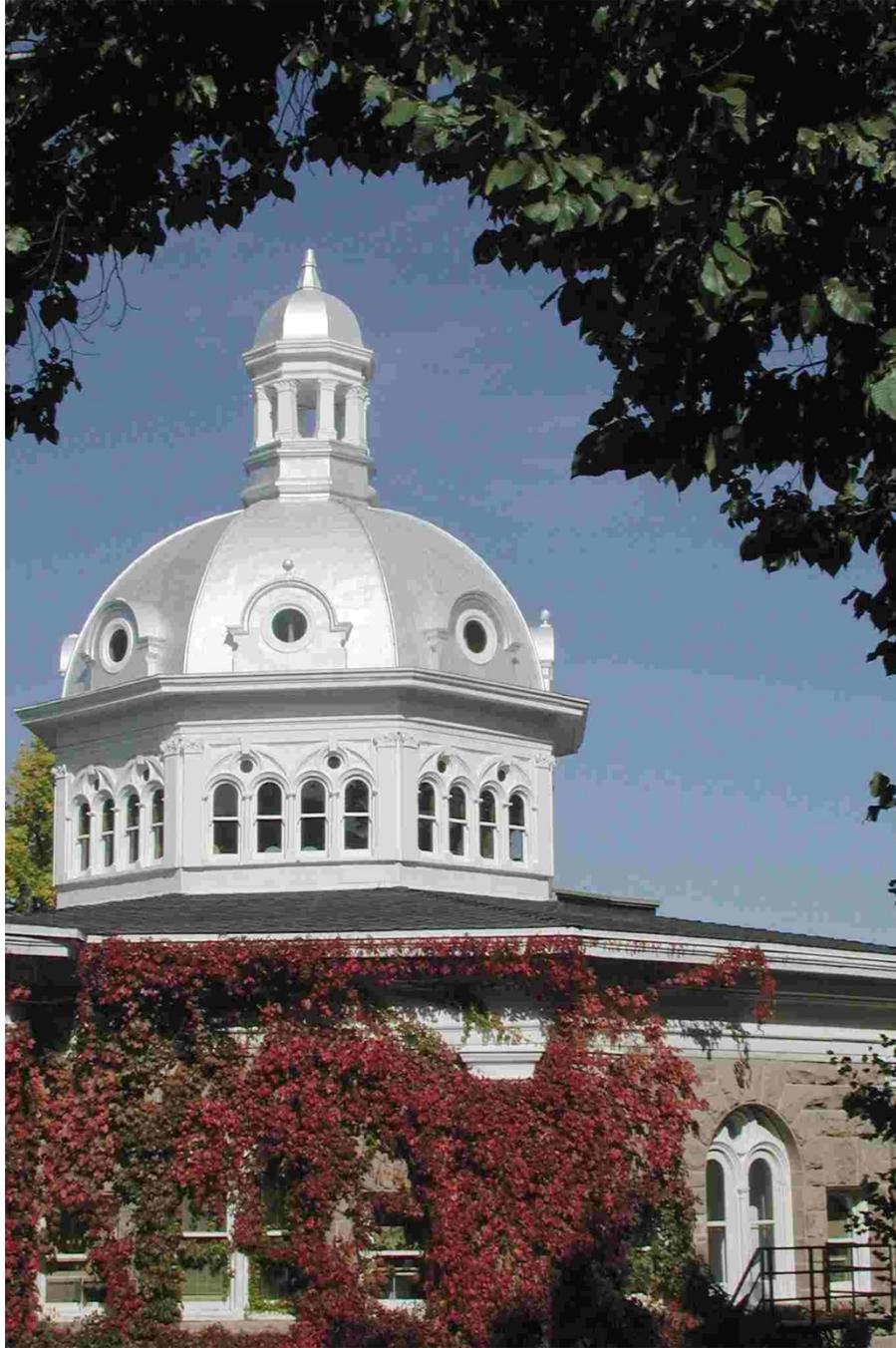


# Annual Report

## Fiscal Year 2014

July 1, 2013 to June 30, 2014



State of Nevada  
Office of State Treasurer  
**Kate Marshall**





## OFFICE OF THE STATE TREASURER

**September 28, 2014**

Dear Gov. Sandoval and Members of the Legislature:

As required by NRS 226.120, it is my pleasure to present you with the State Treasurer's Office Annual Report for Fiscal Year 2014 (FY14).



