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, 2010

Dana K. Bilyeu
Executive Officer

693 West Nye Lane
Carson City, Nevada 89703
(775) 687-4200

5820 South Eastern Avenue, Suite 220
Las Vegas, Nevada 89119
(702) 486-3900

7455 West Washington Avenue, Suite 150
Las Vegas, Nevada 89128
(702) 486-3900

www.nvpers.org

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 6, 2010

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, 2010.

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, 2010, 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 2010, the System had 183 participating employers, 102,594 active members, and 43,919 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 119.

Included in the Financial Section of this CAFR, beginning on page 24, is Management's Discussion and Analysis (MD&A). Users of the financial statements are encouraged to review the MD&A, which contains a statement overview, highlights for the year, 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.

5820 S. Eastern Avenue, Suite 220
Las Vegas, NV 89119
(702) 486-3900
Fax: (702) 678-6934

693 W. Nye Lane
Carson City, NV 89703
(775) 687-4200
Fax: (775) 687-5131

7455 W. Washington Avenue, Suite 150
Las Vegas, NV 89128
(702) 486-3900
Fax: (702) 304-0697

Toll Free: 1-866-473-7768 Website: www.nvpers.org

Major Initiatives

Legislation

The Nevada Legislature convenes on a biennial basis in odd-numbered years. During the interim between legislative sessions, PERS worked with legislative staff on pension-related issues. Following the 2009 legislative session, the Retirement Board reviewed the System's Official Policies and adopted modifications to reflect legislative changes to the benefit structure for members with effective dates of membership on or after January 1, 2010.

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 policies. The review assessed general compliance with over 140 verifiable provisions of the governance policies. The report concluded that the Retirement Board and staff have demonstrated a high degree of compliance with verifiable provisions of the governance policies.

Communications

During the past year the System added three communication programs designed to enhance communication efforts with various constituent groups. First, an employer advisory council was created to provide a streamlined communication conduit for employer feedback. The members of the council are representative of all types of employers participating in the System. Second, an employee association advisory council was created. This council has similar responsibilities to the employer council in the policy and legislative arena but is also a conduit for ensuring members of the System are provided real time information about issues facing the System. Our third initiative was to create a Retiree Ambassador program. This program is designed as an education opportunity for retirees to learn more about the positive economic footprint Nevada PERS brings to Nevada.

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, 2009, and June 30, 2010, staff completed approximately 66,000 pieces of work. Of this group, 56,000 were directly related to customer requests with the remainder relating to back office support. Approximately 92% of all work was performed within the ten working days benchmark.

Benefit payments were made to approximately 42,000 retirees and beneficiaries monthly. During this fiscal year, staff completed 4,417 one-fifth of a year purchases for educational employees and 576 service credit audits for the Public Employees' Benefits Program (PEBP). PERS staff provided extensive training to non-choice public employers in the use of electronic enrollment. A total of 76 agencies now use this process to enroll their new hires into PERS. The electronic enrollment process has been a great success and has significantly reduced the large volume of paper enrollment forms that the employer submits and PERS staff manually inputs.

The Member Annual Statements were revised and sent to all active members in a different format during fiscal year 2010. The new statement format is a condensed version of the prior format while including the same information. The previous statement was a thirteen page document whereas the new statement is only four pages, which is less expensive to print and mail. During the 2010 fiscal year, the format of the inactive member statements was changed to enhance readability.

The 6th Annual Liaison Officer Conference was held in Las Vegas on November 19, 2009, at the Excalibur Hotel and Casino. 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 for government pension funds. The public employers were then organized into 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 99% of attendees rated the conference good or excellent.

This fiscal year the liaison officer, deputy liaison officer, and signature authorization forms were updated for electronic distribution of notices. All forms, summary plan descriptions, and guides were updated to incorporate all legislative changes to members hired on or after January 1, 2010. Separate retirement surveys were prepared for new disability retirees and two new surveys were initiated for group counseling and general presentations. Group counseling sessions were offered for the first time in the Las Vegas Summerlin office during this fiscal year.

PERS continued participation in a benchmarking analysis service in fiscal year 2010. The purpose of the analysis was to help PERS understand how our total administration costs and service levels compare to our peers, given the lack of in-state competition to use as a benchmark. The analysis shows that Nevada PERS provides a good level of service at a substantially lower administration cost than the peer average.

Information Technology

During fiscal year 2010, PERS completed extensive modifications to the pension processing system in order to implement the provisions of Senate Bill 427. The project was completed on time and on budget, allowing the System to enroll new members, as of January 1, 2010, who fall under the new provisions adopted by the 2009 Legislature.

Network security continues to be a priority for PERS. The System's security consultant, along with staff, continuously monitors, documents, and attacks vulnerabilities identified. PERS maintained its security certification through an information technology security consultant and continues to participate in this security review on an ongoing basis.

The System modified the pension processing system to allow employers to report enhanced compensation detail electronically. This modification allows for reporting of compensation by specific type. PERS is also modifying the pension processing system to allow employers to report all ineligible employees. This will enhance the System's ability to identify employees who meet eligibility thresholds and reemployed retirees subject to benefit suspension.

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 Plan contains the following sections: Philosophy, Mission, Planning Process, Core Values, Organization and History, Goals and Objectives, Strategies, Internal Assessment, External Assessment, and Performance and Caseload Indicators. The Organization and History sections were updated to include data from the most recent annual financial report. Language was modified or added in the Strategies, Internal Assessment, and External Assessment sections to include information on the investment program, member communications, staffing, technology, retiree reemployment, plan design, contribution rates, public outreach, sustainability of benefits and financing to ensure affordability, calculation of liabilities, accounting issues, and Securities and Exchange Commission proposed rules. 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. The Board 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:

	2010	2009
Additions	$ 3,469,597,861	$ (2,206,163,512)
Deductions	(1,333,451,852)	(1,221,707,924)
Increase (decrease) in net assets	$ 2,136,146,009	$ (3,427,871,436)

Additions increased approximately $5.7 billion from fiscal year 2009, due mostly to increases in net investment income. Deductions increased by $111.7 million between 2009 and 2010, due to increases in benefit payouts of $112.0 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 derived from the actuarial rates and then rounded according to statute.

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 81. Fiscal year 2010 funding levels are presented on page 36 in the Financial Section of this report. In addition, Required Supplemental Information on page 46 shows ten-year schedules of funding progress. The funded ratio for all members is 70.5% in 2010, a slight decrease from 72.5% in fiscal year 2009.

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 efficient, 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 30 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. Since inception, 98% of the System's investment performance is explained by asset allocation. 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 2010 was $20.5 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 2010 return objective was 5.6%. The System's total return on investments for that same time period was 11.0%, which includes both realized and unrealized gains. Fiscal year 2010 returns were influenced by above average returns from both U.S. stocks and U.S. fixed income.

The recent financial crisis has been the catalyst for some of the most volatile markets in history. In this environment, PERS was quite competitive versus other large public pension plans, ranking in the top 28% for return and the bottom 28% for risk. Generating returns in the top of the peer group while experiencing less volatility than the majority of those same investors 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 (26 years) versus the long-term actuarial funding objective of 8%. The fund is competitive on a risk-adjusted basis, ranking in the top 20% of public funds for that same time frame. The investment section beginning on page 56 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, 2009 (see page 18). This was the twentieth 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, 2010 (see page 19). 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 16 and 56.

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 2010.

Respectfully submitted,

Dana K. Bilyeu
Executive Officer

PUBLIC EMPLOYEES' RETIREMENT BOARD

Seated, from left: Bart T. Mangino, George W. Stevens, Chairman, and David Olsen

Standing, from left: Mark R. Vincent, Vice Chairman, James Green, Paul C. Page, and Charles A. Silvestri

OFFICERS

From left: Ken Lambert, Investment Officer; Dana K. Bilyeu, Executive Officer; and Tina Leiss, Operations Officer

ADMINISTRATIVE PERSONNEL
(Current)
PUBLIC EMPLOYEES' RETIREMENT BOARD

George W. Stevens	Chairman	2011
Mark R. Vincent	Vice Chairman	2014
James Green	Member	2013
Bart T. Mangino	Member	2013
David Olsen	Member	2013
Paul C. Page	Member	2014
Charles A. Silvestri	Member	2011

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:

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

LEGAL COUNSEL

Kimberly Okezie, 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	2011
Richard Tiran	Vice Chairman	2014
John Chase	Member	2011
Chris Collins	Member	2012
Raymond McAllister	Member	2012

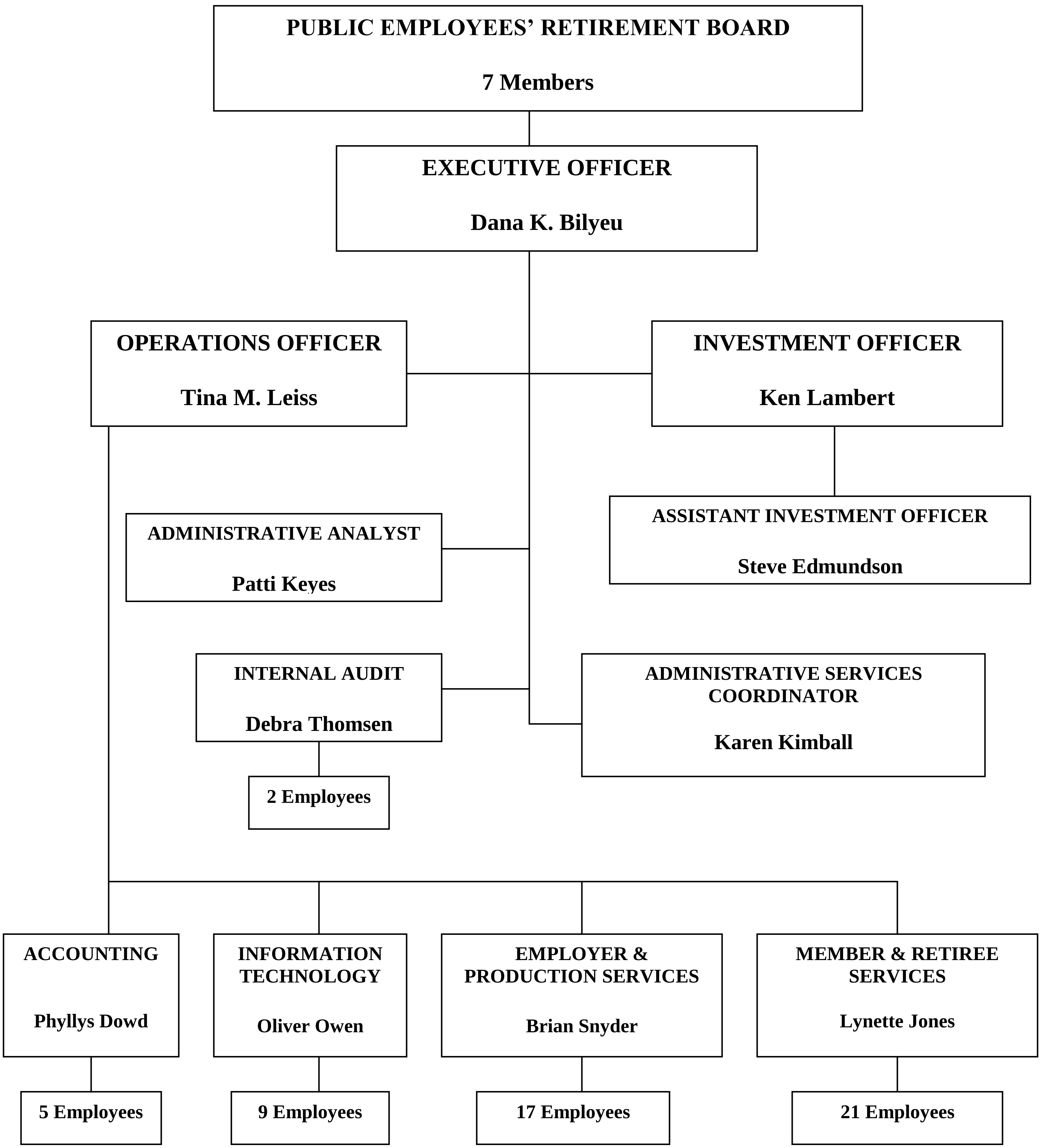
Terms expire on June 30 of year noted.

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 56. A schedule of fees and commissions paid to investment professionals can be found beginning on page 71.

ORGANIZATIONAL CHART
June 30, 2010



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, 2009

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.

