% (600 basis points) for 4-year and 3% (300 basis points) for 2-year institutions.
4. The increase in the risk premium may be smoothed over a period of years if the Board determines the year to year pricing increase is too large.

Board Actions if Funded Ratio Exceeds Target

1. In any year that the funded ratio exceeds the 120% funded target (based on the most recent valuation), but is within 200 basis points, then the explicit risk premium for new contracts will be decreased by 2% (200 basis points) for 4-year institutions and 1% (100 basis point) for 2-year institutions.
2. If the funded ratio exceeds the 120% funding target by at least 200 basis points but less than 1,000 basis points, then the explicit risk premium for new contracts will be decreased by 4% (400 basis points) for 4-year institutions and 2% (200 basis points) for 2-year institutions.
3. If the funded ratio exceeds the funding target by at least 1,000 basis points, then the implicit risk premium will be decreased by 6% (600 basis points) for 4-year and 3% (300 basis points) for 2-year institutions.
4. The explicit risk premium may not be reduced below 0%.
5. The prior year's pricing will be considered a floor for the current year on a lump sum basis.

Other Considerations

The Board may at its discretion, based on current economic conditions, delay or accelerate changes in the risk premiums. Consider the following examples:

- If the funded status exceeds the Board's target and current economic conditions suggest that the current investment return of the fund will be less than assumed by a substantial amount, the Board may delay a reduction in the risk premium.
- If the funded status trails the Board's target and current economic conditions suggest that the current investment return of the fund will be greater than assumed by a substantial amount, the Board may delay an increase in the risk premium.

Board Review of Funding Guideline

The Board will informally review this Guideline annually. The Board will formally review this Guideline every two years. The Funding Guideline was last reviewed during the Summer of 2017.

Measurement of Funding Target

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

- The funded status will be a fraction;
- Whose numerator is the actuarial value of assets plus the present value of future contract payments for contracts already sold as of the valuation date; and
- The denominator will be the present value of future expected tuition payments and expenses.

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

For this purpose, the actuarial value of assets will be a market related value that recognizes investment return above or below the assumed investment return over a 3-year period. In no event will the actuarial value of assets be less than 80% of market value or more than 120% of market value.

Review of Actuarial Assumptions and Methods

1. The Board will review the tuition increase assumption annually based on readily available market information and tuition price increases as set by the Nevada System of Higher Education.
2. The Board will review the assumed rate(s) of investment return annually based on readily available capital market information and the Board's investment policy.
3. The Board will review all actuarial assumptions used in the annual actuarial valuation every two years.

Glossary

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

APPENDIX B

INDEPENDENT AUDITOR'S REPORT



Financial Statements
June 30, 2018

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

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
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June 30, 2018

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust Fund, as of June 30, 2018, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Trust Fund and do not purport to, and do not, present fairly the financial position of the State of Nevada, as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Trust Fund's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2018. In our opinion, the summarized comparative information presented herein as of, and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019, on our consideration of the Trust Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.



Reno, Nevada
February 14, 2019

As management of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), we offer readers of the Trust Fund's financial statements this narrative overview and analysis of the financial activities of the Trust Fund for the fiscal year (FY) ended June 30, 2018.

FINANCIAL HIGHLIGHTS

The Trust Fund's financial position continued to significantly improve in Fiscal Year 2018.

- The Trust Fund's total assets and deferred outflows grew by \$22,245,488 in FY 2018. This represents an increase of 7% from the prior fiscal year. These assets are used to pay tuition benefits on behalf of contracts purchased.
- The Trust Fund's total net position in FY 2018 was \$103,065,998, which is an increase of \$25,313,093 from the prior year. The growth is primarily due to strong investment performance.
- The Trust Fund's certified actuary reported that the funded status of the Prepaid Tuition Plan (the Plan) as of June 30, 2018 was 142.0%, utilizing a rate of return on actuarial value of assets of 6.1% per year (147.46% if the market value of assets was used). This is an increase from the funded status of 132.7% as of June 30, 2017, and continues to be one of the highest funding ratios nationwide for a state prepaid tuition plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REQUIRED FINANCIAL STATEMENTS

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

NET POSITION

Net position may serve over time as a useful indicator of financial position. In the case of the Trust Fund, the Trust Fund's position increased significantly (33%), ending with net position of \$103,065,998.

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Management's Discussion and Analysis
June 30, 2018

The vast majority of the Trust Fund's assets, 85%, are its investments. The Trust Fund uses these assets to pay future tuition benefits for contracts purchased.

Higher Education Tuition Trust Fund Net Position

	2018	2017
Assets		
Current and other assets	\$ 321,411,717	\$ 299,161,095
Net capital assets	56,706	73,405
Total Assets	321,468,423	299,234,500
Deferred Outflows		
Pension related	55,017	47,077
OPEB related	3,625	-
Liabilities		
Current liabilities	17,689,218	19,297,822
Noncurrent liabilities	200,738,842	202,209,112
Total Liabilities	218,428,060	221,506,934
Deferred Inflows		
Pension related	25,413	21,738
OPEB related	7,594	-
Net Position		
Net investment in capital assets	56,706	73,405
Unrestricted	103,009,292	77,679,500
Total Net Position	\$ 103,065,998	\$ 77,752,905

The Trust Fund's net position continued to grow in FY 2018, for the sixth year in a row. The net position increased from \$77,752,905 in FY 2017 to \$103,065,998 in FY 2018, an increase of \$25,313,093 or 33% over the prior fiscal year. This increase is primarily due to an increase in investment performance.

CHANGE IN NET POSITION

Higher Education Tuition Trust Fund Change in Net Position

	2018	2017
Operating Revenues		
Tuition contributions and other revenues	\$ 13,934,152	\$ 17,932,464
Operating Expenses		
Operating expenses before depreciation	11,275,605	23,356,058
Depreciation	16,698	16,698
Total Operating Expenses	11,292,303	23,372,756
Operating Income (Loss)	2,641,849	(5,440,292)
Nonoperating revenues (expenses) and interest income	21,987,460	23,502,640
Contribution - State of Nevada College Savings Trust	683,784	627,175
Change in Net Position	25,313,093	18,689,523
Net Position, July 1	77,752,905	59,063,382
Net Position, June 30	\$ 103,065,998	\$ 77,752,905

Tuition contributions and revenues in FY 2018 decreased to \$13,934,152. The 22% decrease is attributable to a decrease in the total number of contracts sold in FY 2018, with fewer of them being paid in full, as well as a lower number of 4-year university plans being purchased overall. Operating expenses for the Plan primarily consist of future tuition benefits, which are calculated to be \$7,919,635 on an accrued basis. Total operating expenses decreased by roughly 52% from \$23,372,756 in FY 2017 to \$11,292,303 in FY 2018. This is mainly due to the decrease in tuition benefits expense which resulted from a reduction in the tuition benefits payable accrual. Actuarial assumption changes were based on a Nevada Prepaid Tuition actuarial experience study performed in FY 2018, which resulted in a reduction in the overall actuarial liabilities.

The operating income (loss) above reflects the difference between contributions from new and existing participants on a cash basis versus benefit payments to educational institutions, which fulfills the purpose of the Plan, and other sundry costs. In addition, in FY 2018, the change in the actuarial accruals had a positive impact on the net position. This is shown in the increase in the operating income (loss) from a negative \$5,440,292 in FY 2017 to a positive \$2,641,849 in FY 2018.

CAPITAL ASSET ADMINISTRATION

The Trust Fund's investment in capital assets as of June 30, 2018, amounts to \$56,706 (net of accumulated depreciation), which consists of computer equipment. Information about the Trust Fund's capital assets can be found in Note 4 to the Trust Fund's financial statements.

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS

Aside from account owners' purchases of contracts, the primary source of revenue for the Plan is investment income. The target investment allocation includes domestic public equities of 50%, domestic fixed income securities of 30%, and domestic covered calls of 20%. The Plan continues to invest in an equity portfolio with passively managed large, mid, and small cap U.S. equity mutual funds at Vanguard, a fixed income portfolio with Chicago Equity Partners and a passively managed covered calls mutual fund with Glenmede. The rate of return on a market value basis was 8.51% while the rate of return on the actuarial value of assets for year ended June 30, 2018 was 6.11%.

Based on a price inflation rate of 1.75% and revised 5-year capital market expectations for those asset classes, the Board-approved the assumed rate of return of the Plan's investments is 5.00% based on analyses from its investment consultant. This assumed rate was used by the Board's actuary in computing the Plan's funded status of 142.0%. The Plan's investments are intended to provide broad exposure to the US equities and investment-grade fixed income markets. Therefore, projected returns are subject to actual market activity and volatility in the markets.

The College Savings Endowment Fund continues to transfer funds to the Trust Fund to cover administrative costs of the State Treasurer's Office to administer and manage the Prepaid Tuition Plan.

REQUESTS FOR INFORMATION

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

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Net Position
Year Ended June 30, 2018
(with comparative amounts for the Year Ended June 30, 2017)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 5,532,834	\$ 4,719,718
Investment income receivable	372,605	292,535
Due from State of Nevada	38,878	18,729
Tuition contributions receivable, current portion	9,233,936	9,645,335
Investments	274,695,628	250,921,015
Total current assets	289,873,881	265,597,332
Noncurrent assets		
Capital assets, net	56,706	73,405
Other noncurrent assets		
Tuition contributions receivable	31,537,836	33,563,763
Total noncurrent assets	31,594,542	33,637,168
Total assets	321,468,423	299,234,500
Deferred outflows		
Pension related	55,017	47,077
OPEB related	3,625	-
Total deferred outflows	58,642	47,077
Total assets and deferred outflows	321,527,065	299,281,577
Liabilities		
Current liabilities		
Accounts payable	111,106	73,747
Accrued salaries and benefits	24,860	29,075
Due to State of Nevada	43,250	33,540
Due to other governments	968	617
Tuition benefits payable, current portion	17,509,034	19,160,843
Total current liabilities	17,689,218	19,297,822
Noncurrent liabilities		
Tuition benefits payable	200,282,612	201,938,378
Net pension liability	334,217	270,734
Net OPEB liability	122,013	-
Total noncurrent liabilities	200,738,842	202,209,112
Total liabilities	218,428,060	221,506,934
Deferred inflows		
Pension related	25,413	21,738
OPEB related	7,594	-
Total deferred inflows	33,007	21,738
Total liabilities and deferred inflows	218,461,067	221,528,672
Net Position		
Net investment in capital assets	56,706	73,405
Unrestricted	103,009,292	77,679,500
Total net position	\$ 103,065,998	\$ 77,752,905

See Notes to Financial Statements

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018
(with comparative amounts for the Year Ended June 30, 2017)

