COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
of NEVADA

A COMPONENT UNIT of
the STATE of NEVADA

For the Fiscal Year Ended
June 30, 2009

Dana K. Bilyeu
Executive Officer

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Prepared by PERS Staff

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MISSION STATEMENT

It is the mission of the Public Employees' Retirement System to:

- Provide public workers and their dependents with a retirement program that provides a reasonable base income for retirement or for periods where a disability has removed a worker's earning capacity.

- Encourage those workers to enter into and remain in government service for such periods of time to give public employers and the people of the State of Nevada the full benefit of their training and experience.

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December 7, 2009

Dear Chairman and Members of the Board:

It is a pleasure to present the Comprehensive Annual Financial Report (CAFR) of the Public Employees' Retirement System of Nevada (System or PERS), a component unit of the State of Nevada, for the fiscal year ended June 30, 2009.

The financial statements included in this report are the responsibility of the System's management and have been prepared in accordance with generally accepted accounting principles as promulgated or adopted by the Governmental Accounting Standards Board (GASB). In management's opinion, the financial statements present fairly the financial position of the System at June 30, 2009, and changes in fiduciary net assets for the year then ended.

The System was established by the Nevada Legislature in 1947. By July 1, 1949, the System had approximately 3,000 members and 64 retirees. At the end of fiscal year 2009, the System had 178 participating employers, 105,417 active members, and 41,905 retirees and beneficiaries. The System is comprised of two sub-funds, Regular, consisting of members who are not police or fire employees, and Police and Firefighters (Police/Fire). The Regular sub-fund was established to provide retirement, disability, and survivor benefits for public employees with the exception of those who are police officers or firefighters. The Police/Fire sub-fund was established to segregate accounting for retirement and survivor benefits related to members who are police officers or firefighters. All services provided by staff are performed in order to meet those objectives. For more specific information on plan provisions, please refer to the Plan Summary, beginning on page 115.

Included in the Financial Section of this CAFR, beginning on page 22, is Management's Discussion and Analysis (MD&A). Users of the financial statements are encouraged to review the MD&A, which contains highlights for the year, a statement overview, and a short analysis of the statements comparing the current and previous year.

We hope that you and the members of the System will find this CAFR helpful in understanding your public employees' retirement system.

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Major Initiatives

Legislation

The Nevada Legislature convenes on a biennial basis in odd-numbered years. During the 2009 legislative session, the Public Employees' Retirement Board (Board) sought only technical legislation regarding administrative provisions and clarifying options within the Judicial Retirement System (JRS).

Approximately seventeen separate pieces of legislation were introduced that could have affected the System. Highlights include new provisions for an exemption from reemployment restrictions for retirees who return to public employment in a position designated as one of critical labor shortage. These provisions are scheduled to sunset on June 30, 2015. Prior to the scheduled sunset date for this legislation, the System will conduct an experience study of this benefit and the related costs. An exemption from certain reemployment restrictions for retirees who serve as volunteer firefighters was passed by the 2009 Legislature. Modifications to the reemployment restrictions for senior justices or judges in the Judicial Retirement System were all passed.

Legislation was passed modifying benefits for members first hired on or after January 1, 2010, including modifications to retirement eligibility ages, early retirement reduction, service time multiplier, average compensation calculation, and post-retirement increases. This legislation also included modifications to statutory language regarding employer responsibilities, contribution rate mechanism, and membership on the Police and Firefighters' Retirement Fund Advisory Committee. No other benefit modifications affecting PERS were approved in the 2009 legislative session.

System Governance

During this past year the Board completed a self-assessment process with the assistance of executive staff and a consultant. The Board also completed a review of compliance with the governance charters. The review verifies compliance with all material provisions of the charters. The review demonstrated a high degree of compliance with verifiable provisions of the charters.

During the prior fiscal year, the Board Chairman appointed a sub-committee to work with staff to review each policy and charter to ensure they remain current and relevant. The sub-committee completed its work this fiscal year. The sub-committee process provided an opportunity for in-depth discussions on individual policies and a framework for Board feedback to staff on draft changes. Staff completed revisions to the policies and charters based upon direction from the sub-committee, and this ongoing review resulted in unanimous adoption of all modifications to the board governance structure.

Operational Initiatives

Operations of the System are conducted in accordance with the Operational Yearly Plan. This plan is designed to organize all agency functions by department and to ensure that all duties are performed within the fiscal year. PERS' performance is measured, in part, by total member and retiree workload. Between July 1, 2008, and June 30, 2009, staff completed approximately 82,000 pieces of work. Of this group, 47,000 were directly related to customer requests with the remainder relating to back office support. Approximately 93% of all work was performed within the ten working days benchmark.

Benefit payments were made to approximately 38,000 beneficiaries monthly. During this fiscal year, staff completed 4,036 one-fifth of a year purchases for educational employees and 883 service credit audits for the Public Employees' Benefits Program. PERS staff provided extensive training to non-choice public employers in the use of electronic enrollment. A total of 30 agencies now use this process to enroll their new hires into PERS, including our largest public employer, Clark County School District. This process allows employers to directly enroll new members by submitting a data file which is downloaded into the C*A*R*S*O*N System. The electronic enrollment process has been a great success and has significantly reduced the thousands of paper enrollment forms submitted by the employer and manually input by PERS staff in the past.

The PERS Planning Ahead Audio Program was added to the website in fiscal year 2009. The online program allows members to view a PERS program from their desktop at a time that is convenient for them. Public employers also use this program as a training tool for their newly hired employees. PERS' online programs received over 1,900 discrete web hits, indicating the programs are a useful tool of new employee orientation for our employers.

The 5th Annual Liaison Officer Conference was held in Reno on November 14, 2008. Public employers from across the state attended this one-day conference. The conference included a morning general session that provided information pertaining to the Liaison Officer and employer responsibilities and the nationwide climate of government pension funds. The public employers were then organized into four groups based on agency type. This grouping provided the opportunity for PERS staff to effectively address the specialized issues related to each employer type. Reviewing the conference attendee surveys completed at the end of the conference reveals 100% of attendees rated the conference good or excellent.

PERS continued participation in a benchmarking analysis service in fiscal year 2009. The purpose of the analysis is to help PERS understand how our total administration costs and service levels compare to our peers. The analysis shows that Nevada PERS provides a good level of service at a substantially lower administration cost than the peer average.

Information Technology

The System successfully completed the migration of the current pension processing system from the Forte product to a Java based system. This migration was necessary due to the announced end of life of the Forte product. The Java migration allowed the System to keep the functionality of the current pension processing system, with virtually no interruption to the end users, while migrating to a system that will continue to be supportable. This project was accomplished ahead of schedule and on budget.

Staff continued to enhance the System's disaster recovery site in fiscal year 2009 through ongoing testing of various System processes. In addition, PERS maintained its security certification through an information technology security consultant and continues to participate in this security review on an ongoing basis.

Strategic Planning

Annually, PERS' executive staff reviews the System's strategic plan for updates, including both additions and deletions. The Strategic Plan covers a five-year period and is updated annually by the Executive Officer in consultation with the Board. The strategic planning process was changed this past fiscal year in order to facilitate strategic planning for all aspects of the System in September in conjunction with the annual Planning Seminar.

The Strategic Plan contains the following sections: Philosophy, Mission, Planning Process, Core Values, Organization and History, Goals and Objectives, Strategies, Internal Assessment, External Assessment, Performance Measurements, and Performance and Caseload Indicators. This past fiscal year, the Organization and History section was updated to include data from the most recent annual financial report. Planning Process and Performance Measurements sections were added, and the Strategies section was updated. Language was modified or added in the Internal Assessment and External Assessment sections to include information on communications, disability retirements and reemployment approval process, Board appeal process, business continuity, retiree reemployment, calculation of liabilities, accounting issues, internal revenue code issues, and public outreach. The Performance and Caseload Indicators were also updated. The current Strategic Plan is available on the website.

Summary of Financial Information

The System's management is responsible for maintaining internal controls designed to provide reasonable assurance that transactions are executed according to management's authorization, recorded to maintain accountability for assets, and to allow the preparation of financial statements in accordance with generally accepted accounting principles. The internal controls include written policies and procedures and are reviewed periodically by independent auditors and the System's internal audit staff. The Retirement Act requires a biennial financial audit of the System by a certified public accountant. However, the System chooses to conduct such audits on an annual basis, rather than biennially, to ensure proper financial controls are in place. The System is also required by statute to submit a biennial budget proposal to the Budget Division of the State of Nevada, which must be incorporated with the State Executive Budget and approved by the Nevada Legislature.

The following schedule is a summary of the pension trust funds' additions and deductions for the years ended June 30:

	2009	2008
Additions	($2,206,163,512)	$558,002,173
Deductions	(1,221,707,924)	(1,061,353,599)
Net Additions	($3,427,871,436)	($503,351,426)

Additions decreased approximately $2.8 billion from fiscal year 2008, due to decreases in net investment income of that amount. Deductions increased by $160.4 million between 2008 and 2009, due almost exclusively to increases in benefit payouts of $156.4 million.

Funding

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. Although the System receives an annual actuarial valuation indicating the contribution rates required to fund the System on an actuarial reserve basis, contributions actually made are in accordance with the rates established by the Nevada Legislature.

The actuarial funding method used is the Entry Age Normal Cost Method. This method is used to calculate liabilities using a year-by-year closed amortization period where each amortization period is set at 30 years, in addition to other significant actuarial assumptions detailed beginning on page 79. Fiscal year 2009 funding levels are presented on page 33 in the Financial Section of this report. In addition, Required Supplemental Information on page 43 shows ten-year schedules of funding progress. The funded ratio for all members is 72.5% in 2009, a slight decrease from 76.2% in fiscal year 2008.

Investments

Investment performance plays an important role in the System's ability to provide retirement benefits to its members. Approximately 80% of the benefits the average member receives in retirement are funded from investment earnings. The remaining 20% is funded from contributions. The Board's investment philosophy centers on time tested investment principles and consistent, cost-effective portfolio management.

The investment portfolio is designed to meet the funding objectives of the System while taking the least possible risk. Investment of the System's assets is governed by the prudent person standard. This standard states that the Board may invest the System's funds in every type of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account.

The System's investment portfolio is well diversified by asset class, investment structure, and individual security. In fact, the System's portfolio currently holds over 8,000 individual securities from 44 different countries. The Board utilizes these portfolio components to maintain strict control of the fund's risk/return profile.

Asset allocation is the most significant factor influencing the risk and return of the investment program. Determination of the fund's long-term asset allocation involves estimating the expected return and risk of major types of investments and blending them into a portfolio which meets the System's risk/return objectives.

The fair value of the System's investment assets at the end of fiscal year 2009 was $18.5 billion. The portfolio return objective includes a premium over the Consumer Price Index (CPI). This premium has ranged from 3.0% to 4.5% over time. On that basis the total fiscal year 2009 return objective was 3.1%. The System's total return on investments for that same time period was -15.6%, which includes both realized and unrealized gains. Fiscal year 2009 returns were influenced by below average returns from U.S. and international equities and private market investments such as real estate and private equity.

The recent financial crisis has been the catalyst for some of the largest market declines in over 30 years. In this environment, PERS was quite competitive versus other large public pension plans, ranking in the top 25% for return and the bottom 25% for risk. Generating returns in the top of the peer group while experiencing less volatility than the majority of those same investors during one of the most challenging investment environments in generations is a testament to the effectiveness of the Retirement Board's investment strategy.

The fund's annualized rate of return is 9.2% since inception (25 years) versus the long-term actuarial funding objective of 8%. The fund is competitive on a risk-adjusted basis, ranking in the top 13% of public funds for that same time frame. The investment section beginning on page 52 addresses specific activity and results in the portfolio.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 2008 (see page 17). This was the nineteenth consecutive year the System has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements and are submitting it to the GFOA for consideration again this year.

PPCC Award

The Public Pension Coordinating Council awarded the Public Pension Standards Award to the System for the fiscal year ended June 30, 2009 (see page 18). The award is designed to commend public employee retirement systems for implementing and maintaining high professional standards. PERS has received the award every year it has been offered.

Professional Services

Professional consultants are hired to perform services essential to the efficient operation of the System. The Report of Independent Auditors, Consultant's Report of Investment Activity, and the actuary's certifications are included in this report. The System's consultants are listed on pages 15 and 52.

Acknowledgements

This report reflects the combined effort of the System's administrative staff. It is intended to provide both complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining the responsible stewardship of assets contributed by the members and their employers.

I would like to express my appreciation to the staff, consultants, Board, and other associates whose efforts ensured the successful operation of the System in 2009.

Respectfully submitted,

Dana K. Bilyeu
Executive Officer

ADMINISTRATIVE PERSONNEL
June 30, 2009
PUBLIC EMPLOYEES' RETIREMENT BOARD

Sue DeFrancesco	Chairman	2009
Charles A. Silvestri	Vice Chairman	2011
Mark R. Vincent	Member	2010
Purisimo B. Hernandez	Member	2009
David F. Kallas	Member	2010
George W. Stevens	Member	2011
Warren Wish	Member	2009

Terms expire on June 30 of year noted.

RETIREMENT STAFF

Dana K. Bilyeu	Executive Officer
Tina M. Leiss	Operations Officer
Ken Lambert	Investment Officer
Steve Edmundson	Assistant Investment Officer

Division Supervisors:

Ann Schleich	Accounting
Brian Snyder	Employer & Production Services
Oliver Owen	Information Technology
Debra Thomsen	Internal Audit
Lynette Jones	Member & Retiree Services

LEGAL COUNSEL

Christine Munro, Senior Deputy Attorney General, Carson City, Nevada

MEDICAL ADVISOR

G. Bruce Nickles, M.D., Carson City, Nevada

POLICE AND FIREFIGHTERS' RETIREMENT FUND ADVISORY COMMITTEE

William Loncar	Chairman	2010
Richard Tiran	Vice Chairman	2009
John Chase	Member	2010
Chris Collins	Member	2009
Raymond McAllister	Member	2011

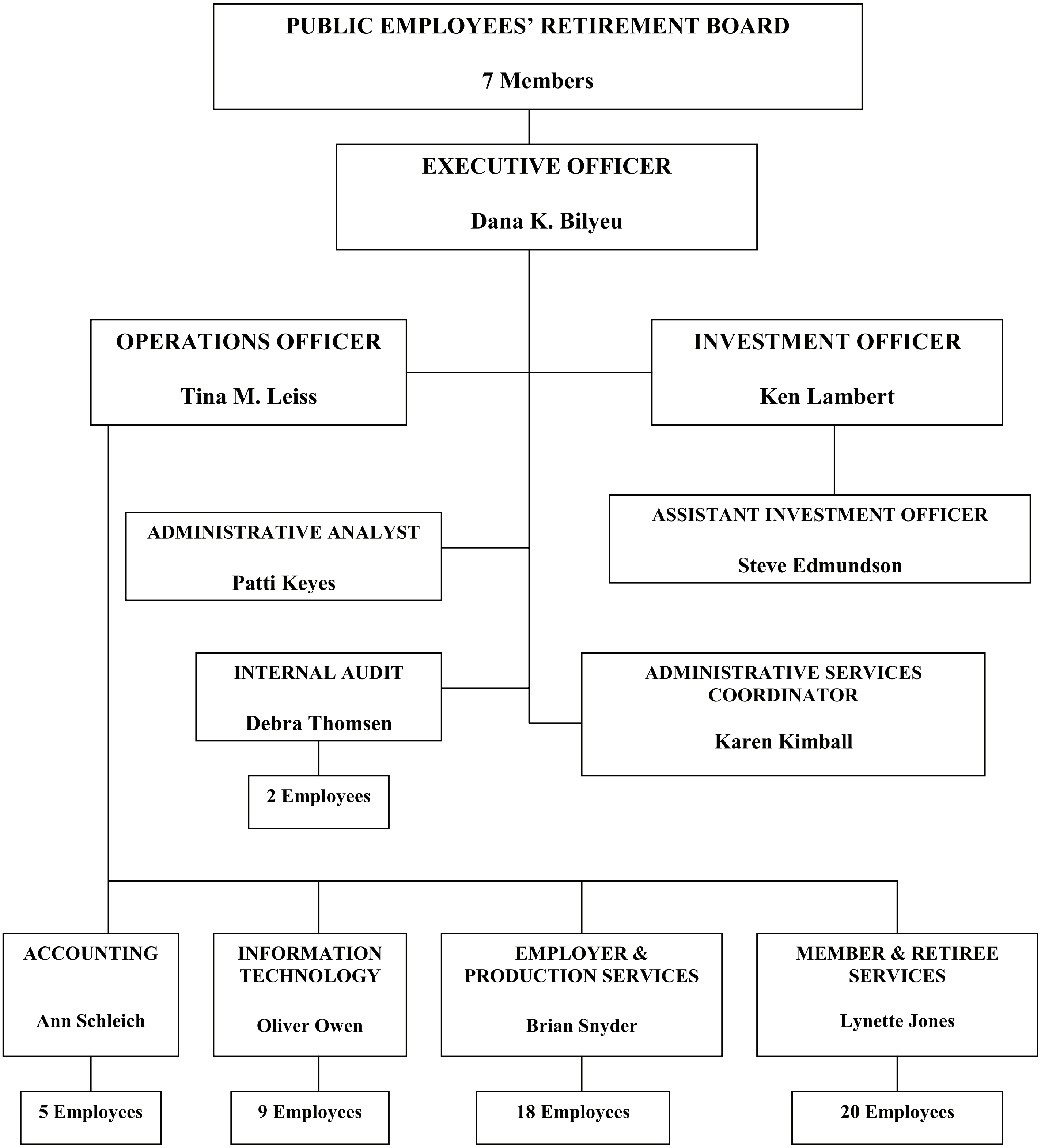
Terms expire on June 30 of year noted.

THE SYSTEM'S ADVISORS

Consulting Actuary – The Segal Company, San Francisco, California
Independent Auditors – Clifton Gunderson LLP, Baltimore, Maryland
Investment Consultant – Callan Associates, Atlanta, Georgia

Note: A list of investment professionals who provide services to PERS can be found on page 52. A schedule of fees and commissions paid to investment professionals can be found beginning on page 67.

ORGANIZATIONAL CHART
June 30, 2009



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees' Retirement System of Nevada

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2009

Presented to

Public Employees' Retirement System of Nevada

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

FINANCIAL SECTION

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Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Public Employees' Retirement Board
of the State of Nevada
Carson City, Nevada

We have audited the accompanying financial statements of the Public Employees' Retirement System of Nevada (the System), a component unit of the State of Nevada as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The comparative totals for the year ended June 30, 2008 which are included for additional analysis have been derived from the Public Employees' Retirement System of Nevada's 2008 financial statements and, in our report dated December 3, 2008, we expressed an unqualified opinion on such information

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the System as of June 30, 2009 and the changes in its fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 22 through 25 and the Schedules of Funding Progress and Employer Contributions on pages 43 and 44 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on pages 45 through 50 is for the purpose of additional analysis and is not a required part of the financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Introduction Section on pages 9 through 18, the Investment Section on pages 52 through 71, the Actuarial Section on pages 75 through 91, the Statistical Section on pages 95 through 112 and the Plan Summary on pages 115 through 119 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore. Maryland
December 7, 2009

Offices in 17 states and Washington, DC

Member of HLB International

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the financial performance of PERS provides an overview of the System's financial activities for the fiscal year ended June 30, 2009. The MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts while also showing three-year trends. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, which follow the MD&A.

The System is responsible for administering retirement, disability, and survivor benefits for Regular members (consisting of employees within the State of Nevada, schools, counties, cities, special districts, etc.) as well as Police/Fire members throughout the state.

Overview of Financial Statements

The basic financial statements consist of: (1) the Statement of Fiduciary Net Assets, (2) the Statement of Changes in Fiduciary Net Assets, (3) the Notes to the Financial Statements, and (4) the Required Supplementary Information. Other supplementary information is also presented.

The **Statement of Fiduciary Net Assets** includes all of the System's pension trust fund assets, liabilities, and the net assets available at the end of the fiscal year.

The **Statement of Changes in Fiduciary Net Assets** reports additions to and deductions from the pension trust fund during the fiscal year presented. Over time the increase or decrease in net assets serves as a useful indicator of the health of the System's financial position.

The **Notes to the Financial Statements** provide additional information that is required by generally accepted accounting principles.

The **Required Supplementary Information** following the notes to the financial statements consists of schedules and related notes on the funding progress of the defined benefit pension plan, the funding progress broken down between Regular and Police/Fire members, and a short history of contributions from employers.

Other Supplementary Information details administrative expenses, investment expenses, consultant and professional service expenses, in addition to Schedules of Fiduciary Net Assets and Changes in Fiduciary Net Assets broken down between Regular and Police/Fire members.

Financial Highlights

As of June 30
(in millions)

	2009	2008	2007
Total investments	$ 18,540.1	$ 22,009.9	$ 22,753.8
Net investment income (loss)	(3,543.4)	(743.1)	2,937.1
Contributions	1,334.8	1,298.7	1,175.5
Benefit payments	1,189.6	1,033.2	929.4
Refunds of contributions	18.6	16.8	17.4
Transfers of contributions	3.8	2.6	2.0
Administrative expenses	9.7	8.7	8.6
Net assets	$ 18,770.1	$ 22,198.0	$ 22,701.4
Percentage funded	72.5%	76.2%	77.2%

Financial Analysis

Total investments for fiscal year 2009 declined by 15.8% from 2008; the decrease from 2007 to 2008 was 3.3%. Commensurately, the percentage change in investment loss (an increase in the loss) between 2008 and 2009 was 376.9%, while the percentage change between 2007, a year in which the System generated positive returns, versus 2008, in which the System experienced negative returns, was 125.3%.

Although the PERS investment program did not generate the 8% actuarial goal for fiscal year 2009, the fund outperformed its market objective. The 9.2% since inception (25 year) annualized return of the plan exceeds the actuarial objective.