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2010

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

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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, 2010, 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, 2009 which are included for additional analysis have been derived from the Public Employees' Retirement System of Nevada's 2009 financial statements and, in our report dated December 7, 2009, 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, 2010 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 24 through 27 and the Schedules of Funding Progress and Employer Contributions on pages 46 and 47 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 48 through 53 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 19, the Investment Section on pages 56 through 74, the Actuarial Section on pages 77 through 95, the Statistical Section on pages 99 through 116 and the Plan Summary on pages 119 through 123 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 6, 2010

Member of HLB International

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, 2010. 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 and local governments which include 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

As of June 30
(in millions)

	2010	2009	2008
Total investments	$ 20,516.4	$ 18,540.1	$ 22,009.9
Net investment income (loss)	2,059.4	(3,543.4)	(743.1)
Contributions	1,408.3	1,334.8	1,298.7
Benefit payments	1,301.6	1,189.6	1,033.2
Refunds of contributions	20.3	18.6	16.8
Transfers of contributions	0.4	3.8	2.6
Administrative expenses	11.1	9.7	8.7
Net assets	$ 20,906.3	$ 18,770.1	$ 22,198.0
Percentage funded	70.5%	72.5%	76.2%

Financial Analysis

Ending investments for fiscal year 2010 increased by 10.7% from 2009; there was a decrease of 15.8% from 2008 to 2009. Commensurately, the percentage change in investment income between 2009 and 2010 resulted in a recovery of 158.1%, as the System experienced negative returns in 2008 and 2009. The PERS investment program outperformed its actuarial goal of 8.0% and the total return objective of 10.7%. The 9.2% annualized return since inception (26 years) exceeds the actuarial objective.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following are summary comparative statements of the System.

CONDENSED STATEMENT OF FIDUCIARY NET ASSETS

	As of June 30, 2010	As of June 30, 2009	As of June 30, 2008	Percentage Increase/ (Decrease) from 2009 to 2010
Cash and cash equivalents	$ 389,957,314	$ 422,475,446	$ 377,383,481	(7.7) %
Receivables	203,958,252	189,054,729	187,412,500	7.9
Pending trades receivable	251,956,939	141,678,033	197,657,567	77.8
Investments, at fair value	20,516,359,658	18,540,091,760	22,009,876,310	10.7
Collateral on loaned securities, at fair value	2,942,675,281	1,760,287,271	2,872,321,923	67.2
Property and equipment, net	4,289,301	4,896,423	4,600,228	(12.4)
Other assets	2,053,010	1,962,283	1,676,282	4.6
Total assets	24,311,249,755	21,060,445,945	25,650,928,291	15.4
Accounts payable and accrued expenses	11,205,817	13,385,742	11,410,243	(16.3)
Pending trades payable	372,683,783	429,255,245	569,187,593	(13.2)
Obligations under securities lending activities	3,021,077,050	1,847,667,862	2,872,321,923	63.5
Total liabilities	3,404,966,650	2,290,308,849	3,452,919,759	48.7
Net assets held in trust for pension benefits	$ 20,906,283,105	$ 18,770,137,096	$ 22,198,008,532	11.4 %

While the investment portfolio is recovering, contributions increased between 2009 and 2010 by 5.5% as compared to 2008 and 2009, which was 2.8%. Breaking this down into its components reveals that employer contributions rose by 5.7% between 2009 and 2010 while they increased 3.9% in the prior fiscal year. Employee contributions remained fairly steady at 6.4% for the past two fiscal years. A reduction in purchases of service between 2009 and 2010 of 4.4% was not as dramatic as between 2008 and 2009, which was 35.0%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
For the Years Ended June 30,

	2010	2009	2008	Percentage Increase/ (Decrease) from 2009 to 2010
Contributions	$ 1,408,288,940	$ 1,334,832,060	$ 1,298,694,332	5.5 %
Investment net income (loss)	2,059,377,798	(3,543,425,973)	(743,073,557)	158.1
Other income	1,931,123	2,430,401	2,381,398	(20.5)
Total additions	3,469,597,861	(2,206,163,512)	558,002,173	257.3
Benefit payments	1,301,633,191	1,189,620,073	1,033,191,346	9.4
Refunds of contributions	20,270,764	18,581,557	16,822,873	9.1
Transfers of contributions	429,264	3,791,831	2,615,779	(88.7)
Administrative expenses	11,118,417	9,710,115	8,720,397	14.5
Other expenses	216	4,348	3,204	(95.0)
Total deductions	1,333,451,852	1,221,707,924	1,061,353,599	9.1
Net increase (decrease)	2,136,146,009	(3,427,871,436)	(503,351,426)	162.3
Net assets, beginning of year	18,770,137,096	22,198,008,532	22,701,359,958	(15.4)
Net assets, end of year	$ 20,906,283,105	$ 18,770,137,096	$ 22,198,008,532	11.4 %

Refunds of contributions remained relatively steady between 2009 and 2010, an increase of 9.1% compared to a 10.5% increase in refunds between 2008 and 2009. 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 9.4% between 2009 and 2010 as compared to an increase of 15.1% in 2009 from 2008. The increase in 2009 was attributed to the changes in other post-retirement benefits that became effective during fiscal year 2009, encouraging a significant number of eligible members to retire.

The percentage decrease of transfers of contributions from 2009 to 2010 was 88.7%. Similar to refund requests, the transfers of members from PERS to another system are unpredictable from year to year. For example, in fiscal year 2009 $3.8 million was transferred, while in fiscal year 2010 only $0.4 million was transferred.

All of the above factors contributed to the fiscal year 2010 net assets held in trust for pension benefits increasing by 11.4% from 2009. This is significant as there was a decline for the past two years. Additional recovery is expected during the next fiscal year.

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

(With Comparative Totals for June 30, 2009)

ASSETS	2010	2009
Cash and cash equivalents	$ 389,957,314	$ 422,475,446
Receivables:		
Contributions receivable	106,390,406	102,154,980
Pending trades receivable	251,956,939	141,678,033
Accrued investment income	97,567,846	86,899,749
Total receivables	455,915,191	330,732,762
Investments, at fair value:		
Fixed income securities	6,184,214,644	5,224,424,783
Marketable equity securities	7,833,430,243	7,530,293,803
International securities	5,069,365,796	4,411,803,697
Mortgage loans	4,378	6,696
Real estate	853,999,874	907,413,470
Private equity	575,344,723	466,149,311
Total investments	20,516,359,658	18,540,091,760
Collateral on loaned securities, at fair value	2,942,675,281	1,760,287,271
Property and equipment	35,321,293	34,031,521
Accumulated depreciation	(31,031,992)	(29,135,098)
Net property and equipment	4,289,301	4,896,423
Other assets	2,053,010	1,962,283
Total plan assets	24,311,249,755	21,060,445,945
LIABILITIES		
Accounts payable and accrued expenses	11,205,817	13,385,742
Pending trades payable	372,683,783	429,255,245
	383,889,600	442,640,987
Obligations under securities lending activities	3,021,077,050	1,847,667,862
Total plan liabilities	3,404,966,650	2,290,308,849
Net assets held in trust for pension benefits	$ 20,906,283,105	$ 18,770,137,096

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2010
(With Comparative Totals For the Year Ended June 30, 2009)

ADDITIONS	2010	2009
Contributions:		
Employer	$ 1,281,714,847	$ 1,213,067,534
Plan members	99,683,851	93,648,004
Repayment and purchase of service	26,890,242	28,116,522
Total contributions	1,408,288,940	1,334,832,060
Investment income:		
Net appreciation (depreciation) in fair value of investments	1,409,908,664	(4,087,706,785)
Interest	314,391,003	282,150,111
Dividends	281,945,413	300,020,380
Other investment income	66,326,682	54,285,040
	2,072,571,762	(3,451,251,254)
Less investment fees and other expenses:	(23,898,938)	(24,058,951)
Net investment income (loss)	2,048,672,824	(3,475,310,205)
Net securities lending income (expense)	1,726,152	19,264,823
Net change in fair value of securities lending	8,978,822	(87,380,591)
Net securities lending income (loss)	10,704,974	(68,115,768)
Total net investment income (loss)	2,059,377,798	(3,543,425,973)
Other income	1,931,123	2,430,401
Total additions	3,469,597,861	(2,206,163,512)
DEDUCTIONS		
Benefit payments:		
Retirement and survivor benefits	1,236,168,061	1,129,585,581
Disability	65,448,334	60,006,985
Post-retirement increases	16,796	27,507
Refunds of contributions	20,270,764	18,581,557
Transfers of contributions	429,264	3,791,831
Administrative expenses	11,118,417	9,710,115
Other expenses	216	4,348
Total deductions	1,333,451,852	1,221,707,924
Increase (decrease) in net assets	2,136,146,009	(3,427,871,436)
Net assets held in trust for pension benefits:		
Beginning of year	18,770,137,096	22,198,008,532
End of year	$ 20,906,283,105	$ 18,770,137,096

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – 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 because the State Legislature retains certain significant governing powers over the System.

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.

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.

NOTES TO FINANCIAL STATEMENTS

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, Cash Equivalents, and Derivatives

Cash and cash equivalents (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 types of derivatives used and limits on their use are defined in the System's Investment Objectives and Policies. Only foreign currency forward contracts are permitted to reduce foreign currency risk. All other derivatives are prohibited within the Fund.

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.

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.

NOTES TO FINANCIAL STATEMENTS

Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. 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. Intangible assets are capitalized for the development stage only (design, configuration, installation, and testing). Depreciation is calculated using the straight-line depreciation method over five years. The term "depreciation" includes amortization of intangible assets.

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, 2010, were $3.97 for each Regular member and benefit recipient and $4.25 for each Police/Fire member and benefit recipient. PERS is 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.

Financial Statement Presentation

Comparative data shown for the prior year has been extracted from the June 30, 2009, financial statements. Investments and securities lending income/expense have been restated for comparability with fiscal year 2010. Fiscal year 2009 data has been presented to facilitate financial analysis but is not considered full disclosure of transactions for that year.

In fiscal year 2009 and prior, the System accounted for domestic and international securities using the "manager directive" methodology. Under this methodology, securities purchased by each investment manager would be classified according to their directive. For example, if a manager's directive is to invest

NOTES TO FINANCIAL STATEMENTS

funds within U.S. markets, all securities are classified as domestic, including those that are purchased in foreign markets. Beginning in fiscal year 2010, PERS began accounting for securities using the "country of issue" methodology**.** Under this methodology, regardless of the manager's directive, if a manager invests funds and the underlying country of issue for the security is not the United States, then the security would be classified as international.

NOTE 2 – Plan Description

History and Purpose

PERS administers 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 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, 2010, the number of participating public employers and active members were:

Entity Type	Employers	Members
State of Nevada and Related Agencies	21	17,415
Cities	19	9,564
Counties	16	12,713
Police and Fire Agencies	16	5,518
Hospitals	7	4,058
Schools	46	46,174
University of Nevada System	2	3,768
Special Districts and Agencies	37	2,618
Utility, Irrigation, and Sanitation Districts	19	766
Total	183	102,594

Please see pages 112-114 for a complete list of participating employers.

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

Service retirees, disability recipients, and beneficiaries receiving benefits:	2010	2009
Regular employees	36,749	35,140
Police/Fire employees	5,320	5,015
Survivor benefit recipients	1,850	1,750
Total benefit recipients	43,919	41,905

NOTES TO FINANCIAL STATEMENTS

	2010	2009
Inactive members:		
Regular employees	11,167	10,954
Police/Fire employees	640	620
Total inactive members	11,807	11,574
Active members:		
Regular employees	90,219	92,784
Police/Fire employees	12,375	12,633
Total active members	102,594	105,417
Total membership	158,320	158,896

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. 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. 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 37 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. Regular members entering the System on or after January 1, 2010, are 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 are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

NOTES TO FINANCIAL STATEMENTS

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 canceled 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 from the System, all accrued benefits that are funded become 100% vested and nonforfeitable.

Additional Plan Information

See Plan Summary beginning on page 119 for additional information.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2010 (date of the most recent actuarial valuation), the System's funded status (in millions) is as follows:

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
2010	$ 24,725.5	$ 35,077.7	$ 10,352.3	70.5 %	$ 5,365.5	192.9 %

See Required Supplementary Information (RSI) on page 46 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.

Fiscal year 2010 employer contributions required and contributions made were as follows:

Actuarial	Regular		Police/Fire		Total	
Valuation Date June 30	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2010	$ 1,030,796,200	93 %	$ 358,761,400	91 %	$ 1,389,557,600	92 %

See RSI on page 47 for a 10-year schedule of employer contributions.

NOTES TO FINANCIAL STATEMENTS

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		June 30, 2010
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*		8.0%
Projected salary increases:*	Regular	4.5% - 9.75%
	Police/Fire	6.5% - 14.75%
Assumed payroll growth rates:		
	Regular	6.5%
	Police/Fire	8.0%
Post-retirement increases*		2.0% per year after 3 years of receiving benefits 3.0% per year after 6 years of receiving benefits 3.5% per year after 9 years of receiving benefits 4.0% per year after 12 years of receiving benefits 5.0% per year after 14 years of receiving benefits** Cap based on CPI if benefits outpace inflation

* Includes inflation at 3.5%
** Does not apply to retirees who entered the System on or after January 1, 2010

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2010, the System experienced an investment return of 11.0%. The actuarial valuation of assets is determined by smoothing the asset gain or loss over a five-year period. Effective with the June 30, 2009 valuation, assets were valued using five-year smoothing of investment gain/loss limited to not less than 70% or greater than 130% of the market value of assets.

