NEVADA FICA ALTERNATIVE DEFERRED COMPENSATION PLAN

Carson City, Nevada

FINANCIAL STATEMENTS

June 30, 2011 and 2010

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CliftonLarsonAllen

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Independent Auditor's Report

Deferred Compensation Committee
Nevada FICA Alternative Deferred Compensation Plan
Carson City, Nevada

We have audited the accompanying statements of net assets available for plan benefits of the Nevada FICA Alternative Deferred Compensation Plan (the Plan) as of June 30, 2011 and 2010, and the related statements of changes in net assets available for plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of June 30, 2011 and 2010, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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 therefore express no opinion on it.

CliftonLarsonAllen LLP

Baltimore, Maryland
April 10, 2012

This discussion and analysis of the Nevada FICA Alternative Deferred Compensation Plan (the Plan) financial performance provides an overview of the Plan's financial activities for the years ended June 30, 2011, 2010, and 2009. It is presented as required supplemental information to the financial statements. Please read it in conjunction with the Plan's financial statements which follow this section.

Financial Highlights

- Net assets available for plan benefit increased by approximately $1.7 million during the current year from $13.8 million at June 30, 2010 to $15.5 million at June 30, 2011. This increase was primarily due to employee contributions made during the year, offset by an increase in distributions to participants. Net assets available for plan benefit increased by approximately $3.3 million during 2010 from $10.5 million at June 30, 2009 to $13.8 million at June 30, 2010. This increase was primarily due to employee contributions made during the year.

- Employee contributions increased from $4.3 million for the year ended June 30, 2010 to $4.5 million for the year ended June 30, 2011. This increase was due to an increase in the number of actively contributing participants compared to the prior year. There were 11,017 and 10,916 actively contributing participants as of June 30, 2011 and 2010, respectively. Employee contributions increased from $3.6 million for the year ended June 30, 2009 to $4.3 million for the year ended June 30, 2010. This increase was due to an increase in the number of actively contributing participants compared to the prior year.

- Interest income decreased from $422,813 for the year ended June 30, 2010 to $371,227 for the year ended June 30, 2011. This decrease was due primarily to declining interest on the Plan's fixed investment options. Interest income increased from $270,965 for the year ended June 30, 2009 to $422,813 for the year ended June 30, 2010. This increase was the result of increasing fixed earnings investment balances from year to year, as well as relatively stable interest rates.

- Distributions to participants increased from $1,409,046 for the year ended June 30, 2010 to $3,098,000 for year ended June 30, 2011. This increase was due to an increase in the number of participants receiving distributions during the year. Distributions to participants increased from $852,829 for the year ended June 30, 2009 to $1,409,046 for year ended June 30, 2010. This increase was due to a stable number of retirees during 2009 and 2010, with an increase in the average distribution received by each retiree during 2010.

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. The Notes to Financial Statements provide additional information that is essential to a full understanding of the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements.

The analysis below focuses on Net Assets Available for Plan Benefits (Table 1) and Changes in Net Assets Available for Plan Benefits (Table 2).

Table 1
Net Assets Available for Plan Benefits

	2011	2010	2009
Investments	$ 15,233,541	$ 13,577,461	$ 10,434,462
Employee contributions receivable	297,777	215,199	63,110
Net assets available for plan benefits	$ 15,531,318	$ 13,792,660	$ 10,497,572

Table 2
Changes in Net Assets Available for Plan Benefits

	2011	2010	2009
Additions			
Employee contributions	$ 4,465,431	$ 4,277,161	$ 3,583,736
Rollover contributions	-	4,310	-
Interest income	371,227	422,813	270,965
Deductions			
Benefits paid to participants	3,098,000	1,409,046	852,829
Administrative expenses	-	150	-
Increase in net assets available for plan benefits	$ 1,738,658	$ 3,295,088	$ 3,001,872

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Executive Officer of the Nevada FICA Alternative Deferred Compensation Plan at 100 N. Stewart Street, Suite 210, Carson City, Nevada 89701.