The 2009 investment experience can be directly attributed to the down markets (disappointing results in U.S. stocks, international stocks, real estate, and private equity) that began in 2008 and continued throughout most of fiscal year 2009. In addition, on September 14, 2008, Lehman Brothers Holdings Inc. declared bankruptcy. As of June 30, 2009, the System held equity and debt obligations of Lehman Brothers Holdings Inc. and while the ultimate value of the System’s Lehman debt securities will not be known until the bankruptcy proceedings are completed, such assets (as they were deemed to be permanently impaired) were marked to market at June 30, 2009. During fiscal year 2009 the System created a securities lending reserve account funded by securities lending income earned during the year. This reserve will be used to mitigate losses upon settlement.

The following are summary comparative statements of the System.

Condensed Statement of Fiduciary Net Assets

	As of June 30, 2009	As of June 30, 2008	As of June 30, 2007	Percentage Increase/ (Decrease) from 2008 to 2009
Cash and cash equivalents	$ 422,475,446	$ 377,383,481	$ 404,691,892	11.9 %
Receivables	189,054,729	187,412,500	195,972,466	0.9
Pending trades receivable	141,678,033	197,657,567	302,642,591	(28.3)
Investments, at fair value	18,540,091,760	22,009,876,310	22,753,829,642	(15.8)
Collateral on loaned securities, at fair value	1,760,287,271	2,872,321,923	3,390,654,058	(38.7)
Property and equipment, net	4,896,423	4,600,228	3,095,035	6.4
Other assets	1,962,283	1,676,282	1,358,459	17.1
Total assets	21,060,445,945	25,650,928,291	27,052,244,143	(17.9)
Accounts payable and accrued expenses	13,385,742	11,410,243	10,182,700	17.3
Pending trades payable	429,255,245	569,187,593	950,047,427	(24.6)
Obligations under securities lending activities	1,847,667,862	2,872,321,923	3,390,654,058	(35.7)
Total liabilities	2,290,308,849	3,452,919,759	4,350,884,185	(33.7)
Net assets held in trust for pension benefits	$ 18,770,137,096	$ 22,198,008,532	$ 22,701,359,958	(15.4)

While the investment portfolio was experiencing a second difficult year, contributions increased at a lower rate between 2008 and 2009 (2.8%) than they did between 2007 and 2008 (10.5%). Breaking this down into its components reveals that employer contributions rose by 3.9% between 2008 and 2009 while they increased by 11.5% between 2007 and 2008. A large number of members retired during 2009. In some cases vacated positions were left unfilled and those that were filled may have generated lower contributions (due to lower subject wages being paid). Employee contributions remained fairly steady, increasing by 6.4% between 2008 and 2009 and 5.8% between 2007 and 2008. A reduction in purchases of service between 2008 and 2009, a 35% decrease as opposed to a 5.1% decrease between 2007 and 2008, is a further indication of the affect of the continuing economic downturn experienced during 2009.

Condensed Statements of Changes in Fiduciary Net Assets

	For the Year Ended June 30, 2009	For the Year Ended June 30, 2008	For the Year Ended June 30, 2007	Percentage Increase/ (Decrease) from 2008 to 2009
Contributions	$ 1,334,832,060	$ 1,298,694,332	$ 1,175,480,739	2.8 %
Investment net income (loss)	(3,543,425,973)	(743,073,557)	2,937,087,365	(376.9)
Other income	2,430,401	2,381,398	3,278,191	2.1
Total additions	(2,206,163,512)	558,002,173	4,115,846,295	(495.4)
Benefit payments	1,189,620,073	1,033,191,346	929,376,391	15.1
Refunds of contributions	18,581,557	16,822,873	17,444,520	10.5
Transfer of contributions	3,791,831	2,615,779	1,960,981	45.0
Administrative expenses	9,710,115	8,720,397	8,582,880	11.3
Other expenses	4,348	3,204	5,177	35.7
Total deductions	1,221,707,924	1,061,353,599	957,369,949	15.1
Net increase (decrease)	(3,427,871,436)	(503,351,426)	3,158,476,346	(581.0)
Net assets, beginning of year	22,198,008,532	22,701,359,958	19,542,883,612	(2.2)
Net assets, end of year	$ 18,770,137,096	$ 22,198,008,532	$ 22,701,359,958	(15.4)

Refunds of contributions had a higher percentage change between 2008 and 2009, a decrease of 10.5%, compared to a 3.6% decline in refunds between 2007 and 2008. Members no longer employed in a position eligible for membership in the System, who are eligible for a refund, may apply for a refund of contributions, making this number unpredictable from year to year.

Benefit payments rose 15.1% between 2008 and 2009 as compared to an increase of 11.2% in 2008 from 2007. A portion of the change in benefit payments between 2008 and 2009 can be attributed to an increased number of retirement inceptions as a result of changes in insurance subsidy rules which took effect during fiscal year 2009.

The completion of the Java based computer operating system conversion during 2009 resulted in $1.4 million in capitalization as compared to $2.2 million in 2008.

The percentage increase of transfers of contributions from 2008 to 2009 was 45.0%. This is a greater upward change than the increase experienced between 2007 and 2008 of 33.4%. Similar to refund requests, the transfers of members from PERS to the Judicial Retirement System (JRS) are unpredictable from year to year. For example, in fiscal year 2008, $2.6 million was transferred from PERS to JRS, while in fiscal year 2009, nearly $3.8 million was transferred.

All of the above factors contributed to the fiscal year 2009 net assets held in trust for pension benefits declining by 15.4% from 2008. This is a larger decline than the 2.2% decrease between 2008 and 2007. Some degree of recovery is expected during the next fiscal year.

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2009
(With Comparative Totals for June 30, 2008)

ASSETS	2009	2008
Cash and cash equivalents	$ 422,475,446	$ 377,383,481
Receivables:		
Contributions receivable	102,154,980	98,981,950
Pending trades receivable	141,678,033	197,657,567
Accrued investment income	86,899,749	88,430,550
Total receivables	330,732,762	385,070,067
Investments, at fair value:		
Fixed income securities	5,533,670,903	6,557,248,763
Marketable equity securities	7,691,383,120	9,147,115,146
International securities	3,941,468,260	4,586,140,392
Mortgage loans	6,696	8,837
Real estate	907,413,470	1,179,621,748
Private equity	466,149,311	539,741,424
Total investments	18,540,091,760	22,009,876,310
Collateral on loaned securities, at fair value	1,760,287,271	2,872,321,923
Property and equipment	34,031,521	31,663,385
Accumulated depreciation	(29,135,098)	(27,063,157)
Net property and equipment	4,896,423	4,600,228
Other assets	1,962,283	1,676,282
Total plan assets	21,060,445,945	25,650,928,291
LIABILITIES		
Accounts payable and accrued expenses	13,385,742	11,410,243
Pending trades payable	429,255,245	569,187,593
	442,640,987	580,597,836
Obligations under securities lending activities	1,847,667,862	2,872,321,923
Commitments and contingencies (Note 6)		
Total plan liabilities	2,290,308,849	3,452,919,759
Net assets held in trust for pension benefits	$18,770,137,096	$22,198,008,532

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended June 30, 2008)

ADDITIONS	2009	2008
Contributions:		
Employer	$ 1,213,067,534	$ 1,167,392,913
Plan members	93,648,004	88,013,888
Repayment and purchase of service	28,116,522	43,287,531
Total contributions	1,334,832,060	1,298,694,332
Investment income:		
Net depreciation in fair value of investments	(4,087,706,785)	(1,452,221,839)
Interest	282,150,111	344,301,544
Dividends	300,020,380	310,551,918
Other investment income	54,285,040	62,429,450
	(3,451,251,254)	(734,938,927)
Less investment fees and other expenses:	(24,058,951)	(27,918,718)
Net investment loss	(3,475,310,205)	(762,857,645)
Securities lending income	43,677,181	176,117,382
Net change in fair value of securities lending	(87,380,591)	-
Less securities lending expense	(24,412,358)	(156,333,294)
Net securities lending income (loss)	(68,115,768)	19,784,088
Total net investment loss	(3,543,425,973)	(743,073,557)
Other income	2,430,401	2,381,398
Total additions	(2,206,163,512)	558,002,173
DEDUCTIONS		
Benefit payments:		
Retirement and survivor benefits	1,129,585,581	979,319,655
Disability	60,006,985	53,836,984
Post-retirement increases	27,507	34,707
Refunds of contributions	18,581,557	16,822,873
Transfer of contributions	3,791,831	2,615,779
Administrative expenses	9,710,115	8,720,397
Other expenses	4,348	3,204
Total deductions	1,221,707,924	1,061,353,599
Decrease in net assets	(3,427,871,436)	(503,351,426)
Net assets held in trust for pension benefits:		
Beginning of year	22,198,008,532	22,701,359,958
End of year	$18,770,137,096	$22,198,008,532

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Plan Description

History and Purpose

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

Membership

At June 30, 2009, the number of participating public employers is:

State of Nevada and Related Agencies	21
University of Nevada System	2
Schools	43
Counties	16
Cities	19
Hospitals	7
Utility, Irrigation, and Sanitation Districts	18
Special Districts and Agencies	52
	178

Any public employer in the State of Nevada may have its Regular or Police/Fire employees covered by the System. Membership at June 30 is as follows:

Service retirees, disability recipients, and beneficiaries receiving benefits:	2009	2008
Regular employees	35,140	31,722
Police/Fire employees	5,015	4,689
Survivor benefit recipients	1,750	1,719
Total benefit recipients	41,905	38,130
Inactive members:		
Regular employees	10,954	10,965
Police/Fire employees	620	628
Total inactive members	11,574	11,593
Active members:		
Regular employees	92,784	93,816
Police/Fire employees	12,633	12,307
Total active members	105,417	106,123

NOTES TO FINANCIAL STATEMENTS

Benefits

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

Monthly benefit allowances for Regular members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. However, for members entering the System on or after January 1, 2010, there is only a 2.5% multiplier. (See Plan Summary for further information.) The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575–.579. See Note 3 on page 34 for detail.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of accredited Police/Fire service, at age 50 with twenty years of accredited Police/Fire service, or at any age with twenty-five years of accredited Police/Fire service.

Regular members entering the System on or after January 1, 2010, will be eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Police/Fire members entering the System on or after January 1, 2010, will be eligible for retirement at age 65 with five years of service, or age 60 with ten years of Police/Fire service, or age 50 with twenty years of Police/Fire service, or at any age with thirty years of total service.

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

Member Contributions

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

NOTES TO FINANCIAL STATEMENTS

upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

Termination

Upon termination or partial termination of the System, all accrued benefits that are funded become 100% vested and nonforfeitable.

NOTE 2 – Summary of Significant Accounting Policies and Plan Asset Matters

Financial Reporting Entity

The Board is the governing body of the System with responsibility for administration and management. This autonomous, seven-member Board is appointed by the Governor of the State of Nevada.

The System has developed criteria in accordance with standards issued by GASB to determine whether other state agencies, boards, and commissions, which benefit the members of the System, should be included within its financial reporting entity as component units. A component unit is defined as a legally separate organization for which officials of the System are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statements to be misleading or incomplete.

In accordance with GASB, the following criteria are used when evaluating financial accountability: The ability of the System to appoint a voting majority of the organization's governing body and (1) the ability to impose its will on the other organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the System. In addition, the System may be financially accountable if an organization is fiscally dependent on the System regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

The System has no relationship with another entity that meets the above criteria and has not included any other entity as a component unit of its financial reporting entity.

The System is classified as a component unit of the State of Nevada for financial reporting purposes in accordance with the provisions of GASB.

Basis of Accounting

The System uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned and become measurable. Per statute, employee and employer contributions are recognized in the reporting period for which they are due. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Unfunded portions of actuarially determined liabilities for retirement benefits are not recorded in the financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

The System is comprised of two sub-funds.

Regular sub-fund – Established to provide retirement, disability, and survivor benefits for public employees with the exception of those who are police officers or firefighters.

Police/Fire sub-fund – Established to segregate accounting for benefits related to members who are police officers or firefighters.

Assets of the System can legally be used to pay both Regular or Police/Fire beneficiaries.

Cash, Other Short-Term Investments, and Derivatives

Cash and other short-term investments include cash on deposit and highly liquid financial instruments with original maturities of one year or less.

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels or currency exchange rates, and are reported at fair value. The Board adopted a formal written policy on the use of derivatives. The types of derivatives used and limits on their use are defined in the System's Investment Objectives and Policies. The System's Investment Objectives and Policies restrict the use of certain types of derivatives. The use of exotic, highly leveraged structured notes such as inverse floaters, Constant Maturity Treasury (CMT) floaters, range floaters, dual index floaters, and other speculative instruments tied to inappropriate reset provisions is specifically prohibited. The System's derivatives transactions are designed to reduce transaction costs, reduce foreign exchange risk, and manage market risks associated with the underlying securities. They may also reduce the System's exposure to changes in stock prices, interest rates, and currency exchange rates.

Contributions Receivable

No allowance for doubtful accounts has been established since the System anticipates no material collection loss with respect to contribution receivables.

Benefits Payable

Benefits are paid during the month they are due; therefore, no benefit payable is recorded each month or at year end.

Federal Income Tax

The System is a qualified pension plan under Section 401a of the Internal Revenue Code (IRC) and, as such, is required to withhold Federal income tax from member and benefit recipient payments in accordance with IRC. As a public entity, the System is not required to file a Federal income tax return with the Internal Revenue Service.

NOTES TO FINANCIAL STATEMENTS

Investments

The Regular sub-fund and the Police/Fire sub-fund are accounted for separately, based upon actual funds contributed and an allocation of the combined investment earnings. Individual investments are not specifically identified as belonging to either the Regular sub-fund or the Police/Fire sub-fund.

Plan investments are reported at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on estimated current values and Member Appraisal Institute (MAI) independent appraisals. For private equity partnership investments, estimated fair value is determined in good faith by the general partner of the respective investment partnership. In addition, each partnership undergoes an independent audit on an annual basis.

Investment income is recognized as earned. Net appreciation (depreciation) is determined by calculating the change in fair value of investments between the beginning of the fiscal year and the end of the fiscal year, less purchases of investments at cost, plus sales of investments at fair value.

There are certain market risks, credit risks, foreign exchange currency risks, or event risks which may subject the System to economic changes occurring in certain industries, sectors, or geographies.

There is no concentration of investments in securities of a single organization that represent 5% or more of the plan's net assets (other than those issued by the U.S. Government).

The System's investment assets in the Investment Section are presented on the same basis of accounting described here except that assets in the Investment Section exclude unrealized gains/losses related to securities lending. Unrealized losses from securities lending cash collateral investment activities in certain securities, including Lehman Brothers Holdings Inc., have been recognized on the financial statements. However, securities lending management and performance practice is for the loss to be recorded upon the settlement of the impaired asset, which in the case of Lehman Brothers Holdings Inc. will be upon completion of bankruptcy proceedings. In addition, during fiscal year 2009, the System created a securities lending reserve account funded by securities lending income earned during the year. This reserve will be used to mitigate losses upon settlement.

Property and Equipment

Property and equipment consists of furniture, equipment, computer hardware, and software at cost with accumulated depreciation. Assets are capitalized when the expected life is greater than one year and the initial cost is $5,000 or more per unit. Depreciation is calculated using the straight-line depreciation method over five years.

Administrative Expenses

The funds for administering the System are provided by assessment of an administrative fee for each member and benefit recipient. Monthly fees at June 30, 2009, were $3.62 for each Regular member and benefit recipient and $3.90 for each Police/Fire member and benefit recipient. PERS is required by statute

NOTES TO FINANCIAL STATEMENTS

to submit a biennial budget proposal to the Budget Division of the State of Nevada, which must be incorporated with the State Executive Budget and approved by the Nevada Legislature.

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2008, financial statements. Property and equipment, administrative expenses, and other expenses have been restated for comparability with fiscal year 2009. Fiscal year 2008 data has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

NOTE 3 – Contributions Required and Contributions Made

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

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

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contribution requirement as a percentage of salary. As of June 30, 2009 (date of the most recent actuarial valuation), the System's funded status is as follows:

(in millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA To AAL	Annual Covered Payroll	UAAL as a % Of Annual Covered Payroll
2009	$23,971.9	$33,075.2	$9,103.3	72.5%	$5,373.1	169.4%

See Required Supplementary Information (RSI) on page 43 for a 10-year schedule of funding progress. This schedule indicates how the actuarial values of plan assets have increased or decreased over time, relative to the actuarial accrued liability (AAL) for benefits.

The unfunded actuarial accrued liability is amortized using a year-by-year closed amortization period where each amortization period is set at 30 years. This presumes each year's change in unfunded liability will be fully paid 30 years from inception.

NOTES TO FINANCIAL STATEMENTS

Fiscal year 2009 employer contributions required and contributions made are as follows:

	Regular		Police/Fire		Total	
Actuarial Valuation Date June 30	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	$993,985,400	93%	$346,562,200	85%	$1,340,547,600	90%

See Required Supplementary Information (RSI) on page 44 for a 10-year schedule of employer contributions.

Actuarial Information

The funding progress and employer contribution information presented above and in the RSI schedules were determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation for the System follows:

Valuation date		6/30/2009
Actuarial cost method		Entry age normal
Amortization method		Year-by-year closed with each amortization period set at 30 years
Asset valuation method		5-year smoothed market limited to not less than 70% or greater than 130% of market value of assets
Actuarial assumptions:		
Investment rate of return (Includes inflation at 3.5%)		8.0%
Projected salary increases:	Regular	4.5% - 9.75%
(Includes inflation at 3.5%)	Police/Fire	6.5% - 14.75%
Assumed payroll growth rates:		
	Regular	6.5%
	Police/Fire	8.0%
Cost of living (post-retirement) increases*		2% per year after 3 years of receiving benefits 3% per year after 6 years of receiving benefits 3.5% per year after 9 years of receiving benefits 4% per year after 12 years of receiving benefits 5% per year after 14 years of receiving benefits** Cap based on CPI if benefits outpace inflation

* Corrected from previous publication

** Does not apply to retirees who enter the System on or after January 1, 2010

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2009, the System experienced an investment return of -15.6%. The actuarial valuation of assets is determined by smoothing the asset gain or loss over a five-year period. The impact of the investment loss experienced during the year ended June 30, 2009, on the future actuarial valuation of assets has not been determined and may or may not have a significant impact on the ratio of assets to actuarial accrued liability for the System in future years.

The asset valuation method changed slightly from the previous year. Before the June 30, 2009 actuarial valuation, assets were valued using five-year smoothing of investment gain/loss limited to not less than 80% or greater than 120% of the market value of assets. Effective with the June 30, 2009 valuation, the five-year smoothing remains but the limits are now not less than 70% or greater than 130% of market value of assets.

Rates in effect for fiscal year ended June 30, 2009, were as follows:

Regular Employees	Funding Basis*	Statutory Rate
Employer-pay plan	21.54%	20.50%
Employee/employer plan (matching rate)	11.21	10.50
Police/Fire Employees		
Employer-pay plan	37.06%	33.50%
Employee/employer plan (matching rate)	18.92	17.25

* From June 30, 2008 actuarial valuation

For fiscal year 2009 contributions totaling $1,334,832,060 ($1,213,067,534 employer and $121,764,526 employee) were made in accordance with statutory rates.

The Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. Rates are only adjusted upward if the new rates are more than 0.50% higher than the existing rate for Employer-Pay and more than 0.25% higher for Employee/Employer. Rates are only adjusted downward if the new rates are more than 2.00% lower than the existing rate for Employer-Pay (and adjusted only by the amount in excess of 2.00%) and more than 1.00% lower than the existing rate for Employee/Employer (and adjusted only by the amount in excess of 1.00%). Rates are rounded to the nearest 0.25% of payroll.

Under the Employer-Pay provisions the contributions made by employers on behalf of employees are not credited to the member's account and are not refunded upon termination. For employees covered by the Employer-Pay provisions average compensation is increased by half the total contribution made by the public employer and may not be less than it would have been if contributions had been made by the member and the employer separately.

JRS was established in 2001 to provide benefits for the retirement, disability, or death of all justices of the Supreme Court and district judges. In fiscal year 2006 justices of the peace and municipal court judges

NOTES TO FINANCIAL STATEMENTS

began participating in JRS on a voluntary, employer-by-employer basis. Each participating individual who has service credit in PERS may transfer, at any time, to JRS. At the time of transfer all of the individual's contributions and the related liability to the System for that individual are moved from PERS to JRS.

NOTE 4 – Retirement Fund Contributions of PERS' Employees

Administrative employees of PERS (as a participating employer) are members of the System. All participating public employers make contributions to the System at the same percentage of salary rate for Regular members as required by statute. Actuarially determined contribution requirements for administrative employees of the System are the same as all other employers within the System (see Note 3). Employer contributions for administrative employees were $615,046 for the year ended June 30, 2009.

NOTE 5 – Deposit and Investment Risk Disclosures

The investments of the System are governed primarily by the "prudent person" standard. The prudent person standard, as set forth in NRS 286.682, authorizes the Board to invest the System's funds in "every kind of investment which persons of prudence, discretion and intelligence acquire or retain for their own account." Additionally, the System has established limits on the concentration of investments in any single issuer or class of issuer or managed by a single investment firm.

The majority of the System's investments are held by the Depository Trust Company (DTC) in DTC's nominee name, and trading is conducted through DTC's book-entry system. The holder of record for the System is The Bank of New York Mellon.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of its depository financial institution, the System will not be able to recover its deposits.

At June 30, 2009, the carrying amount of the System's commercial cash deposits was $2,547,010 and the commercial bank balance was $6,274,690. Of the bank balance, $250,000 was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining commercial bank balance is, per a depository pledge agreement between the System and the System's commercial bank, collateralized at 102% of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC). These collateral securities are held by the System's agent in the System's name.

Custodial cash is swept nightly from the custodial bank to an overnight short-term investment fund held outside the bank. Funds arriving at the bank after the overnight sweep deadline are part of the custodial bank cash reserve and are covered up to the FDIC limit, any amount in the cash reserve in excess of this limit is subject to custodial credit risk.

The custodial bank also carries insurance covering destruction of cash or securities on or off premises (including securities or others held in custody) with a limit of $850,000,000.