Rates in effect for fiscal year ended June 30, 2010, were as follows:

Regular Employees	Funding Basis*	Statutory Rate
Employer-pay plan	22.57%	21.50%
Employee/employer plan (matching rate)	11.74	11.25
Police/Fire Employees		
Employer-pay plan	38.39%	37.00%
Employee/employer plan (matching rate)	19.61	19.00

* From June 30, 2009 actuarial valuation

For fiscal year 2010 contributions totaling $1,408,288,940 ($1,281,714,847 employer and $126,574,093 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.

The Judicial Retirement System (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 began participating in JRS on a voluntary, employer-by-employer basis. Each participating individual who has service credit in PERS may transfer, subject to statutory time frames and requirements, 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.

NOTES TO FINANCIAL STATEMENTS

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 $660,636 for the year ended June 30, 2010, $615,046 for the year ended June 30, 2009, and $551,652 for the year ended June 30, 2008.

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, 2010, the carrying amount of the System's commercial cash deposits was $6,032,144 and the commercial bank balance was $9,758,662. 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. During 2008 Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were placed under conservatorship. Such 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)

NOTES TO FINANCIAL STATEMENTS

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, 2010, the System held debt obligations of Lehman Brothers Holdings Inc. and losses from Lehman debt were recorded on the financial statements on June 30, 2009. The ultimate value of the System's Lehman debt securities will not be known until the bankruptcy proceedings are completed. However, debt obligations of Lehman Brothers Holdings Inc. held by the System were marked to market at June 30, 2010.

QUALITY RATING

Investment Type (in millions)	**AAA**	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**	**CC**	**Not Rated**	**Total**
Asset-backed securities	$ 43.9	$ 3.7	$ 3.6	$ 0.8	$ -	$ 4.1	$ 0.5	-	$ -	$ 56.6
Collateralized mortgage obligations	158.4	16.9	29.9	20.8	1.8	8.1	23.5	4.2	26.0	289.6
Corporate bonds and other	53.1	184.2	685.7	525.4	20.0	1.2	-	-	12.4	1,482.0
Non-U.S. markets	445.7	599.2	181.2	43.8	9.4	-	-	-	78.6	1,357.9
Cash equivalents	-	-	-	-	-	-	-	-	360.4	360.4
U.S. Government*	46.8	0.9	7.7	-	-	-	-	-	2,627.0	2,682.4
Total	$ 747.9	$ 804.9	$ 908.1	$ 590.8	$ 31.2	$ 13.4	$ 24.0	$ 4.2	$ 3,104.4	$ 6,228.9

The above table does not include commercial cash of $6.0 million and cash in custodial of $23.5 million.

*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 $1,883.6 million in Treasury securities which are explicitly guaranteed by the U.S. Government.

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, 2010.

INVESTMENT MATURITIES
(in years)

Investment Type (in millions)	**Less than 1**	**1 to 5**	**6 to 10**	**More than 10**	**Total**
Asset-backed securities	$ -	$ 18.4	$ 15.7	$ 22.6	$ 56.7
Collateralized mortgage obligations	-	-	17.7	271.5	289.2
Corporate bonds and other	17.8	0.2	585.3	405.6	1,008.9
Non-U.S. markets	51.9	473.3	389.8	371.6	1,286.6
Cash equivalents	360.4	544.7	-	-	905.1
U.S. Government	53.1	1,335.0	705.5	2,472.4	4,566.0
Total	$ 483.2	$ 2,371.6	$ 1,714.0	$ 3,543.7	$ 8,112.5

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 forward contracts are allowed by System policy for purposes of hedging, including cross currency hedges. Leverage and 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, 2010, is summarized in the following table.

CURRENCY BY INVESTMENT AND FAIR VALUE
(in millions)

Currency Type	Fixed Income	Equity	Derivatives	Cash	Total
Australian Dollar	$ 9.5	$ 269.1	$ -	$ 2.2	$ 280.8
British Pound Sterling	85.8	689.0	1.4	4.1	780.3
Canadian Dollar	32.3	-	-	2.8	35.1
Danish Krone	10.2	33.5	1.6	0.9	46.2
Euro	500.5	980.5	(13.0)	2.5	1,470.5
Hong Kong Dollar	-	84.6	-	0.5	85.1
Israeli Shekel	-	28.0	-	0.1	28.1
Japanese Yen	515.3	771.3	(6.2)	10.1	1,290.5
Malaysian Ringgit	2.8	-	-	0.3	3.1
New Zealand Dollar	-	3.3	-	0.1	3.4
Norwegian Krone	3.3	23.9	-	0.2	27.4
Polish Zloty	9.5	-	-	-	9.5
Singapore Dollar	3.9	55.9	-	0.9	60.7
Swedish Krona	7.4	98.0	-	0.3	105.7
Swiss Franc	3.4	265.6	-	0.4	269.4
Total	$ 1,183.9	$ 3,302.7	$ (16.2)	$ 25.4	$ 4,495.8

Derivatives

Foreign exchange forward contracts are periodically employed by the System to hedge currency risk of investments in foreign currencies. No other derivatives are permitted within the System's portfolio.

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 careful screening of counterparties.

Derivative securities are priced and accounted for at fair value. 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

The System's derivative transactions for fiscal year 2010 are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
For Year Ended June 30, 2010

Currency	Purchases	Realized Gain / Loss	Sells	Realized Gain / Loss	Total Realized Gain / Loss
Australian Dollar	$ 57,206,147	$ 473,380	$ (39,821,780)	$ 149,277	$ 622,657
British Pound Sterling	155,463,565	573,986	(122,798,209)	(27,786)	546,200
Canadian Dollar	14,329,899	(11,231)	(2,456,233)	93,572	82,341
Danish Krone	17,015,536	(15,896)	(11,870,191)	27,103	11,207
Euro	454,601,052	708,792	(347,723,792)	(481,019)	227,773
Hong Kong Dollar	13,511,172	17,757	(16,626,768)	(9,016)	8,741
Israeli Shekel	29,402,971	(123,063)	-	-	(123,063)
Japanese Yen	267,825,150	(18,551)	(109,971,839)	(768,226)	(786,777)
Malaysian Ringgit	495,536	3,455	-	-	3,455
New Zealand Dollar	932,011	(9,056)	(555,582)	8,173	(883)
Norwegian Krone	13,385,391	(672)	(13,161,010)	(56,041)	(56,713)
Polish Zloty	3,845,420	9,498	(1,014,807)	24,362	33,860
Singapore Dollar	16,207,977	(17,034)	(11,546,470)	36,714	19,680
Swedish Krona	28,694,313	(115,779)	(23,604,017)	(7,626)	(123,405)
Swiss Franc	51,229,175	(42,713)	(47,597,369)	(6,895)	(49,608)
Total	$ 1,124,145,315	$ 1,432,873	$ (748,748,067)	$ (1,017,408)	$ 415,465

The System's derivative pending transactions as of June 30, 2010, are summarized in the following table.

FOREIGN EXCHANGE CONTRACTS
Pending as of June 30, 2010

Currency	Purchases	Unrealized Gain / Loss	Sells	Realized Gain / Loss	Total Unrealized Gain / Loss
British Pound Sterling	$ 1,383,893	$ -	$ -	$ -	$ -
Danish Krone	1,588,463	-	-	-	-
Euro	8,619,912	(136,553)	(21,639,942)	759,703	623,150
Japanese Yen	-	-	(6,223,097)	(300,197)	(300,197)
Total	$ 11,592,268	$ (136,553)	$ (27,863,039)	$ 459,506	$ 322,953

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.

NOTES TO FINANCIAL STATEMENTS

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, 2010, the weighted average maturities were 7 days for loans outstanding and 33 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, 2010, 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 resulting from borrower default.

The fair value of securities loaned at June 30, 2010, was $2,890,340,441. 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 $533.3 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 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 never been any insurance settlements which exceeded insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS
2001 to 2010
(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
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	5,722.2 *	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
2010	24,725.5	35,077.7	10,352.3	70.5	5,365.5	192.9

*Corrected from previous publications.

Actuarial Valuation Date June 30	Unfunded Actuarial Accrued Liability (in 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
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
2010	7,950.5	2,401.8	178.4	264.5	71.2	67.8

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
2001 to 2010

Actuarial Valuation Date June 30	Regular		Police/Fire		Total	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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
2010	1,030,796,200	93	358,761,400	91	1,389,557,600	92

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended June 30, 2010
(GAAP Basis)

Personnel services:		
Staff payroll and benefits	$ 4,852,444	
Board fees	18,880	
Total personnel services		$ 4,871,324
Out-of-state travel:		
Staff	7,263	
Board	3,307	
Police/Fire committee	-	
Total out-of-state travel		10,570
In-state travel:		
Staff	42,100	
Board	25,079	
Police/Fire committee	1,646	
Total in-state travel		68,825
Operating:		
Office supplies	16,179	
Equipment less than $1,000	693	
Postage and freight	272,713	
Communications	40,120	
Printing	252,653	
Publications and periodicals	1,860	
Bonds and insurance premiums	11,275	
Contract services	675,288	
Vehicle expense	5,181	
Equipment rental and repair	20,754	
Building rental	291,688	
License and fees	1,770	
Client communication	86,295	
Dues and registration	28,764	
Medical expenses	27,016	
Host expense	685	
Litigation expense	121,396	
Total operating		1,854,330
Equipment and office furniture, net		8,392
Information technology, net		4,191,193
Training		54,733
Attorney General allocation		59,050
Total administrative expenses		$ 11,118,417

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Year Ended June 30, 2010
(Non-GAAP Budgetary Basis)
Budget vs. Actual

	Budget	Actual Expenditures	Variance Under (Over)
Personnel services	$ 5,108,022	$ 4,864,858	$ 243,164
Out-of-state travel	38,511	10,570	27,941
In-state travel	80,672	68,825	11,847
Operating	1,907,571	1,878,504	29,067
Equipment and office furniture	-	-	-
Information technology	3,928,806	3,587,303	341,503
Training	61,456	54,733	6,723
Attorney General allocation	59,875	59,875	-
Unallocated budgetary authority	200,000	-	200,000
Total administrative expenses	$ 11,384,913	$ 10,524,668	$ 860,245

Reconciliation of GAAP Basis Administrative Expenses to Non-GAAP Budgetary Basis
For the Year Ended June 30, 2010

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, 2010.

Administrative expenses (Non-GAAP Budgetary Basis)	$ 10,524,668
Adjustments:	
Accrued payroll	7,372
Depreciation expense	1,896,894
Capitalization of fixed assets and software	(1,289,772)
Other	(20,745)
Administrative expenses (GAAP Basis)	$ 11,118,417

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended June 30, 2010

Investment counselor fees	$	17,844,816
Investment consulting fees		326,833
Equity real estate expense		5,554,137
Investments monitoring expense		28,207
Expenses paid by investment fund		141,258
Custodial banking fees		3,687
Total investment expenses	$	23,898,938

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF PAYMENTS TO CONSULTANTS

For the Year Ending June 30, 2010

Actuary	
The Segal Company	$ 342,796
Cost Effectiveness Consultant	
CEM Benchmarking, Inc.	35,000
Fiduciary Consultant	
Cortex Applied Research, Inc.	48,395
Independent Auditors	
Clifton Gunderson LLP	100,000
Technology Consultants	
Action Technologies, Inc.	12,641
Apex Computing, Inc.	2,605,754
CDW Government, Inc.	1,407
CyberTrust, Inc.	83,595
Facta Vera Company Limited	2,325
Image Source	52,204
JCG Technologies	990
Numara Software	3,288
OLsolutions	3,285
Onsite Maintenance Center	1,150
Oracle USA, Inc.	8,640
Software Marketing Solutions	2,496
Unit 4 Coda, Inc.	18,851
Vizant, Inc.	6,138
Western Integrated Systems	3,315
Administrative Legal Counsel	
Groom Law Group	4,230
State Attorney General	68,640
Woodburn and Wedge	67,146
Medical Consultant	
Bruce Nickles, M.D.	29,267
Total payments to consultants	$ 3,501,553

Note: Information on payments made to investment professionals can be found beginning on page 71.