	2018	2017
Operating Revenues		
Charges for sales and services	\$ 104,300	\$ 120,600
Tuition contributions	13,829,852	17,811,864
Total operating revenues	13,934,152	17,932,464
Operating Expenses		
Personnel costs	388,880	252,233
Contract and other administrative services	643,043	575,772
Tuition benefits expense	7,919,635	20,415,615
Refunds	2,324,047	2,112,438
Depreciation	16,698	16,698
Total operating expenses	11,292,303	23,372,756
Operating Income (Loss)	2,641,849	(5,440,292)
Nonoperating Revenues		
Interest, dividends and other investment income	4,283,232	3,947,410
Net increase in fair value of investments	17,704,228	19,555,230
Contribution from the State of Nevada General Fund - College Savings Endowment Account	683,784	627,175
Total nonoperating revenues	22,671,244	24,129,815
Change in Net Position	25,313,093	18,689,523
Net Position, Beginning of Year	77,752,905	59,063,382
Net Position, End of Year	\$ 103,065,998	\$ 77,752,905

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Cash Flows
Year Ended June 30, 2018
(with comparative amounts for the Year Ended June 30, 2017)

	2018	2017
Operating Activities		
Receipts for sales and services	\$ 104,300	\$ 120,600
Tuition contributions received	16,267,179	17,910,470
Payments to suppliers for good and services	(615,772)	(892,483)
Payments to employees	(207,895)	(214,921)
Payments for tuition benefits	(11,227,210)	(10,435,951)
Payments of refunds	(2,324,047)	(2,112,438)
Net Cash from Operating Activities	1,996,555	4,375,277
Noncapital Financing Activities		
Contribution from the State of Nevada General Fund - College Savings Endowment Account	683,784	627,175
Investing Activities		
Proceeds from sales or maturities of investments	72,166,638	74,024,914
Purchase of investments	(78,237,023)	(81,518,996)
Interest, dividends and other investment income received	4,203,162	3,928,637
Net Cash used for Investing Activities	(1,867,223)	(3,565,445)
Net Change in Cash and Cash Equivalents	813,116	1,437,007
Cash and Cash Equivalents, Beginning of Year	4,719,718	3,282,711
Cash and Cash Equivalents, End of Year	\$ 5,532,834	\$ 4,719,718

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Statement of Cash Flows
Year Ended June 30, 2018
(with comparative amounts for the Year Ended June 30, 2017)

	2018	2017
Reconciliation of operating income to net cash from operating activities		
Operating income (loss)	\$ 2,641,849	\$ (5,440,292)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	16,698	16,698
Changes in		
Due from State of Nevada	(20,148)	35,190
Tuition contributions receivable	2,437,326	98,606
Accounts payable and accrued liabilities	33,144	(142,138)
Due to State of Nevada	9,710	4,581
Due to other governments	351	(219,414)
Net pension liability	63,483	80,003
Net OBEP liability	122,013	-
PERS deferred outflows	(11,565)	(23,390)
PERS deferred inflows	11,269	(14,231)
Tuition benefits payable	(3,307,575)	9,979,664
Net Cash from Operating Activities	\$ 1,996,555	\$ 4,375,277
Noncash Investing Activities		
Net increase in fair value of investments	\$ 17,704,228	\$ 19,555,230

Note 1 - Summary of Significant Accounting Policies

The financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity and Purpose

The Trust Fund operates under Nevada Revised Statutes (NRS) 353B, Prepayment of Tuition at Institutions of Higher Learning, which was adopted by the Nevada Legislature in 1997. The Trust Fund is administered by the Office of the State Treasurer under the direction of a six member Board, with five voting members and one ex-officio nonvoting Treasurer designee (the Board).

The purpose of the Trust Fund's program is to provide a simple and convenient way for Nevada families to save for a college education through the advance payment of tuition. A purchaser enters into a contract for the future payment of tuition for a specified beneficiary. When the beneficiary enrolls in college, the program will pay the contract benefits. The beneficiary has six years after the projected college entrance date to utilize the benefits of the contract. Exceptions are granted for military or religious service. The contract benefits are based on in-state rates for Nevada public colleges, but can be used towards costs at any accredited, nonprofit, private or out-of-state college.

The Trust Fund completed its twentieth enrollment period on April 30, 2018 with 774 new enrollments. The Trust Fund also had 666 removed contracts for a total active enrollment of 12,441 at June 30, 2018.

Measurement Focus and Basis of Accounting

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

Activities of enterprise funds resemble activities of business enterprises; the purpose is to obtain and use economic resources to meet operating objectives. The financial statements for the Trust Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized at the time they are earned and expenses are recognized when the related liabilities are incurred.

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

Cash and Cash Equivalents

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

Custodian and Transfer Agent

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

Investment Valuation and Income Recognition

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

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

Tuition Contributions Receivable

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

Capital Assets

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

Tuition Benefits Payable

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

Equity Classifications

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

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

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

Note 2 - Compliance with Nevada Revised Statutes and Administrative Code

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

Note 3 - Cash and Investments

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

- A bond, note, debenture or other valid obligation that is issued by the Treasury of the United States, or other security that is issued by an agency or instrumentality of the United States or that is fully guaranteed by the United States in the Federal Farm Credit Bank, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A mortgage-backed security that is issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- “AAA” rated collateralized mortgage obligations that are issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
- A bond, note, certificate or other general obligation of the State of Nevada, or of a county, city, general improvement district or school district of the State of Nevada;
- “A” or better rated corporate bonds of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States. The total amount invested in such bonds must not exceed 50% of the book value of the total fixed income investments;
- “A-1”, “P-1”, “F-1” or better rated commercial paper;
- “AAA” rated commercial mortgage-backed securities;
- “AAA” rated asset-backed securities financing credit cards, auto, manufactured housing, or student loans; “A” rated money-market mutual funds that meet the criteria set forth in statute. The total dollar amount invested in such mutual funds must not exceed 20% of the total dollar amount of the Trust Fund that is invested;

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Notes to Financial Statements
June 30, 2018

- A covered call or put option on securities that are traded on one or more of the regulated exchanges in the United States;
- A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission. The total book value of this type of investment must not at any time be greater than 5% of the total book value of all investments of the Trust Fund;
- Common or preferred stock of corporations that have a total market value of not less than \$50,000,000. The maximum investment in stock is no greater than 60% of the book value of the total investments of the Trust Fund. Except for investments made pursuant to the final authorized investment below, the total amount invested in a single corporation is not greater than 3% of the total assets of the Trust Fund and not greater than 5% of the outstanding stock of a single corporation; and
- Mutual funds or common trust funds that consist of any combination of the investments listed above.

The Trust Fund categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Trust Fund does not have any investments that are measured using Level 3 inputs.

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments				
Money market mutual funds	\$ 104,682	\$ 104,682	\$ -	\$ -
Mutual funds				
Index funds	141,573,040	141,573,040	-	-
Covered calls	57,144,243	57,144,243	-	-
State of Nevada external investment pool	5,428,152	-	5,428,152	-
U.S. Treasury notes	40,275,459	40,275,459	-	-
U.S. agencies	31,694,437	31,694,437	-	-
Corporate notes	4,008,449	4,008,449	-	-
	<u>\$ 280,228,462</u>	<u>\$ 274,800,310</u>	<u>\$ 5,428,152</u>	<u>\$ -</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued at fair value based on the observable market prices of the underlying assets held by the pool or fund less liabilities.

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Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2018

Interest Rate Risk

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

As of June 30, 2018, the Trust Fund had the following investments and maturities (including money market mutual funds representing cash equivalents) that are subject to interest rate risk:

	Fair Value	Maturities, in Years			Greater Than 10
		Less Than 1	1-5	6-10	
Investments					
Corporate notes	\$ 4,008,449	\$ 822,554	\$ 2,748,218	\$ 196,579	\$ 241,098
U.S. agencies	31,694,437	-	1,417,398	1,178,939	29,098,100
U.S. Treasury notes	40,275,459	-	24,597,726	8,763,902	6,913,831
Cash equivalents					
Money market mutual funds	104,682	104,682	-	-	-
	<u>\$ 76,083,027</u>	<u>\$ 927,236</u>	<u>\$28,763,342</u>	<u>\$10,139,420</u>	<u>\$36,253,029</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Trust Fund. The Trust Fund's investments (including money market mutual funds representing cash and cash equivalents) as of June 30, 2018, were rated by Standard and Poor's and/or an equivalent national rating organization, and the ratings are presented below using the Standard & Poor's rating scale (at fair value):

	Fair Value	Credit Quality Ratings			BBB
		AAA	AA	A	
Investments					
Corporate notes	\$ 4,008,449	\$ 95,108	\$ 1,263,840	\$ 2,362,946	\$ 286,555
U.S. agencies	31,694,437	-	31,694,437	-	-
Cash equivalents					
Money market mutual funds	104,682	104,682	-	-	-
	<u>\$ 35,807,568</u>	<u>\$ 199,790</u>	<u>\$32,958,277</u>	<u>\$ 2,362,946</u>	<u>\$ 286,555</u>

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At June 30, 2018, the following investments exceeded 5% of the Trust Fund’s total investments:

	Fair Value	Percentage
Federal Home Loan Mortgage Corp - Asset Backed Mortgage Security	\$ 22,469,645	8.18%

Other Risk

The Trust Fund invests in various equity mutual funds, including at June 30, 2018, when equity mutual funds comprised approximately 72.31% of total investments. Equity mutual funds are exposed to other risks such as market risks. Due to the level of risk associated with equity mutual funds, it is at least reasonably possible that changes in the values of equity mutual funds will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Pooled Cash and Investments

Of the \$5,532,834 cash and cash equivalents at June 30, 2018, \$5,428,152 represents the Trust Fund’s investment in the State of Nevada's external investment pool.

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

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

Custodial Credit Risk – The State Treasurer minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State’s deposits may not be recovered. The NRS direct the Office of the State Treasurer to deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits.

Interest Rate Risk – The State minimizes interest rate risk by maintaining an effective duration of less than 1.5 years and holding at least 25% of the portfolio’s total market value in securities with a maturity of 12 months or less. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90-day U.S. Treasury Bill’s average over the previous three-month period. (Rolling 90-day T-Bill).