As we began the process of updating what will be my final Annual Report as State Treasurer, I couldn't help but think about what we have accomplished during my eight years in office. I am extremely proud of the many programs we have instituted that are and will continue to make a significant difference in the lives of Nevadans, as well as the vast improvements we have incorporated that save taxpayer dollars while at the same time increasing efficiency.

When I was first elected to office in 2006, I ran on a platform I called the "Marshall Plan," which included seven main points. The basic tenets were simple: improve and implement programs that would save taxpayer dollars; reduce spending by becoming more efficient; and identify innovative methods for increasing economic development in our state. It gives me a deep sense of satisfaction that with the help of my staff and many partners, we have been able to fulfill the basic tenets I laid out nearly eight years ago.

As administrator of the Nevada College Savings Plans, I am enormously satisfied to report that during my term, the number of Nevadans saving for college through the establishment of 529 accounts has risen by 52%. This has been accomplished through an aggressive outreach and education program, as well as the establishment of several unique programs that I have instituted as Treasurer, including the Silver State Matching Grant, Distinguished Valor Matching Grant and the *Ugift* programs. The 2013 launch of Nevada College Kick Start marked the first statewide program in the country to establish college savings accounts for all public school kindergarten students. Other states are now seeking to follow in our footsteps, creating a trend that is taking shape across our nation. Further, enrollment in the Nevada Prepaid Tuition Program has quadrupled since 2007, and we have achieved a funded status of well over 110%.

These college savings programs have the ability to make a direct long-term impact in the lives of the many Nevada children who now have a plan for obtaining higher education. In turn, the State will benefit by having a more educated workforce, thus helping to diversify our economy.

As part of the office's three-pronged approach to improving financial literacy for students and adults in Nevada, the Treasurer's Office and the College Savings Board of Nevada once again sponsored the Nevada Women's Money conferences in Reno and Las Vegas in FY14. This year, a first-of-its kind in the nation Latina Women's Money Conference, conducted entirely in Spanish, was added and held in Las Vegas. The 3rd annual conferences were attended by over 900 women from across Nevada.

During my term as Treasurer, we have consistently underspent our legislatively-approved annual budget by an average of \$1 million, have lowered the percentage of General Fund taxpayer dollars utilized by my office from 35% to a mere 10%, and successfully renegotiated contracts resulting in millions of dollars in savings to the State.

At the same time, the Debt Division produced more than \$72 million in gross taxpayer dollar savings as a result of refundings, and saved Nevada business owners as estimated \$24 million by refunding the State's Unemployment Insurance Bonds. All this was accomplished during one of our nation's worst financial crises, during which we were able to maintain Nevada's good credit rating through sound fiscal management.

Another area where we have experienced unparalleled success is in our Unclaimed Property Division. During my term, we have taken huge strides to reunite rightful owners with property transferred to my office for safekeeping. This has resulted in our office currently having one of the highest return rates in the nation, close to 50%. In fact, individual claims paid have increased by 220% since 2006. At the same time, during the financial crisis that gripped the State, the Treasurer's Office set all-time records in the amount transferred from the Unclaimed Property Division to the General Fund for three straight years, enabling the Legislature to continue funding programs that might have otherwise been eliminated during the budget crisis.

Lastly, the creation of the Nevada Capital Investment Corporation, the State's first private equity fund, is most certainly one of my proudest achievements. Although our fund manager only completed a strategic plan in December 2012, we have made investments in five companies and commitments to three fund managers, all of whom have located offices and personnel in Nevada. These businesses support many high-quality jobs in Nevada and, in the case of our direct investment in Miller Heiman (Reno), the funding they received has helped them expand. The program has already begun to catalyze the development of a private equity ecosystem in Nevada, as more than 150 companies have received referrals to fund managers and dozens of out-of-state managers have come to Nevada for conferences and management meetings. While there is still much work to be done, these are strong indicators that solid groundwork has been laid in Nevada to help bring out-of-state investors' attention to businesses here and to boost private equity capital in the Silver State.