OTHER SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF FIDUCIARY NET ASSETS

June 30, 2010
(With Comparative Totals for June 30, 2009)

	Regular	Police/Fire	Eliminations	Total Pension Trust Fund 2010	Total Pension Trust Fund 2009
ASSETS					
Cash and cash equivalents	$ 389,957,314	$ -	$ -	$ 389,957,314	$ 422,475,446
Contributions receivable	106,390,406	-	-	106,390,406	102,154,980
Pending trades receivable	251,956,939	-	-	251,956,939	141,678,033
Accrued investment income	97,567,846	-	-	97,567,846	86,899,749
Investments, at fair value	20,516,359,658	-	-	20,516,359,658	18,540,091,760
Collateral on loaned securities, at fair value	2,942,675,281	-	-	2,942,675,281	1,760,287,271
Property and equipment	35,321,293	-	-	35,321,293	34,031,521
Accumulated depreciation	(31,031,992)	-	-	(31,031,992)	(29,135,098)
Net property and equipment	4,289,301	-	-	4,289,301	4,896,423
Other assets	2,053,010	-	-	2,053,010	1,962,283
Due from other funds-equity in investments	-	4,301,514,172	(4,301,514,172)	-	-
Total plan assets	24,311,249,755	4,301,514,172	(4,301,514,172)	24,311,249,755	21,060,445,945
LIABILITIES					
Accounts payable and accrued expenses	11,205,817	-	-	11,205,817	13,385,742
Pending trades payable	372,683,783	-	-	372,683,783	429,255,245
Due to other funds - equity in investments	4,301,514,172	-	(4,301,514,172)	-	-
Obligations under securities lending activities	3,021,077,050	-	-	3,021,077,050	1,847,667,862
Total plan liabilities	7,706,480,822	-	(4,301,514,172)	3,404,966,650	2,290,308,849
Net assets held in trust for pension benefits	$ 16,604,768,933	$ 4,301,514,172	$ -	$ 20,906,283,105	$ 18,770,137,096

OTHER SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2010

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

	Regular	Police/Fire	Total Pension Trust Fund 2010	Total Pension Trust Fund 2009
ADDITIONS				
Contributions:				
Employer	$ 956,181,605	$ 325,533,242	$ 1,281,714,847	$ 1,213,067,534
Plan members	83,115,902	16,567,949	99,683,851	93,648,004
Repayment and purchase of service	21,938,325	4,951,917	26,890,242	28,116,522
Total contributions	1,061,235,832	347,053,108	1,408,288,940	1,334,832,060
Investment income:				
Net appreciation (depreciation) in fair value of investments	1,409,908,664	-	1,409,908,664	(4,087,706,785)
Interest	314,391,003	-	314,391,003	282,150,111
Dividends	281,945,413	-	281,945,413	300,020,380
Other investment income	66,326,682	-	66,326,682	54,285,040
	2,072,571,762	-	2,072,571,762	(3,451,251,254)
Less investment fees and other expenses	(23,898,938)	-	(23,898,938)	(24,058,951)
Net investment loss	2,048,672,824	-	2,048,672,824	(3,475,310,205)
Net securities lending income (expense)	1,726,152	-	1,726,152	19,264,823
Net change in fair value of securities lending	8,978,822	-	8,978,822	(87,380,591)
Net securities lending income (loss)	10,704,974	-	10,704,974	(68,115,768)
Total net investment income (loss)	2,059,377,798	-	2,059,377,798	(3,543,425,973)
Other income	1,645,808	285,315	1,931,123	2,430,401
Total additions	3,122,259,438	347,338,423	3,469,597,861	(2,206,163,512)
DEDUCTIONS				
Benefit payments:				
Retirement and survivor benefits	1,008,326,906	227,841,155	1,236,168,061	1,129,585,581
Disability	52,955,798	12,492,536	65,448,334	60,006,985
Post-retirement increases	15,033	1,763	16,796	27,507
Refunds of contributions	15,083,679	5,187,085	20,270,764	18,581,557
Transfers of contributions	429,264	-	429,264	3,791,831
Administrative expenses	11,118,417	-	11,118,417	9,710,115
Other expenses	218	(2)	216	4,348
Total deductions	1,087,929,315	245,522,537	1,333,451,852	1,221,707,924
Increase (decrease) in net assets	2,034,330,123	101,815,886	2,136,146,009	(3,427,871,436)
Transfers:				
Interfund transfers	(3,947,744)	3,947,744	-	-
Transfer of annual investment income	(419,289,320)	419,289,320	-	-
Transfer of administrative fees	1,100,097	(1,100,097)	-	-
Total transfers	(422,136,967)	422,136,967	-	-
Net assets held in trust for pension benefits:				
Beginning of year	14,992,575,777	3,777,561,319	18,770,137,096	22,198,008,532
End of year	$ 16,604,768,933	$ 4,301,514,172	$ 20,906,283,105	$ 18,770,137,096

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INVESTMENT SECTION

CURRENT INVESTMENT ADVISORS

INVESTMENT CONSULTANT

Callan Associates, Inc.

INVESTMENT COUNSEL

Domestic Equities:
AllianceBernstein
Atlanta Capital Management
BlackRock
Capital Guardian
Golden Capital
J. & W. Seligman
Loomis, Sayles & Company

International Equities:
Mellon Capital

Domestic Fixed Income:
BlackRock
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:
BlackRock Realty
Invesco Real Estate

Real Estate Investment Trust (REIT) Securities:
AllianceBernstein

Securities Lending:
The Bank of New York Mellon

CALLAN ASSOCIATES INC

CAI

SAN FRANCISCO
NEW YORK
CHICAGO
ATLANTA
DENVER

September 27, 2010

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, 2010.

On the heels of tumultuous equity performance just one year earlier, fiscal year 2010 saw strong positive returns from all publicly traded asset classes. The U.S. and international equity markets posted gains of 14.43% and 5.92% respectively. The broad fixed income market also rallied in the face of declining interest rates (up 9.50%).

The asset allocation policy for fiscal year 2010 remained unchanged; 40% Domestic Equity, 15% International Equity, 30% Domestic Fixed Income, 5% International Fixed Income and 10% Private Markets.

For the fiscal year, the total Fund returned 11.01% - exceeding the benchmark (10.70%) while lagging the return of the median large pension fund (offsetting competitive performance versus the median large pension fund in the prior fiscal year). The Fund beat the actuarial return assumption of 8.0% by 3.01% and continues to exhibit a lower risk profile than peers.

The Fund's 5-year return was 2.54%, also above the Fund's benchmark return of 2.10%. Longer-term results remain competitive and the return for the past 26 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 80% of other public funds of similar size over the past 26 years.

We welcome any comments or questions regarding the investment activity of PERS for the 2010 fiscal year.

Paul V. Troup
Executive Vice President

Janet Becker-Wold
Senior Vice President

1660 Wynkoop Street, Suite 950, Denver, CO, 80202
303.861.1900

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 at lower prices and selling them at higher prices 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 weak market environments has been a key element in the fund's 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 62, 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 62, details annualized returns for long-term periods ended June 30, 2010. The System achieved the blended market objective for the 1, 3, 5, 10, and 25-year periods. The System's 11.0% return for fiscal year 2010 was influenced by above average returns from U.S. stocks and fixed income.

The recent financial crisis has been the catalyst for some of the most volatile markets in history. In this environment, PERS was quite competitive versus other large public pension plans, ranking in the top 28% for return and the bottom 28% for risk. Generating returns in the top of the peer group while experiencing less volatility than the majority of those same investors 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 68-70.

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. Since inception 98% of the System's investment performance is explained by asset allocation. 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 profit from 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, 2010, was 30% U.S. Fixed Income, 40% U.S. Equity, 5% International Fixed Income, 15% International Equity, and 10% Private Markets. The June 30, 2010, actual asset class allocation is shown in Chart 3, page 63.

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, seven 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 30 different countries.

Chart 4, on pages 64-65, 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, 2010, is included in Chart 5 on page 66. 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.

Chart 6, shown on page 67, 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 68-69, compare 1, 3, 5, 10-year, and since-inception returns for each asset class to the corresponding objective for periods ended June 30, 2010.

Chart 11, on page 70, shows Private Markets returns for the fiscal year ended June 30, 2010, compared to since-inception returns using a blended objective.

While the U.S. Equity portfolio underperformed the market objective during fiscal year 2010, it has exceeded its market objective for the 3, 5 and 10-year periods. 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.

Despite underperformance from enhanced index mandates, the International Equity portfolio's 1-year return was above the market objective. The asset class remains below the market objective for the 3, 5, and 10-year periods and has outperformed for longer term periods. Quantitative enhanced index management was introduced into the program in fiscal year 2008 and it failed to add value. During fiscal year 2010, both enhanced index managers were terminated and the assets were assigned to a temporary index mandate. After reviewing the structure, the Board elected to adopt a 75% index/25% active structure and approved a plan to retain two active international stock managers during fiscal year 2011.

U.S. Fixed Income performed well during fiscal year 2010 as credit markets continued to recover from the challenging environment experienced in 2008 and 2009. While long-term performance remains slightly below the market since inception, returns over short-term periods are above the market objective. In addition, all three current active managers are over their benchmarks since inception. The Board reevaluated the U.S. Fixed Income structure during fiscal year 2010 and elected to maintain a 75% index management and 25% active management structure.

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 three years ago, so returns are expected to closely track the markets going forward.

The Private Markets portfolio has 6 ¾ years of performance history as an asset class and has captured its objectives in all time periods except the last fiscal year. 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

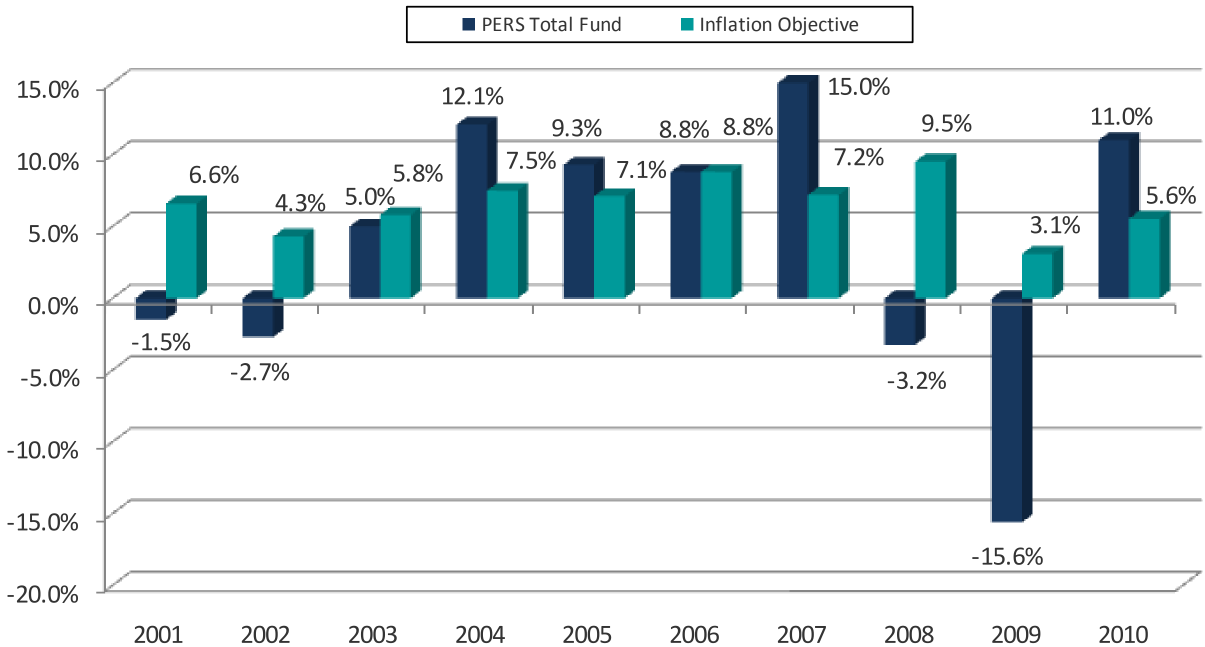
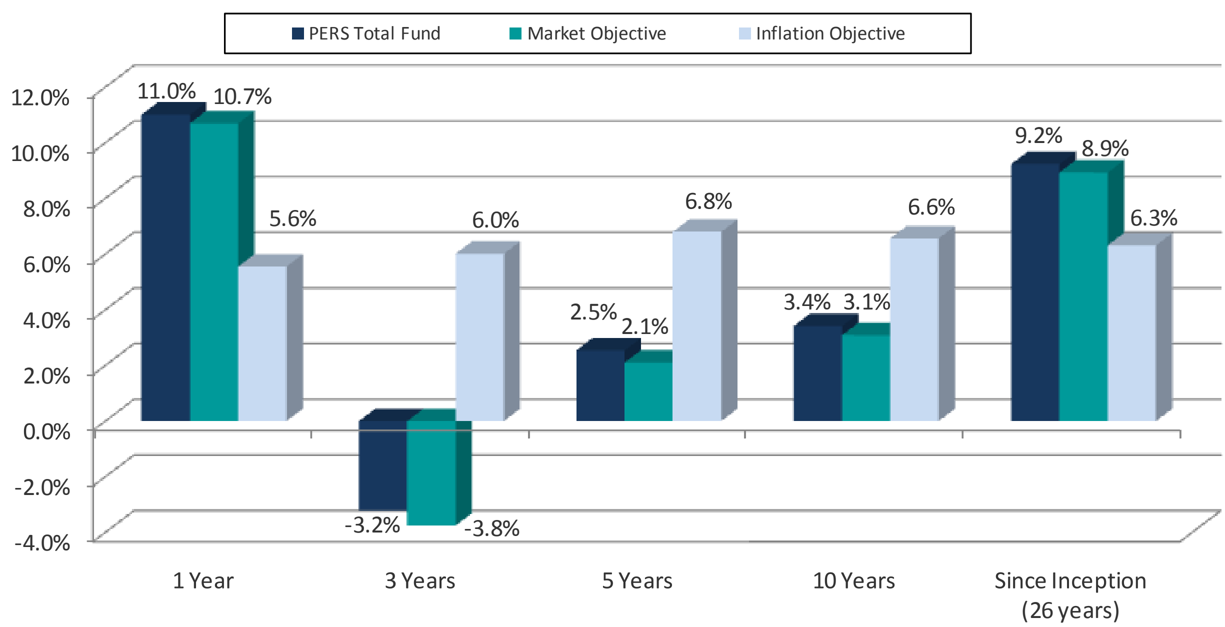