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Notes to Financial Statements
June 30, 2018

As of June 30, 2018, the Trust Fund’s investments held in the external investment pool are categorized as follows:

	Percentage Based on Fair Value	Maturities, in Years			
		< 1	1-5	6-10	> 10
Investments					
U.S. Treasury securities	20.85%	4.82%	11.51%	4.52%	0.00%
Negotiable certificates of deposit	17.70%	17.70%	0.00%	0.00%	0.00%
U.S. agencies	21.66%	20.25%	1.11%	0.30%	0.00%
Mutual funds	0.20%	0.20%	0.00%	0.00%	0.00%
Repurchase agreements	3.78%	3.78%	0.00%	0.00%	0.00%
Asset backed	1.29%	0.02%	1.27%	0.00%	0.00%
Corporate bonds and notes	13.41%	1.34%	12.07%	0.00%	0.00%
Commercial paper	19.85%	19.85%	0.00%	0.00%	0.00%
Other short-term investments	1.02%	1.02%	0.00%	0.00%	0.00%
Other investments	0.24%	0.04%	0.20%	0.00%	0.00%
	<u>100.00%</u>				

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

- Commercial paper, Negotiable Certificates of Deposit, and Banker’s Acceptances are rated by a nationally recognized rating service as “A-1,” “P-1” or its equivalent, or better,
- Notes, bonds and other unconditional obligations issued by corporations in the U.S. and municipal bonds (effective September 2011) are rated by a nationally recognized rating service as “A” or its equivalent, or better,
- Money market mutual funds are SEC registered 2(A)7 and rated by a nationally recognized rating service as “AAA” or its equivalent,
- Collateralized mortgage obligations and asset-backed securities are rated by a nationally recognized rating service as “AAA” or its equivalent,
- Repurchase agreements with banks or registered broker-dealers provided the agreement is collateralized by 102% with U.S. Treasuries or U.S. government agency securities on a delivery basis.

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2018

The State's investments held in the external investment pool as of June 30, 2018 were rated by Standard and Poor's and/or an equivalent national rating organization and categorized as follows:

	Credit Quality Ratings				
	AAA	AA	A	BBB	Unrated
Investments					
U.S. Treasury securities	0.00%	100.00%	0.00%	0.00%	0.00%
Negotiable certificates of deposit	0.00%	0.00%	0.00%	0.00%	100.00%
U.S. agencies	0.00%	100.00%	0.00%	0.00%	0.00%
Mutual funds	35.59%	0.00%	0.00%	0.00%	64.41%
Repurchase agreements	0.00%	0.00%	0.00%	0.00%	100.00%
Asset backed	0.00%	100.00%	0.00%	0.00%	0.00%
Corporate bonds and notes	1.93%	19.18%	68.01%	7.85%	3.03%
Commercial paper	0.00%	0.00%	76.57%	0.00%	23.43%
Other short-term investments	0.00%	0.00%	0.00%	0.00%	100.00%
Other investments	0.00%	75.74%	24.26%	0.00%	0.00%

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The NRS 355.140, 355.060, and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio, with the exception of repurchase agreements, time CDs, US Treasuries, US Guaranteed securities, US Agency securities and municipal bonds. At June 30, 2018, the Trust Fund's proportionate share of the investment in a single issuer in the pool did not exceed 5% of the Trust Fund's total investments.

Fair Value of Investments – The State uses the market approach to determine the fair value of its investments. The State categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following table summarizes the fair value measurements as of June 30, 2018:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments				
U.S. Treasury securities	20.85%	20.84%	0.01%	0.00%
Negotiable certificates of deposit	17.70%	0.00%	17.70%	0.00%
U.S. agencies	21.66%	0.00%	21.66%	0.00%
Mutual funds	0.20%	0.20%	0.00%	0.00%
Repurchase agreements	3.78%	0.00%	3.78%	0.00%
Asset backed	1.29%	0.00%	1.29%	0.00%
Corporate bonds and notes	13.41%	0.00%	13.41%	0.00%
Commercial paper	19.85%	0.00%	19.85%	0.00%
Other short-term investments	1.02%	1.02%	0.00%	0.00%
Other investments	0.24%	0.00%	0.24%	0.00%
	<u>100.00%</u>			

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2018

Securities Lending – NRS 355.155 authorizes the State Treasurer to lend securities from the investment portfolio of the State if collateral received from the borrower is at least 102% of the fair value of the underlying securities and the value of the securities borrowed is determined on a daily basis. There were no securities on loan at June 30, 2018.

Note 4 - Capital Assets

The following schedule summarizes the changes in capital assets for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets				
Computer equipment	\$ 173,374	\$ -	\$ -	\$ 173,374
Less accumulated depreciation	(99,969)	(16,699)	-	(116,668)
Capital Assets, Net	<u>\$ 73,405</u>	<u>\$ (16,699)</u>	<u>\$ -</u>	<u>\$ 56,706</u>

Note 5 - Noncurrent Liabilities

Tuition Benefits Payable

Included in noncurrent liabilities is the Trust Fund’s tuition benefits obligation based upon the actuarial present value (APV) of the future tuition obligations and administrative expenses. This amount reflects the present value of estimated tuition benefits and administrative expenses that will be paid in future years. The present value calculation includes the effects of projected tuition and fee increases and termination of contracts.

APV of the Future Tuition Obligation	\$ 217,791,646
Net Position Available	320,857,644
Net Position as a Percentage of Tuition Benefits Obligation	147.32%

The following assumptions were used in the actuarial valuation:

- **Investment Rates:** The investment yield assumption is 5.00% per year, which is the same assumption used in the June 30, 2017 actuarial report.
- **Tuition Growth Assumptions:**

<u>Fiscal Year Ended</u>	<u>Universities</u>	<u>Community Colleges</u>
2019-2020	4.00%	4.00%
2020-2021	4.00%	4.00%
2021-2022+	4.75%	4.00%

State of Nevada
Office of the State Treasurer
Higher Education Tuition Trust Fund
Notes to Financial Statements
June 30, 2018

Changes in the Trust Fund's noncurrent liabilities:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Tuition benefits payable	\$221,099,221	\$ 10,989,195	\$(14,296,770)	\$217,791,646	\$ 17,509,034

Note 6 - Tuition Contributions and Tuition Benefits Expense

The tuition contributions of \$13,829,852 and the tuition benefits expense of \$7,919,635 on the Statement of Revenues, Expenses and Changes in Net Position represent the annual accrual of contributions of \$(2,437,326) and benefit expenses of \$(3,307,575) for the year ended June 30, 2018, as determined by the actuarial valuation and adjusted by the actual participant contributions of \$16,267,178 and tuition payments of \$11,227,210 for the fiscal year.

Note 7 - Pension Plan and Other Post-Employment Benefits

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

Pension Plan – The employees participate in a cost-sharing, multiple-employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada (PERS). PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PERS, information relating to PERS is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2018.

Other Post-Employment Benefits (OPEB) – The employees participate in a cost-sharing, multiple-employer, defined benefit postemployment plan administered by the Public Employees' Benefits Program of the State of Nevada (PEBP). PEBP provides group health and life insurance benefits to plan members, both active and retired, and their dependents. As the State of Nevada, not the Trust Fund, has overall responsibility for determining contributions to PEBP, information relating to PEBP is available in the State of Nevada's *Comprehensive Annual Financial Report* for the year ended June 30, 2018.

Note 8 - Risk Management

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Nevada, Office of the State Treasurer, Higher Education Tuition Trust Fund (the Trust Fund), an enterprise fund of the State of Nevada, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Trust Fund’s basic financial statements and have issued our report thereon dated February 14, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Fund’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Reno, Nevada
February 14, 2019

APPENDIX C

PENSION CONSULTANT ALLIANCE PERFORMANCE REVIEW

The logo for Pension Consulting Alliance (PCA) is displayed in a large, black, serif font. It is positioned in the upper right corner of the page, to the left of the full company name. The background of the top half of the page is a photograph of a sunset over a body of water, with several dark, vertical wooden posts or pilings in the foreground. The sky is a mix of orange, yellow, and blue, and the water is calm, reflecting the sky. A thick, light blue curved line separates the top image from the white text area below.

PCA

PENSION
CONSULTING
ALLIANCE

Q2 2018

Nevada Prepaid Tuition Plan Quarterly Report

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

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

Introduction

The Nevada Prepaid Tuition Plan Portfolio had an aggregate value of \$275.2 million as of June 30, 2018. During the latest quarter, the Total Portfolio increased in value by \$7.9 million, and over the past 1-year period the Total Portfolio increased by \$23.8 million. Real U.S. GDP increased by 4.1% (advanced estimate) in the second quarter of 2018. GDP growth was driven by increases in consumer spending, exports, business investment, and government spending. At quarter-end, the unemployment rate ticked down to 4.0%. The seasonally adjusted Consumer Price Index for All Urban Consumers increased by 2.3% on an annualized basis during the quarter. Commodities ticked up during the second quarter, and the 1-year return for a basket of commodities remained positive at 7.3%. Global equity returns were positive for the quarter at 0.7% (MSCI ACWI). The U.S. Dollar appreciated against the Euro, Pound, and Yen by 5.2%, 5.8%, and 4.2%, respectively.

Asset Allocation Trends

With respect to policy targets, the Total Portfolio ended the latest quarter overweight Equities and Covered Calls, while Fixed income ended the quarter underweight its policy target. All asset class weights remain within their policy target bands.

Recent Investment Performance

The Total Portfolio outperformed its policy benchmark over the most recent quarter by 28 basis points. Trailing 1- and 5-year results tracked the policy benchmark, while 3-year results modestly underperformed by (12) basis points.