FINANCIAL STATEMENTS

NEVADA FICA ALTERNATIVE
DEFERRED COMPENSATION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
June 30, 2011 and 2010

	2011	2010
FIXED EARNINGS INVESTMENTS	15,233,541	$ 13,577,461
EMPLOYEE CONTRIBUTIONS RECEIVABLE	297,777	215,199
NET ASSETS AVAILABLE FOR PLAN BENEFITS	$ 15,531,318	$ 13,792,660

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

NEVADA FICA ALTERNATIVE
DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended June 30, 2011 and 2010

	2011	2010
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Employee contributions	4,465,431	$ 4,277,161
Rollover contributions	-	4,310
Interest income	371,227	422,813
Total additions	4,836,658	4,704,284
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Distributions to participants	3,098,000	1,409,046
Administrative fees	-	150
Total deductions	3,098,000	1,409,196
NET INCREASE	1,738,658	3,295,088
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	13,792,660	10,497,572
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 15,531,318	$ 13,792,660

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The State of Nevada (the State) FICA Alternative Deferred Compensation Plan (the Plan), a defined contribution plan, was established pursuant to NRS 287.250 – 287.370, and Title 26 IRS Code, Section 457 Deferred Compensation Plans, effective on January 1, 2004. The first contribution to the Plan was made on January 20, 2004 (commencement date). FICA is the Federal Insurance Contributions Act (FICA). The purpose of the Plan is to provide part-time, seasonal or temporary employees of the State or the Nevada System of Higher Education (Higher Ed.), an alternative to Social Security coverage as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA).

Contributions

Under plan provisions, employees of the State or Higher Education are required to contribute into the Plan, if hired on or after January 1, 2004 (State) or July 1, 2005 (Higher Ed.), through payroll deductions. There were 3 employers participating in the Plan and 11,017 and 10,916 active participants as of June 30, 2011 and 2010, respectively. In accordance with plan provisions the employer is required to withhold and remit to the Plan 7.5% of an eligible employee's compensation each pay period. In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of an individual's annual contribution to 100% of annual gross includable compensation, not to exceed $16,500 for calendar years 2011 and 2010. Special "catch-up" rules may permit an additional annual deferral up to $5,500 for calendar years 2011 and 2010 in certain circumstances. The Plan does not allow participant's to make voluntary contributions.

Amounts contributed by employees are not subject to tax under the Old Age, Survivors and Disability Income portion of FICA. The Plan does not prohibit the employer from making deposits to a participant's account as additional compensation for services rendered. No employer contributions were made to the Plan during the year ended June 30, 2011 and 2010. Contributions are recognized when amounts are withheld from employees.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for Plan years beginning after December 31, 1996, assets of IRC Section 457 plan must be held in a trust, custodial account, or annuity contract, for the exclusive benefit of employees and beneficiaries and will no longer be solely the property of the employer and subject only to claims of the employer's general creditors. At June 30, 2011 and 2010, the Plan met the requirements of the SBJPA.

Participant Accounts

Employees electing to participate in the Plan may contribute to the following option if enrolled after January 2009:

- The Hartford Retirement Plans Group (The Hartford) General Account, a fixed investment option administered by The Hartford.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Participant Accounts (Continued)

If enrolled prior to January 2009, participants may also contribute to the following option:

- A stable value investment option administered by ING Life Insurance and Annuity Company (ING) if enrolled into the Plan before January 2009.

Participants are fully vested in their accounts at all times.

Payment of Benefits

Employees may withdraw the value of the funds contributed to the Plan upon termination of employment with the employer, attainment of the age 70½ years old, or participants' death. Employees, or their beneficiaries, may select various payout options which include lump sum payments, periodic payments, or annuity payments. Distributions are recorded at the time withdrawals are made from participant accounts.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America for governmental entities and presents the assets available for plan benefits and changes in those assets.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect amounts reported in financial statements and accompanying notes. Actual results may differ from those estimates.

Investment Valuation

The ING stable value fund is reported at fair value. The Hartford General Account is reported at contract value, which approximates fair value. All purchases and sales of investments are recorded on a trade-date basis.

Interest Income

Interest income for the fixed earnings investments is recorded as earned. See the table below for each employer's interest rate.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Income (Continued)

	Annual Rates as of the Quarter Ended			
	September 30, 2010	**December 31, 2010**	**March 31, 2011**	**June 30, 2011**
The Hartford - General Account				
Reno Sparks Convention and Visitors Center	3.00%	3.00%	3.00%	3.00%
Central Payroll	3.00	3.00	3.00	3.00
Nevada Systems of Higher Education	3.00	3.00	3.00	3.00

	Annual Rates as of the Quarter Ended			
	September 30, 2009	**December 31, 2009**	**March 31, 2010**	**June 30, 2010**
The Hartford - General Account				
Reno Sparks Convention and Visitors Center	3.00%	3.00%	3.00%	3.00%
Central Payroll	3.00	3.00	3.00	3.00
Nevada Systems of Higher Education	3.00	3.00	3.00	3.00

The following table summarizes the crediting interest rates for the ING Stable Value Option (terminated May 25, 2010) and the ING Stable Value Fund (effective May 25, 2010) for each quarter of the fiscal year.