NOTES TO FINANCIAL STATEMENTS

Credit Risk – Investments

Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations to the System and *custodial credit risk for investments* is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

System policies provide protection from undue investment credit risk as follows:

- Investment in commercial paper provided it, or the guarantor, is rated A1, F1, and P1 or the equivalent by at least two of the following: Moody's, Standard & Poor's, or Fitch.
- Certificates of deposit, banker's acceptances, and time deposits are only allowed of banks with a minimum of $10 billion in bank capital which have a quality rating of A-, A3, or better by at least two of Moody's, Standard & Poor's, or Fitch.
- Repurchase agreements with banks or dealers provided the agreement is collateralized by 102% with U.S. Treasuries or Government Sponsored Enterprise (GSE) mortgages and such collateral is delivered to the System's bank or its correspondent.
- Money market mutual funds must be SEC registered 2(a)–7 and AAA rated by at least two of Moody's, Standard & Poor's, or Fitch and whose investment guidelines are substantially equivalent to and consistent with the System's overall short-term investment criteria.
- Bonds and notes of United States corporations and asset-backed instruments must have an investment grade rating by at least two of Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's). Asset-backed instruments may also be warranted by counsel to be of equivalent credit quality.
- Debt issued in the United States by foreign entities located in countries in the Citigroup Non-Dollar Government Bond Index is authorized provided both interest and principal are payable in U.S. dollars and such debt is rated investment grade by at least two of Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).
- To Be Announced (TBA) mortgage transactions are utilized to provide access to mortgage securities. Sufficient short-term investments must be available at all times to settle TBA transactions. Determination of broker creditworthiness and reliability is the responsibility and liability of counsel. Outstanding TBA positions with a single broker may not exceed 10% of each counsel's portfolio.

Regarding U.S. Government securities, the System carries two types, U.S. Treasury and Government Sponsored Enterprise (GSE or agency) securities. There is no risk or quality rating assigned to the U.S. Treasury securities (such as Government National Mortgage Association and Small Business Administration securities) as these are explicitly guaranteed by the U.S. Government. However, quality ratings have been assigned to the agency securities (such as Federal National Mortgage Association and Federal Home Loan Mortgage Corporation securities) as these are implicitly guaranteed by the U.S. Government. During 2008 Fannie Mae and Freddie Mac were placed under conservatorship. Such

NOTES TO FINANCIAL STATEMENTS

government intervention secures the repayment of debt and guaranteed loans which in turn reduces systemic risk. Under the conservatorship the Federal Housing Finance Agency (FHFA) takes over the assets of and operates these entities with all of the powers of the shareholders, the directors, and the officers and conducts all business including authorizing the payment of valid obligations as outlined in the Housing and Economic Recovery Act of 2008. It is important to note, however, that the value of agency-issued securities like these fluctuate based on non-credit-related factors, such as interest-rate movements, which could cause future price declines despite government backing.

The System invests in a variety of investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. On September 14, 2008, Lehman Brothers Holdings Inc. declared bankruptcy. As of June 30, 2009, the System held equity and debt obligations of Lehman Brothers Holdings Inc. The ultimate value of the System's Lehman debt securities will not be known until the bankruptcy proceedings are completed. However, equity and debt obligations of Lehman Brothers Holdings Inc. held by the System were marked to market, and the loss recognized, at June 30, 2009.

	Quality Rating (S&P unless noted)									
Investment Type (in millions)	**Agency**	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**Not Rated**	**Totals**
Asset-backed securities	$ 18.8	$ 48.5	$ 3.5	$ 6.3	$ 3.3	$ -	$ -	$ -	$ -	$ 80.4
Commingled funds	-	-	-	-	-	-	-	-	107.0	107.0
Collateralized mortgage obligations	9.9	195.6	4.5	5.6	6.7	1.4	3.7	2.7	20.8	250.9
Corporate bonds and other	3.1	53.8	153.6	616.6	467.9	18.0	4.5	-	3.6	1,321.1
Mortgage back securities	44.6	25.2	-	-	-	-	-	-	3.1	72.9
Non-U.S. markets	10.8	364.0	426.4	164.3	30.7	-	-	-	28.1	1,024.3
Short-term	-	3.3	-	-	-	-	-	-	307.5	310.8
U.S. Government*	2,408.5	35.5	-	-	-	-	-	-	35.3	2,479.3
Total fixed income and short-term	$ 2,495.7	$ 725.9	$ 588.0	$ 792.8	$ 508.6	$ 19.4	$ 8.2	$ 2.7	$ 505.4	$ 5,646.7

*Quality Ratings of agency securities have been provided by the System's custodial bank, The Bank of New York Mellon. In addition, the System holds $1,196.5 million in Treasury securities ($0.8 of which are collateralized mortgage obligations) which are explicitly guaranteed by the U.S. Government.

The above does not include commercial cash of $2.5 million and cash in custodial of $17.9 million.

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. System policy limits corporate short-term investments of any of the System's counsels to 5% of a single issuer. Each counsel's portfolio shall be suitably diversified as to assets with any single issuer (except U.S. Government obligations) or class of issuers so that an adversity affecting a particular sector will not impact a substantial share of the total portfolio.

System policy further requires bond portfolios to be suitably diversified as to assets with any single issuer (except Government Agency or Government Sponsored Enterprise-guaranteed obligations) or class of issuers so that an adversity affecting a particular sector will not impact a disproportionate share of the bond portfolio. Corporate issuers are limited to 5% per issuer and asset-backed, commercial mortgage-backed, and private label mortgage-backed securities are limited to 5% per issuer.

Equity portfolios shall be suitably diversified to the extent that an adversity affecting a particular sector or issuer will not impact a disproportionate share of counsel's portfolio. No more than 10% of counsel's portfolio shall be invested in any one security.

NOTES TO FINANCIAL STATEMENTS

In addition, no more than 10% of the System's assets shall be managed on a permanent basis by a single investment firm in active strategies. A single firm may manage up to 25% of the System's assets on a permanent basis in index strategies. No asset manager may oversee more than 25% of the System's assets. The System's assets shall not permanently constitute more than 20% of any firm's assets within the asset class (equity, bonds, real estate, or private equity) managed for PERS.

No individual asset exceeded 5% of the total portfolio during the fiscal year.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The System mitigates interest rate risk through portfolio diversification as discussed previously. The System's investment policy and investment portfolio counsel mandates permit investment in all securities within the Barclays Capital Aggregate Index benchmark.

If securities purchased are outside the Barclays Capital Aggregate Index (except those issued or guaranteed by the U.S. Government or its agencies or instrumentalities), they must be of investment grade rating by at least two of the following: Moody's, Standard & Poor's, or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's).

The weighted average maturity method is used to determine investment maturity time horizons. The following table shows the fair value of fixed income and short-term securities and the applicable investment maturities as of June 30, 2009.

		Investment Maturities (in years)				
Investment Type (in millions)	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**	**N/A**
Asset-backed securities	$ 80.4	$ 0.3	$ 15.7	$ 18.6	$ 45.8	$ -
Commingled funds	107.1	91.2	-	-	-	15.9
Collateralized mortgage obligations	251.7	-	1.2	16.0	234.5	-
Corporate bonds and other	1,321.1	22.1	459.9	488.1	351.0	-
Mortgage back securities	72.9	-	0.9	0.2	71.8	-
Non-U.S. markets	1,024.3	14.8	453.6	280.8	275.1	-
Short-term	310.8	307.2	-	-	-	3.6
U.S. Government	3,674.9	91.7	855.3	557.4	2,170.5	
Total fixed income and short-term	$ 6,843.2	$ 527.3	$ 1,786.6	$ 1,361.1	$ 3,148.7	$ 19.5

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System mitigates foreign currency risk through portfolio diversification as discussed previously. Foreign currency deposits and options on foreign currency positions are allowed by System policy for purposes of hedging, including cross currency hedges. Highly speculative positions in currency are not permitted.

NOTES TO FINANCIAL STATEMENTS

The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2009, is summarized in the following table.

Currency by Investment and Fair Value (in millions)

Currency Type	Fixed Income	Equity	Derivatives	Cash	Total
Australian Dollar	$ 3.4	$ 219.7	$ 1.0	$ 1.1	$ 225.2
British Pound Sterling	71.0	615.7	(0.2)	4.3	690.8
Canadian Dollar	18.7	-	(0.1)	1.5	20.1
Danish Krone	7.0	26.2	(0.1)	0.3	33.4
Euro Currency	438.2	987.0	5.2	(7.4)	1,423.0
Hong Kong Dollar	-	76.8	-	0.4	77.2
Japanese Yen	349.1	728.6	(2.9)	2.5	1,077.3
Malaysian Ringgit	2.1	-	-	0.2	2.3
New Zealand Dollar	-	2.7	-	0.1	2.8
Norwegian Krone	1.2	22.8	-	0.2	24.2
Polish Zloty	6.9	-	0.1	0.3	7.3
Singapore Dollar	1.4	40.2	(0.1)	0.9	42.4
Swedish Krona	5.4	71.8	(0.9)	1.5	77.8
Swiss Franc	3.1	220.7	0.7	(0.6)	223.9
Total	$ 907.5	$ 3,012.2	$ 2.7	$ 5.3	$ 3,927.7

Derivatives

Derivatives are periodically employed by the System. Foreign exchange forward contracts are used to hedge currency risk of investments in foreign currencies; exchange traded index futures are utilized to equitize cash; mortgage backed and asset backed securities provide diversification and enhance return. Mortgage and asset backed securities are components of the Barclays Capital Aggregate Index.

Generally, derivatives are subject both to market risk and to counterparty risk. The derivatives utilized by the System typically have no greater market risk than their physical counterparts and, in many cases, are offset by exposures elsewhere in the portfolio. Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange traded futures and options where practical (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange traded products is impractical or uneconomical.

Derivative securities are priced and accounted for at fair value. For exchange traded securities such as futures and options, closing prices from the securities exchanges are used. For fixed income derivatives such as collateralized mortgage obligations (CMO), mortgage-backed securities, and asset-backed securities, commercial pricing services (where available) or bid-side prices from a broker/dealer are used. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offsets in the forward markets.

NOTES TO FINANCIAL STATEMENTS

Management believes that it is unlikely that any of the derivatives in the System's portfolio could have a material adverse effect on the financial condition of the System. In addition, the credit, market, or legal risks are not above and beyond those risks apparent by the nature of the type of investment for any of the securities contained within the portfolio.

Securities Lending

The System maintains a securities lending program by authorization of NRS 286.682, the "prudent person" standard previously described. Securities loaned under this program consist of U.S. Treasury Obligations, corporate fixed income securities, international fixed income securities, equity securities, and international equity securities. Collateral received consists of cash and securities issued by the U.S. Government, its agencies, or instrumentalities. The System has no discretionary authority to sell or pledge collateral received.

At June 30, 2009, the weighted average maturities were 3 days for loans outstanding and 24 days for collateral/reinvestments. Collateral received for the lending of U.S. securities must equal at least 102% of market value, plus accrued interest in the case of fixed income securities. Collateral received for the lending of international securities must equal at least 105% of market value, plus accrued interest in the case of fixed income securities. In accordance with the System's Investment Objectives and Policies, the securities lending agent is authorized to invest collateral only in high quality, short-term investment vehicles. Risk exists if short-term investment vehicles permanently lose value to the extent they fall below the value of loan collateral.

The System has no credit risk exposure to borrowers, because the amount the System owes the borrowers exceeds the amount the borrowers owe the System. At June 30, 2009, the System had collateral, on an operational basis, of 104%. Collateral consisted of cash and securities issued by the U.S. Government, its agencies, or instrumentalities. In addition, securities loaned may not exceed 33⅓% of the total portfolio. Loss indemnification due to borrower default is provided by agents. There were no losses during the period, or any prior period, resulting from borrower default. Therefore, there were no recoveries of prior period losses.

The fair value of securities loaned at June 30, 2009, is $1,775,168,823. Cash collateral received in securities lending arrangements is reported on the Statement of Fiduciary Net Assets as an asset with a related liability.

NOTE 6 – Commitments and Contingencies

The System has entered into investment funding commitments related to private markets to fund an additional $517.8 million at some future date.

NOTE 7 – Risk Management

The System is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to employees; and court challenges to fiduciary decisions. To cover these risks, the System maintains commercial building and contents insurance, vehicle liability and collision/comprehensive

NOTES TO FINANCIAL STATEMENTS

insurance, general liability insurance, worker's compensation insurance, and employee fidelity bonds. For coverage included within the State of Nevada's policies (all but worker's compensation and building/contents insurance), the System pays its premium directly to the State. The System's worker's compensation and building/contents insurance are placed with private insurance companies. There have been no reductions of insurance coverage from coverage of the previous year in any of the categories of risk. In addition, there have never been any insurance settlements which exceeded insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS
2000 to 2009
(in millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of AVA To AAL	Annual Covered Payroll	UAAL as a % Of Annual Covered Payroll
2000	$12,662.1	$14,951.9	$2,289.8	84.7%	$2,967.7	77.2%
2001	14,031.1	16,664.2	2,633.1	84.2	3,168.9	83.1
2002	15,052.3	18,259.9	3,207.6	82.4	3,417.6	93.9
2003	15,883.0	19,540.7	3,657.7	81.3	3,595.4	101.7
2004	16,830.3	21,385.4	4,555.1	78.7	3,812.8	119.5
2005	17,886.5	23,608.7	5,772.2	75.8	4,064.0	140.8
2006	19,282.0	25,739.1	6,457.1	74.9	4,366.1	147.9
2007	21,359.0	27,671.6	6,312.6	77.2	4,769.6	132.4
2008	23,237.7	30,495.9	7,258.2	76.2	5,194.4	139.7
2009	23,971.9	33,075.2	9,103.3	72.5	5,373.1	169.4

Actuarial Valuation Date June 30	Unfunded Actuarial Accrued Liability (millions)		Unfunded Actuarial Accrued Liability as % of Payroll		Actuarial Value of Assets as % of Total Actuarial Accrued Liability	
	Regular	Police/ Fire	Regular	Police/ Fire	Regular	Police/ Fire
2000	$1,708.9	$580.9	67.7%	131.5%	85.9%	79.5%
2001	1,954.4	678.7	72.8	140.0	85.5	78.9
2002	2,433.8	773.7	84.6	143.3	83.5	78.1
2003	2,612.5	1,045.2	85.9	188.2	83.2	73.9
2004	3,306.5	1,248.6	103.3	203.6	80.5	71.7
2005	4,252.0	1,470.2	124.9	222.8	77.3	69.8
2006	4,778.0	1,679.1	131.0	234.0	76.5	68.9
2007	4,615.8	1,696.8	116.0	214.4	78.8	71.1
2008	5,363.0	1,895.2	123.8	219.4	77.7	70.8
2009	6,929.3	2,173.9	155.1	240.1	73.4	68.9

Trends are affected by investment experience (favorable or unfavorable), salary experience, and changes in demographic characteristics of employees as well as the distribution of employees under Employer-Pay and Employee/Employer contribution provisions. Other factors include retirement experience. For example, the number of service retirements could be greater or less than expected for those with shorter or longer service. Changes in benefit provisions and in actuarial methods and assumptions also affect trends.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
2000 to 2009

Actuarial Valuation Date June 30	Regular		Police/Fire		Total	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2000	$496,794,400	96%	$129,349,400	99%	$626,143,800	97%
2001	514,992,000	100	140,428,200	100	655,420,200	100
2002	550,513,000	96	158,694,400	96	709,207,400	96
2003	630,511,700	89	173,194,600	94	803,706,300	90
2004	650,105,000	100	214,378,000	86	864,483,000	99
2005	696,686,600	100	231,962,000	88	928,648,600	100
2006	795,295,700	97	259,810,300	91	1,055,106,000	96
2007*	861,341,800	97	279,177,100	91	1,140,518,900	96
2008	924,842,900	96	333,828,000	85	1,258,670,900	93
2009	993,985,400	93	346,562,200	85	1,340,547,600	90

* Corrected from previous publications

OTHER SUPPLEMENTARY INFORMATION

Schedule of Administrative Expenses
For the Year Ended June 30, 2009
(GAAP Basis)

Personnel services:	Staff payroll and benefits	$5,022,385	
	Board fees	23,040	
	Total Personnel Services		$5,045,425
Out-of-state travel:	Staff	12,476	
	Board	5,129	
	Police/Fire committee	-	
	Total Out-of-State Travel		17,605
In-state travel:	Staff	32,467	
	Board	31,912	
	Police/Fire committee	2,038	
	Total In-State Travel		66,417
Operating:	Office supplies	22,158	
	Equipment less than $1,000	1,062	
	Postage and freight	255,500	
	Communications	33,170	
	Printing	282,262	
	Publications and periodicals	2,020	
	Bonds and insurance premiums	8,990	
	Contract services	553,216	
	Vehicle expense	4,809	
	Equipment rental and repair	22,575	
	Building rental	288,931	
	License and fees	5,320	
	Client communication	162,933	
	Dues and registration	29,034	
	Medical expenses	25,728	
	Host expense	902	
	Litigation expense	22,947	
	Total Operating		1,721,557
Equipment and office furniture, net			6,743
Information technology, net			2,740,424
Training			29,993
Attorney General allocation			81,951
Total Expenses			$9,710,115

OTHER SUPPLEMENTARY INFORMATION

Schedule of Administrative Expenses
For the Year Ended June 30, 2009
(Non-GAAP Budgetary Basis)
Budget vs. Actual

	Budget	Actual Expenditures	Variance Under (Over)
Personnel services	$5,169,245	$4,987,892	$181,353
Out-of-state travel	34,373	17,606	16,767
In-state travel	69,712	66,417	3,295
Operating	1,687,986	1,721,557	(33,571)
Equipment and office furniture	6,628	4,625	2,003
Information technology	3,244,616	3,038,737	205,879
Training	67,713	29,993	37,720
Attorney General allocation	81,951	81,951	-
Unallocated budgetary authority	200,000	-	200,000
Total	$10,562,224	$9,948,778	$613,446

Reconciliation of GAAP Basis Administrative Expenses to Non-GAAP Budgetary Basis
For the Year Ended June 30, 2009

The budget and actual (non-GAAP budgetary basis) schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis sometimes differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resulting differences is presented for the year ended June 30, 2009.

Administrative Expenses (Non-GAAP Budgetary Basis)	$9,948,778
Adjustments:	
Accrued payroll	57,533
Depreciation expense	2,071,941
Capitalization of fixed assets and software	(2,368,137)
Administrative Expenses (GAAP Basis)	$9,710,115

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended June 30, 2009

Investment counselor fees	$ 16,458,312
Investment consulting fees	284,787
Equity real estate expense	7,216,668
Mortgage loans legal and professional fees	46,782
Securities lending broker rebates and fees	24,412,358
Investments monitoring expense	22,625
Expenses paid by investment fund	27,484
Custodial banking fees	2,293
Total Investment Expenses	$ 48,471,309

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Year Ended June 30, 2009

Actuary	
The Segal Company	$ 253,440
Cost Effectiveness Consultant	
Cost Effectiveness Measurement Inc.	35,000
Fiduciary Consultant	
Cortex Applied Research	24,542
Independent Auditors	
Clifton Gunderson LLP	124,000
Technology Consultants	
Action Technologies	12,641
Apex Computing Inc.	2,600,041
Coda Financials Inc.	22,265
Cyber Trust	31,977
Software Marketing	2,496
Vizant Software	8,541
Administrative Legal Counsel	
Attorney General's Office	81,951
Woodburn and Wedge	22,947
Medical Consultant	
G. Bruce Nickles, M.D.	25,728
Total Payments to Consultants	$ 3,245,569

Note: Information on payments made to investment professionals can be found beginning on page 67.

OTHER SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

June 30, 2009

(With Comparative Totals for June 30, 2008)

	Regular	Police/Fire	Eliminations	Total Pension Trust Fund 2009	Total Pension Trust Fund 2008
ASSETS					
Cash and cash equivalents	$ 422,475,446	$ -	$ -	$ 422,475,446	$ 377,383,481
Contributions receivable	102,154,980	-	-	102,154,980	98,981,950
Pending trades receivable	141,678,033	-	-	141,678,033	197,657,567
Accrued investment income	86,899,749	-	-	86,899,749	88,430,550
Investments, at fair value	18,540,091,760	-	-	18,540,091,760	22,009,876,310
Collateral on loaned securities, at fair value	1,760,287,271	-	-	-	2,872,321,923
Property and equipment	34,031,521	-	-	34,031,521	31,663,385
Accumulated depreciation	(29,135,098)	-	-	(29,135,098)	(27,063,157)
Net property and equipment	4,896,423	-	-	4,896,423	4,600,228
Other assets	1,962,283	-	-	1,962,283	1,676,282
Due from other funds- equity in investments	-	3,777,561,319	(3,777,561,319)	-	-
Total plan assets	21,060,445,945	3,777,561,319	(3,777,561,319)	21,060,445,945	25,650,928,291
LIABILITIES					
Accounts payable and accrued expenses	13,385,742	-	-	13,385,742	11,410,243
Pending trades payable	429,255,245	-	-	429,255,245	569,187,593
Due to other funds – equity in investments	3,777,561,319	-	(3,777,561,319)	-	-
Obligations under securities lending activities	1,847,667,862	-	-	1,847,667,862	2,872,321,923
Total plan liabilities	6,067,870,168	-	(3,777,561,319)	2,290,308,849	3,452,919,759
Net assets held in trust for pension benefits	$ 14,992,575,777	$ 3,777,561,319	$ -	$ 18,770,137,096	$ 22,198,008,532

OTHER SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	Regular	Police/Fire	Total Pension Trust Fund 2009	Total Pension Trust Fund 2008
ADDITIONS				
Contributions:				
Employer	$ 919,447,120	$ 293,620,414	$ 1,213,067,534	$ 1,167,392,913
Plan members	77,740,604	15,907,400	93,648,004	88,013,888
Repayment and purchase of service	23,318,751	4,797,771	28,116,522	43,287,531
Total contributions	1,020,506,475	314,325,585	1,334,832,060	1,298,694,332
Investment income:				
Net depreciation in fair value of investments	(4,087,706,785)	-	(4,087,706,785)	(1,452,221,839)
Interest	282,150,111	-	282,150,111	344,301,544
Dividends	300,020,380	-	300,020,380	310,551,918
Other investment income	54,285,040	-	54,285,040	62,429,450
	(3,451,251,254)	-	(3,451,251,254)	(734,938,927)
Less investment fees and other expense	(24,058,951)	-	(24,058,951)	(27,918,718)
Net investment loss	(3,475,310,205)	-	(3,475,310,205)	(762,857,645)
Securities lending income	43,677,181	-	43,677,181	176,117,382
Net change in fair value of securities lending	(87,380,591)	-	(87,380,591)	-
Less securities lending expense	(24,412,358)	-	(24,412,358)	(156,333,294)
Net securities lending income (loss)	(68,115,768)	-	(68,115,768)	19,784,088
Total net investment loss	(3,543,425,973)	-	(3,543,425,973)	(743,073,557)
Other income	2,054,669	375,732	2,430,401	2,381,398
Total additions	(2,520,864,829)	314,701,317	(2,206,163,512)	558,002,173
DEDUCTIONS				
Benefit payments:				
Retirement and survivor benefits	924,718,463	204,867,118	1,129,585,581	979,319,655
Disability	48,849,013	11,157,972	60,006,985	53,836,984
Post-retirement increases	25,679	1,828	27,507	34,707
Refunds of contributions	14,539,878	4,041,679	18,581,557	16,822,873
Transfer of contributions	3,791,831	-	3,791,831	2,615,779
Administrative expenses	9,710,115	-	9,710,115	8,720,397
Other expenses	2,160	2,188	4,348	3,204
Total deductions	1,001,637,139	220,070,785	1,221,707,924	1,061,353,599
Increase (decrease) in net assets	(3,522,501,968)	94,630,532	(3,427,871,436)	(503,351,426)
Transfers:				
Interfund transfers	2,643,361	(2,643,361)	-	-
Transfer of annual investment income	706,913,481	(706,913,481)	-	-
Transfer of administrative fees	993,974	(993,974)	-	-
Total transfers	710,550,816	(710,550,816)	-	-
Net assets held in trust for pension benefits:				
Beginning of year	17,804,526,929	4,393,481,603	22,198,008,532	22,701,359,958
End of year	$14,992,575,777	$ 3,777,561,319	$18,770,137,096	$ 22,198,008,532

INVESTMENT SECTION

INVESTMENT CONSULTANT

Callan Associates, Inc.