Recent Investment Performance (Net of Fees)²

	Quarter	1 Year	3 Year	5 Year
Total Portfolio (Gross of Fees) ³	3.0	8.8	8.1	9.0
Total Portfolio (Net of Fees) ²	2.9	8.6	7.9	8.8
Policy Benchmark ¹	2.7	8.6	8.0	8.8
Excess Return (Net)	0.2	0.0	-0.1	0.0

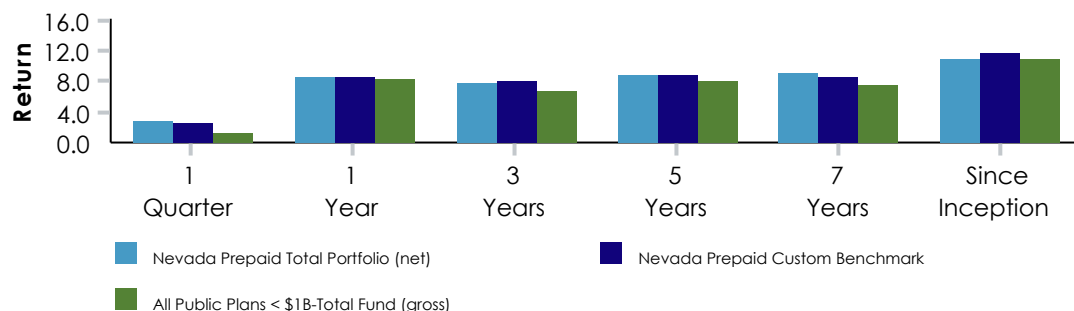
¹ Policy Benchmark consists of 39% S&P 500 Index, 30% BBgBarc US Aggregate A+ Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% BBgBarc US Aggregate A+ Bond Index, 8% S&P Midcap 400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

² Total fees for the Chicago Equity Partners Fixed Income Portfolio approximately 17 bps annually

³ Total Gross of Fees amounts estimated using following manager fee schedule: Vanguard LCE = 4 bps, Vanguard MCE & SCE = 8 bps, Glenmede = 65 bps, CEP = 17 bps

Performance and Market Values (As of June 30, 2018)

Investment Performance



Portfolio Valuation (000's)

	1 Quarter	1 Year
Nevada Prepaid Total Portfolio		
Beginning Market Value	267,311	251,414
Gain/Loss	7,861	23,759
Ending Market Value	275,172	275,172

Asset Class Performance (net of fees)

	Performance(%)				
	1 Quarter	1 Year	3 Years	5 Years	7 Years
Nevada Prepaid Total Portfolio	2.9	8.6	7.9	8.8	9.3
Policy Benchmark*	2.7	8.6	8.0	8.8	8.8
Large Cap Equity	3.4	14.3	11.9	13.4	13.2
<i>S&P 500 Index</i>	3.4	14.4	11.9	13.4	13.2
Mid Cap Equity	4.3	13.4	10.8	12.6	12.0
<i>S&P MidCap 400 Index</i>	4.3	13.5	10.9	12.7	12.1
Small Cap Equity	8.8	20.5	13.9	14.6	14.0
<i>S&P SmallCap 600 Index</i>	8.8	20.5	13.8	14.6	14.0
Covered Calls	4.4	6.3	6.5	---	---
<i>CBOE BXM Index</i>	3.4	7.3	7.7	---	---
Total Fixed Income**	0.1	-0.6	1.0	1.6	---
<i>Blmbg. Barc. U.S. Aggregate: A+</i>	0.0	-0.4	1.5	2.0	---
<i>Blmbg. Barc. U.S. Aggregate Index</i>	-0.2	-0.4	1.7	2.3	---

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

** Total fees for the Chicago Equity Partners Fixed Income Portfolio approximately 17 bps annually

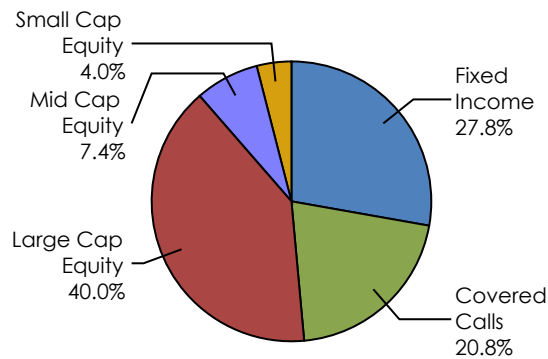
Asset Allocation
As of June 30, 2018

Actual vs. Target Allocations

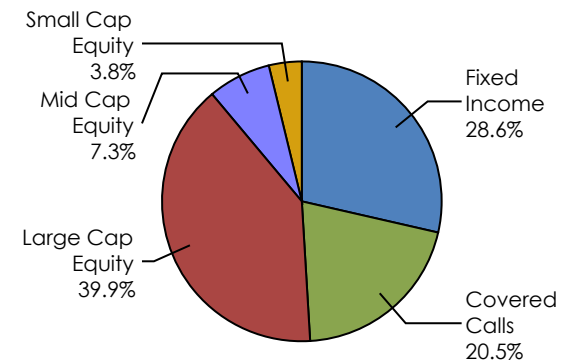
With respect to policy targets, the Total Portfolio ended the latest quarter slightly overweight Equities and Covered Calls, while Fixed Income was underweight its target allocation. Within Domestic Equity, Large cap and Mid cap equity were both overweight their respective target allocations, while Small cap equity was equal to its target allocation. Fixed Income was (2.2%) below its target and the Covered Calls asset class is currently 0.8% overweight its 20% target allocation.

	Asset Allocation (\$000)	Actual Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Acceptable Variance?
Nevada Prepaid Total Portfolio	275,172	100.0	100.0	0.0	---	---	
Public Equity	141,573	51.4	50.0	1.4	---	---	
Vanguard - Small Cap Equity	11,053	4.0	4.0	0.0	1.0	7.0	Yes
Vanguard - Mid Cap Equity	20,340	7.4	7.0	0.4	2.0	12.0	Yes
Vanguard - Large Cap Equity	110,180	40.0	39.0	1.0	34.0	44.0	Yes
Fixed Income Composite	76,455	27.8	30.0	-2.2	---	---	
Chicago Equity Partners	76,455	27.8	30.0	-2.2	25.0	35.0	Yes
Covered Calls	57,144	20.8	20.0	0.8	---	---	
Glenmede Secured Options	57,144	20.8	20.0	0.8	15.0	25.0	Yes

June 30, 2018 : \$275,172,122

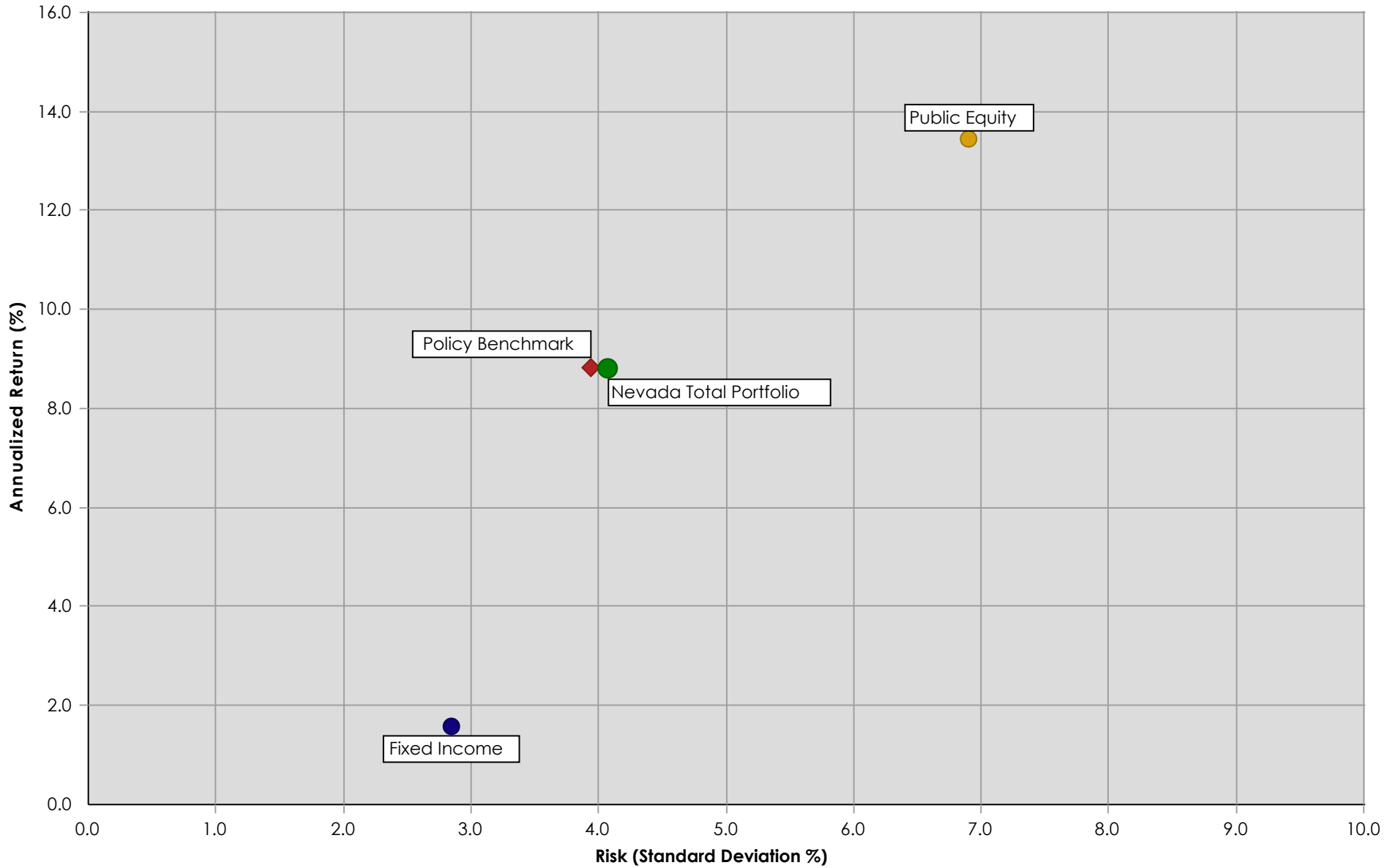


March 31, 2018 : \$267,310,623



Nevada Prepaid Plan RISK/RETURN Analysis
5 Years Ending June 30, 2018

5-Year Annualized Risk/Return (Net)



Manager Performance
As of June 30, 2018 (Net of Fees)

	Allocation	Performance(%)			
	Market Value (\$000)	1 Quarter	1 Year	3 Years	5 Years
Vanguard Institutional Fund	110,180	3.4 (26)	14.3 (32)	11.9 (13)	13.4 (14)
<i>S&P 500 Index</i>		3.4 (25)	14.4 (31)	11.9 (13)	13.4 (13)
Excess Return		0.0	-0.1	0.0	0.0
Vanguard S&P Mid Cap 400	20,340	4.3 (14)	13.4 (19)	10.8 (8)	12.6 (9)
<i>S&P MidCap 400 Index</i>		4.3 (14)	13.5 (19)	10.9 (8)	12.7 (9)
Excess Return		0.0	-0.1	-0.1	-0.1
Vanguard S&P Small Cap 600	11,053	8.8 (22)	20.5 (9)	13.9 (6)	14.6 (3)
<i>S&P SmallCap 600 Index</i>		8.8 (21)	20.5 (9)	13.8 (6)	14.6 (3)
Excess Return		0.0	0.0	0.1	0.0
Glenmede Secured Options	57,144	4.4 (5)	6.3 (43)	6.5 (26)	---
<i>CBOE BXM Index</i>		3.4 (13)	7.3 (32)	7.7 (15)	8.1 (15)
Excess Return		1.0	-1.0	-1.2	---
Chicago Equity Partners	76,455	0.1 (16)	-0.6 (92)	1.0 (100)	1.6 (100)
<i>BImbg. Barc. U.S. Aggregate: A+</i>		0.0 (26)	-0.4 (80)	1.5 (99)	2.0 (99)
Excess Return		0.1	-0.2	-0.5	-0.4

* Peer group percentile rankings calculated using Investment Metric recommended Lipper peer groups

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

Glenmede: The Plan's Covered Calls manager returned 4.4% during the most recent quarter, outperforming its benchmark by 1.0% and ranking in the 5th percentile of its peer group. Over the 1-year period, the Covered Calls manager underperformed the benchmark by (1.0%), while also underperforming its benchmark over the 3-year period by (1.2%).