CHART 2

Annualized Total Returns vs. Market Objective and Inflation Objectives *
Periods Ended June 30, 2010



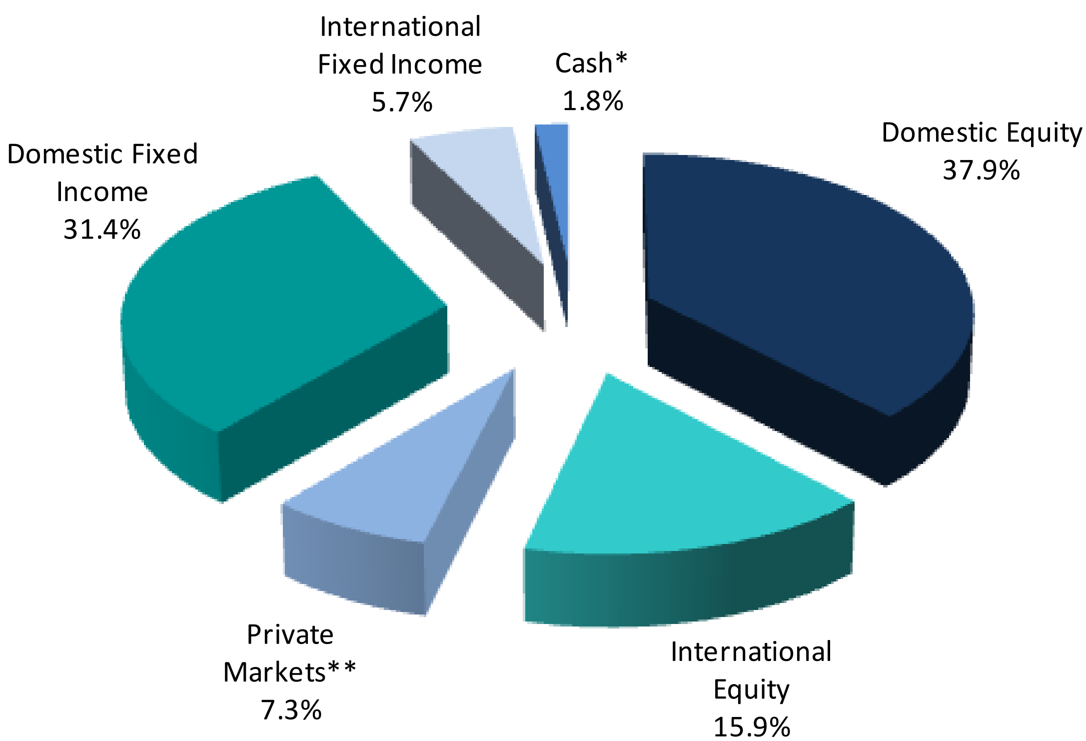
***CPI + 3.0% until September 2000, CPI + 3.5% from October 1, 2000 through September 30, 2002, CPI + 3.75% from October 1, 2002 through September 30, 2003, and CPI + 4.5% thereafter.**

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

CHART 3

ASSET MIX

JUNE 30, 2010



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

****Includes 2.8% Private Equity, 0.4% REITS, and 4.1% Private Real Estate.**

CHART 4
Fair Value by Investment Type, Category, and Manager
June 30, 2010
(Page 1 of 2)

	Amount Under Management		Percent of Total Managed
EQUITIES			
Domestic Active Managers			
AllianceBernstein	$ 500,371,343		
Atlanta Capital Management	514,602,789		
Capital Guardian	360,226,763		
Golden Capital	363,635,287		
J. & W. Seligman	515,305,459		
Loomis, Sayles & Company	492,059,501		
Subtotal	2,746,201,142		13.1 %
Domestic Index Managers			
AllianceBernstein	2,596,206,328		
BlackRock	2,591,550,699		
Subtotal	5,187,757,027		24.8
International Index Managers			
Mellon Capital	2,352,796,680		
Mellon Capital Temp Index	961,226,060		
Subtotal	3,314,022,740		15.9
Private Equity			
Pathway Capital Management	575,344,723		2.8
REIT Index			
AllianceBernstein	86,945,885		0.4
Total Equities		$ 11,910,271,517	57.0
FIXED INCOME			
Domestic Active Managers			
Dodge & Cox	561,234,984		
JP Morgan Asset Management	567,061,776		
Western Asset Management	538,732,350		
Subtotal	1,667,029,110		8.0

CHART 4

Fair Value by Investment Type, Category, and Manager
June 30, 2010
(Page 2 of 2)

FIXED INCOME (continued)			
Domestic Index Managers			
BlackRock	1,221,554,244		
Mellon Capital	1,217,880,405		
Payden & Rygel	1,238,675,799		
UBS Global Asset Management	1,223,049,232		
Subtotal	4,901,159,680		23.4
International Index Managers			
Payden & Rygel	580,168,797		
UBS Global Asset Management	603,726,302		
Subtotal	1,183,895,099		5.7
Total Fixed Income		7,752,083,889	37.1
PRIVATE REAL ESTATE			
BlackRock Realty	407,154,287		
Invesco Realty Advisors	444,929,300		
Invesco Realty Advisors - Takeover	1,916,288		
Invesco Realty Advisors - Mortgage Loans	4,378		
Total Real Estate		854,004,253	4.1
CASH AND CASH EQUIVALENTS		383,925,169	1.8
TOTAL PORTFOLIO		**$ 20,900,284,828**	**100.0** %

The Statement of Fiduciary Net Assets contains $6,032,144 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 $383,925,170 equals investments of $20,516,359,658.

CHART 5

LIST OF LARGEST ASSETS HELD

Largest Equity Holdings
June 30, 2010

Ranking	Name		Fair Value
1	APPLE INC	$	207,907,152
2	EXXON MOBIL CORP		187,083,062
3	JP MORGAN CHASE & CO		152,514,587
4	PROCTER & GAMBLE CO		124,904,511
5	BANK OF AMERICA CORP		119,878,449
6	MICROSOFT CORP		119,185,081
7	GENERAL ELECTRIC CO		114,533,994
8	GOOGLE INC		112,591,483
9	WELLS FARGO & CO		112,380,800
10	CISCO SYSTEMS INC		107,564,931

Largest Fixed Income Holdings
June 30, 2010

Ranking	Name				Fair Value
1	U S TREASURY NOTE	2.625%	07/31/2014	$	79,555,136
2	U S TREASURY NOTE	1.000%	04/30/2012		76,237,525
3	U S TREASURY NOTE	2.125%	05/31/2015		61,377,245
4	U S TREASURY NOTE	2.500%	04/30/2015		55,370,698
5	JAPAN GOVERNMENT	2.600%	03/20/2019		47,478,545
6	U S TREASURY NOTE	8.750%	08/15/2020		47,097,965
7	U S TREASURY NOTE	1.500%	07/15/2012		46,058,413
8	U S TREASURY NOTE	3.625%	02/15/2020		45,205,005
9	JAPAN GOVERNMENT	1.500%	03/20/2014		44,707,161
10	U S TREASURY NOTE	3.375%	11/15/2019		40,646,164

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 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
Fiscal Year 2010							
Total Return	13.8	6.1	10.6	1.5		6.2	11.0
Objective	14.4	5.9	9.5	1.5		7.8	10.7

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, 2010

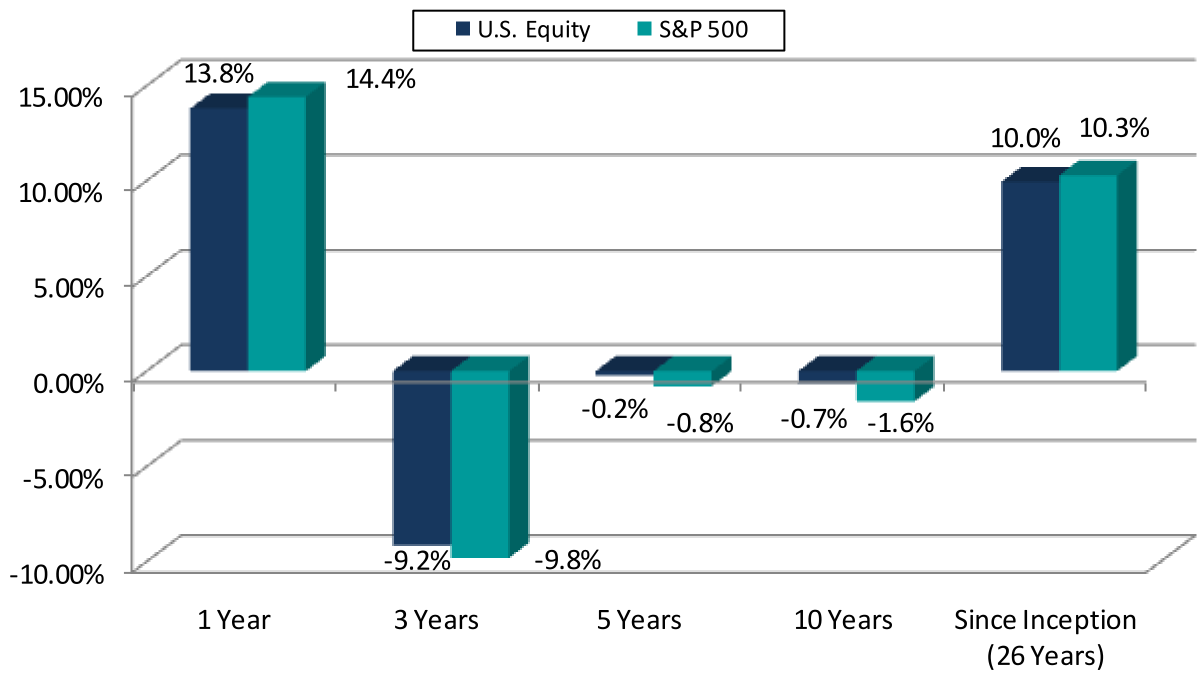
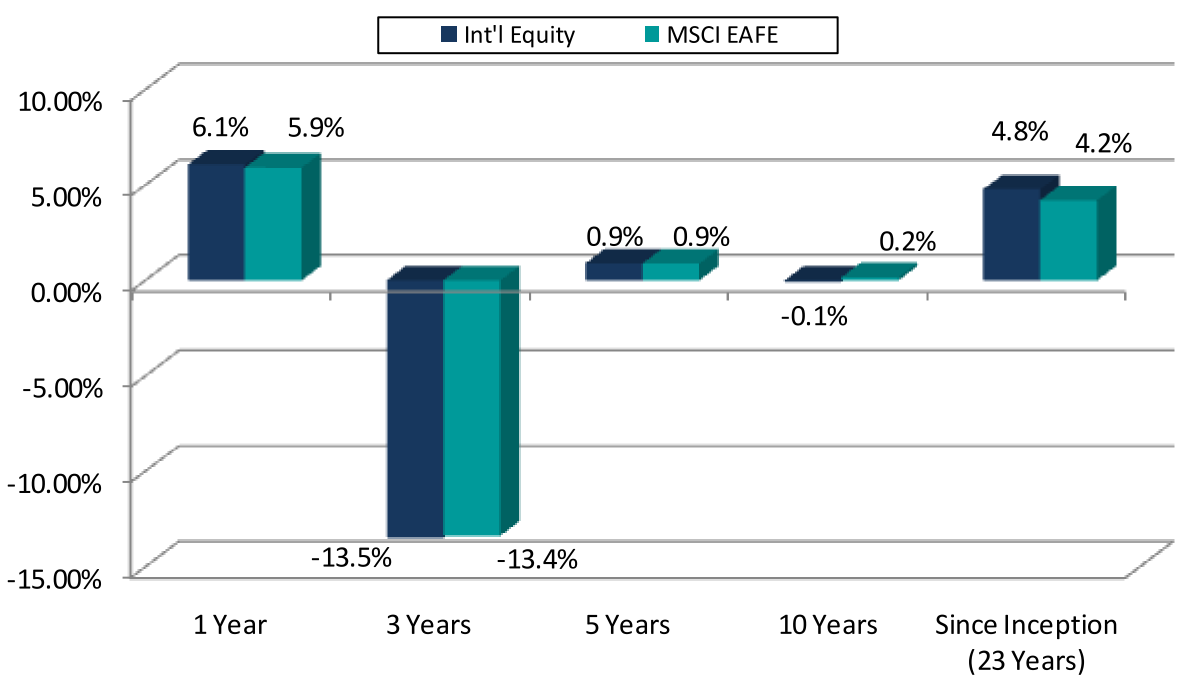