INVESTMENT COUNSEL

Domestic Equities:

AllianceBernstein
Atlanta Capital Management
Barclays Global Investors
BlackRock
Capital Guardian
Golden Capital
J. & W. Seligman
Loomis, Sayles & Company

International Equities:

Goldman Sachs
Mellon Capital
Quantitative Management Associates

Domestic Fixed Income:

Barclays Global Investors
Dodge & Cox
JP Morgan Asset Management
Mellon Capital
Payden & Rygel
UBS Global Asset Management
Western Asset Management

International Fixed Income:

Payden & Rygel
UBS Global Asset Management

Private Equity:

Pathway Capital Management

Private Real Estate:

Invesco Real Estate
BlackRock Realty

Real Estate Investment Trust (REIT) Securities:

AllianceBernstein

Securities Lending:

The Bank of New York Mellon

CALLAN ASSOCIATES INC

SAN FRANCISCO
NEW YORK
CHICAGO
ATLANTA
DENVER

October 22, 2009

Dear Reader:

Callan Associates is pleased to report on the investment activity for the Public Employees' Retirement System of Nevada (PERS) for the fiscal year ending June 30, 2009.

On the heels of tumultuous equity performance just one year earlier, fiscal year 2009 was a year where very few assets recorded positive returns. Fixed Income continued to outperform equities as market prices of U.S. Treasuries were supported by rate cuts throughout the year.

The asset allocation policy for fiscal year 2009 remained unchanged; 40% Domestic Equity, 15% International Equity, 30% Domestic Fixed Income, 5% International Fixed Income and 10% Private Markets.

The negative stock market continued to hinder PERS performance. For the fiscal year, the total fund return of -15.6% exceeds the Fund's benchmark (-16.1%) and the return of the average large pension fund, but falls short of the actuarial return assumption of 8.0%.

The Fund's 5-year return was 2.22%, also above the Fund's benchmark return of 1.80%. Longer-term results remain competitive and the return for the past 25 years is above the actuarial return assumption.

The Fund's conservative and consistent investment strategy has produced attractive risk-adjusted returns over the years. PERS' risk adjusted return is better than 77% of other public funds of similar size over the past 25 years.

We welcome any comments or questions regarding the investment activity of PERS for the 2009 fiscal year.

Paul V. Troup
Executive Vice President

Janet Becker-Wold
Senior Vice President

300 GALLERIA PARKWAY, SUITE 950, ATLANTA, GEORGIA 30339, TELEPHONE 770-618-2140 FACSIMILE 770-618-2141

INVESTMENT REVIEW

Introduction

The investment program is designed to generate an 8% long-term return while minimizing risk. The structure and administration of the portfolio is defined by the prudent person standard. The standard states that the Board may invest the System's funds in every type of investment which persons of prudence, discretion, and intelligence acquire or retain for their own account under similar circumstances. The Board's investment philosophy centers on time tested investment principles such as maintaining consistent exposure to the capital markets, buying assets low and selling them high through faithful rebalancing, and keeping costs low by utilizing index management. Developing a sound long-term investment strategy and faithfully adhering to that strategy in both strong and poor market environments has been a key element to the fund's historical success.

The System's Investment Objectives and Policies detail the fund's long-term investment goals, management responsibilities, return/risk expectations, and monitoring requirements. These policies are subject to change at any time by the Board and are reviewed thoroughly at least annually to ensure that they continue to reflect the System's expectations.

Objective

The investment objective of the System is to:

- Generate an 8% long-term investment return which exceeds the rate of inflation (CPI) by 4.5% by capturing market returns within each asset class.

- Invest so that the short-term volatility of returns will not cause the System to alter its long-term strategy.

- Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

Chart 1, on page 58, demonstrates that the investment portfolio, over the last ten years, has captured the blended real return (inflation) objective in six of those years. The objective was CPI + 3.0% until September 30, 2000; CPI + 3.5% from October 1, 2000 through September 30, 2002; CPI + 3.75% from October 1, 2002 through September 30, 2003; and CPI + 4.5% thereafter. Chart 2, on page 58, details annualized returns for long-term periods ended June 30, 2009. The System achieved the blended market objective for the 1, 3, 5, 10, and 25-year periods. The System's -15.6% return for fiscal year 2009 was influenced by below average returns from U.S. and international equities and private market investments such as real estate.

The recent financial crisis has been the catalyst for some of the largest market declines in over 30 years. In this environment, PERS was quite competitive versus other large public pension plans, ranking in the top 25% for return and the bottom 25% for risk. Generating returns in the top of the peer group while experiencing less volatility than the majority of those same investors during one of the most challenging investment environments in generations is a testament to the effectiveness of the Retirement Board's investment strategy. An analysis of asset class results versus the markets is included on pages 64-66.

Note: Inception on Chart 2 refers to July 1, 1984, the date the System began calculating total return versus annual yield. For all other charts, inception refers to the point at which the System began including that particular investment vehicle in the portfolio.

Asset Allocation

Asset allocation is the most significant factor influencing the risk and return of the investment program. Determination of the fund's long-term asset allocation involves estimating the expected return and risk of major types of investments and blending them into a portfolio which meets the System's risk/return objectives.

To establish an appropriate long-term asset allocation strategy, the Board evaluates expected return and risk for each of the major asset types (stocks, bonds, private markets). These asset classes are then combined in the most efficient manner possible to construct a portfolio that matches the risk and return needs of the fund. By diversifying the System's investments in multiple asset classes the Board is able to reduce the volatility of annual investment earnings. The Board reviews capital market expectations and asset allocation annually. In addition, the Board employs a disciplined rebalancing policy to take advantage of market volatility and to ensure the portfolio's exposures are consistent with the System's long-term asset targets.

The long-term target allocation for the fund as of June 30, 2009, was 30% U.S. Fixed Income, 40% U.S. Equity, 5% International Fixed Income, 15% International Equity, and 10% Private Markets. The June 30, 2009, actual asset class allocation is shown in Chart 3, page 59.

Diversification

After the asset allocation strategy is established, the Board implements a portfolio management structure that is designed to capture the market objective in each asset class. The portfolios are diversified by strategy and investment management. For example, in U.S. stocks, management categories include active and index approaches, as well as value and growth styles. Within the U.S. stock portfolio, eight investment firms are employed that utilize different stock selection approaches. This diversification of strategies is expected to reduce return volatility.

Similar diversification measures are utilized throughout the fund. The System's overall portfolio is well diversified by asset class, investment structure, and individual security. The System's portfolio currently holds over 8,000 individual securities from 44 different countries.

Chart 4, on pages 60-61, shows the market value of the assets under management by investment type, category, and manager. A list of the ten largest Equity and Fixed Income holdings based on fair market value at June 30, 2009, is included in Chart 5 on page 62. A complete list of security holdings is available upon request.

Investment Class Objectives

In order to achieve the total fund objectives, each asset type is assigned return objectives (listed below). Progress toward those benchmarks is closely monitored.

U.S. Equity - Produce a total return that captures the Standard & Poor's 500 Common Stock Index over rolling 10-year periods with commensurate volatility.

International Equity	-	Produce a total return that captures the unhedged Morgan Stanley Capital International Europe, Australia, Far East (MSCI EAFE) Index over rolling 10-year periods with commensurate volatility.
U.S. Fixed Income	-	Produce a total return that captures the Barclays Aggregate Index over rolling 10-year periods with commensurate volatility.
International Fixed Income	-	Produce a total return that captures the Citigroup Non-Dollar Government Bond Index over rolling 10-year periods with commensurate volatility.
Private Markets	-	Produce a total return that captures the blended return (based on PERS actual allocation) of: the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index -0.75%, Wilshire REIT Index, and S&P 500 Index + 4% over rolling 10-year periods with commensurate volatility.

Each of the System's investment managers agrees to a performance benchmark which, when all the benchmarks in an investment class are combined, is expected to produce the class objective.

Investment Performance

The System's investment consultant calculates performance for the total fund, each asset class, and individual investment management firms employed by the Board. Performance calculations are prepared using time-weighted rate of return based on market values. Returns in this report are gross of fees.

The System's investment assets in this Investment Section are presented on the same basis of accounting described in the Financial Section except that assets in the Investment Section exclude unrealized gains/losses related to securities lending. Unrealized losses from securities lending cash collateral investment activities in certain securities, including Lehman Brothers Holdings Inc., have been recognized on the financial statements. However, securities lending management and performance practice is for the loss to be recorded upon the settlement of the impaired asset, which in the case of Lehman Brothers Holdings Inc. will be upon completion of bankruptcy proceedings. In addition, during fiscal year 2009, the System created a securities lending reserve account funded by securities lending income earned during the year. This reserve will be used to mitigate losses upon settlement.

Chart 6, shown on page 63, shows a year-by-year comparison of how the total fund and each investment class compared with its corresponding objective.

Charts 7-10, on pages 64-65, compare 1, 3, 5, 10-year, and since-inception returns for each asset class to the corresponding objective for periods ended June 30, 2009.

Chart 11, on page 66, shows Private Markets returns for the fiscal year ended June 30, 2009, compared to since-inception returns using a blended objective.

The U.S. Equity portfolio exceeded its market objective for all annualized time periods, except the 25-year since-inception period. The Board has implemented a portfolio structure that combines active and index management. This structure controls risk versus the index and enables the fund to employ fewer active managers with larger portfolios. This approach keeps costs low and prevents dilution of the active management positions. Currently, four of the six active managers in the program have worked with PERS for over 10 years; this consistency has contributed to competitive results in the past decade.

The International Equity portfolio underperformed the market benchmark for the 1, 3, and 5-year periods and has outperformed for longer term periods. Quantitative enhanced index management was introduced into the program in fiscal year 2008, and that strategy has yet to contribute to positive results. Long-term expectations are for the international equity structure to add value in the future.

U.S. Fixed Income has fallen modestly below the market for short and long-term periods. In response, the Board has shifted more assets into index management. The current structure is 75% index management and 25% active management. As credit markets recovered in the last half of fiscal year 2009, active fixed income outperformed the index by 3.1%. The Board will reevaluate the U.S. Fixed Income structure in fiscal year 2010.

The International Fixed Income portfolio has added value since inception versus the index but has not captured the market for shorter term periods. This portfolio was restructured to 100% index management two years ago, so returns are expected to closely track the markets going forward.

The Private Markets portfolio has 5¾ years of performance history as an asset class and has captured its objectives in all time periods except the last fiscal year. The recent results were due to negative returns from private equity compared to its objective. The private equity portfolio is compared to a public stock benchmark (the S&P 500 index + 4%), which introduces year to year volatility into the comparison due to differences in the timing of pricing assets in public and private markets.

This report has been prepared in conjunction with the System's investment consultant, Callan Associates.

INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 1

Individual Fiscal Year Return vs. Inflation Objective
Periods Ended June 30

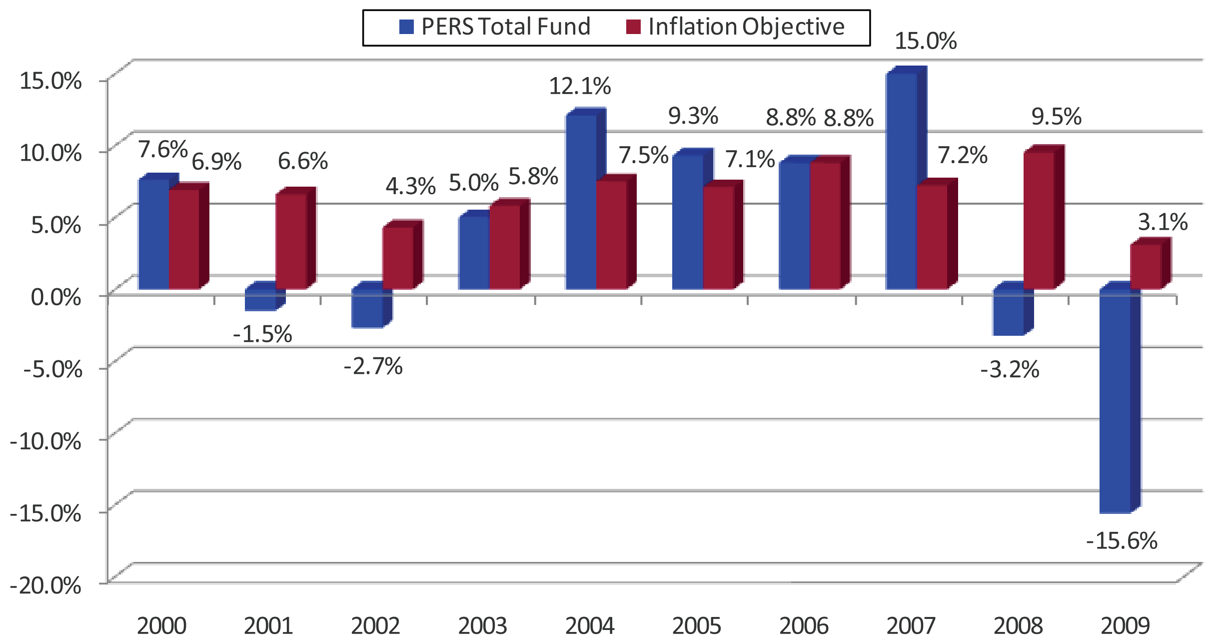
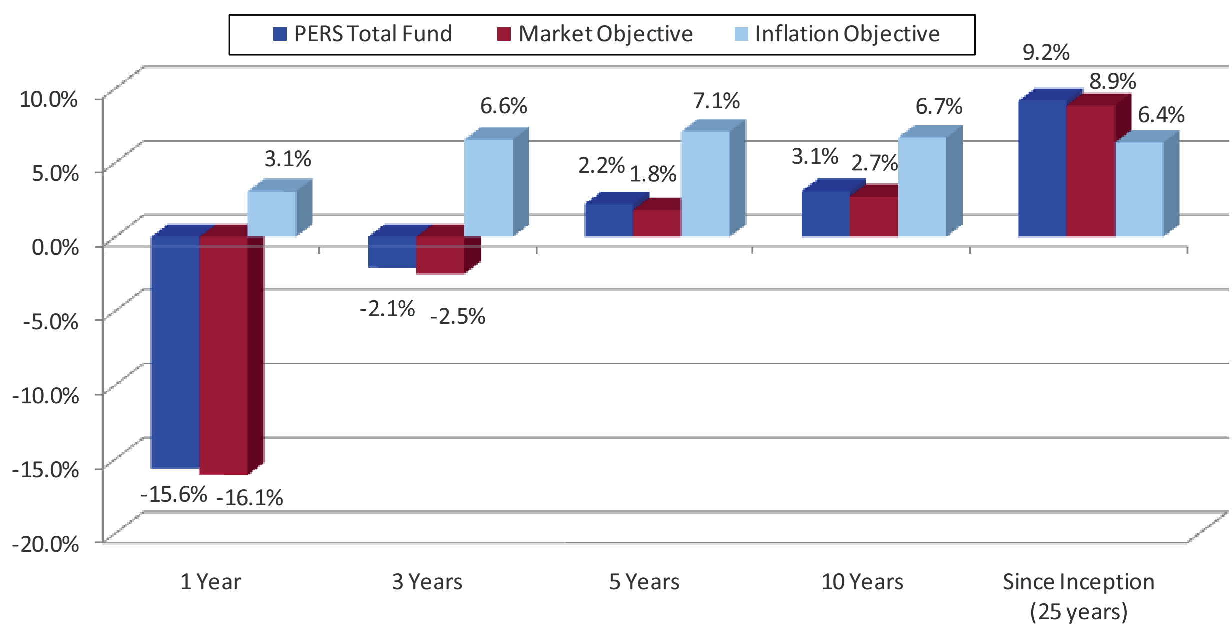


CHART 2

Annualized Total Returns vs. Market Objective and Inflation Objectives *
Periods Ended June 30, 2009



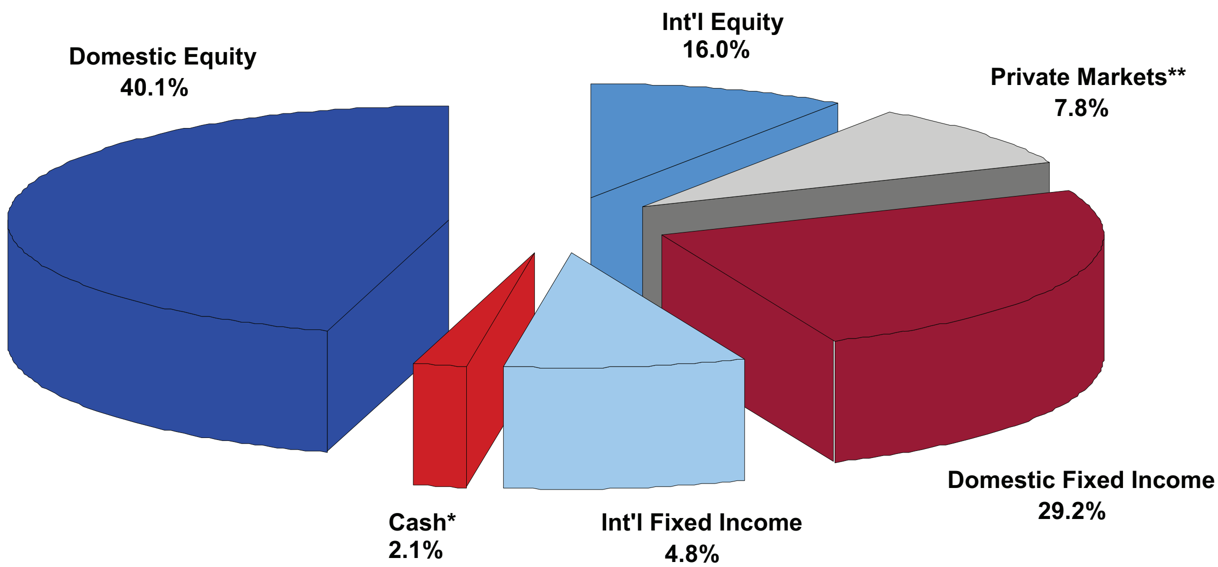
***CPI + 3.0% until September 2000, CPI + 3.5% from October 1, 2000 through September 30, 2002, CPI + 3.75% from October 1, 2002 through September 30, 2003, and CPI + 4.5% thereafter.**

Performance calculations are prepared using time-weighted rate of return based on market values.

CHART 3

ASSET MIX

JUNE 30, 2009



***Includes cash held by investment managers.**

****Includes 2.5% Private Equity, 0.5% REITS, and 4.8% Private Real Estate.**

CHART 4

Fair Value by Investment Type, Category, and Manager
June 30, 2009
(Page 1 of 2)

	Amount Under Management		Percent of Total Managed
EQUITIES			
Domestic Active Managers			
AllianceBernstein	$ 513,863,611		
Atlanta Capital Management	515,310,596		
Capital Guardian	319,427,050		
Golden Capital	343,576,234		
J. & W. Seligman	479,187,530		
Loomis, Sayles & Company	487,796,339		
Subtotal	2,659,161,360		14.0 %
Domestic Index Managers			
AllianceBernstein - S&P Citigroup Value	1,673,217,607		
Barclays Global Investors - S&P 500	1,600,608,642		
BlackRock - S&P 500	1,666,991,842		
Subtotal	4,940,818,091		26.1
International Active Managers			
Goldman Sachs Assets Mangement	557,365,593		
Quantitative Management Associates	431,180,824		
Subtotal	988,546,417		5.2
International Index Manager			
Mellon Capital	2,045,453,065		10.8
Private Equity			
Pathway Capital Management	466,149,311		2.5
REIT Index			
AllianceBernstein - REIT	91,403,668		0.5
Total Equities		$ 11,191,531,912	59.1
FIXED INCOME			
Domestic Active Managers			
Dodge & Cox	464,849,315		
JP Morgan Asset Management	456,260,616		
Western Asset Management	486,080,273		
Subtotal	1,407,190,204		7.4

CHART 4

Fair Value by Investment Type, Category, and Manager
June 30, 2009
(Page 2 of 2)

	Amount Under Management		Percent of Total Managed
FIXED INCOME (continued)			
Domestic Index Managers			
Barclays Global Investors - U.S. Debt Index	1,039,043,680		
Mellon Capital	1,069,917,385		
Payden & Rygel - U.S. Bond Index	990,361,280		
UBS Global Asset Management - U.S. Bond	1,027,158,354		
Subtotal	4,126,480,699		21.8
International Index Managers			
Payden & Rygel	477,390,272		
UBS Global Asset Management	430,078,505		
Subtotal	907,468,777		4.8
Total Fixed Income		6,441,139,680	34.0
PRIVATE REAL ESTATE			
BlackRock Realty	461,736,536		
Invesco Realty Advisors	443,266,283		
Invesco Realty Advisors Takeover	2,410,653		
Invesco Realty Advisors - Mortgage Loans	6,696		
Total Real Estate		907,420,168	4.8
SHORT-TERM INVESTMENTS			
Cash Equivalents	419,928,436		
Total Short-Term Investments		419,928,436	2.1
TOTAL PORTFOLIO		**$ 18,960,020,196**	**100.0** %

Notes: The Statement of Fiduciary Net Assets contains $2,547,010 in administrative cash, which does not appear on this schedule. Total Portfolio less short-term investments (classified on the Statement of Fiduciary Net Assets as cash equivalents) of $419,928,436 equals investments of $18,540,091,760.