Chicago Equity Partners: The Plan's Fixed Income manager slightly outperformed its index, the BBgBarc US Aggregate A or Better index, over the quarter by 8 basis points and ranked in the 16th percentile of its peer group. Over the 1-year period, Chicago Equity Partners returned (58) basis points, trailing its benchmark by (20) basis points. Over the 3- and 5-year periods, Chicago Equity Partners underperformed its benchmark by (43) and (47) basis points, respectively.

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The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.

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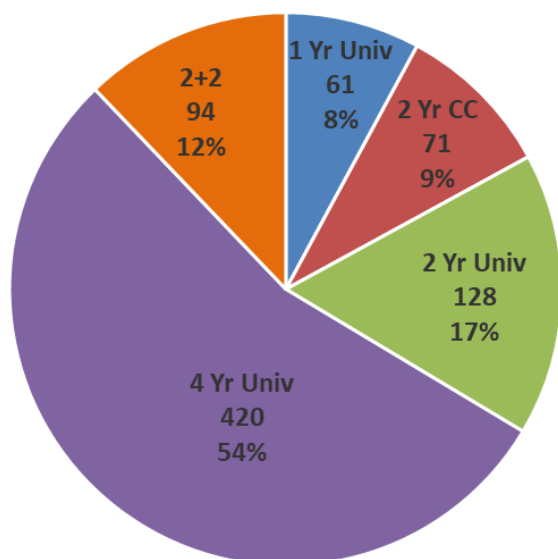
APPENDIX D

ENROLLMENT STATISTICAL CHARTS

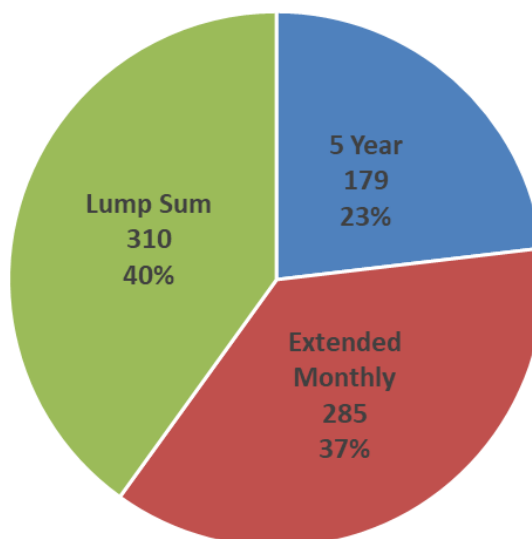
NEW ENROLLMENTS FISCAL YEAR 2018

PLAN		TOTAL	% OF TOTAL
2 YEAR COMMUNITY			
LUMP SUM	20		
5 YEAR	12		
EXTENDED	39		
		71	9.17%
2 YR COMM/2 YR UNIV			
LUMP SUM	28		
5 YEAR	21		
EXTENDED	45		
		94	12.14%
1 YEAR UNIV			
LUMP SUM	35		
5 YEAR	13		
EXTENDED	13		
		61	7.88%
4 YEAR UNIV			
LUMP SUM	177		
5 YEAR	106		
EXTENDED	137		
		420	54.26%
2 YEAR UNIV			
LUMP SUM	50		
5 YEAR	27		
EXTENDED	51		
		128	16.54%
TOTAL ENROLLMENT FORMS	774		100.00%