CHART 8

International Equity vs. MSCI EAFE
Periods Ended June 30, 2010



INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 9

U.S. Fixed Income vs. Barclays Aggregate
Periods Ended June 30, 2010

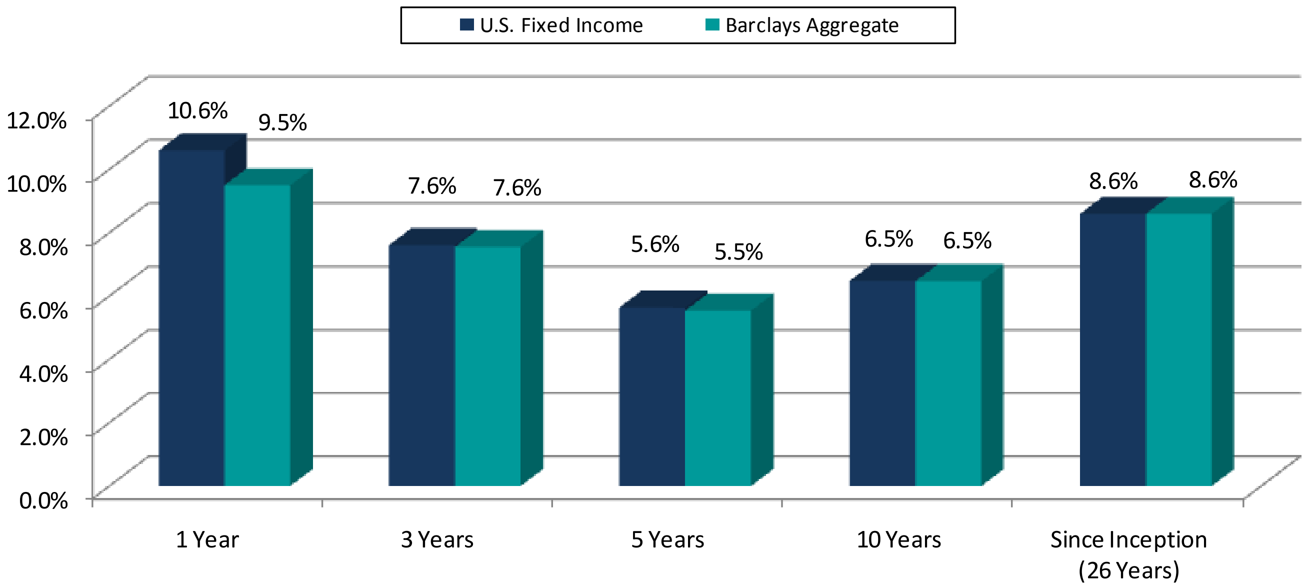
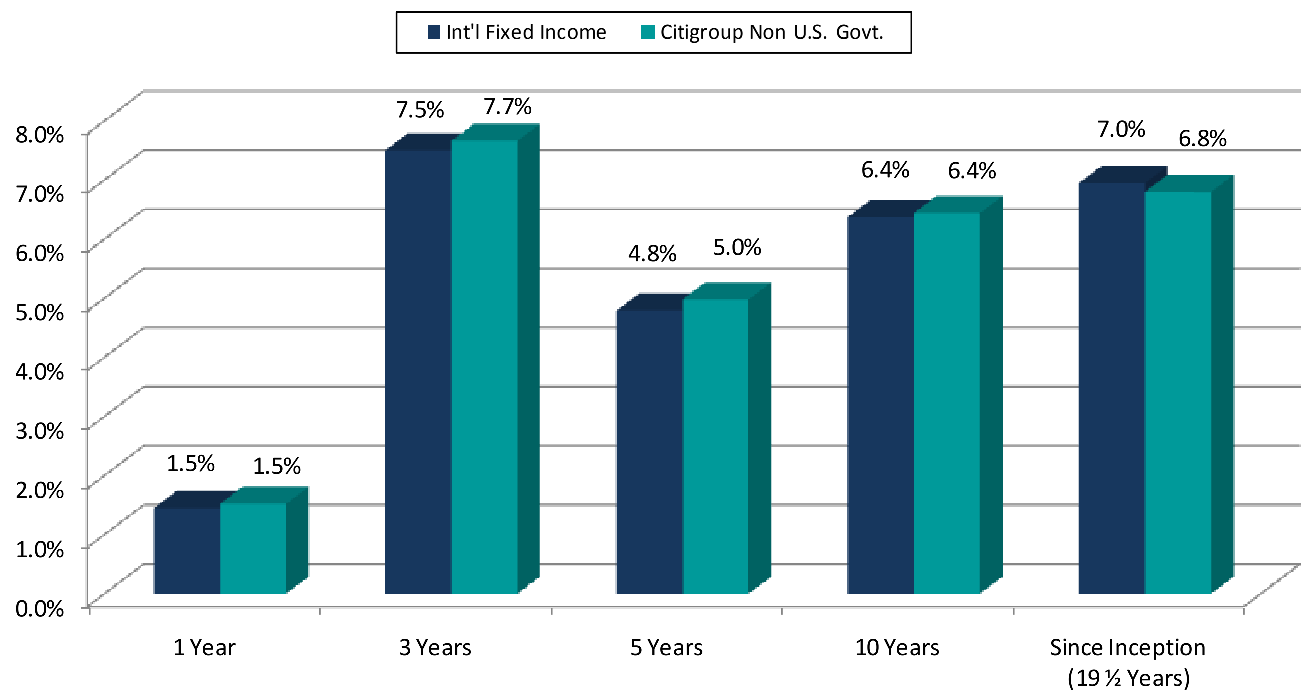


CHART 10

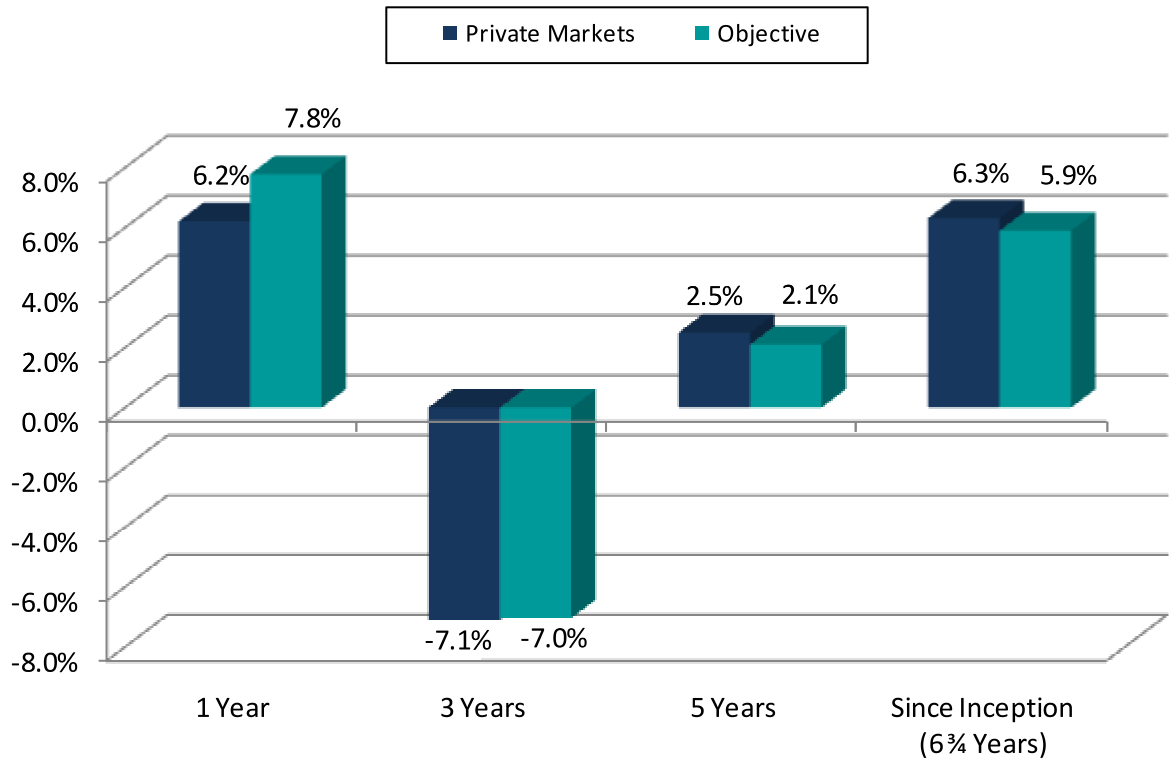
International Fixed Income vs. Citigroup Non U.S. Govt.
Periods Ended June 30, 2010



INVESTMENT PERFORMANCE VS. OBJECTIVE

CHART 11

Private Markets vs. Blended Objective*
Periods Ended June 30, 2010



* Blended Objective:

54.2% NCREIF -0.75%
9.8% Wilshire REIT Index
36.0% S&P 500 + 4.0%

Target adjusted quarterly, based on beginning market values.

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ending June 30, 2010
(Page 1 of 4)

Name/Firm	Investment Mandate	Amount Under Management at June 30, 2010	Fees Incurred
Investment Management Fees			
Domestic and International Equity Managers			
AllianceBernstein S&P 500	U.S. Index	$ 2,609,423,858	$ 239,625
Barclays S&P 500	U.S. Index	-	86,355
BlackRock S&P 500	U.S. Index	2,597,203,434	276,333
AllianceBernstein Growth	U.S. Active	500,849,362	1,236,600
Atlanta Capital Management	U.S. Active	526,692,792	1,258,096
Capital Guardian	U.S. Active	363,898,712	990,441
Golden Capital	U.S. Active	365,177,807	682,042
J. & W. Seligman	U.S. Active	516,218,455	1,259,427
Loomis, Sayles & Company	U.S. Active	516,388,479	1,262,676
Mellon Capital	Int'l Index	2,369,265,781	478,078
Mellon Capital Temp	Int'l Index	967,507,420	79,617
Goldman Sachs Asset Management	Int'l Active	2,120,510	1,243,880
Quantitative Management Associates	Int'l Active	1,516,736	1,068,533
Domestic and International Fixed Income Managers			
BlackRock	U. S. Index	1,241,575,546	515,291
Mellon Capital	U. S. Index	1,242,632,737	373,612
Payden & Rygel	U. S. Index	1,252,634,526	359,520
UBS Global Asset Management	U. S. Index	1,248,638,887	339,352
Dodge & Cox	U.S. Active	574,581,522	748,681
JP Morgan Asset Management	U.S. Active	602,509,695	825,602
Western Asset Management	U.S. Active	608,684,661	946,145
Payden & Rygel	Int'l Index	600,397,202	333,193
UBS Global Asset Management	Int'l Index	612,247,055	332,553

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ending June 30, 2010
(Page 2 of 4)

Name/Firm	Investment Mandate	Amount Under Management at June 30, 2010	Fees Incurred
Investment Management Fees (continued)			
Private Equity Manager			
Pathway Capital Management		581,386,864	2,895,253
Private Real Estate Managers			
BlackRock Realty		407,154,287	2,780,906
Invesco Realty Advisors		446,849,965	2,764,879
Real Estate Investment Trust (REIT) Managers			
AllianceBernstein REIT	Index	$ 87,421,401	40,400
Subtotal investment management fees			23,417,090
Investment Service Fees			
Investment Consultants			
Callan Associates			326,833
Subtotal investment service fees			326,833
Subtotal investment management fees and service fees			23,743,923

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ended June 30, 2010
(Page 3 of 4)

Brokerage Firm	Number of Shares Traded	Commissions Paid	Commission Per Share (rounded)	
Abel Noser Corporation	460,700	$ 7,832	$ 0.02	
Aqua Securities LP	17,800	356	0.02	
Baird, Robert W. & Company	499,084	19,169	0.04	
Bank of New York	8,650	13	-	*
Banque Paribas	752,864	2,735	-	*
Barclays Capital	8,138,365	197,860	0.02	
Baypoint Trading LLC	123,222	3,605	0.03	
Benchmark Company LLC	30,000	1,350	0.05	
Bernstein Sanford C. & Company	2,898,121	71,592	0.02	
Bloomberg Tradebook LLC	347,511	1,738	0.01	
BNY Convergex	2,169,545	59,544	0.03	
Boenning & Scattergood	5,700	257	0.05	
Cantor Fitzgerald & Company Inc.	1,762,535	51,940	0.03	
Capital Institutional Services, Inc.	133,900	1,339	0.01	
Chapdelaine Institutional	23,600	708	0.03	
Citation Group	3,176,020	59,588	0.02	
Citigroup Global Markets	20,925,404	273,895	0.01	
Cowen and Company LLC	907,768	36,670	0.04	
Credit Lyonnais Securities Prime	1,214,561	13,413	0.01	
Credit Research & Trading LLC	18,000	360	0.02	
Credit Suisse	44,341,395	432,165	0.01	
Davidson DA & Company Inc.	4,000	140	0.04	
Deutsche Bank	60,544,981	311,371	0.01	
Donaldson & Company Inc.	20,000	900	0.05	
Fidelity Capital Markets	828,580	14,489	0.02	
Frank Russell Securities Inc.	8,400	336	0.04	
Friedman Billings	714,471	24,371	0.03	
Goldman Sachs	20,576,677	261,600	0.01	
Heflin & Company LLC	109,400	3,829	0.04	
Howard Weil Incorporated	28,200	987	0.04	
HSBC Incorporated	2,756,147	14,366	0.01	
Instinet Corporation	17,904,500	111,852	0.01	
Investment Technology Group	5,439,986	119,384	0.02	
ISI Group Inc.	2,618,659	80,134	0.03	
ITG	12,145,384	29,226	-	*
J.P. Morgan	5,117,988	130,294	0.03	
Jackson Securities Inc.	40,000	1,800	0.05	
Jefferies & Company Inc.	3,760,315	102,475	0.03	
JMP Securities	22,500	788	0.04	
JonesTrading Institutional Services LLC	27,000	1,215	0.05	