CHART 5

LIST OF LARGEST ASSETS HELD

Largest Equity Holdings
June 30, 2009

Ranking	Name	Fair Value
1	EXXON MOBIL	$259,249,141
2	JP MORGAN CHASE	157,295,263
3	APPLE	143,834,360
4	MICROSOFT	139,850,367
5	CHEVRON	118,059,024
6	AT & T	117,798,980
7	GOOGLE	116,681,778
8	JOHNSON & JOHNSON	114,915,658
9	PROCTER & GAMBLE	113,121,041
10	HEWLETT PACKARD	112,708,579

Largest Fixed Income Holdings
June 30, 2009

Ranking	Name	Fair Value
1	INVESCO AIM STIT LIQ ASSETS	$296,964,899
2	COMMIT TO PUR FNMA SF MTG 5.000% 07/01/2039	69,131,027
3	U S TREASURY NOTE 3.125% 05/15/2019	62,684,325
4	U S TREASURY NOTE 2.625% 06/30/2014	57,176,296
5	U S TREASURY NOTE 0.875% 04/30/2011	41,226,909
6	U S TREASURY NOTE 3.500% 12/15/2009	40,339,303
7	U S TREASURY NOTE 0.875% 02/28/2011	38,584,946
8	U S TREASURY NOTE 1.125% 12/15/2011	29,859,450
9	U S TREASURY NOTE 4.250% 11/15/2014	27,349,854
10	JAPAN GOVERNMENT 1.500% 03/20/2014	27,103,483

Note: A complete list of the portfolio’s holdings can be obtained upon request.

CHART 6

SUMMARY OF ACTUAL PERFORMANCE VS. OBJECTIVES
(% Returns)

	U.S. EQUITY	INT'L EQUITY	U.S. FIXED INC.	INT'L FIXED INC.	REAL ESTATE	PRIVATE MARKETS*	TOTAL FUND
Fiscal Year 2000							
Total Return	9.3%	22.3%	4.2%	-1.2%	10.5%		7.6%
Objective	7.2	17.2	4.6	2.4	10.9		6.9
Fiscal Year 2001							
Total Return	-9.1	-23.6	11.3	-7.8	10.0		-1.5
Objective	-14.8	-23.6	11.2	-7.4	11.2		6.6
Fiscal Year 2002							
Total Return	-17.5	-9.4	8.3	15.9	3.9		-2.7
Objective	-18.0	-9.5	8.6	15.7	5.6		4.3
Fiscal Year 2003							
Total Return	-1.2	-7.2	10.1	18.3	4.6		5.0
Objective	-0.3	-6.5	10.4	17.9	7.6		5.8
Fiscal Year 2004							
Total Return	19.2	30.9	0.6	7.7		8.7%	12.1
Objective	19.1	32.4	0.3	7.6		10.5	7.5
Fiscal Year 2005							
Total Return	7.1	12.9	6.7	7.7		22.2	9.3
Objective	6.3	13.7	6.8	7.8		21.3	7.1
Fiscal Year 2006							
Total Return	9.7	27.1	-0.5	0.2		20.8	8.8
Objective	8.6	26.6	-0.8	-0.0**		19.3	8.8
Fiscal Year 2007							
Total Return	20.2	27.0	6.1	1.5		16.3	15.0
Objective	20.6	27.0	6.1	2.2		16.2	7.2
Fiscal Year 2008							
Total Return	-11.7	-10.9	6.4	18.4		3.5	-3.2
Objective	-13.1	-10.6	7.1	18.7		-2.5	-4.0
Fiscal Year 2009							
Total Return	-25.4	-31.5	5.9	3.4		-27.6	-15.6
Objective	-26.2	-31.4	6.1	3.5		-23.8	-16.1

Objectives

U.S. Equity – S&P 500
Int'l Equity – MSCI-EAFE
U.S. Fixed Income – Barclays Aggregate
Int'l Fixed Income – Citigroup Non U.S. Govt.
Real Estate – NCREIF -0.75%
Private Markets – Portfolio weighted blend of NCREIF -0.75%
Wilshire REIT, and S&P 500 + 4%

Total Fund:
Until September 30, 2000 – CPI + 3%
October 1, 2000 – September 30, 2002 – CPI + 3.5%
October 1, 2002 – September 30, 2003 – CPI + 3.75%
October 1, 2003 thereafter – CPI + 4.5%

Performance calculations are prepared using time-weighted rate of return based on market values.

* Real Estate was combined with Private Equity and REITs in September 2003. Fiscal Year 2004 Private Markets return represents performance from October 1, 2003 through June 30, 2004.

** objective = -0.01

INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 7

U.S. Equity vs. S&P 500
Periods Ended June 30, 2009

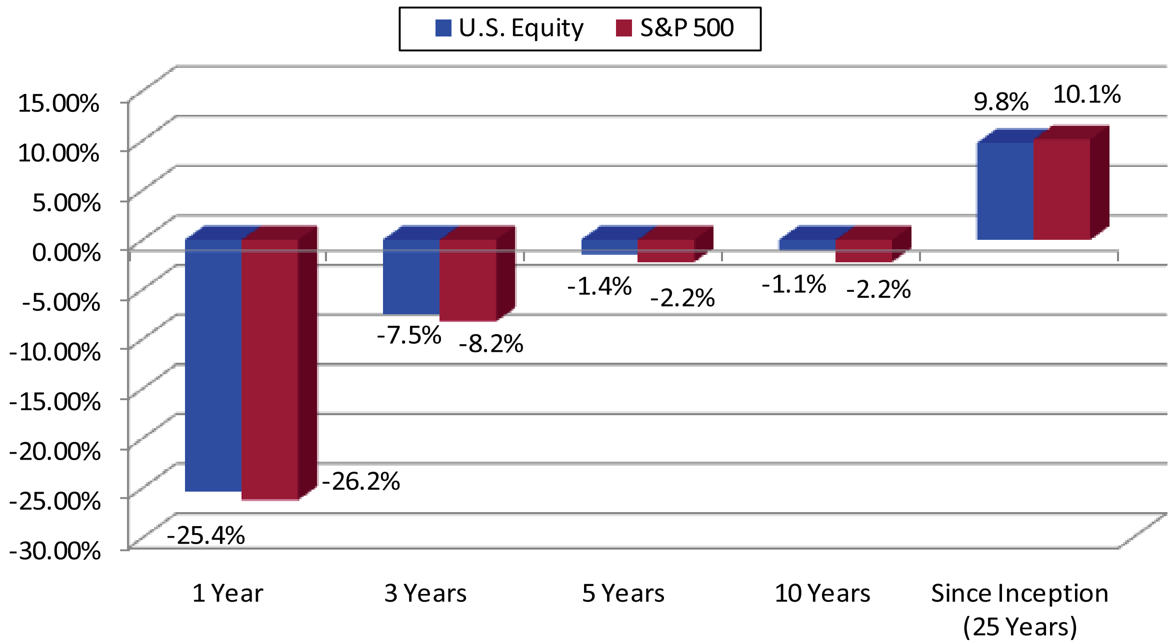
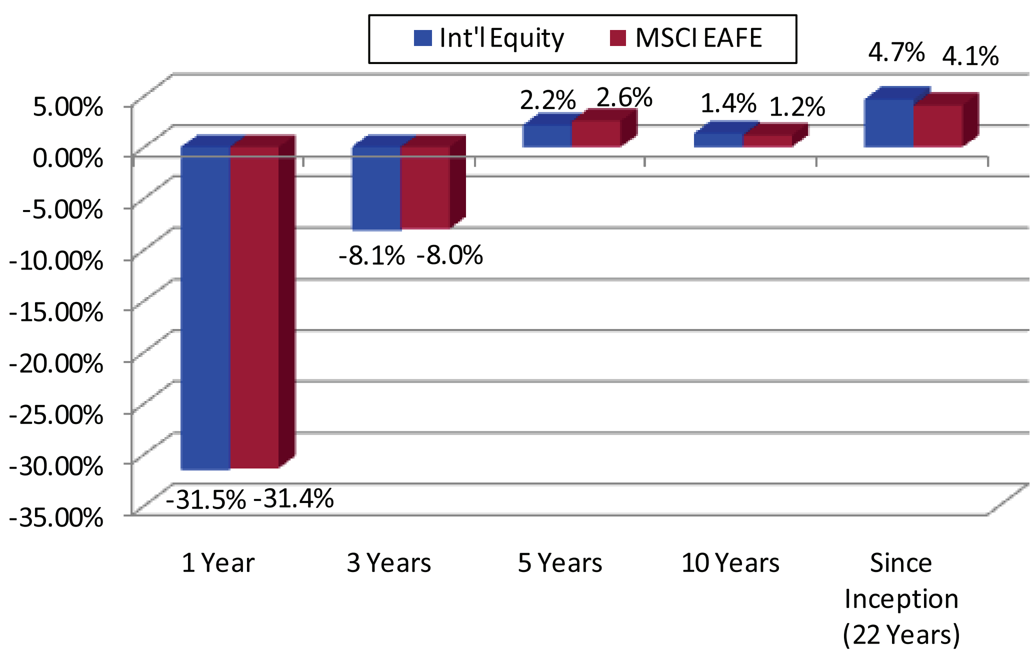


CHART 8

International Equity vs. MSCI EAFE
Periods Ended June 30, 2009



INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 9

U.S. Fixed Income vs. Barclays Aggregate
Periods Ended June 30, 2009

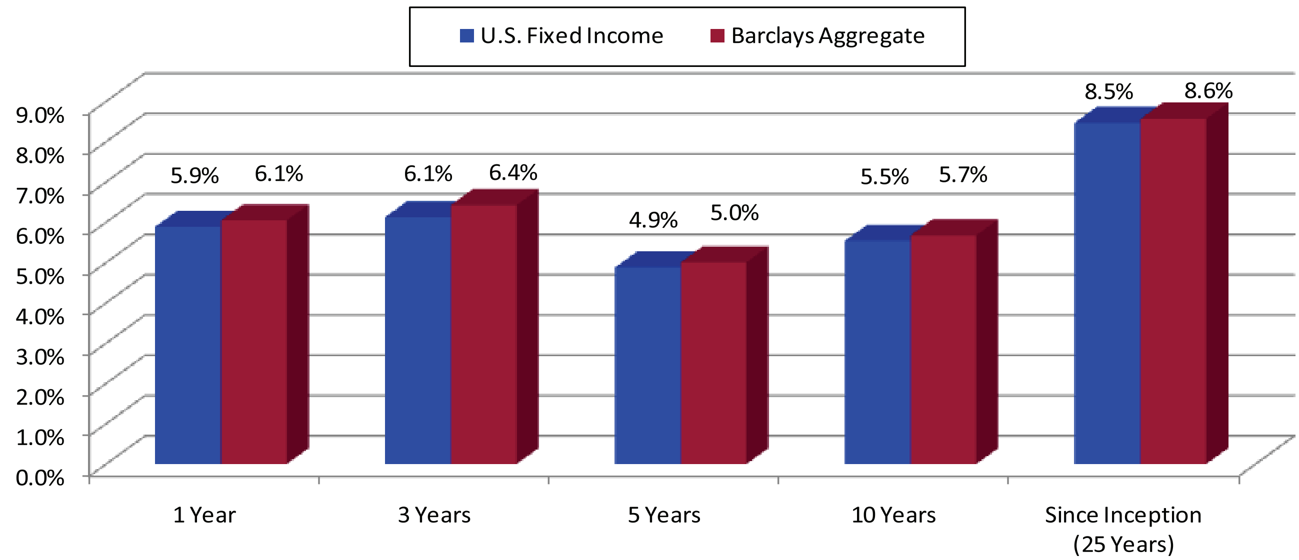
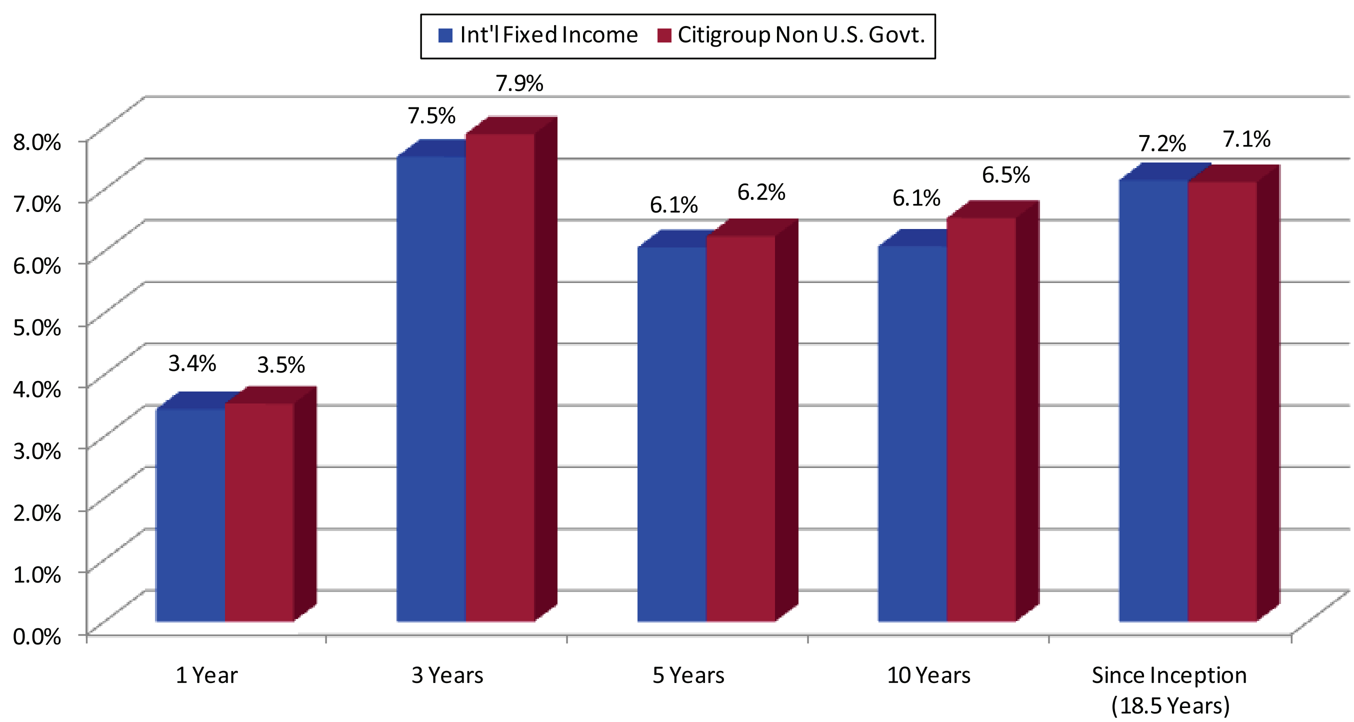


CHART 10

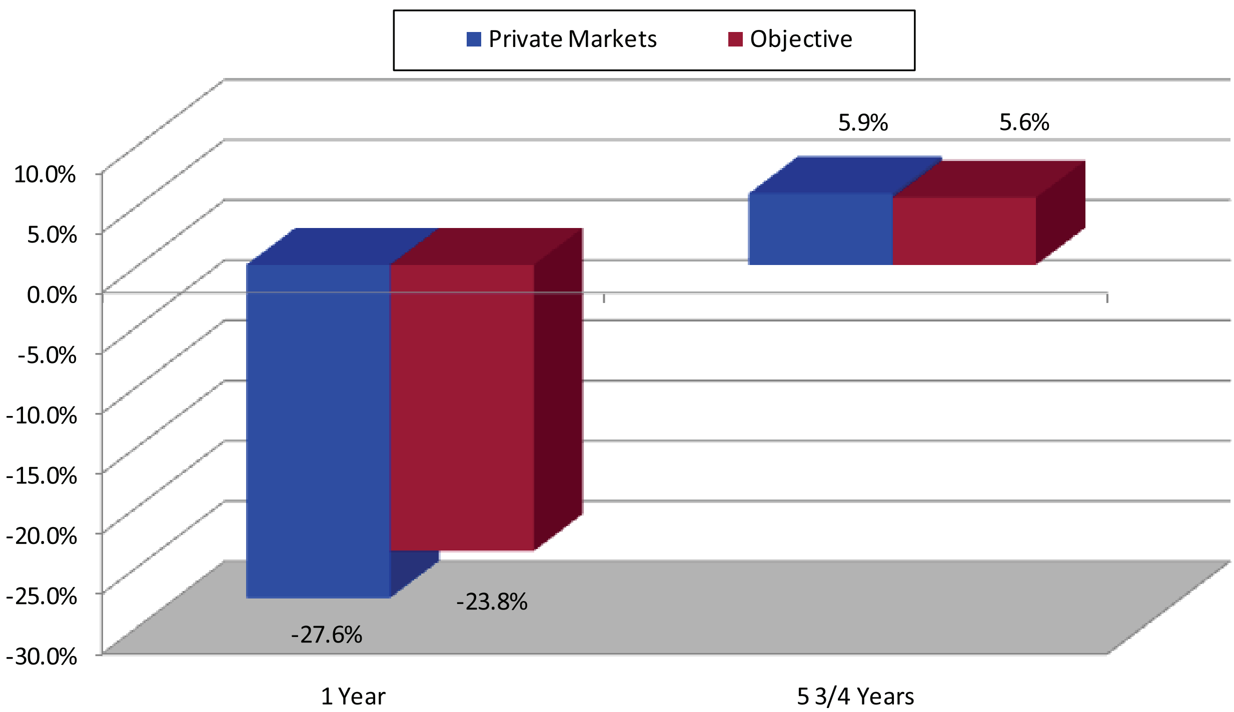
International Fixed Income vs. Citigroup Non U.S. Govt.
Periods Ended June 30, 2009



INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 11

Private Markets vs. Blended Objective*
Periods Ended June 30, 2009



* Blended Objective:

63.8% NCREIF -0.75%
4.9% Wilshire REIT Index
31.3% S&P 500 + 4.0%

Target adjusted quarterly, based on beginning market values.