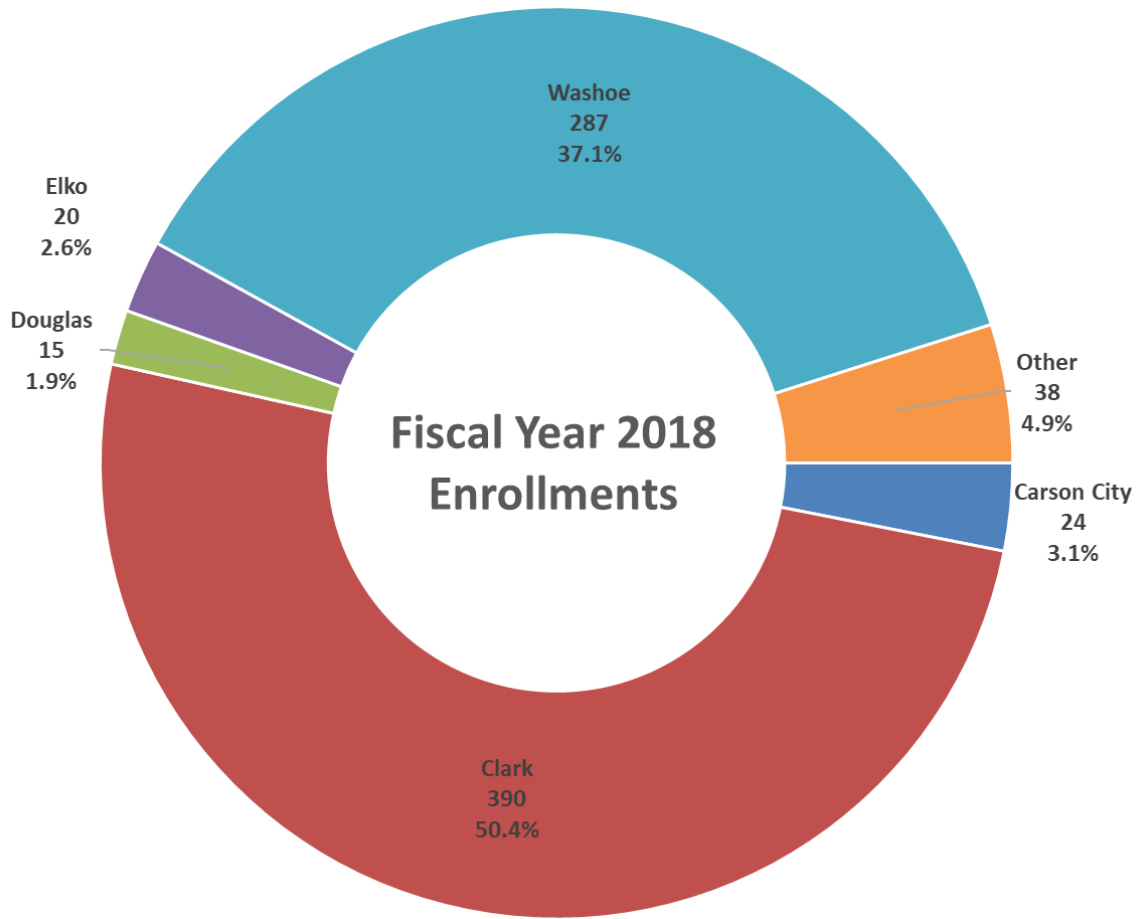
Plans Purchased



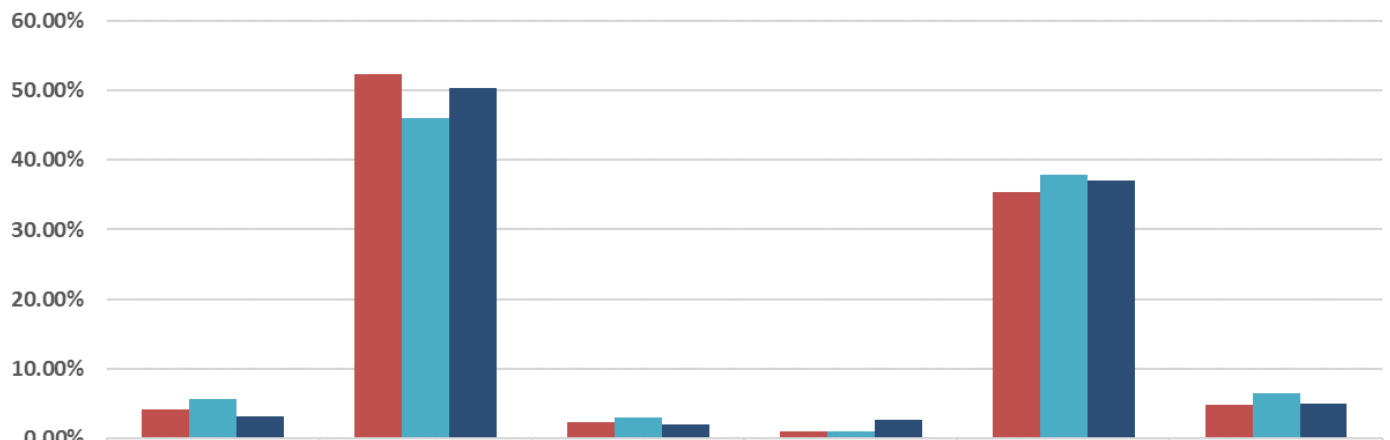
Payment Options Chosen



CONTRACTS BY COUNTY



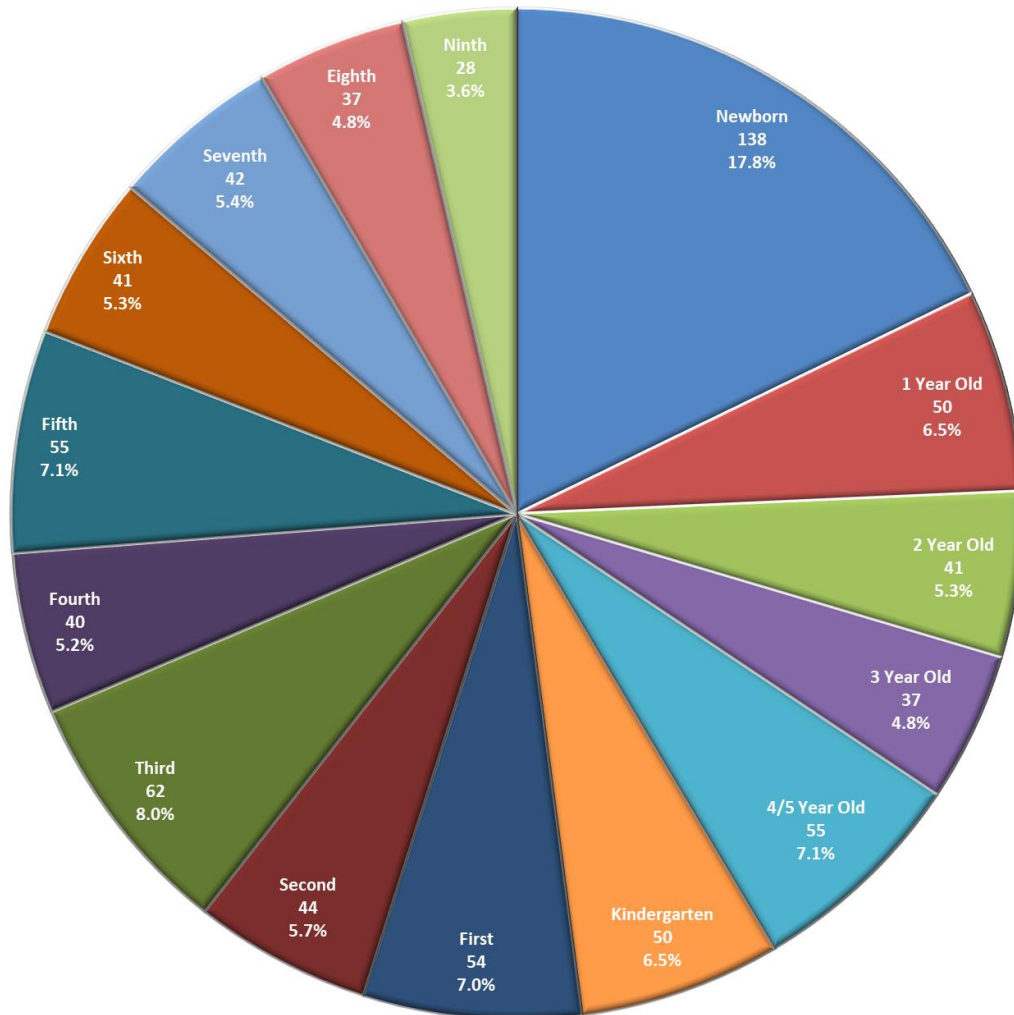
Three Year Comparison



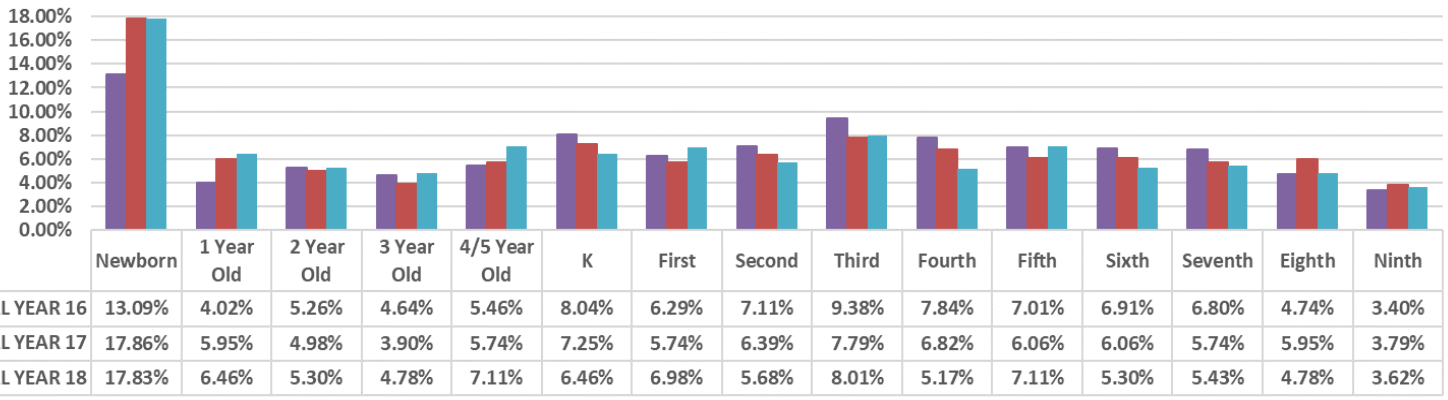
	Carson City	Clark	Douglas	Elko	Washoe	Other
FISCAL YEAR 16	4.23%	52.27%	2.37%	1.03%	35.36%	4.74%
FISCAL YEAR 17	5.63%	46.10%	2.92%	0.97%	37.88%	6.49%
FISCAL YEAR 18	3.10%	50.39%	1.94%	2.58%	37.08%	4.91%