CHART 12

SCHEDULE OF FEES AND COMMISSIONS
For Year Ended June 30, 2010
(Page 4 of 4)

Brokerage Firm	Number of Shares Traded	Commissions Paid	Commission Per Share (rounded)	
Kas Bank NV	19,751	$ 425	$ 0.02	
Keefe Bruyette and Woods	461,140	12,791	0.03	
Knight Securities Broadcort	561,561	21,039	0.04	
Lazard Capital Markets LLC	62,200	1,244	0.02	
Leering Swann & Company	55,300	2,158	0.04	
Liquidnet Incorporated	2,887,058	61,584	0.02	
Loop Capital Markets LLC	45,800	916	0.02	
Macquarie Securities	501,800	19,888	0.04	
Merrill Lynch	15,157,723	102,847	0.01	
Morgan Stanley & Company	33,661,796	282,579	0.01	
Natexis Bleichroeder Inc.	139,470	624	-	*
National Financial Services Corporation	166,759	6,071	0.04	
Nomura Securities	260,015	276	-	*
Oppenheimer & Company Incorporated	359,000	14,985	0.04	
Pacific Crest Securities	43,872	1,755	0.04	
Parel	42,691	606	0.01	
Paulsen, Dowling Securities	34,000	1,190	0.04	
Penson Financial Services	465,330	15,218	0.03	
Pershing LLC	532,882	21,050	0.04	
Pipeline Trading Systems LLC	291,700	3,490	0.01	
Piper Jaffray & Company	196,476	7,100	0.04	
Pulse Trading LLC	54,641	1,175	0.02	
Raymond James & Associates Inc.	76,931	3,077	0.04	
RBC Capital Markets Corporation	2,148,514	75,107	0.03	
S G Cowen & Company LLC	18,000	630	0.04	
Scotia McLeod Inc.	231,800	8,113	0.04	
Security Capital Brokerage	85,000	3,825	0.05	
SG Securities	12,521,292	40,180	-	*
Soleil Securities Corporation	91,200	1,824	0.02	
State Street Global Markets LLC	1,600	56	0.04	
Stifel Nicolaus	543,123	21,449	0.04	
SunTrust Capital Markets Inc.	41,800	1,601	0.04	
TD Waterhouse Securities	4,500	4	-	*
Thomas Weisel Partners	80,357	3,002	0.04	
UBS Securities	149,568,048	455,402	-	*
Weeden & Company	882,069	18,272	0.02	
Wells Fargo Securities LLC	1,383,900	51,473	0.04	
William Blair & Company	251,037	9,865	0.04	
Williams Capital Group	211,200	5,099	0.02	
Subtotal commissions		3,723,676		
Total fees and commissions		$ 27,467,599		

* Commission is less than one cent per share.

ACTUARIAL SECTION

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SEGAL

THE SEGAL COMPANY
5670 Greenwood Plaza Boulevard Suite 425 Greenwood Village, CO 80111-2499
T 303.714.9900 F 303.714.9990 www.segalco.com

November 15, 2010

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, 2010**

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, 2010, 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, 2010, the funded ratio is 71.2% for regular employees and 67.8% 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.

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.

Public Employees' Retirement Board
November 15, 2010
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The most recent actuarial valuation prepared as of June 30, 2010, is based on the following major elements:

- Current benefit provisions (as specified in the Public Employees' Retirement Act).
- Membership data as of June 30, 2010, 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, 2010 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, 2010 (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

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)

Public Employees' Retirement Board
November 15, 2010
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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 actuarially determined rates from the June 30, 2010 valuation were not within the ranges previously noted and this valuation year is an even numbered year, an adjustment in the statutory rates is required for fiscal years July 1, 2011 through June 30, 2013.

	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, 2010 Actuarial Valuation	23.63 %	39.77 %
Statutory Rate for Fiscal Years July 1, 2011 through June 30, 2013 (as determined from the June 30, 2010 valuation)	23.75 %	39.75 %

	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, 2010 Actuarial Valuation	24.52 %	40.53 %
Statutory Rate for Fiscal Years July 1, 2011 through June 30, 2013 (as determined from the June 30, 2010 valuation)	24.50 %	40.50 %

Public Employees' Retirement Board
November 15, 2010
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A summary of the GASB disclosure rates are as follows:

	Regular Employees	Police/Fire Employees
Employer-Pay	24.07%	41.95%
Employee/Employer	24.96%	42.71%

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, MAAA, EA
Senior Vice President and Chief Actuary

John Monroe

John Monroe, ASA, MAAA
Vice President and Associate Actuary

CZI/hy
Enclosures

5107138v1/01068.001

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods used in the June 30, 2010 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 2010 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.

*Includes inflation at 3.5% per year.

Post-retirement - For members with an effective date of membership before January 1, 2010:

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.

For members with an effective date of membership on or after January 1, 2010:

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;
3.5% per year compounded following the thirty-eighth anniversary.

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 Mortality Table. For non-disabled female regular members and for all non-disabled police/fire members it is the RP-2000 Combined Healthy Mortality 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 Mortality Table set back three years for regular members and the RP-2000 Combined Healthy Mortality 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 Mortality 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, 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

There were no changes in actuarial assumptions or cost methods since the preceding valuation.

SCHEDULE 1

RETIREMENT SYSTEM MEMBERSHIP 2001 to 2010

June 30	Active Members	Inactive Members	Retired and Disabled Members	Beneficiaries & Survivors	Total Membership
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
2010	102,594	11,807	38,841	5,078	158,320

SCHEDULE 2

ACTIVE MEMBER VALUATION DATA 2001 to 2010

	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
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	791.6	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
2010	90,219	12,375	4,457.5	908.0	49,407	73,373	2.6	2.4

SCHEDULE 3

PAY STATUS PARTICIPANTS ADDED TO AND REMOVED FROM THE ROLLS
2001 to 2010

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
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
2010	37,752	2,717	89,297,524	(915)	(22,834,942)	39,554	1,265,227,334	7.9	31,988

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
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
2010	2,403	218	5,437,237	(106)	(2,128,188)	2,515	55,151,437	8.6	21,929

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
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
2010	1,750	174	1,977,291	(74)	(710,074)	1,850	26,115,812	7.7	14,117

SCHEDULE 4

SOLVENCY TEST
(millions)

2001 to 2010

	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)
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
2010	650.5	17,574.5	16,852.7	24,725.5	100	100	38.6

* 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, 2010
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.	($70.1)	(0.25%)	$1.4	0.02%
Disability Retirements. If disability claims are less than assumed, there is a gain. If there are more claims, there is a loss.	(13.9)	(0.05%)	(0.5)	(0.01%)
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.	88.0	0.32%	12.8	0.17%
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.	28.7	0.10%	2.6	0.03%
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.	327.2	1.19%	143.5	1.93%
Active New Entrants. Cost due to new hires.	(30.1)	(0.11%)	(3.0)	(0.04%)
Active Rehires. Some new active members have past service credits reinstated, thereby increasing costs due to the unanticipated liabilities.	(13.9)	(0.05%)	(2.6)	(0.04%)
Inactive and Retiree Showups. Persons in inactive or pay status who are added to the valuation data during the year.	(10.7)	(0.04%)	0.0	0.00%
Other. Miscellaneous gains and losses result from data changes and adjustments, timing of financial transactions, and other miscellaneous impacts on the valuation results.	(5.5)	(0.02%)	(12.9)	(0.17%)

SCHEDULE 5

ANALYSIS OF ACTUARIAL EXPERIENCE (continued)

Gains and Losses in Actuarial Accrued Liabilities (AAL) During Year Ended June 30, 2010 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.	299.7	1.09%	141.3	1.89%
Investment Income. If there is a greater investment income than assumed, there is a gain. If there is less income, there is a loss.	(987.4)	(3.58%)	(245.6)	(3.29%)
Total Experience Gain (Loss) During the Year.	(687.7)	(2.49%)	(104.3)	(1.40%)

June 30, 2010

Actuarial Valuation Statement
(GASB Disclosure Basis)

Normal Cost	**Regular Employees**	**Police/Fire Employees**	**Total**
Employer normal cost*	$ 712,018,796	$ 271,754,563	$ 983,773,359
Employee contributions	90,295,302	16,741,883	107,037,185
Total Normal Cost	**$ 802,314,098**	**$ 288,496,446**	**$ 1,090,810,544**
Actuarial Accrued Liability			
Active members	$ 13,379,306,948	$ 4,123,941,141	$ 17,503,248,089
Inactive members	651,701,788	43,807,913	695,509,701
Pensioners, beneficiaries and disabled	13,300,386,850	3,246,517,452	16,546,904,302
Survivors	284,874,198	47,203,488	332,077,686
Total Actuarial Accrued Liability	**$ 27,616,269,784**	**$ 7,461,469,994**	**$ 35,077,739,778**
Assets at Actuarial Value	**$ 19,665,763,828**	**$ 5,059,700,881**	**$ 24,725,464,709**
Total Unfunded Actuarial Accrued Liability	**$ 7,950,505,956**	**$ 2,401,769,113**	**$ 10,352,275,069**
Payment to amortize unfunded actuarial accrued liability over 30 years, based on level percentage of payroll amortization	**$ 387,114,092**	**$ 116,943,334**	**$ 504,057,426**
Employer-Pay Rate Payroll	$ 4,182,593,833	$ 876,793,399	$ 5,059,387,232
Employee/Employer Rate Payroll	760,972,259	91,559,719	852,531,978
Total Rate Payroll	**$ 4,943,566,092**	**$ 968,353,118**	**$ 5,911,919,210**

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

June 30, 2010

Actuarial Valuation Statement (continued)
(GASB Disclosure Basis)

	Regular Employees	Police/Fire Employees
Calculated Contribution Rates (as percentage of rate payroll):		
Employer-Pay, current statutory rate	**21.50%**	**37.00%**
Employer-Pay, total rate	**24.07%**	**41.95%**
Employer normal cost	16.09%	29.72%
Amortization percentage	7.83%	12.08%
Administrative expenses	0.15%	0.15%
New statutory rounded rate	**23.75%**	**39.75%**
Employee/Employer, current statutory rate	**22.50%**	**38.00%**
Employee/Employer, total rate	**24.96%**	**42.71%**
Employee contribution rate	11.25%	19.00%
Employer normal cost	5.73%	11.48%
Amortization percentage	7.83%	12.08%
Administrative expenses	0.15%	0.15%
New statutory rounded rate	**24.50%**	**40.50%**

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.

June 30, 2010

Actuarial Valuation Statement (continued)
(GASB Disclosure Basis)

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 September 11, 2001. The decreases experienced during 2008 and 2009 are primarily the result of difficult and widespread economic conditions which began in 2008 and began recovering during 2010. The PERS investment program generated the 8% actuarial goal for fiscal year 2010, and the fund outperformed its market objective. The 9.2% since inception (26 years) annualized return of the plan exceeds the actuarial objective.

Plan Membership

Active membership in PERS for fiscal year 2010 decreased by 2,823 or 2.7%. While this is not a material number, it is a 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 large number of retirement inceptions during the year, coupled with the widespread economic downturn that began in 2008 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 1,746 or 4.7%. 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 2.8 to 2.6 (a 7.1% decrease) for Regular members/retirees and from 2.8 to 2.6 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 46) 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 past several 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 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 2001	2002	2003	2004
Additions				
Employer contributions	$ 656.1	$ 680.7	$ 724.0	$ 808.3
Plan member contributions	49.4	53.9	55.4	61.1
Repayment and purchase of service	10.6	24.7	29.4	43.4
Investment income (net of expenses)	(217.0)	(367.8)	672.9	1,700.8
Other income	1.9	2.1	2.1	2.1
Total additions to plan net assets	501.0	393.6	1,483.8	2,615.7
Deductions				
Benefit payments	477.3	533.0	591.8	657.6
Refunds	10.0	15.8	11.1	12.1
Administrative expenses*	7.6	8.7	9.6	9.8
Transfers of contributions	-	-	6.7	-
Total deductions from plan net assets	494.9	557.5	619.2	679.5
Change in net assets	$ 6.1	$ (163.9)	$ 864.6	$ 1,936.2

Notes:
- Contribution rates increased July 1 of 2004, 2006, 2008, and 2010.
- Computer system replacement project from 2001 through 2004.
- Information is from internal System records.
- Other expenses were combined into administrative expenses.