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ended June 30, 2009
(Page 1 of 5)

Name/Firm	Amount Under Management at June 30, 2009	Fees Incurred	Investment Mandate
Investment Management Fees			
Domestic and International Equity Managers			
AllianceBernstein S&P 500	$ 1,682,859,296	$ 138,785	U.S. Index
Barclays Global Investors S&P 500	1,602,574,603	215,398	U.S. Index
BlackRock S&P 500	1,669,700,759	158,399	U.S. Index
Mellon Capital		100,243	U.S. Index
AllianceBernstein Growth	514,535,467	1,046,144	U.S. Active
Atlanta Capital Management	518,099,118	1,048,137	U.S. Active
Capital Guardian	334,489,368	811,558	U.S. Active
Golden Capital	345,778,016	547,875	U.S. Active
J. & W. Seligman	481,123,209	1,042,680	U.S. Active
Loomis, Sayles & Company	502,567,257	1,022,096	U.S. Active
Mellon Capital	2,061,991,223	426,684	Int'l Index
Goldman Sachs Asset Management	568,173,517	1,420,057	Int'l Active
Quantitative Management Associates	435,478,528	1,117,130	Int'l Active
Domestic and International Fixed Income Managers			
Barclays Global Investors	1,061,044,996	322,282	U.S. Index
Lehman Brothers Asset Management		61,585	U.S. Index
Mellon Capital	1,076,816,985	79,835	U.S. Index
Payden & Rygel	1,005,650,643	262,848	U.S. Index
UBS Global Asset Management	1,045,777,695	599,793	U.S. Index
Dodge & Cox	474,351,625	772,159	U.S. Active
JP Morgan Asset Management	485,334,998	697,160	U.S. Active
Payden & Rygel		15,363	U.S. Active
Western Asset Management	459,075,544	915,276	U.S. Active
Payden & Rygel	481,705,757	287,808	Int'l Index
UBS Global Asset Management	436,660,922	165,910	Int'l Index

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ended June 30, 2009
(Page 2 of 5)

Name/Firm	Amount Under Management at June 30, 2009	Fees Incurred	Investment Mandate
Investment Management Fees (continued)			
Private Equity Manager			
Pathway Capital Management	$ 469,774,271	$ 3,081,351	
Private Real Estate Managers			
BlackRock Realty	461,736,533	3,572,220	
Invesco Realty Advisors	448,914,224	3,644,447	
Real Estate Investment Trust (REIT) Managers			
AllianceBernstein REIT	92,067,942	33,504	Index
Barclays Global Investors REIT		21,040	Index
Invesco Realty Advisors REIT		47,213	Index
Subtotal investment management fees		23,674,980	
Investment Service Fees			
Investment Consultants			
Callan Associates		284,787	
Subtotal investment service fees		284,787	
Subtotal investment management fees and service fees		23,959,767	

CHART 12

SCHEDULE OF FEES AND COMMISSIONS

For Year Ended June 30, 2009

(Page 3 of 5)

	Number of Shares Traded	Commission Paid	Commission Per Share (rounded)
Broker Commissions			
Abel Noser Corporation	34,104	$ 190	$ 0.01
Aqua Securities	20,700	414	0.02
Banc of America Securities	1,814,294	3,088	0.00 *
Barclays Capital	5,756,033	110,471	0.02
Baypoint Trading	48,150	1,005	0.02
Bear Stearns Securities Corporation	5,500	110	0.02
Benchmark Company	45,000	1,800	0.04
Bloomberg Tradebook	321,525	1,608	0.01
BMO Capital Markets Corporation	9,200	322	0.04
BNY Convergex	4,371,046	130,898	0.03
Boenning & Scattergood, W Conshohocken	5,700	257	0.05
Buckingham Research Group	355,000	14,200	0.04
Cantor Fitzgerald & Company	1,252,900	37,750	0.03
Chapdelaine Institutional	121,650	3,650	0.03
Charles Stanley and Company	55,246	163	0.00 *
CIBC World Markets Corporation	40,500	810	0.02
Citation Group	1,158,625	19,307	0.02
Citigroup Global Markets	19,633,538	266,289	0.01
Credit Lyonnais Securities Prime	27,045	541	0.02
Credit Research Trading	7,225	145	0.02
Credit Suisse	76,920,145	349,571	0.00 *
Deutsche Bank	25,707,837	206,677	0.01
Direct Trading Institutional	36,700	294	0.01
Fidelity Capital Markets	124,375	622	0.01
Fox Pitt Kelton	8,200	287	0.04
Friedman Billings	282,150	10,741	0.04
Goldman Sachs	37,607,149	280,679	0.01
Heflin & Company	486,713	17,035	0.04
HSBC Incorporated	4,882,018	23,806	0.00 *
Instinet Corporation	45,607,709	149,222	0.00 *
Investment Technology Group	13,221,564	153,844	0.01
ISI Group	2,947,959	114,383	0.04
ITG	11,834,276	29,919	0.00 *
Jackson Securities	25,000	1,125	0.05
JP Morgan	21,763,773	241,587	0.01
Jefferies & Company	4,267,261	137,934	0.03
JMP Securities	400,821	8,420	0.02
Jones & Associates	272,183	10,041	0.04
Kas Bank	53,155	709	0.01
Keefe Bruyette and Woods	74,575	2,983	0.04
Keybanc Capital Markets	84,321	3,373	0.04
Knight Securities Broadcort	1,182,287	34,290	0.03
Labranche Financial Services	40,355	807	0.02

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ended June 30, 2009
(Page 4 of 5)

Broker Commissions	Number of Shares	Commission Paid	Commission Per Share (rounded)
Lazard Capital Markets	19,400	$ 679	$ 0.04
Lehman Brothers	1,127,737	22,573	0.02
Leerink Swann & Company	155,000	5,425	0.04
Liquidnet Incorporated	3,951,227	74,548	0.02
Loop Capital Markets	29,525	591	0.02
Mellon Trust of New England	854,781	0	0.00
Merrill Lynch	33,536,372	308,637	0.01
Midwest Research Securities	2,265,600	84,248	0.04
Morgan Stanley & Company	50,235,538	352,117	0.01
National Financial Services	16,224	284	0.02
Needham & Company	30,000	1,200	0.04
Nomura Securities	7,020,423	10,966	0.00 *
Non-Broker Corporate Actions	142,045	21	0.00 *
Nutmeg Securities	36,135	723	0.02
Oppenheimer & Company	904,800	37,517	0.04
Parel	162,027	1,109	0.01
Paulsen, Dowling Securities	200	7	0.04
Pershing	309,542	4,107	0.01
Pipeline Trading Systems	467,955	8,240	0.02
Piper Jaffray & Company	582,817	19,522	0.03
Pulse Trading	18,000	180	0.01
Raymond James & Associates	27,700	970	0.04
RBC Capital Markets	1,324,236	46,724	0.04
Ridge Clearing & Outsourcing	80,448	1,207	0.02
Robert W. Baird & Company	774,800	25,822	0.03
SG Cowen Securities	1,018,225	41,066	0.04
Sanford C Bernstein & Company	3,357,421	101,870	0.03
Scotia Mcleod	24,100	844	0.04
Seaport Securities	4,875	73	0.01
SG Securities	16,192,313	34,911	0.00 *
Sidoti & Company	340,000	13,600	0.04
Stanford Group	1,470,063	7,588	0.01
State Street Global Markets	22,485	471	0.02
Stifel Nicolaus	1,233,283	48,995	0.04
Stuart Frankel & Company	90,044	225	0.00 *
Suntrust Capital Markets	269,200	10,542	0.04
The Benchmark Company	31,800	636	0.02
Thinkequity Partners	46,500	1,628	0.04
Thomas Weisel Partners	3,270,362	67,750	0.02
UBS Securities	74,247,550	329,776	0.00 *
Wachovia Securities Capital Market	457,677	20,462	0.04
Weeden & Company	1,850,669	50,514	0.03
Wells Fargo Securities	640,900	24,286	0.04

CHART 12

SCHEDULE OF FEES AND COMMISSIONS

For Year Ended June 30, 2009
(Page 5 of 5)

	Number of Shares	Commission Paid	Commission Per Share (rounded)
Broker Commissions			
William Blair & Company	368,291	14,241	0.04
Williams Capital Group	427,000	17,045	0.04
Subtotal commissions		4,165,307	
Total fees and commissions		$ 28,125,074	

* Commission is less than one cent per share.

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ACTUARIAL SECTION

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SEGAL

THE SEGAL COMPANY
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November 13, 2009

Public Employees' Retirement Board
State of Nevada
693 West Nye Lane
Carson City, Nevada 89703

Re: **Certification Letter for Actuarial Section of Financial Report for Fiscal Year Ended June 30, 2009**

Dear Retirement Board Members:

This letter is to certify that Segal has prepared an actuarial valuation of the Public Employees' Retirement System of the State of Nevada as of June 30, 2009, and that such valuation is accurate and fairly presents the actual position of the Public Employees' Retirement System of Nevada.

The unfunded actuarial accrued liability is being amortized by level percentage-of-payroll payments over a year-by-year closed amortization period where each amortization period will be set at 30 years. As of June 30, 2009, the funded ratio is 73.4% for regular employees and 68.9% for police/fire employees.

Actuarial valuations are prepared annually by the independent actuary for the Public Employees' Retirement Board. The basic purposes of annual actuarial valuations are to determine the Retirement System's actuarial liabilities and the level percentage-of-payroll contribution rates required to fund the Retirement System on an actuarial reserve basis.

For actual funding purposes, to amortize the unfunded portion of actuarial accrued liability under the level percentage-of-payroll amortization method, the dollar amounts of calculated amortization payments increase in direct proportion to the assumed payroll growth rates of 6.5% per year for regular employees and 8.0% per year for police and firefighters. These payroll growth rates are based on a 3.5% per year inflation assumption.

Public Employees' Retirement Board
November 13, 2009
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For GASB 25 reporting purposes only, the unfunded actuarial accrued liability payments are assumed to increase in direct proportion to assumed payroll growth rates of 5.0% per year for both regular and police/fire employees. This payroll growth rate is based on a 3.5% per year inflation assumption. Also, for GASB reporting purposes only, the unfunded accrued liability is amortized over an open (non-declining) amortization period of 30 years.

The most recent actuarial valuation prepared as of June 30, 2009, is based on the following major elements:

- Current benefit provisions (as specified in the Public Employees' Retirement Act).
- Membership data as of June 30, 2009, obtained from electronic files provided by the Retirement System. Membership data contained on the electronic files is examined and tested for reasonableness, but is not audited by the actuary.
- Assets as of June 30, 2009 obtained from the System's unaudited financial statements.
- Trend schedules for financial and actuarial sections of the Comprehensive Annual Financial Report (CAFR) as of June 30, 2009 (based upon data from the System, accepted without verification or audit, and upon results of the annual actuarial valuation).
- Actuarial assumptions and methods adopted by the Public Employees' Retirement Board.

Each annual actuarial valuation involves a projection of the benefits expected to be paid in the future to all members of the Retirement System. The projection of expected future benefit payments is based on the benefit provisions in effect on the actuarial valuation date. (See the Plan Summary section of this Annual Financial Report for a summary of current benefit and contribution provisions.)

List of Trend Schedules

The following schedules, prepared by Segal, are included in the Financial Section of this report:

- Schedules of Funding Progress
- Schedule of Employer Contributions

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List of Supporting Schedules

The following schedules and summaries prepared by Segal are included within this Actuarial Section:

- Summary of Actuarial Assumptions and Methods
- Schedule 1 – Retirement System Membership
- Schedule 2 – Active Member Valuation Data
- Schedule 3 – Pay Status Participants Added to and Removed from the Rolls
- Schedule 4 – Solvency Test
- Schedule 5 – Analysis of Actuarial Experience
- Actuarial Valuation Statement (GASB disclosure basis)

The Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. Rates are only adjusted upward if the new rates are more than 0.50% higher than the existing rate for Employer-Pay and more than 0.25% higher for Employee/Employer. Rates are only adjusted downward if the new rates are more than 2.00% lower than the existing rate for Employer/Pay (and adjusted only by the amount in excess of 2.00%) and more than 1.00% lower than the existing rate for Employee/Employer (and adjusted only by the amount in excess of 1.00%). Rates are rounded to the nearest 0.25% of payroll.

Since the June 30, 2009 valuation year is an odd numbered year, an adjustment in the statutory rates is not required.

	Regular Employees	Police/Fire Employees
Employer-Pay		
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011	21.50 %	37.00 %
Actuarial Determined Contribution Rate per June 30, 2009 Actuarial Valuation	22.57 %	38.39 %

Public Employees' Retirement Board
November 13, 2009
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	Regular Employees	Police/Fire Employees
Employee/Employer		
Statutory Rate for Fiscal Years July 1, 2009 through June 30, 2011	22.50 %	38.00 %
Actuarial Determined Contribution Rate per June 30, 2009 Actuarial Valuation	23.47 %	39.21 %

A summary of the GASB disclosure rates are as follows:

	Regular Employees	Police/Fire Employees
Employer-Pay	23.07%	40.62%
Employee/Employer	23.97%	41.44%

The actuarial calculations prepared for disclosure requirements under GASB as well as for actual funding purposes were made in accordance with generally accepted actuarial principles and practices. The information supplied in this letter is based on the current provisions of the Public Employees' Retirement Act and on the actuarial assumptions and methods adopted by the Public Employees' Retirement Board. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

Thomas D. Levy, FSA, FCIA, MAAA, EA
Senior Vice President and Chief Actuary

John Monroe

John Monroe, ASA, MAAA
Vice President and Associate Actuary

CZI/kek
Enclosures

5044781v3/01068.001

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods used in the June 30, 2009 actuarial valuation were adopted by the Public Employees' Retirement Board and were based on the results of the experience review completed in 2007.

Economic Assumptions

The economic assumptions for the 2009 actuarial valuation were:

Investment return* - 8.0% per year.

Salary increases* - The assumed salary increase rates are shown below:

Regular Employees	
Years of Service	Rate
1	9.75%
2	8.25%
3	7.75%
4	7.50%
5	7.25%
6	7.00%
7	6.75%
8	6.25%
9	5.75%
10	5.50%
11	5.10%
12	4.90%
13 or more	4.50%

Police/Fire Employees	
Years of Service	Rate
1	14.75%
2	10.75%
3	10.20%
4	9.80%
5	9.40%
6	9.00%
7	8.25%
8	7.75%
9	7.25%
10 or more	6.50%

Rate Payroll - Based on actual contributions for the prior year with an increase of 3.00% for regular employees and 5.00% for police/fire employees.

Payroll growth* (Funding) - 6.5% per year for regular employees and 8.0% per year for police/fire employees.

Payroll growth* (GASB disclosure) - 5.0% per year for both regular employees and for police/fire employees.

Post-retirement - 2.0% per year compounded following the third anniversary of benefit commencement;
3.0% per year compounded following the sixth anniversary;
3.5% per year compounded following the ninth anniversary;
4.0% per year compounded following the twelfth anniversary;
5.0% per year compounded following the fourteenth anniversary;
3.5% per year compounded following the twenty-fourth anniversary.

*Includes inflation at 3.5% per year.

Non-Economic Assumptions

The assumed retirement rates, which project the percentage of eligible employees who will retire, are shown below:

Regular Employees				
Years of Service				
Age	5 – 19	20 – 24	25 – 29	30 or more
45 – 49	--	1%	8%	--
50 – 54	2%	2%	10%	25%
55 – 59	4%	7%	15%	30%
60 – 61	13%	20%	25%	30%
62 – 64	15%	20%	25%	30%
65 – 69	22%	25%	30%	30%
70 & older	100%	100%	100%	100%

Police/Fire Employees					
Years of Service					
Age	5 – 9	10 – 19	20 – 24	25 – 29	30 or more
40 – 44	--	1%	1%	--	--
45 – 49	--	1%	3%	15%	15%
50 – 54	1%	5%	12%	15%	25%
55 – 59	5%	12%	20%	25%	35%
60 - 64	10%	20%	25%	25%	35%
65 & older	100%	100%	100%	100%	100%

The retirement age for inactive vested members is equal to their earliest unreduced retirement age.

The assumed withdrawal rates are shown below:

Regular Employees	
Years of Service	**Rate**
0	18.25%
1	13.00%
2	9.80%
3	7.75%
4	6.50%
5	6.00%
6	5.00%
7	4.65%
8	3.90%
9	3.70%
10	3.30%
11 or more	2.00%

Police/Fire Employees	
Years of Service	**Rate**
0	13.00%
1	6.50%
2	5.50%
3	4.00%
4	3.90%
5	3.75%
6 or more	2.00%

Withdrawal rates end when retirement rates commence.

The assumed disability rates are shown below for selected ages:

Age	Regular Employees	Police/Fire Employees
22	0.01%	0.05%
27	0.02%	0.05%
32	0.06%	0.06%
37	0.09%	0.09%
42	0.18%	0.37%
47	0.31%	0.53%
52	0.50%	0.66%
57	0.69%	0.60%
62	0.50%	0.60%

No disability rates are assumed after age 65.

Mortality table - For non-disabled male regular members it is the RP 2000 Combined Healthy Table. For non-disabled female regular members and for all non-disabled police/fire members it is the RP 2000 Combined Healthy Table set forward one year. The schedules below show the assumed mortality rates and projected life expectancies for selected ages:

Regular Members				
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.11%	0.08%	39.8	41.7
50	0.21%	0.19%	30.3	32.1
60	0.67%	0.58%	21.2	23.0
70	2.22%	1.86%	13.4	15.0
80	6.44%	5.08%	7.3	8.6

Police/Fire Members				
	Mortality Rates		Expected Years of Life Remaining	
Age	Males	Females	Males	Females
40	0.11%	0.08%	38.8	41.7
50	0.24%	0.19%	29.4	32.1
60	0.77%	0.58%	20.4	23.0
70	2.46%	1.86%	12.7	15.0
80	7.20%	5.08%	6.7	8.6

The mortality table used in the actuarial valuation to project mortality rates for disabled male members is the RP 2000 Disabled Retiree Table set back three years for regular members and the RP 2000 Combined Healthy Table set forward ten years for police/fire members. For both regular and police/fire disabled female members, it is the RP 2000 Disabled Retiree Table set forward eight years.

Presence and Age of Beneficiary

It is assumed for purposes of the actuarial valuation that beneficiaries of female members are three years older than the female member. Beneficiaries of male members are assumed to be three years younger than the male member. Since survivor benefits are payable to a surviving beneficiary of an unmarried member, all members are assumed to have a beneficiary. Existing "employer-pay" police/fire retirees with an unmodified option who retired after June 30, 1981 and before July 1, 2007 have been valued assuming no surviving spouse, pending the results of an analysis and verification of spousal information. The assumed probability of marriage for future "employer-pay" police/fire retirees are shown below for selected ages:

Age	Regular Employees	Police/Fire Employees
22	33.0%	37.1%
27	58.9%	65.2%
32	65.3%	61.8%
37	71.3%	63.6%
42	71.4%	63.1%
47	73.3%	61.0%
52	75.7%	64.0%
57	77.0%	57.6%
62	74.0%	49.5%

Dependent Children

The assumption for dependent children in the actuarial valuation is one dependent child who is 28 years younger than the employee.

Asset Valuation Method

The actuarial value of assets is equal to the prior year's actuarial value of assets plus contributions, less benefit payments and expenses, an adjustment for net transfers, plus expected investment return, and 20% of each of the previous five years' gain/(loss) due to investment return greater/(less) than expected. The actuarial value of assets is further limited to not less than 70% or greater than 130% of the market value of assets.

Actuarial Funding Method

The actuarial cost or funding method used in the actuarial valuation is the Entry Age Normal Cost Method. Under this method, the total calculated employer contribution rate consists of the normal cost, and the administrative expense allowance, plus the payment required to amortize the unfunded actuarial accrued liability over the established amortization period.

The normal cost rate is the level percentage-of-salary contribution required each year to accumulate over each covered employee's projected working lifetime the reserves needed to meet the cost of earned benefits. The normal cost is determined as if the current benefit accrual rate had always been in effect.

The total actuarial accrued liability under the Entry Age Normal Cost Method represents the amount that would have been accumulated as of the valuation date if contributions sufficient to meet the normal costs had been made each year in the past. The unfunded actuarial accrued liability is the amount obtained by subtracting valuation assets from the total actuarial accrued liability.

Amortization of the Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability is amortized over a year-by-year closed amortization period where each amortization period for each year will be set at 30 years. For GASB disclosure, the unfunded accrued liability is amortized over an open (non-declining) amortization period of 30 years.

Changes in Actuarial Assumptions and Methods Since the Previous Year

The asset valuation method has been changed since the prior valuation. The smoothing method is the same with the exception that the actuarial value of assets was previously limited to not less than 80% or greater than 120% of market value.

SCHEDULE 1

RETIREMENT SYSTEM MEMBERSHIP
2000 to 2009

June 30	Active Members	Inactive Members	Retired and Disabled Members	Beneficiaries & Survivors	Total Membership
2000	80,834	5,592	19,482	3,153	109,061
2001	82,890	6,276	20,827	3,250	113,243
2002	85,224	6,965	22,011	3,524	117,724
2003	87,327	7,687	23,371	3,669	122,054
2004	90,242	7,829	24,938	3,830	126,839
2005	93,995	9,182	26,962	4,037	134,176
2006	98,187	10,309	29,025	4,237	141,758
2007	103,693	10,990	31,262	4,425	150,370
2008	106,123	11,593	33,479	4,651	155,846
2009	105,417	11,574	37,095	4,810	158,896

SCHEDULE 2

ACTIVE MEMBER VALUATION DATA
2000 to 2009

	Number of Active Members		Annual Payroll (millions)		Annual Average Salary		Percent Increase Average Salary	
June 30	Regular	Police/ Fire	Regular	Police/ Fire	Regular	Police/ Fire	Regular	Police/ Fire
2000	71,793	9,041	$ 2,526.0	$ 441.7	$ 35,185	$ 48,857	5.4 %	7.9 %
2001	73,307	9,583	2,684.1	484.8	36,615	50,587	4.1	3.5
2002	75,518	9,706	2,877.7	539.9	38,106	55,628	4.1	10.0
2003	77,569	9,758	3,040.1	555.3	39,193	56,907	2.9	2.3
2004	79,848	10,394	3,199.5	613.3	40,069	59,008	2.2	3.7
2005	83,224	10,771	3,404.0	660.0	40,901	61,277	2.1	3.8
2006	87,020	11,167	3,648.6	717.5	41,929	64,250	2.5	4.9
2007	91,757	11,936	3,978.1	791.5	43,355	66,316	3.4	3.2
2008	93,816	12,307	4,330.5	863.9	46,159	70,194	6.5	5.8
2009	92,784	12,633	4,467.7	905.4	48,151	71,669	4.3	2.1

SCHEDULE 3

PAY STATUS PARTICIPANTS ADDED TO AND REMOVED FROM THE ROLLS
2000 to 2009

RETIREES AND BENEFICIARIES

		Added to Rolls		Removed from Rolls		Rolls at End of Year			
June 30	Beginning Balance	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2000	18,723	2,068	$48,738,624	(618)	($9,229,879)	20,173	$410,076,744	16.0%	$20,328
2001	20,173	1,979	51,390,672	(663)	(10,102,608)	21,489	463,388,796	13.0	21,564
2002	21,489	2,017	52,934,066	(707)	(11,901,499)	22,799	515,044,612	11.2	22,591
2003	22,799	2,028	54,693,801	(702)	(12,333,157)	24,125	572,093,340	11.1	23,714
2004	24,125	2,283	62,097,018	(742)	(13,656,840)	25,666	636,595,582	11.3	24,803
2005	25,666	2,727	81,174,174	(732)	(14,848,050)	27,661	722,702,905	13.5	26,127
2006	27,661	2,762	81,562,280	(710)	(14,789,407)	29,713	810,259,691	12.1	27,270
2007	29,713	3,005	91,153,219	(795)	(17,445,492)	31,923	906,337,590	11.9	28,391
2008	31,923	3,118	98,180,394	(875)	(18,596,824)	34,166	1,010,049,395	11.4	29,563
2009	34,166	4,395	153,318,503	(809)	(19,096,137)	37,752	1,172,786,193	16.1	31,066