BENEFICIARIES AGE/GRADE

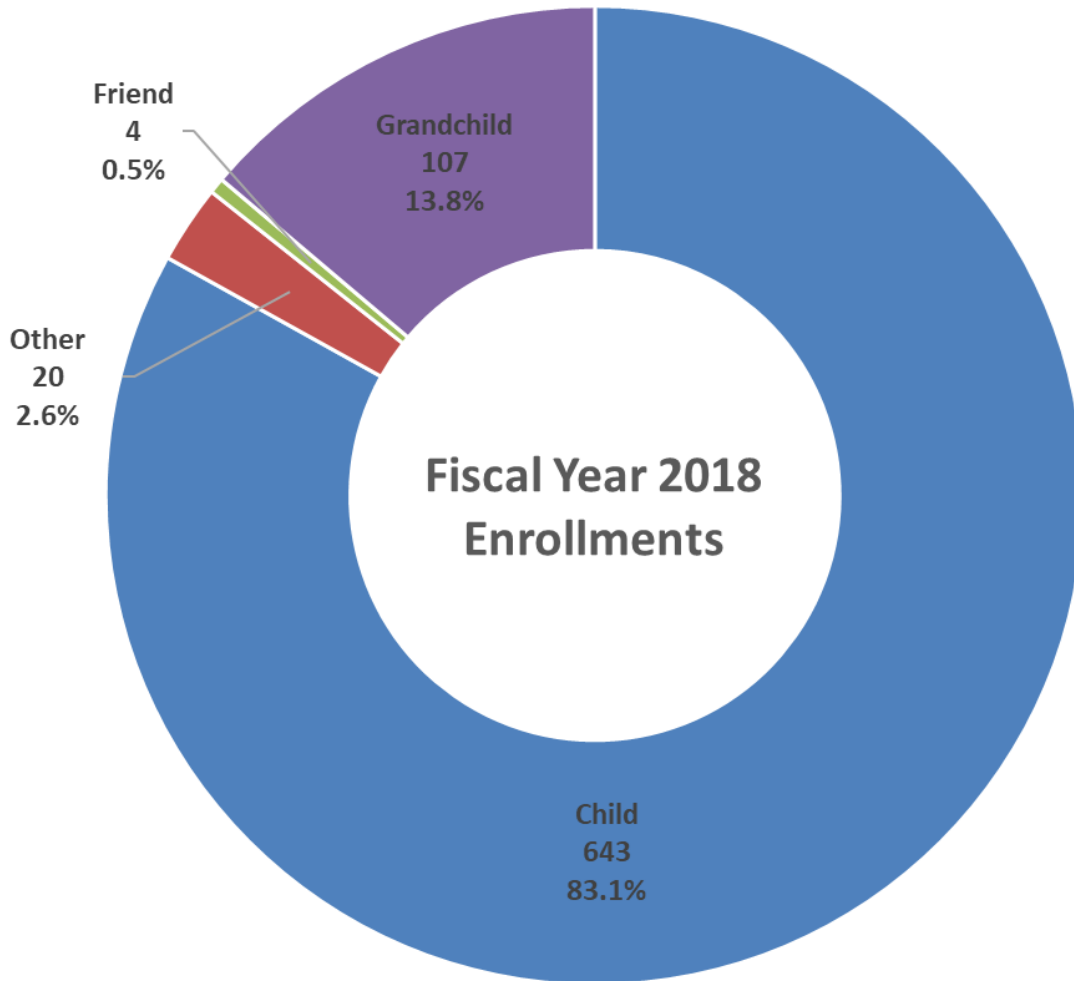
Fiscal Year 2018 Enrollments



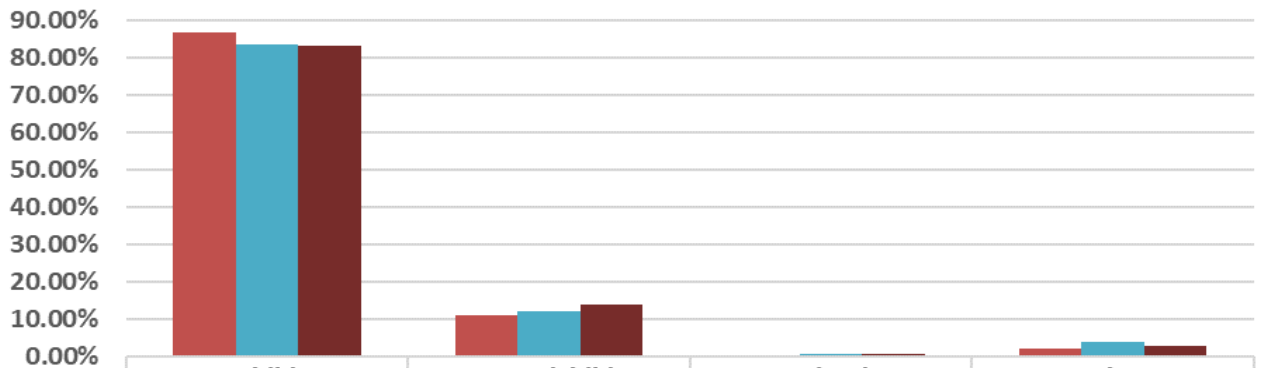
Three Year Comparison



BENEFICIARY'S RELATIONSHIP TO PURCHASER

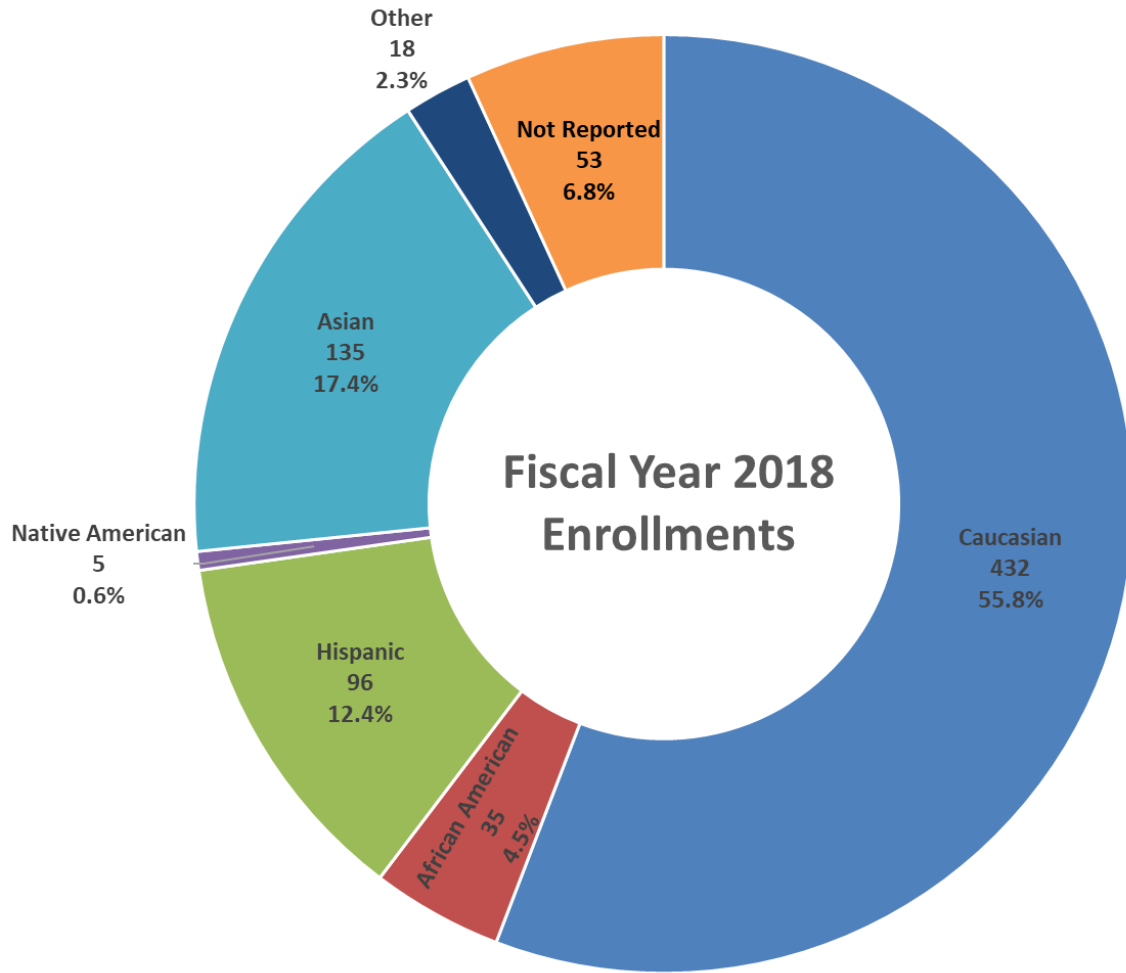


Three Year Comparison

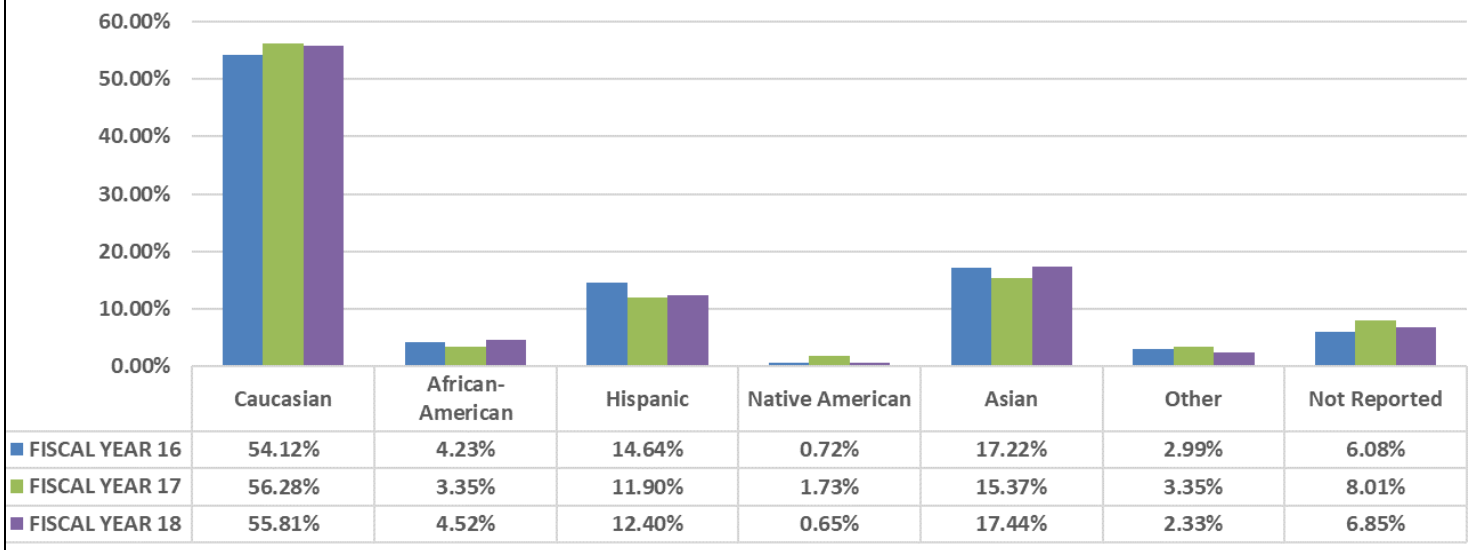


	Child	Grandchild	Friend	Other
■ FISCAL YEAR 16	86.80%	11.03%	0.10%	2.06%
■ FISCAL YEAR 17	83.55%	12.12%	0.65%	3.68%
■ FISCAL YEAR 18	83.07%	13.82%	0.52%	2.58%