*Restated from previous publications

Fiscal Year 2005	2006	2007	2008	2009	2010
$ 875.5	$ 966.1	$ 1,046.6	$ 1,167.4	$ 1,213.1	$ 1,281.7
66.9	76.0	83.2	88.0	93.6	99.7
63.7	42.2	45.6	43.3	28.1	26.9
1,491.3	1,567.3	2,937.1	(743.1)	(3,543.4)	2,059.4
3.3	3.1	3.3	2.4	2.4	1.9
2,500.7	2,654.7	4,115.8	558.0	(2,206.2)	3,469.6
739.8	832.6	929.4	1,033.3	1,189.6	1,301.6
14.5	13.9	17.4	16.8	18.6	20.3
9.0	8.2	8.6	8.7	9.7	11.1
-	4.7	2.0	2.6	3.8	0.5
763.3	859.4	957.4	1,061.4	1,221.7	1,333.5
$ 1,737.4	$ 1,795.3	$ 3,158.4 *	$ (503.4)	$ (3,427.9)	$ 2,136.1

SCHEDULE 2
BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS
(in millions)

	Fiscal Year			
	2001	**2002**	**2003**	**2004**
Regular Retired Members:				
Benefits				
Retirement and survivor	$ 373.7	$ 415.5	$ 460.2	$ 509.5
Disability	19.0	22.6	24.7	27.8
Post-retirement increases	0.1	0.1	0.1	-
Total benefits	$ 392.8	$ 438.2	$ 485.0	$ 537.3
Total refunds	$ 7.6	$ 13.4	$ 8.7	$ 9.1
Police/Fire Retired Members:				
Benefits				
Retirement and survivor	$ 78.9	$ 88.3	$ 99.7	$ 112.6
Disability	5.6	6.5	7.1	7.6
Total benefits	$ 84.5	$ 94.8	$ 106.8	$ 120.2
Total refunds	$ 2.4	$ 2.4	$ 2.4	$ 3.0
Total Retired Members:				
Benefits				
Retirement and survivor	$ 452.6	$ 503.8	$ 559.9	$ 622.1
Disability	24.6	29.1	31.8	35.4
Post-retirement increases	0.1	0.1	0.1	- *
Total benefits	$ 477.3	$ 533.0	$ 591.8	$ 657.5 *
Total refunds	$ 10.0	$ 15.8	$ 11.1	$ 12.1

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.

*Changed from previous publications.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ 574.1	$ 644.5	$ 716.9	$ 797.7	$ 924.7	$ 1,008.3
31.0	35.5	39.8	44.0	48.8	52.9
-	-	0.1	-	-	-
$ 605.1	$ 680.0	$ 756.8	$ 841.7	$ 973.5	$ 1,061.2
$ 11.1	$ 11.2	$ 14.0	$ 12.5	$ 14.5	$ 15.1
$ 126.6	$ 143.7	$ 163.4	$ 181.6	$ 204.9	$ 227.9
8.1	8.8	9.2	9.9	11.2	12.5
$ 134.7	$ 152.5	$ 172.6	$ 191.5	$ 216.1	$ 240.4
$ 3.4	$ 2.7	$ 3.4	$ 4.3	$ 4.1	$ 5.2
$ 700.7	$ 788.2	$ 880.3	$ 979.3	$ 1,129.6	$ 1,236.2
39.1	44.3	49.0	53.9	60.0	65.4
-	-	0.1	-	-	-
$ 739.8	$ 832.5	$ 929.4	$ 1,033.2	$ 1,189.6	$ 1,301.6
$ 14.5	$ 13.9	$ 17.4	$ 16.8	$ 18.6	$ 20.3

SCHEDULE 3

RETIRED MEMBERS BY TYPE OF BENEFIT
As of June 30, 2010
(Page 1 of 2)

Regular Retired Members

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement			
		Service	Beneficiary	Disability	Survivor
Less than $500	3,589	2,526	349	184	530
$ 500 - $ 999	6,519	4,773	650	534	562
$1,000 - $1,499	5,564	4,519	519	375	151
$1,500 - $1,999	4,296	3,491	365	315	125
$2,000 - $2,499	3,486	2,869	277	255	85
$2,500 - $2,999	2,770	2,344	171	190	65
$3,000 - $3,499	2,490	2,203	124	111	52
$3,500 - $3,999	2,393	2,195	93	66	39
$4,000 - $4,499	2,584	2,461	62	44	17
$4,500 - $4,999	1,643	1,568	41	23	11
$5,000 - $5,499	964	916	24	17	7
$5,500 - $5,999	649	633	7	6	3
$6,000 - $6,499	494	479	8	6	1
$6,500 - $6,999	330	325	3	-	2
$7,000 - $7,499	210	202	5	3	-
$7,500 - $7,999	137	134	2	1	-
$8,000 & Over	282	279	2	-	1
Total	38,400	31,917	2,702	2,130	1,651

SCHEDULE 3

RETIRED MEMBERS BY TYPE OF BENEFIT
As of June 30, 2010
(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 $500	160	57	31	5	67
$ 500 - $ 999	445	244	97	49	55
$1,000 - $1,499	473	293	98	61	21
$1,500 - $1,999	439	275	96	62	6
$2,000 - $2,499	414	297	59	50	8
$2,500 - $2,999	448	339	51	50	8
$3,000 - $3,499	420	346	30	29	15
$3,500 - $3,999	405	351	25	23	6
$4,000 - $4,499	394	353	14	24	3
$4,500 - $4,999	326	299	8	15	4
$5,000 - $5,499	304	291	5	6	2
$5,500 - $5,999	276	266	3	4	3
$6,000 - $6,499	222	215	3	3	1
$6,500 - $6,999	186	183	3	-	-
$7,000 - $7,499	137	137	-	-	-
$7,500 - $7,999	100	100	-	-	-
$8,000 & Over	370	363	3	4	-
Total	5,519	4,409	526	385	199

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
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
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

SCHEDULE 4

AVERAGE BENEFIT PAYMENTS
(Page 2 of 2)

June 30		Regular Members	Police/Fire Members
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
2010	Average monthly benefit	$2,486	$4,141
	Average monthly compensation at retirement	$5,309	$8,250
	Number of new retirees	2,252	357
	Average years of service at retirement	18.15	23.01
	Average age at retirement	61	55

Number of new retirees excludes survivors and beneficiaries.

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

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
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
2010	90,219	12,375	34,047	4,794	2.6	2.6

* 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] Regular	Funding Basis Contribution Rates[a] Police/ Fire	GASB Disclosure Contribution Rates[a] Regular	GASB Disclosure Contribution Rates[a] Police/ Fire	Statutory Contribution Rates[b] Regular	Statutory Contribution Rates[b] Police/ Fire
Employer Pay Plan						
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
2010	22.57	38.39	23.07	40.62	21.50	37.00
Employee/Employer Plan						
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
2010	11.74	19.61	11.99	20.72	11.25	19.00

[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 fiscal 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

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

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

Police and Fire Agencies
Austin Volunteer Fire Department
Battle Mountain Volunteer Fire Department
Churchill County Volunteer Fire Department
City of Wells Volunteer Fire Department
Elko Volunteer Fire Department
Grass Valley Volunteer Fire Department
Las Vegas Metropolitan Police Department
Lovelock Volunteer Fire Department
North Lake Tahoe Fire Protection District
Pershing County Volunteer Fire Department
Rye Patch Volunteer Fire Department
Sierra Fire Protection District
Tahoe-Douglas Fire Protection District
White Pine County 474 Fire Protection District
Winnemucca Rural Volunteer Fire
Winnemucca Volunteer Fire Department

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

SCHEDULE 7
PARTICIPATING EMPLOYERS
(Page 2 of 3)

Schools
100 Academy of Excellence
Academy for Career Education
Alpine Academy Charter School
Andre Agassi College Preparatory Academy
Bailey Charter Elementary School
Beacon Academy of Nevada
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
Elko Institute for Academic Achievement
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
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 Sands Montessori Charter School
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

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

Special Districts and Agencies
Airport Authority of Washoe County
Canyon General Improvement District
Carson City Airport Authority
Central Dispatch Administrative Authority
Churchill Mosquito Abatement District
Clark County Health Department
Conservation District of Southern Nevada
Douglas County Mosquito District
East Fork Swimming Pool District
Elko Convention and Visitors Authority
Elko County Agricultural Association
Gardnerville Ranchos General Improvement District
Gerlach General Improvement District
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/Clark County Library District
Mineral County Housing Authority
Nevada Association of Counties
Nevada Tahoe Conservation District
North Las Vegas Housing Authority
Palomino Valley General Improvement District
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
Southern Nevada Housing Authority
Southern Nevada Workforce Investment Board
Stagecoach General Improvement District
Sun Valley General Improvement District
Tahoe-Douglas District
White Pine County Tourism and Recreation Board

SCHEDULE 7
PARTICIPATING EMPLOYERS
(Page 3 of 3)

Utility, Irrigation, and Sanitation Districts
Alamo Sewer & Water General Improvement District
Beatty Water and Sanitation District
CC Communications
Clark County Water Reclamation District
Clean Water Coalition
Douglas County Sewer and Water District
Lander County Sewer and Water
Lincoln County Power District
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 Meadows Water Authority
Truckee-Carson Irrigation District
Virgin Valley Water District
Walker River Irrigation District
Washoe County Water District

SCHEDULE 8
PRINCIPAL PARTICIPATING EMPLOYERS

Participating Agencies	2001 Covered Employees	Rank	Percentage of Total System
Clark County School District	22,485	1	27.1%
State of Nevada	12,864	2	15.5
Washoe County School District	5,904	3	7.1
Clark County	5,747	4	6.9
Las Vegas Metropolitan Police Department	3,615	5	4.4
University Medical Center of Southern Nevada	3,123	6	3.8
Washoe County	2,524	7	3.0
City of Las Vegas	2,487	8	3.0
University of Nevada, Reno	1,962	9	2.4
Department of Transportation	1,566	10	1.9
Subtotal	62,277		75.1
All other	20,613		24.9
Total 2001 (148 Agencies)	82,890		100.0%

Participating Agencies	2010 Covered Employees	Rank	Percentage of Total System
Clark County School District	31,924	1	31.1%
State of Nevada	16,946	2	16.5
Clark County	7,222	3	7.0
Washoe County School District	7,122	4	6.9
Las Vegas Metropolitan Police Department	5,164	5	5.0
University Medical Center of Southern Nevada	3,384	6	3.3
Washoe County	2,563	7	2.6
City of Las Vegas	2,514	8	2.5
City of Henderson	2,066	9	2.0
University of Nevada, Reno	1,999	10	2.0
Subtotal	80,904		78.9
All other	21,690		21.1
Total 2010 (183 Agencies)	102,594		100.0%

SCHEDULE 9

AVERAGE AGE AND SERVICE STATISTICS FOR MEMBERS*

	2001	2010
Regular members:		
Average age	44.4	45.8
Average years of service	8.4	9.2
Police/Fire members:		
Average age	39.1	39.8
Average years of service	9.4	10.3

SCHEDULE 10

AVERAGE SALARIES FOR MEMBERS*

As of	Regular	Increase	Police/Fire	Increase
June 30, 2001	$ 36,615		$ 50,587	
June 30, 2002	38,106	4.1 %	55,628	10.0 %
June 30, 2003	39,193	2.9	56,907	2.3
June 30, 2004	40,069	2.2	59,008	3.7
June 30, 2005	40,901	2.1	61,277	3.8
June 30, 2006	41,929	2.5	64,250	4.9
June 30, 2007	43,355	3.4	66,316	3.2
June 30, 2008	46,159	6.5	70,194	5.8
June 30, 2009	48,151	4.3	71,669	2.1
June 30, 2010	49,407	2.6	73,373	2.4
Average annual increase 2001 – 2010		3.4 %		4.2 %

Fiscal Year 2010 All Urban Consumer Price Index (CPI) 1.05%

* 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 other local 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, 2010, were $3.97 for each Regular member and benefit recipient and $4.25 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 EPC 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, 2010, were 21.5% for Regular members and 37.0% for Police/Fire members.

Employee/Employer Contribution Plan

Under this plan, through June 30, 2010, the Regular member and the employer each contributed 11.25% of compensation to the System. Police/Fire members and their employers each contributed 19.00% 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.

Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited 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 years four, five, and six; 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 years four, five, and six; 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.

* Pursuant to NRS 122A.210 domestic partners have the same rights, protections, and benefits and are subject to the same responsibilities, obligations, and duties under law, as are granted to and imposed upon spouses.

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