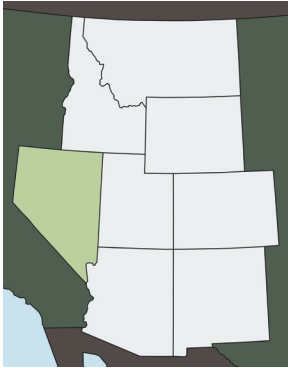


NEVADA Budget Report Card



IN THE FIVE BUDGETARY CATEGORIES evaluated for fiscal 2016 through 2018, Nevada received a combination of C and B average grades, never ending up at the top or bottom.

The state's C average in budget forecasting stemmed from its failure to provide multiyear forecasts of expenditures or revenues. Since its dependence on revenue from tourism, gambling, and minerals creates a volatile income stream, long-term projections might be particularly helpful for planning.

Nevada's pension funded ratio of only 74.4 percent as of 2017 contributed to its three-year C average in legacy costs, as did its lack of adequate annual funding for other postemployment benefits, primarily health care.

In the reserve funds category, Nevada earned a B average. It missed getting an A because it does not tie its rainy day fund policies to revenue volatility—a best practice followed by nineteen states in 2018.

The state received B averages in budget maneuvers and transparency. Its budget maneuvers mark resulted from its shift of governmental services tax dollars to the general fund. For example, in fiscal 2016, \$66.7 million was transferred to the general fund from the highway fund. The practice continued in fiscal 2017 and was to end in fiscal 2018, but the governor's budget moved \$19.2 million to the general fund that year.

The transparency mark reflected Nevada's lack of disclosure of deferred infrastructure replacement costs. The state received credit for having a consolidated budget website, but some financial information, including the debt capacity report, proved difficult to find.


MOUNTAIN STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arizona	B	C	D	A	B
Colorado	C	C	D	B	B
Idaho	D	A	A	A	B
Montana	D	B	C	C	B
Nevada	C	B	C	B	B
New Mexico	B	C	D	B	B
Utah	C	A	A	A	C
Wyoming	B	B	D-	C	C
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


NEVADA Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		C	3-YEAR TREND —	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	72%	74%	74%
3-YEAR AVERAGE		C	3-YEAR TREND —	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE		B	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* SOURCE Bloomberg; 2017 data also used for 2018.