	Annual Rates as of the Quarter Ended			
	September 30, 2010	**December 31, 2010**	**March 31, 2011**	**June 30, 2011**
ING - Stable Value Fund	1.81%	1.67%	1.53%	1.34%

	Annual Rates as of the Quarter Ended			
	September 30, 2009	**December 31, 2009**	**March 31, 2010**	**June 30, 2010**
ING - Stabilizer Option	1.37%	1.79%	1.92%	2.24%
ING - Stable Value Fund	N/A	N/A	N/A	1.80

NOTE 2 – INVESTMENTS AND DEPOSITS

In accordance with the Plan document, the Plan's allowable investment options include interest bearing accounts only. The Deferred Compensation Committee has overall responsibility for ensuring that the assets of the Plan are in compliance with all applicable laws governing the operation of the Plan and establishing the related investment guidelines and policies.

NOTE 2 – INVESTMENTS AND DEPOSITS (CONTINUED)

The fair or contract values of investments held in the name of the Plan at June 30 were as follows:

	2011		2010	
Fixed Earnings Investments:				
The Hartford General Account	$ 11,371,267	*	$ 9,007,778	*
ING Stable Value Fund	3,862,274	*	4,569,683	
Total Fixed Earnings Investments	$15,233,541		$ 13,577,461	

Investments marked with an asterisk (*) represent individual investment options, which exceed 5% of the net assets available for plan benefits.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name.

Investments in the ING fixed earnings investments are held in trust for the Plan by ING, agent of the Plan, as a result these investments are not exposed to custodial credit risk.

Investments in The Hartford General Account are not held in the Plan's name by The Hartford, agent of the Plan. As such, the investments held in the Harford General Account are exposed to custodial credit risk.

Credit risk is the risk that an issuer or the counterparty to an investment will not fulfill its obligations and the Plan could lose money as a result. Credit risk is measured by nationally recognized statistical rating agencies such as Moody's investor services, Standard and Poor's and Fitch Ratings. The Plan manages credit risk by requiring both ING and The Hartford to provide investment options that comply with the Plan's statement of investment policy and by requiring any change in credit ratings to be reported within 60 days. The ING Stable Value Fund and The Hartford General Account Option are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are managed by The Hartford and ING. The investments that exceed 5% are identified in the table above.

NOTE 2 – INVESTMENTS AND DEPOSITS (CONTINUED)

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan does not allow the option of investments in mutual funds of countries outside the U.S. that invest in securities that are not required to disclose the individual assets within the fund. As a result, the investments in the Plan were not exposed to foreign currency risk during 2011 or 2010.

Interest rate risk is the risk of changes in interest rates that will adversely affect the value of an investment.

As of June 30, the Plan had the following investments and maturities in its fixed earnings investments:

	2011		2010	
	Fair Value	**Weighted Average Maturity**	**Fair Value**	**Weighted Average Maturity**
Fixed Earnings Investments:				
The Hartford General Account	$ 11,371,267	N/A [1]	$ 9,007,778	N/A [1]
ING Stable Value Fund	3,862,274	2.63	456,683	4.49

N/A[1] - The weighted average maturity for the Hartford General Account is not available. While there is no weighted average maturity, this option is backed by the general account assets of The Hartford.

NOTE 3 – PLAN ADMINISTRATION

The Plan administrators are The Hartford and ING. Neither ING nor The Hartford assesses an administrative fee for plan participants.

NOTE 4 – TAX STATUS

In the opinion of the Plan's legal counsel, the Plan is an eligible deferred compensation plan as defined by Section 457 to the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or, otherwise, made available to the participant or their beneficiary.

NOTE 5 – PLAN TERMINATION

The State may terminate the Plan at any time, although no intent to terminate the Plan has been expressed. In the event of termination, all participants will remain fully vested.

NOTE 6 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect participant's account balances and the amounts reported in the Statement of Net Assets Available for Plan Benefits.

NOTE 7 – ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the participants through revenue sharing fee agreements between the various mutual fund companies and the service providers.

NOTE 8 – INTER-PROVIDER TRANSERS

Inter-provider transfers represent participants account balance transfers to/from the Hartford and ING. For the years ended June 30, 2011 and 2010 inter-provider transfers totaled $0 and $415,175 respectively.

NOTE 9 – SUBSEQUENT EVENTS

The Plan evaluated subsequent events through April 10, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to April 10, 2012 that provided additional evidence about conditions that existed at June 30, 2011, have been recognized in the financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2011.