DISABILITY RECIPIENTS

		Added to Rolls		Removed from Rolls		Rolls at End of Year			
June 30	Beginning Balance	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2000	1,129	176	$2,838,528	(56)	($756,235)	1,249	$18,570,132	15.5%	$14,868
2001	1,249	168	2,842,560	(62)	(759,498)	1,355	21,105,480	13.7	15,576
2002	1,355	181	2,934,072	(84)	(1,322,553)	1,452	23,155,128	9.7	15,947
2003	1,452	183	3,052,989	(55)	(753,234)	1,580	26,061,629	12.6	16,495
2004	1,580	198	3,185,565	(85)	(1,378,530)	1,693	28,502,933	9.4	16,836
2005	1,693	222	4,593,174	(75)	(1,310,668)	1,840	32,537,424	14.2	17,683
2006	1,840	237	4,610,636	(87)	(1,478,451)	1,990	36,475,093	12.1	18,329
2007	1,990	243	5,357,238	(90)	(1,905,849)	2,143	40,799,325	11.9	19,038
2008	2,143	223	5,162,630	(121)	(2,175,505)	2,245	44,738,669	9.7	19,928
2009	2,245	267	6,957,349	(109)	(1,997,230)	2,403	50,775,027	13.5	21,130

SURVIVOR ANNUITANTS

		Added to Rolls		Removed from Rolls		Rolls at End of Year			
June 30	Beginning Balance	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
2000	1,170	121	$962,676	(78)	($459,838)	1,213	$11,266,344	13.8%	$9,288
2001	1,213	115	1,253,040	(95)	(544,920)	1,233	12,295,476	9.1	9,972
2002	1,233	121	1,244,727	(70)	(720,090)	1,284	13,208,347	7.4	10,287
2003	1,284	121	1,406,944	(70)	(548,713)	1,335	14,487,802	9.7	10,852
2004	1,335	136	1,616,992	(62)	(469,614)	1,409	16,063,816	10.9	11,401
2005	1,409	118	1,605,532	(29)	(369,222)	1,498	17,755,952	10.5	11,853
2006	1,498	147	1,673,808	(86)	(651,337)	1,559	19,303,127	8.7	12,382
2007	1,559	148	1,896,176	(86)	(792,804)	1,621	20,944,150	8.5	12,921
2008	1,621	161	1,905,857	(63)	(512,942)	1,719	22,920,123	9.4	13,333
2009	1,719	124	1,449,221	(93)	(751,205)	1,750	24,257,755	5.8	13,862

SCHEDULE 4

SOLVENCY TEST
(millions)

2000 to 2009

	Actuarial Accrued Liabilities						
June 30	Active Member Contributions (1)	Retirees and Beneficiaries Inactive and Pay-Status Members* (2)	Active Members Employer Financed Portion (3)	Actuarial Value of Assets	Portion of Actuarial Accrued Liabilities Covered by Assets (1)	(2)	(3)
2000	$ 295.6	$ 6,064.9	$ 8,591.3	$ 12,662.1	100%	100%	73.3%
2001	325.4	6,811.0	9,527.8	14,031.1	100	100	72.4
2002	352.1	7,559.7	10,348.1	15,052.3	100	100	69.0
2003	368.3	8,291.2	10,881.2	15,883.0	100	100	66.3
2004	403.4	9,312.1	11,669.9	16,830.3	100	100	61.0
2005	448.7	10,663.4	12,496.6	17,886.5	100	100	54.2
2006	483.3	11,852.6	13,403.2	19,282.0	100	100	51.8
2007	521.5	12,717.0	14,433.1	21,359.0	100	100	56.3
2008	574.8	14,258.6	15,662.5	23,237.7	100	100	53.7
2009	606.0	16,367.0	16,102.2	23,971.9	100	100	43.5

* Includes liability for post-retirement benefit increases

SCHEDULE 5

ANALYSIS OF ACTUARIAL EXPERIENCE

Gains and Losses in Actuarial Accrued Liabilities (AAL) During Year Ended June 30, 2009
Resulting from Differences Between Assumed Experience and Actual Experience
(Dollar Amounts in Millions)

	Gain (or Loss) For Year			
	Regular		Police/Fire	
Type of Activity	Amount	As Pct of AAL	Amount	As Pct of AAL
Age and Service Retirements. If members retire at older ages or with lower final average pay than assumed, there is a gain. If retirements occur at younger ages with higher average pay, there is a loss.	($266.0)	(1.02%)	$16.3	0.23%
Disability Retirements. If disability claims are less than assumed, there is a gain. If there are more claims, there is a loss.	(16.4)	(0.06%)	1.7	0.03%
Pre- and Post-Retirement Deaths. If retirees live longer than assumed, there is a loss. If retirees live shorter than assumed, there is a gain.	27.0	0.10%	(0.5)	(0.01%)
Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If less liabilities are released, there is a loss.	(11.6)	(0.04%)	(7.5)	(0.10%)
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.	15.5	0.06%	86.7	1.24%
Active New Entrants. Cost due to new hires.	(64.3)	(0.24%)	(4.7)	(0.07%)
Active Rehires. Some new active members have past service credits reinstated, thereby increasing costs due to the unanticipated liabilities.	(58.4)	(0.22%)	(3.6)	(0.05%)
Inactive and Retiree Showups. Persons in inactive or pay status who are added to the valuation data during the year.	(15.0)	(0.06%)	(1.1)	(0.02%)
Other. Miscellaneous gains and losses result from data changes and adjustments, timing of financial transactions, and other miscellaneous impacts on the valuation results.	40.2	0.15%	0.4	0.01%

SCHEDULE 5

ANALYSIS OF ACTUARIAL EXPERIENCE (continued)

Gains and Losses in Actuarial Accrued Liabilities (AAL) During Year Ended June 30, 2009
Resulting from Differences Between Assumed Experience and Actual Experience
(Dollar Amounts in Millions)

	Gain (or Loss) For Year			
	Regular		Police/Fire	
Type of Activity	Amount	As Pct of AAL	Amount	As Pct of AAL
Total Liability Experience Gain (Loss) During Year.	(349.0)	(1.33%)	87.7	1.26%
Investment Income. If there is a greater investment income than assumed, there is a gain. If there is less income, there is a loss.	(987.5)*	(3.79%)	(246.5)*	(3.53%)
Total Experience Gain (Loss) During the Year.	(1,336.5)	(5.12%)	(158.8)	(2.27%)

* *Includes the effect of the change in asset valuation method.*

June 30, 2009

Actuarial Valuation Statement
(GASB Disclosure Basis)

Normal Cost	**Regular Employees**	**Police/Fire Employees**	**Total**
Employer normal cost*	$ 721,965,752	$ 267,235,111	$ 989,200,863
Employee contributions	91,786,193	19,207,274	110,993,467
Total Normal Cost	**$ 813,751,945**	**$ 286,442,385**	**$ 1,100,194,330**
Actuarial Accrued Liability			
Active members	$ 12,727,592,798	$ 3,980,550,542	$ 16,708,143,340
Inactive members	593,130,817	41,530,864	634,661,681
Pensioners, beneficiaries and disabled	12,502,349,758	2,921,721,834	15,424,071,592
Survivors	264,547,169	43,734,183	308,281,352
Total Actuarial Accrued Liability	**$ 26,087,620,542**	**$ 6,987,537,423**	**$ 33,075,157,965**
Assets at Actuarial Value	**$ 19,158,282,334**	**$ 4,813,593,517**	**$ 23,971,875,851**
Total Unfunded Actuarial Accrued Liability	**$ 6,929,338,208**	**$ 2,173,943,906**	**$ 9,103,282,114**
Payment to amortize unfunded actuarial accrued liability over 30 years, based on level percentage of payroll amortization	**$ 337,392,926**	**$ 105,850,411**	**$ 443,243,337**
Employer-Pay Rate Payroll	$ 4,229,062,007	$ 870,443,776	$ 5,099,505,783
Employee/Employer Rate Payroll	762,598,306	96,827,653	859,425,959
Total Rate Payroll	**$ 4,991,660,313**	**$ 967,271,429**	**$ 5,958,931,742**

** See cost-sharing mechanisms in NRS 286.410 and NRS 286.421*

June 30, 2009

Actuarial Valuation Statement (continued)
(GASB Disclosure Basis)

	Regular Employees	Police/Fire Employees
Calculated Contribution Rates (as percentage of rate payroll):		
Employer-Pay, statutory rate	**21.50%**	**37.00%**
Employer-Pay, total rate	**23.07%**	**40.62%**
Employer normal cost	16.16%	29.53%
Amortization percentage	6.76%	10.94%
Administrative expenses	0.15%	0.15%
Employee/Employer, statutory rate	**22.50%**	**38.00%**
Employee/Employer, total rate	**23.97%**	**41.44%**
Employee contribution rate	11.25%	19.00%
Employer normal cost	5.81%	11.35%
Amortization percentage	6.76%	10.94%
Administrative expenses	0.15%	0.15%

The Public Employees' Retirement System of the State of Nevada is funded on an actuarial reserve basis. Participating employers are making contributions to the Retirement System based on the results of actuarial valuations and the statutory funding provisions of the Public Employees' Retirement Act.

The actuarial calculations performed solely for the GASB Disclosure were made in accordance with generally accepted actuarial principles and procedures, based on the current provisions of the Public Employees' Retirement Act and on the actuarial assumptions and methods recommended to the Public Employees' Retirement Board and as required under GASB No. 25. A comparison of the funding contribution rates and the GASB disclosure contribution rates can be found in the Certification Letter.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Brad Ramirez, FSA, MAAA, EA
Consulting Actuary

Thomas D. Levy, FSA, FCIA, MAAA, EA
Senior Vice President and Chief Actuary

John Monroe

John Monroe, ASA, MAAA
Vice President and Associate Actuary

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STATISTICAL SECTION

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STATISTICAL HIGHLIGHTS

Data Sources

Financial data presented in this section was obtained directly from June 30 audited financial statements. Demographic data was taken from actuarial records, both from an independent actuary and from internal System records provided to the actuary. Contribution rate history was compiled from actuarial valuations prepared by an independent actuary on an annual basis. Participating employer information was obtained from internal records and verified with actuarial data.

Change in Net Assets

As exhibited in Schedule 1, three of the past ten years (2002, 2008, and 2009) resulted in a negative change to net assets, with fiscal year 2009 being the most severe. The 2002 result may largely be attributed to the World Trade Center event of 9/11/01. The decreases experienced during 2008 and 2009 are primarily the result of difficult and widespread economic conditions which began in 2008 and continued throughout most of 2009. This economic climate greatly affected investment returns. Although the PERS investment program did not generate the 8% actuarial goal for fiscal year 2009, the fund outperformed its market objective. The 9.2% since inception (25 year) annualized return of the plan exceeds the actuarial objective.

Plan Membership

Active membership in PERS for fiscal year 2009 decreased by 706 or 0.7%. While this is not a material number, it is an extremely rare and unusual occurrence for membership to decrease. Until 2009 the State of Nevada had been among the top five fastest growing states in the country for many years and had shown only upward trends in membership numbers.

This year's decrease in membership may be a reflection of the larger number of retirement inceptions during the year, coupled with the widespread economic downturn that began in 2008 and continued throughout most of 2009 which caused more positions to remain unfilled and fewer new positions to be created. The number of benefit recipients (excluding survivors and beneficiaries) increased by 3,616 or 10.8%. This is an increase in the retiree growth trends we have seen in the past several years. We expect to see consistent growth in the number of retired members over the following years.

The increase in retired members and the decrease in active members caused the number of active members per retiree to drop from 3.2 to 2.8 (a 12.5% decrease) for Regular members/retirees and from 2.9 to 2.8 for Police/Fire members/retirees. It is expected that as the economy begins to recover active membership will increase. Active and retired membership data, broken down between Regular and Police/Fire members, along with statistics on the number of active members per retiree can be found in Schedule 5 of this section.

Funded Ratio

The ten-year history of the funded ratio (Actuarial Value of Assets to Actuarial Accrued Liability) appears on the Schedule of Funding Progress (page 43) in the Financial Section of this report. Some possible causes of fluctuations in this ratio are strong or weak investment returns, the smoothing of actuarial gains and losses over five-year periods (see Actuarial Section, Asset Valuation Method narrative for further information on smoothing), and changes in the method of amortizing of the Unfunded Actuarial Accrued Liability (such a change occurred effective July 1, 2004). Fiscal years 2008 and 2009 were challenging years regarding investment returns and this is reflected in the downward trend of the funded ratios for the same two years.

Fluctuations in the funded ratio are to be expected depending on financial and world events, and the existence of unfunded actuarial accrued liabilities is not necessarily an indicator of financial problems. However, the funding ratio is consistently and closely monitored and controlled to the best of the System's ability.

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SCHEDULE 1
Changes in Net Assets
Last Ten Fiscal Years
(in millions)

	Fiscal Year			
	2000	**2001**	**2002**	**2003**
Additions				
Employer contributions	$ 604.9	$ 656.1	$ 680.7	$ 724.0
Plan member contributions	48.4	49.4	53.9	55.4
Repayment and purchase of service	8.5	10.6	24.7	29.4
Investment income (net of expenses)	917.0	(217.0)	(367.8)	672.9
Other income	2.2	1.9	2.1	2.1
Total additions to plan net assets	1,581.0	501.0	393.6	1,483.8
Deductions				
Benefit payments	421.2	477.3	533.0	591.8
Refunds	16.4	10.0	15.8	11.1
Administrative expenses	6.4[d]	7.5[d]	8.7[d]	9.6[bd]
Other expenses	0.7	0.1	-	6.7[c]
Total deductions from plan net assets	444.7	494.9	557.5	619.2
Change in net assets	**$ 1,136.3**	**$ 6.1**	**$ (163.9)**	**$ 864.6**

[a] Contribution rates increased from previous period.

[b] Began combining Administrative and Other expenses into one line item (exclusive of transfers of contributions) due to immateriality.

[c] Transfers of contributions from the System to JRS for members moving from one retirement system to the other and immaterial "other" expenses.

[d] Computer system replacement project.

Information is from internal System records.

Fiscal Year

2004	2005	2006	2007	2008	2009
$ 808.3[a]	$ 875.5	$ 966.1[a]	$ 1,046.6	$ 1,167.4[a]	$ 1,213.1
61.1	66.9	76.0	83.2	88.0	93.6
43.4	63.7	42.2	45.6	43.3	28.1
1,700.8	1,491.3	1,567.3	2,937.1	(743.1)	(3,543.4)
2.1	3.3	3.1	3.3	2.4	2.4
2,615.7	2,500.7	2,654.7	4,115.8	558.0	(2,206.2)
657.6	739.8	832.6	929.4	1,033.3	1,189.6
12.1	14.5	13.9	17.4	16.8	18.6
9.8[d]	9.0	8.2	8.6	8.7	9.7
-	-	4.7[c]	2.0[c]	2.6[c]	3.8[c]
679.5	763.3	859.4	957.4	1,061.4	1,221.7
$ 1,936.2	**$ 1,737.4**	**$ 1,795.3**	**$ 3,158.5**	**$ (503.4)**	**$ (3,427.9)**

SCHEDULE 2
Benefit and Refund Deductions from Net Assets
(in millions)

Regular Retired Members Fiscal Year	2000	2001	2002	2003
Benefits				
Retirement and survivor	$ 334.0	$ 373.7	$ 415.5	$ 460.2
Disability	13.2	19.0	22.6	24.7
Post-retirement increases	0.1	0.1	0.1	0.1
Total benefits	$ 347.3	$ 392.8	$ 438.2	$ 485.0
Total refunds	$ 13.6	$ 7.6	$ 13.4	$ 8.7

Police/Fire Retired Members Fiscal Year	2000	2001	2002	2003
Benefits				
Retirement and survivor	$ 69.4	$ 78.9	$ 88.3	$ 99.7
Disability	4.5	5.6	6.5	7.1
Total benefits	$ 73.9	$ 84.5	$ 94.8	$ 106.8
Total refunds	$ 2.8	$ 2.4	$ 2.4	$ 2.4

Total Retired Members Fiscal Year	2000	2001	2002	2003
Benefits				
Retirement and survivor	$ 403.4	$ 452.6	$ 503.8	$ 559.9
Disability	17.7	24.6	29.1	31.8
Post-retirement increases	0.1	0.1	0.1	0.1
Total benefits	$ 421.2	$ 477.3	$ 533.0	$ 591.8
Total refunds	$ 16.4	$ 10.0	$ 15.8	$ 11.1

Notes: Both Regular and Police/Fire retired members received post-retirement increases each year. However, in all years for Police/Fire members, and in some years for Regular members, the amounts were immaterial for purposes of this schedule.

Information is from internal System records.

Regular Retired Members
Fiscal Year

2004	2005	2006	2007	2008	2009
$ 509.5	$ 574.1	$ 644.5	$ 716.9	$ 797.7	$ 924.7
27.8	31.0	35.5	39.8	44.0	48.8
-	-	-	0.1	-	-
$ 537.3	$ 605.1	$ 680.0	$ 756.8	$ 841.7	$ 973.5
$ 9.1	$ 11.1	$ 11.2	$ 14.0	$ 12.5	$ 14.5

Police/Fire Retired Members
Fiscal Year

2004	2005	2006	2007	2008	2009
$ 112.6	$ 126.6	$ 143.7	$ 163.4	$ 181.6	$ 204.9
7.6	8.1	8.8	9.2	9.9	11.2
$ 120.2	$ 134.7	$ 152.5	$ 172.6	$ 191.5	$ 216.1
$ 3.0	$ 3.4	$ 2.7	$ 3.4	$ 4.3	$ 4.1

Total Retired Members
Fiscal Year

2004	2005	2006	2007	2008	2009
$ 622.1	$ 700.7	$ 788.2	$ 880.3	$ 979.3	$ 1,129.6
35.4	39.1	44.3	49.0	53.9	60.0
0.1	-	-	0.1	-	-
$ 657.6	$ 739.8	$ 832.5	$ 929.4	$ 1,033.2	$ 1,189.6
$ 12.1	$ 14.5	$ 13.9	$ 17.4	$ 16.8	$ 18.6

SCHEDULE 3

RETIRED MEMBERS BY TYPE OF BENEFIT
As of June 30, 2009
(Page 1 of 2)

Regular Retired Members

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement: Service	Beneficiary	Disability	Survivor
Less than $250	612	543	58	7	4
$250 - $499	2,887	1,922	268	196	501
$500 - $749	3,298	2,272	344	261	421
$750 - $999	3,071	2,379	309	260	123
$1,000 - $1,249	2,832	2,300	270	189	73
$1,250 - $1,499	2,575	2,125	222	165	63
$1,500 - $1,749	2,143	1,739	182	157	65
$1,750 - $1,999	1,991	1,632	165	139	55
$2,000 - $2,249	1,751	1,427	142	141	41
$2,250 - $2,499	1,558	1,325	98	97	38
$2,500 - $2,749	1,373	1,157	86	94	36
$2,750 - $2,999	1,304	1,116	76	86	26
$3,000 - $3,249	1,256	1,101	75	51	29
$3,250 - $3,499	1,163	1,044	43	52	24
$3,500 - $3,749	1,207	1,117	43	30	17
$3,750 - $3,999	1,197	1,102	50	31	14
$4,000 - $4,249	1,343	1,285	29	20	9
$4,250 - $4,499	1,045	1,007	23	9	6
$4,500 - $4,749	826	784	24	14	4
$4,750 - $4,999	648	617	14	12	5
$5,000 - $5,249	461	441	9	9	2
$5,250 - $5,499	355	344	7	2	2
$5,500 - $5,749	319	308	4	4	3
$5,750 - $5,999	275	267	5	3	0
$6,000 & Over	1,215	1,191	16	4	4
Total	36,705	30,545	2,562	2,033	1,565

Information provided by The Segal Company, the System's actuary.

SCHEDULE 3

RETIRED MEMBERS BY TYPE OF BENEFIT
As of June 30, 2009
(Page 2 of 2)

Police/Fire Retired Members

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement: Service	Beneficiary	Disability	Survivor
Less than $250	12	9	3	0	0
$250 - $499	138	48	31	5	54
$500 - $749	231	108	57	23	43
$750 - $999	237	153	39	29	16
$1,000 - $1,249	225	136	43	32	14
$1,250 - $1,499	239	149	53	32	5
$1,500 - $1,749	227	141	49	32	5
$1,750 - $1,999	203	138	41	24	0
$2,000 - $2,249	209	144	27	32	6
$2,250 - $2,499	219	161	33	22	3
$2,500 - $2,749	222	166	19	33	4
$2,750 - $2,999	207	170	21	11	5
$3,000 - $3,249	198	159	16	15	8
$3,250 - $3,499	210	177	11	14	8
$3,500 - $3,749	200	170	13	15	2
$3,750 - $3,999	194	172	10	10	2
$4,000 - $4,249	196	176	7	12	1
$4,250 - $4,499	179	167	2	7	3
$4,500 - $4,749	169	154	7	6	2
$4,750 - $4,999	132	125	3	4	0
$5,000 - $5,249	160	153	2	3	2
$5,250 - $5,499	156	150	1	3	2
$5,500 - $5,749	115	114	1	0	0
$5,750 - $5,999	110	107	0	3	0
$6,000 & Over	812	800	9	3	0
Total	5,200	4,147	498	370	185

Information provided by The Segal Company, the System's actuary.

SCHEDULE 4

AVERAGE BENEFIT PAYMENTS
(Page 1 of 2)

June 30		Regular Members	Police/Fire Members
2000	Average monthly benefit	$1,626	$2,445
	Average monthly compensation at retirement	$4,023	$5,341
	Number of new retirees	1,791	234
	Average years of service at retirement	19.27	21.44
	Average age at retirement	59	54
2001	Average monthly benefit	$1,719	$2,583
	Average monthly compensation at retirement	$4,091	$5,548
	Number of new retirees	1,741	236
	Average years of service at retirement	18.96	21.24
	Average age at retirement	59	54
2002	Average monthly benefit	$1,799	$2,664
	Average monthly compensation at retirement	$4,143	$5,637
	Number of new retirees	1,582	220
	Average years of service at retirement	19.40	21.64
	Average age at retirement	58	53
2003	Average monthly benefit	$1,879	$2,862
	Average monthly compensation at retirement	$4,238	$5,931
	Number of new retirees	1,731	283
	Average years of service at retirement	19.32	21.78
	Average age at retirement	59	54
2004	Average monthly benefit	$1,961	$3,014
	Average monthly compensation at retirement	$4,356	$6,189
	Number of new retirees	1,981	262
	Average years of service at retirement	18.73	21.65
	Average age at retirement	59	54

Number of new retirees excludes survivors and beneficiaries.