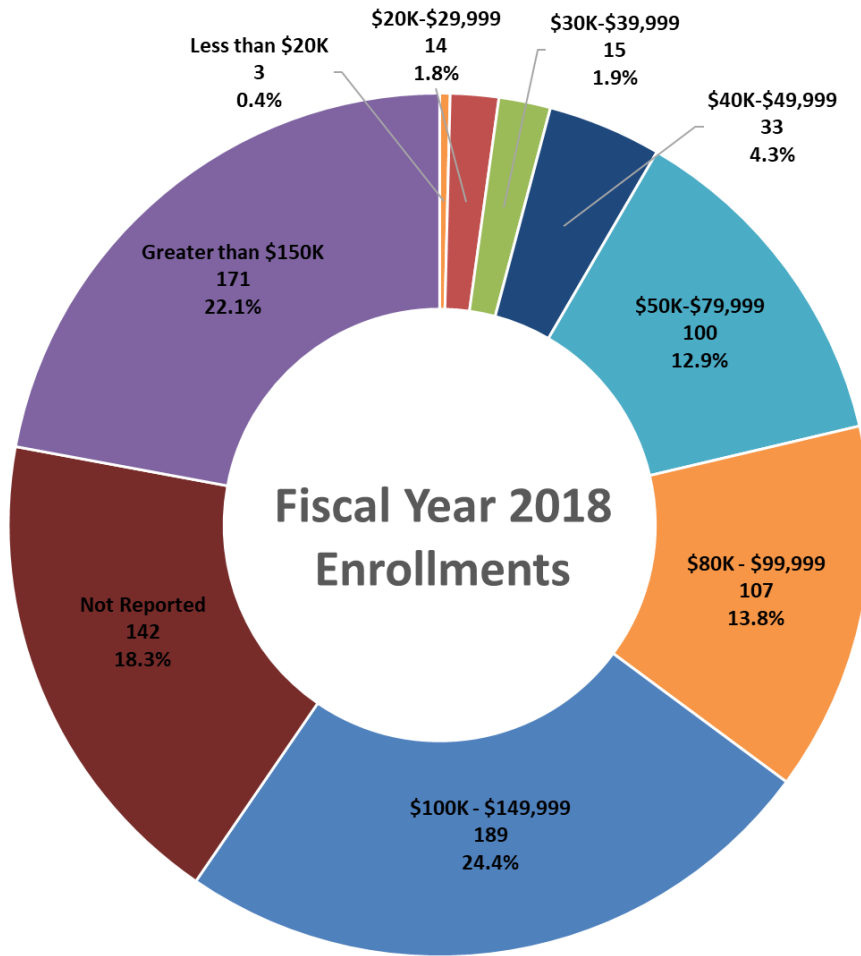
RACE OF BENEFICIARY



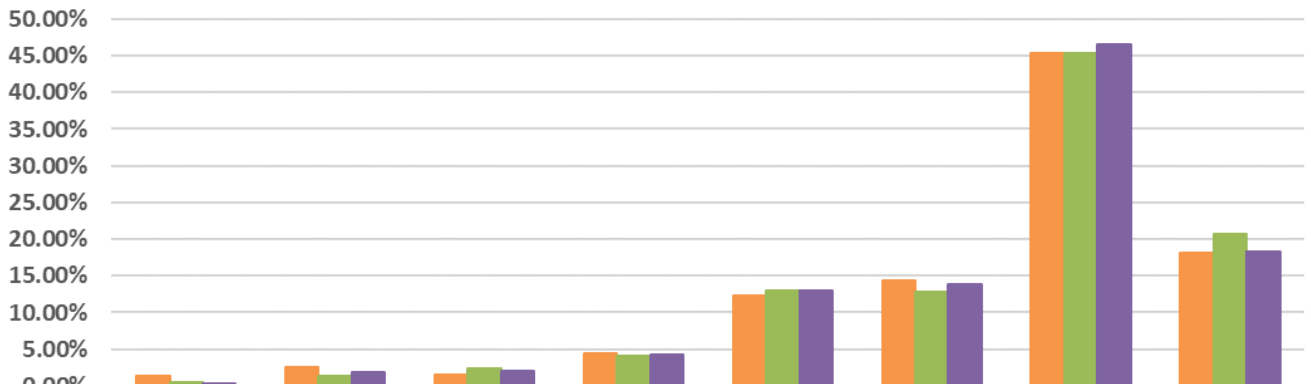
Three Year Comparison



PURCHASER'S INCOME LEVEL

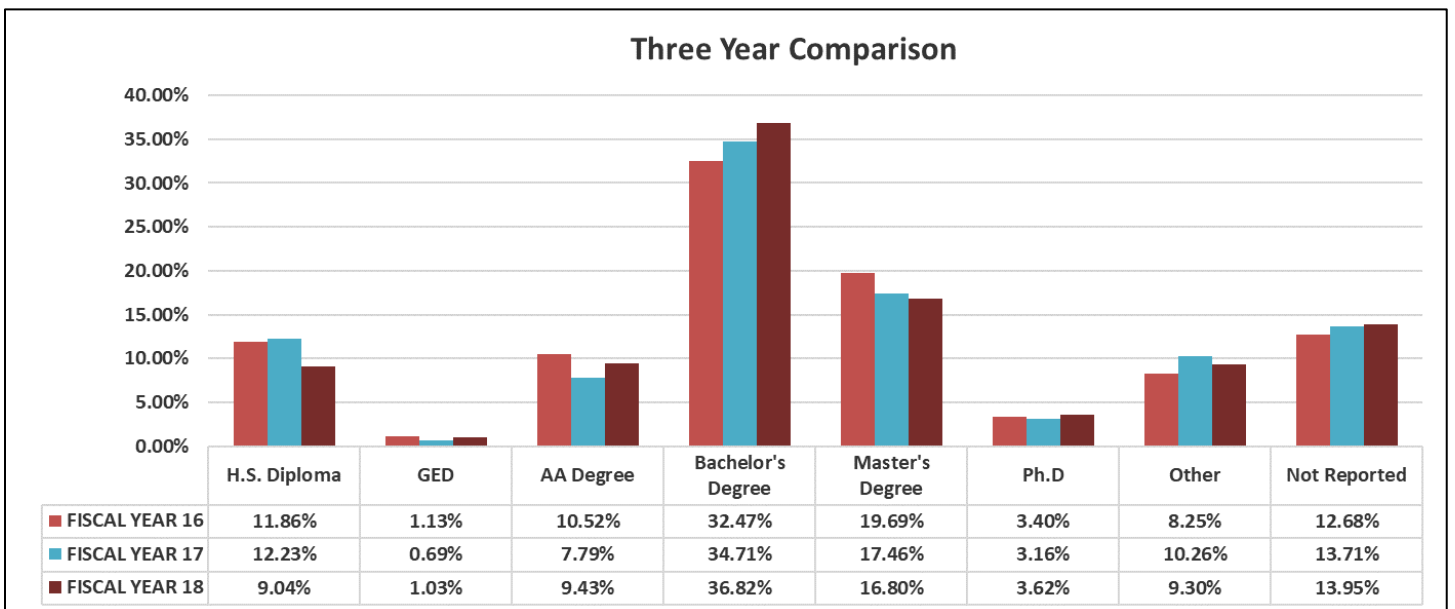
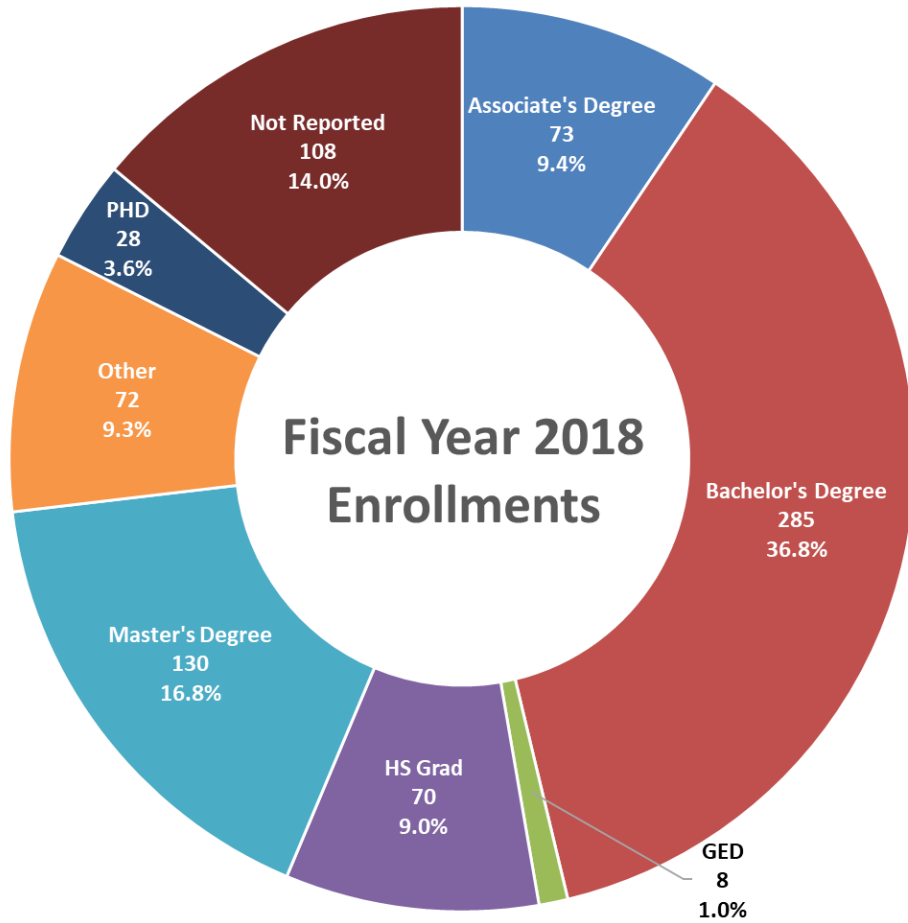


Three Year Comparison

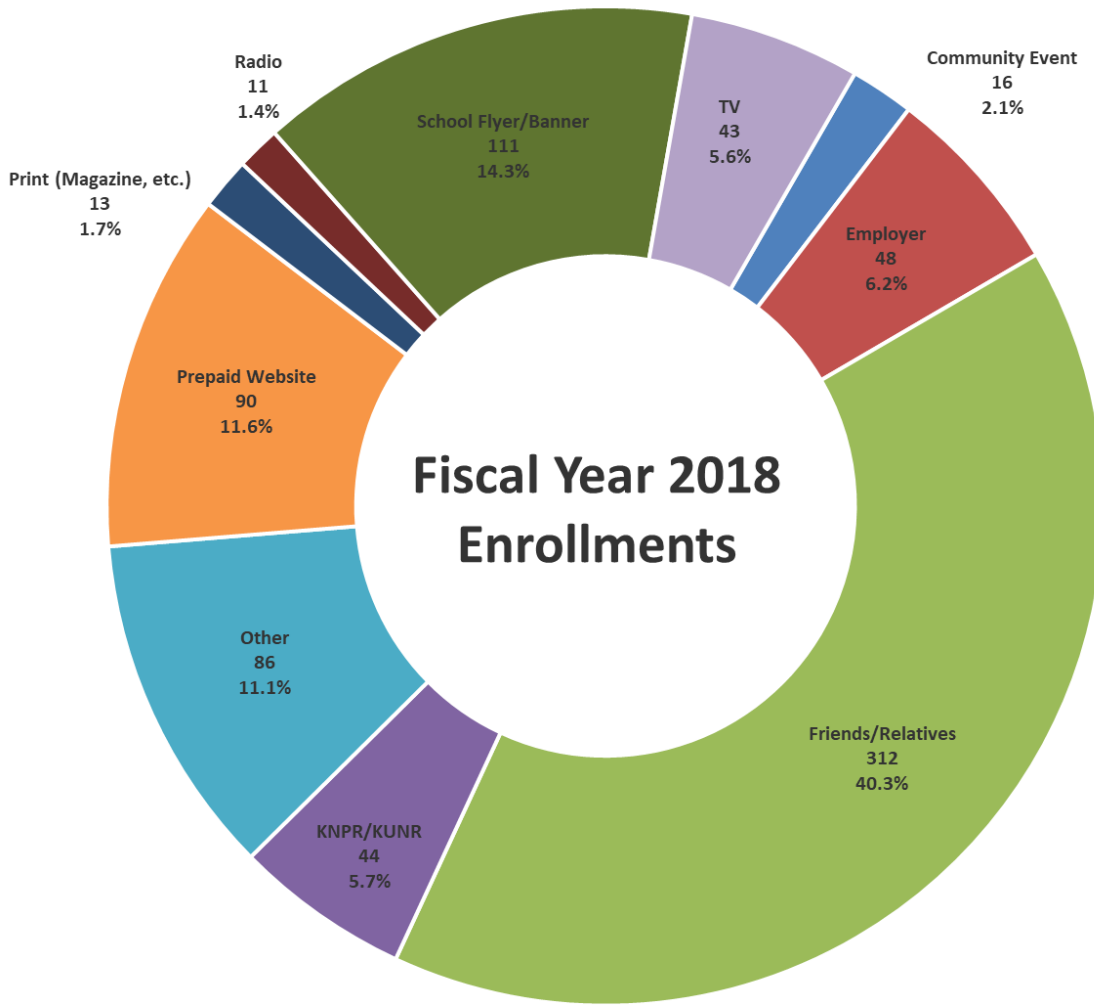


	< \$20K	\$20-29K	\$30-39K	\$40-49K	\$50-79K	\$80-100K	Over \$100K	Not Reported
FISCAL YEAR 16	1.34%	2.47%	1.55%	4.43%	12.37%	14.43%	45.36%	18.04%
FISCAL YEAR 17	0.43%	1.30%	2.38%	4.00%	12.99%	12.88%	45.35%	20.67%
FISCAL YEAR 18	0.39%	1.81%	1.94%	4.26%	12.92%	13.82%	46.51%	18.35%

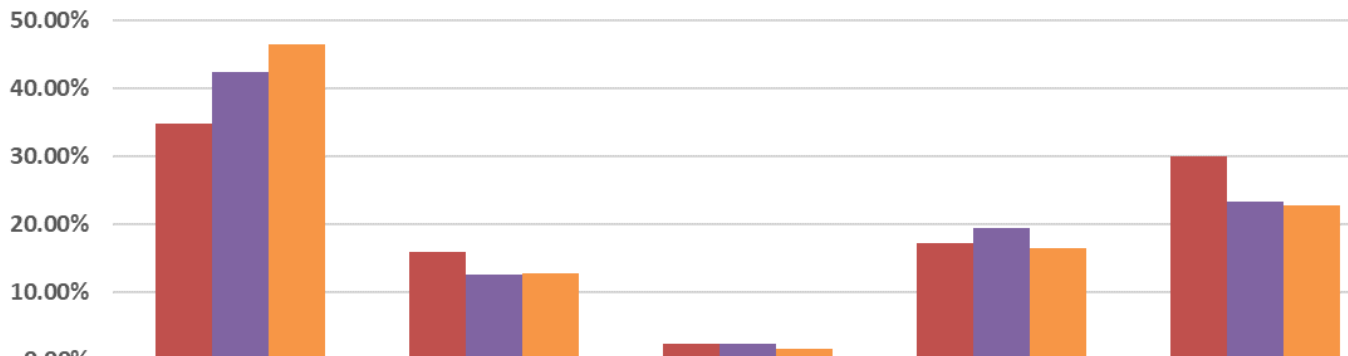
PURCHASER'S EDUCATION LEVEL



REFERRAL SOURCE



Three Year Comparison



	Word of Mouth	Radio/TV	Newspaper/Print	School	Website/Other
■ FISCAL YEAR 16	34.85%	15.88%	2.27%	17.11%	29.90%
■ FISCAL YEAR 17	42.42%	12.45%	2.27%	19.48%	23.38%
■ FISCAL YEAR 18	46.51%	12.66%	1.68%	16.41%	22.74%