Average monthly benefit and number of new retirees is from The Segal Company, the System's actuarial firm. Other data is from internal System records.

SCHEDULE 4

AVERAGE BENEFIT PAYMENTS
(Page 2 of 2)

June 30		Regular Members	Police/Fire Members
2005	Average monthly benefit	$2,062	$3,184
	Average monthly compensation at retirement	$4,600	$6,578
	Number of new retirees	2,446	279
	Average years of service at retirement	19.14	21.77
	Average age at retirement	59	55
2006	Average monthly benefit	$2,136	$3,387
	Average monthly compensation at retirement	$4,643	$7,153
	Number of new retirees	2,445	328
	Average years of service at retirement	18.51	22.33
	Average age at retirement	60	55
2007	Average monthly benefit	$2,216	$3,549
	Average monthly compensation at retirement	$4,800	$7,421
	Number of new retirees	2,678	299
	Average years of service at retirement	18.93	22.55
	Average age at retirement	60	55
2008	Average monthly benefit	$2,306	$3,740
	Average monthly compensation at retirement	$5,054	$7,458
	Number of new retirees	2,710	345
	Average years of service at retirement	19.04	22.30
	Average age at retirement	60	55
2009	Average monthly benefit	$2,428	$3,926
	Average monthly compensation at retirement	$5,139	$7,710
	Number of new retirees	3,996	379
	Average years of service at retirement	19.80	22.21
	Average age at retirement	61	54

SCHEDULE 5

Number of Active Members Per Retiree

	Number of Active Members		Number of Retired Members*		Active Members per Retiree	
June 30	Regular	Police/ Fire	Regular	Police/ Fire	Regular	Police/ Fire
2000	71,793	9,041	16,997	2,485	4.2	3.6
2001	73,307	9,583	18,171	2,656	4.0	3.6
2002	75,518	9,706	19,191	2,820	3.9	3.4
2003	77,569	9,758	20,330	3,041	3.8	3.2
2004	79,848	10,394	21,707	3,231	3.7	3.2
2005	83,224	10,771	23,520	3,442	3.5	3.1
2006	87,020	11,167	25,296	3,729	3.4	3.0
2007	91,757	11,936	27,313	3,949	3.4	3.0
2008	93,816	12,307	29,270	4,209	3.2	2.9
2009	92,784	12,633	32,578	4,517	2.8	2.8

* Excluding survivors and beneficiaries
Information provided by The Segal Company, the System's actuary.

SCHEDULE 6

CONTRIBUTION RATE HISTORY

June 30	Funding Basis Contribution Rates[a]		GASB Disclosure Contribution Rates[a]		Statutory Contribution Rates[b]	
	Regular	Police/ Fire	Regular	Police/ Fire	Regular	Police/ Fire
Employer Pay Plan						
2000	18.92%	27.58%	19.45%	28.88%	18.75%	28.50%
2001	18.29	27.14	18.75	28.33	18.75	28.50
2002	18.96	28.45	19.45	29.70	18.75	28.50
2003	20.32	28.81	20.91	30.13	18.75	28.50
2004	20.07	32.60	20.66	35.00	20.25	28.50
2005	19.70	32.12	20.46	34.98	20.25	28.50
2006	20.44	33.24	21.24	36.15	19.75	32.00
2007	20.44	33.55	21.15	36.37	19.75	32.00
2008	20.82	36.97	21.30	39.36	20.50	33.50
2009	21.54	37.06	21.98	39.27	20.50	33.50
Employee/ Employer Plan						
2000	9.87%	14.22%	10.14%	14.87%	9.75%	14.75%
2001	9.56	14.00	9.79	14.60	9.75	14.75
2002	9.91	14.68	10.16	15.30	9.75	14.75
2003	10.59	14.79	10.89	15.45	9.75	14.75
2004	10.51	16.68	10.81	17.88	10.50	14.75
2005	10.31	16.44	10.69	17.87	10.50	14.75
2006	10.68	17.08	11.08	18.53	10.50	16.50
2007	10.67	17.22	11.02	18.63	10.50	16.50
2008	10.83	18.86	11.07	20.01	10.50	17.25
2009	11.21	18.92	11.43	20.02	10.50	17.25

[a] Funding basis and GASB disclosure contribution rates are provided by The Segal Company, the System's actuary.

[b] Statutory contribution rates are calculated (see Actuarial Section of this report for calculation parameters) and effective July 1 of each odd-numbered year.

SCHEDULE 7
Participating Employers
(Page 1 of 3)

State of Nevada and Related Agencies
Board of Examiners for Alcohol & Drug Abuse Counselors
Cosmetology Board
Department of Transportation
Legislative Counsel Bureau
Liquefied Petroleum Gas Board
Nevada Rural Housing Authority
Public Employees' Retirement System
State Board of Accountancy
State Board of Architecture
State Board of Chiropractic Examiners
State Board of Dental Examiners
State Board of Examiners for Social Workers
State Board of Massage Therapy
State Board of Medical Examiners
State Board of Nursing
State Board of Optometry
State Board of Osteopathic Medicine
State Board of Pharmacy
State Board of Physical Therapy Examiners
State Board of Veterinary Medical Examiners
State Personnel

Schools
Academy for Career Education
Andre Agassi College Preparatory Academy
Bailey Charter Elementary School
Carson City School District
Carson Montessori School
Churchill County School District
Clark County School District
Coral Academy Las Vegas
Coral Academy of Science Charter School
Douglas County School District
Elko County School District
Esmeralda County School District
Eureka County School District
Explore Knowledge Charter School
High Desert Montessori School
Humboldt County School District
ICDA Charter High School
Imagine School in the Vallé
Innovations Charter School
Keystone Academy Charter School
Lander County School District
Las Vegas Charter School of the Deaf
Lincoln County School District
Lyon County School District
Mariposa Academy of Language and Learning
Mineral County School District
Nevada Connections Academy
Nevada State High School
Nevada Virtual Academy
Nye County School District
Odyssey Charter School
Pershing County School District
Rainbow Dreams Academy
Rainshadow Charter School
Sierra Crest Academy
Sierra Nevada Academy
Silver State High School
Storey County School District
Team A Washoe Charter School
Washoe County School District
Westcare Charter School
White Pine County School District
100 Academy of Excellence

University of Nevada System
University of Nevada, Las Vegas
University of Nevada, Reno

Counties
Churchill County
Clark County
Douglas County
Elko County
Esmeralda County
Eureka County
Humboldt County
Lander County
Lincoln County
Lyon County
Mineral County
Nye County
Pershing County
Storey County
Washoe County
White Pine County

SCHEDULE 7
Participating Employers
(Page 2 of 3)

Cities
City of Boulder
City of Caliente
City of Carlin
City of Carson
City of Elko
City of Ely
City of Fallon
City of Fernley
City of Henderson
City of Las Vegas
City of Lovelock
City of Mesquite
City of North Las Vegas
City of Reno
City of Sparks
City of Wells
City of West Wendover
City of Winnemucca
City of Yerington

Hospitals
Battle Mountain General Hospital
Grover C. Dils Medical Center
Humboldt General Hospital
Mount Grant General Hospital
Pershing General Hospital
University Medical Center of Southern Nevada
William Bee Ririe Hospital

Utility, Irrigation, and Sanitation Districts
Alamo Sewer & Water General Improvement District
Beatty Water and Sanitation District
CC Communications
Clark County Water Reclamation District
Douglas County Sewer and Water District
Lincoln County Power District
Lander County Sewer and Water
Lovelock Meadows Water District
McGill-Ruth Consolidated Sewer and Water District
Minden-Gardnerville Sanitation District
Moapa Valley Water District
Overton Power District
Pershing County Water Conservation District
Truckee-Carson Irrigation District
Truckee Meadows Water Authority
Virgin Valley Water District
Washoe County Water District
Walker River Irrigation District

Special Districts and Agencies
Airport Authority of Washoe County
Austin Volunteer Fire Department
Battle Mountain Volunteer Fire Department
Canyon General Improvement District
Central Dispatch Administrative Authority
Churchill County Volunteer Fire Department
Churchill Mosquito Abatement District
City of Wells Volunteer Fire Department
Clark County Health Department
Clark County Housing Authority
Conservation District of Southern Nevada
Douglas County Mosquito District
East Fork Swimming Pool District
Elko County Agricultural Association
Elko Convention and Visitors Authority
Gardnerville Ranchos General Improvement District
Gerlach General Improvement District
Grass Valley Volunteer Fire Department
Henderson District Public Libraries
Incline Village Visitor's/Convention Bureau
Indian Hills Improvement District
Kingsbury General Improvement District
Lahontan Conservation District
Las Vegas Convention/Visitors Authority
Las Vegas Housing Authority
Las Vegas Metropolitan Police Department
Las Vegas/Clark County Library District
Lovelock Volunteer Fire Department
Mineral County Housing Authority
Nevada Association of Counties
Nevada Tahoe Conservation District
North Lake Tahoe Fire Protection District
North Las Vegas Housing Authority
Palomino Valley General Improvement District
Pershing County Volunteer Fire Department
Regional Planning Agency of Washoe County
Regional Transportation Commission
Reno Housing Authority
Reno/Sparks Convention and Visitors Authority
Round Hill General Improvement District
RTC of Southern Nevada

SCHEDULE 7
Participating Employers
(Page 3 of 3)

Special Districts and Agencies (Continued)
Rye Patch Volunteer Fire Department
Sierra Fire Protection District
Southern Nevada Workforce Investment Board
Stagecoach General Improvement District
Sun Valley General Improvement District
Tahoe-Douglas District
Tahoe-Douglas Fire Protection District
White Pine County 474 Fire Protection District
White Pine County Tourism and Recreation Board
Winnemucca Rural Volunteer Fire
Winnemucca Volunteer Fire Department

SCHEDULE 8
PRINCIPAL PARTICIPATING EMPLOYERS

	2000		
Participating Agencies	Covered Employees	Rank	Percentage of Total System
Clark County School District	21,703	1	26.9%
State of Nevada	12,628	2	15.6
Washoe County School District	5,745	3	7.1
Clark County	5,601	4	6.9
Las Vegas Metropolitan Police Department	3,342	5	4.1
University Medical Center of Southern Nevada	3,011	6	3.7
Washoe County	2,567	7	3.2
City of Las Vegas	2,412	8	3.0
University of Nevada, Reno	1,937	9	2.4
Department of Transportation	1,535	10	1.9
Subtotal	60,481		74.8
All other	20,353		25.2
Total 2000 (144 Agencies)	80,834		100.0%

	2009		
Participating Agencies	Covered Employees	Rank	Percentage of Total System
Clark County School District	32,182	1	30.5%
State of Nevada	16,764	2	15.9
Clark County	7,631	3	7.2
Washoe County School District	7,349	4	7.0
Las Vegas Metropolitan Police Department	5,417	5	5.1
University Medical Center of Southern Nevada	3,659	6	3.5
City of Las Vegas	2,758	7	2.6
Washoe County	2,707	8	2.6
City of Henderson	2,078	9	2.0
University of Nevada, Reno	2,077	10	2.0
Subtotal	82,622		78.4
All other[a]	22,795		21.6
Total 2009 (178 Agencies)	105,417		100.0%

[a] In 2009 "All other" consisted of:

Agency Type	Number of Agencies	Covered Employees
State of Nevada and Related Agencies	20	515
University of Nevada System	1	1,919
Schools	41	7,153
Counties	14	3,050
Cities	17	5,587
Hospitals	6	692
Utility, Irrigation, and Sanitation Districts	18	746
Special Districts and Agencies	51	3,133
Subtotal	168	22,795
Largest Ten Participating Employers	10	82,622
Total	178	105,417

SCHEDULE 9

Average Age and Service Statistics for Members*

	2000	2009
Regular members:		
Average age	44.0	45.2
Average years of service	8.2	8.6
Police/Fire members:		
Average age	39.1	39.4
Average years of service	9.5	9.8

SCHEDULE 10

Average Salaries for Members*

	Regular	Increase	Police/Fire	Increase
June 30, 2000	$35,185		$48,857	
2001	36,615	4.1 %	50,587	3.5 %
2002	38,106	4.1	55,628	10.0
2003	39,193	2.9	56,907	2.3
2004	40,069	2.2	59,008	3.7
2005	40,901	2.1	61,277	3.8
2006	41,929	2.5	64,250	4.9
2007	43,355	3.4	66,316	3.2
2008	46,159	6.5	70,194	5.8
2009	48,151	4.3	71,669	2.1
Annual increase 2000 – 2009		3.6 %		4.4 %

Fiscal Year 2009 All Urban Consumer Price Index (CPI) -1.43%

* Information provided by The Segal Company

PLAN SUMMARY

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Administration

PERS provides retirement, disability, and death benefits to long-term public employees. The System includes the employees of Nevada counties, cities, schools, state government, and miscellaneous public employers.

The governing authority of the System is a 7-member board appointed by the Governor. Day-to-day operations are managed by the Executive Officer. Operating funds are provided by transfer of an administrative fee assigned to each member and benefit recipient. Monthly fees at June 30, 2009, were \$3.62 for each Regular member and benefit recipient and \$3.90 for each Police/Fire member and benefit recipient.

Membership

An employee of a participating public employer is required to be a member of the System from the first day of service if he or she is employed in a position which is normally considered to be half-time or more according to the full-time work schedule established by the public employer. Persons employed in an approved police or fire position are covered under the Police/Fire sub-fund. Persons who are not police or fire employees are covered under the Regular sub-fund. Membership is canceled upon refund, retirement, or death. Membership is not canceled automatically upon termination of employment. A member must apply for a refund, distribution, or retirement to cancel membership.

Types of Contribution Plans

All pay that meets the definition of compensation as defined in NRS 286.025(2) is subject to retirement contribution. New hires (in agencies which did not elect the Employer-Pay Contribution plan (EPC) prior to July 1, 1983) have the option of selecting the Employer-Pay Contribution plan or the Employee/Employer Contribution plan. Each plan is described below.

Employer-Pay Contribution Plan (EPC)

Under EPC contributions are paid on the employee's behalf by their public employer. However, the employee shares equally in the cost of the contribution rate either through salary reduction or in lieu of a promised pay increase. EPC contributions are not deposited to the individual member's account and are not available for refund upon termination of employment. The EPC contribution rates, through June 30, 2009, were 20.50% for Regular members and 33.50% for Police/Fire members.

Employee/Employer Contribution Plan

Under this plan, through June 30, 2009, the Regular member and the employer each contributed 10.5% of compensation to the System. Police/Fire members and their employers each contributed 17.25% of compensation. Employee contributions made under this plan are refundable upon termination of employment. Employer contributions are not refundable.

Public employees, other than school employees, earn service credit for years, months, and days actually worked. School employees, who are not regular 12-month employees, receive service credit on the basis of a full year if they work full-time for the entire school year. For these same school employees, service for a part of the school year is credited on a ratio of one and one-third days for each day worked.

Service

Purchase of Service

Members with five years of creditable service may purchase up to five years of service credit. The member must pay the full actuarial cost associated with age and average compensation at the time of purchase.

Refund of Contributions

Members who have contributed under the Employee/Employer Contribution plan may withdraw employee contributions if terminating all employment for which contribution is required or if employed in a position ineligible for membership for at least 90 days. A refund cancels all rights of membership.

Repayment of Refunded Contributions

Members who receive a refund of employee contributions and later return to work and re-establish active membership for a period of at least six months may repay the refunded contributions and restore service credit. Repayment, including interest at the actuarially determined rate, may be in the form of a lump-sum payment or by monthly installments. Service will not be restored until repayment is complete.

Benefits

The 2009 Legislature passed Senate Bill 427 which provided for various changes to the System. While the new law made no changes to the benefits of current members and benefit recipients, it did change some of the benefits allowed new members who enroll on or after January 1, 2010. Such changes are noted within each subject area below.

Service Retirement Vesting

Contributing members of the System earn the right to receive a retirement benefit after five years of service.

Service Retirement

Requirements for Regular members to retire with an unreduced benefit – age 65 with five years of service, **or** age 60 with ten years of service, **or** any age with thirty years of service.

For Regular members who enter the System on or after January 1, 2010, to retire with an unreduced benefit – age 65 with five years of service, **or** age 62 with ten years of service, **or** any age with thirty years of service.

Requirements for Police/Fire members to retire with an unreduced benefit – age 65 with five years of service, **or** age 55 with ten years of Police/Fire service, **or** age 50 with twenty years of Police/Fire service, **or** at any age with twenty-five years of Police/Fire service.

For Police/Fire members who enter the System on or after January 1, 2010, to retire with an unreduced benefit – age 65 with five years of service, **or** age 60 with ten years of Police/Fire service, **or** age 50 with twenty years of Police/Fire service **or** any age with thirty years of total service.

Early Retirement Penalty

Members with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 4% for each full year they are under the required age.

Members entering the System on or after January 1, 2010, with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 6% for each full year they are under the required age.

Important Factors for Determining Retirement Benefits

Benefit amounts are based on three factors:

1. Average compensation – defined as the average of 36 highest consecutive months of compensation and, for members entering the system on or after January 1, 2010, the average of 36 highest consecutive months of compensation with a provision that each 12-month period of salary may not increase greater than 10% of the prior 12 months of salary reported. Salary increases due to promotion and assignment-related compensation are excluded from the salary cap calculation.
2. Service credit – years, months, and days worked.
3. Selection of retirement plan – prospective retirees may elect one of seven retirement options.

Option 1 – (the unmodified plan) for Regular members – Pays the full monthly benefit earned but provides no income protection for beneficiary after death.

Option 1 – (the unmodified plan) for Police/Fire members – Pays the full monthly benefit earned for the retiree's lifetime. A person who was the spouse at time of retirement shall be entitled, at the time of the retired employee's death or upon the attainment of age 50; whichever is later, to a benefit of 50% of the deceased retired employee's benefit earned at the time of his/her death in an eligible police/fire position.

Option 2 – Provides an actuarially reduced lifetime benefit. After death the same benefit continues for the lifetime of the beneficiary.

Option 3 – Provides an actuarially reduced lifetime benefit. After death 50% of the benefit continues for the lifetime of the beneficiary.

Option 4 – Provides an actuarially reduced lifetime benefit. After retiree's death and upon beneficiary reaching age 60, the same benefit continues for the lifetime of the beneficiary.

Option 5 – Provides an actuarially reduced lifetime benefit to retiree. After retiree's death and upon beneficiary reaching age 60, 50% of the benefit continues for the lifetime of the beneficiary.

Option 6 – Provides an actuarially reduced lifetime benefit to retiree. Upon death of the retiree, this option provides to the beneficiary a specific sum per month, which cannot exceed the monthly benefit paid to retiree.

Option 7 – Provides an actuarially reduced lifetime benefit to retiree. The option provides to the beneficiary, upon retiree's death and the beneficiary reaching age 60, a specific sum per month, which cannot exceed the monthly benefit paid to retiree.

Post-Retirement Benefit Increases

Retirees are eligible for annual benefit increases if they began receiving benefits at least three years before the effective date of the increase. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in each of the fourth, fifth, and sixth years; increase to 3% in years seven, eight, and nine; 3.5% in years ten, eleven, and twelve; 4% for years thirteen and fourteen; and 5% in year fifteen and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (All Items).

Retirees who enter the System on or after January 1, 2010, are eligible for annual benefit increases if they began receiving benefits at least three years before the effective date of the increase. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in each of the fourth, fifth, and sixth years; increase to 3% in years seven, eight, and nine; 3.5% in years ten, eleven, and twelve; and 4% in year thirteen and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (All Items).

Benefit Formula

The formula used for calculating retirement benefits is as follows:

- Total Service Credit Earned (or purchased) before July 1, 2001 X 2.5% = Service Time Factor
- Total Service Credit Earned (or purchased) on and after July 1, 2001 X 2.67% = Service Time Factor
- Total Service Time Factors X Average Monthly Compensation (36 Highest Consecutive Months of Salary) = Unmodified benefit (Option 1).

For members entering the System on or after January 1, 2010, the formula for calculating retirement benefits is as follows:

- Total Service Credit Earned (or purchased) X 2.5% = Service Time Factor
- Total Service Time Factor X Average Monthly Compensation (36 Highest Consecutive Months of Salary with applicable limits) = Unmodified benefit (Option 1).

Maximum benefits are 90% of average compensation for individuals who became members before July 1, 1985, and 75% of average compensation for individuals who became members after June 30, 1985.

Actuarial reductions are based on the member's age and the beneficiary's age at the time of retirement, determined from tables supplied by the System's actuary.

Disability Retirement

Members with five or more years of service who become totally unable to perform their current or any comparable job because of an injury or mental or physical illness of a permanent nature are eligible to apply for disability retirement. The application must be filed with the System prior to termination of employment. Disability retirement benefits are calculated in the same manner as service retirement without reduction for age.

Survivor Benefits

Eligibility

Eligible survivors of a member who dies prior to retirement are entitled to a benefit if:

1. The member had two years of service in the two and one-half years immediately preceding death, or
2. The member had more than ten years of accredited service, or
3. The member's death was caused by an occupational disease or an accident arising out of or in the course of employment, regardless of service credit.

Eligible survivors:

1. Spouse
2. Each unmarried dependent child under age 18, or up to age 23 if a full-time student.
2. Dependent parents, provided there are no other eligible survivors at the time of member's death.
4. If the member is unmarried at the time of death, one designated survivor beneficiary. Additional payees may also be designated to receive direct payment of a portion of the survivor beneficiary benefit.

Amount of Survivor Benefits

Generally, if a member dies with less than ten years of service, the spouse would receive $450 per month and each dependent child would receive $400 per month. The spouse would receive survivor benefits for his or her lifetime. Each unmarried dependent child would receive monthly benefits until age 18, or age 23 if he or she is a full-time student.

If a member dies with more than ten years of service credit, the spouse is entitled to a lifetime benefit. The amount of the benefit is based on the member's age, years of service, and average compensation at the time of death. A child would receive the same benefits as previously described.

A member is able to designate one survivor beneficiary to receive benefits (as described above) to be paid if the member is unmarried at the time of death. A member may also designate additional payees to receive direct payment of a portion of the survivor beneficiary benefit.

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