As I enter my last few months as Treasurer, I am also happy to report that my office once again came in well under budget—expending approximately \$6.6 million of a \$7.7 million approved budget—once again saving more than \$1.1 million in taxpayer dollars. Only 10% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers, a further savings of taxpayer money.

I proudly submit my FY14 and final Treasurer's Office annual report. It has most certainly been my honor and privilege to serve the people of Nevada.

Respectfully submitted,



Kate Marshall  
State Treasurer

# MISSION STATEMENT

The Nevada State Treasurer's Office adheres to sound fiscal policy principles—including the prudent and conservative financial management of all state monies—by ensuring the state's money is invested with an emphasis on preservation of assets, then on return, and that the state's debt obligations are paid timely and accurately; that the state's banking relationships, state agency banking needs, and the state's Collateral Pool program is managed to the highest standard; that money entrusted by participants in the Nevada Prepaid Tuition and Nevada 529 College Savings Plans programs, that tobacco settlement monies received by the state and used to operate the Gov. Guinn Millennium Scholarship program and the Fund for a Healthy Nevada, and that Permanent School Fund dollars are managed, monitored, and invested prudently; and that unclaimed property held by the state is returned as judiciously as possible to its rightful owners.

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**Picture Credits**

Cover            Former Nevada State Photographer Rich Johnston  
Inside            Former State Photographer Julie DUEWEL

# OVERVIEW

*The Office of State Treasurer was created in 1864, under Article 5, Section 19, of the Constitution of the State of Nevada. The State Treasurer is elected to a four-year term and the general responsibilities include the receipt and safeguarding of all money of the State which is not expressly required by law to be received and kept by some other person; the disbursement of state money through electronic means and checks drawn upon the Treasury by the State Controller; the investment of all available state funds which include, but are not limited to, the General Investment Portfolio, Local Government Investment Pools, Prepaid Tuition Program, 529 College Savings Plan, and the Permanent School Fund; the issuance of any debt obligation authorized on behalf and in the name of the state (with few exceptions); and managing the state's Unclaimed Property and Pooled Collateral programs.*

The office is divided into six functional areas: Administration, Cash Management, Debt Management, Investments, Education Programs, and Unclaimed Property.

The mission of the State Treasurer's Office is to:

- Provide ethical financial leadership to the state;
- Provide prudent and conservative financial management of all state monies;
- Provide professional and judicious fiscal management of all state monies;
- Maximize earnings while maintaining the highest degree of safety;
- Assist families in providing for their children's higher education;
- Maintain the highest degree of public confidence and accountability;
- Maintain an organization which exudes confidence and professionalism; and
- Promote efficiencies through technological advances and best practices.

Statutory responsibilities of the State Treasurer:

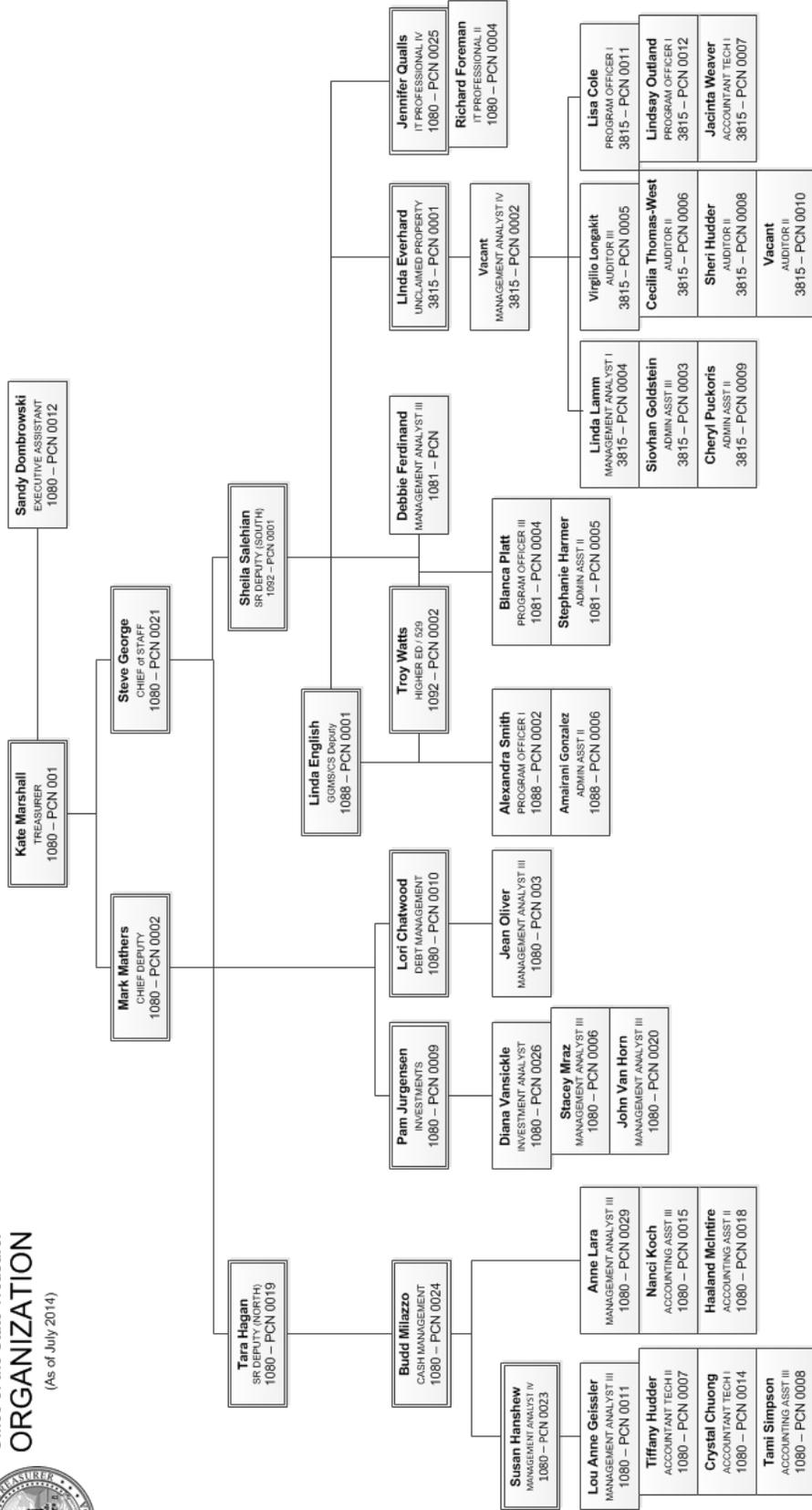
- Member of the State Board of Finance;
- Ex-Officio State Disbursing Office for the federal government;
- Administrator of the Municipal Bond Bank;
- Chairman of the Board of Trustees of the College Savings Plans of Nevada;
- Administrator of the 529 College Savings Plan and Trust Fund;
- Administrator of the Nevada Prepaid Tuition Program and Trust Fund;

- Administrator of the Fund for a Healthy Nevada;
- Member of the Executive Branch Audit Committee;
- President of the Nevada Real Property Corporation; and
- Administrator of the Nevada Unclaimed Property Division.
- Chair, Nevada Capital Investment Corporation

For FY14, the State Treasurer's Office had an approved budget over all functional areas of \$7,744,740, but expended only \$6,312,567, a savings of \$1.1 million taxpayer dollars. Only 10% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers.



Office of the State Treasurer  
**ORGANIZATION**  
 (As of July 2014)



# COLLEGE SAVINGS PLANS OF NEVADA

*The Nevada 529 College Savings Plans, authorized by 26 U.S.C. § 529, is designed to assist parents and students in taking advantage of the Internal Revenue Code 529 College Savings Plans, which offer savings and tax advantages to account holders. The Program is authorized in NRS 353B.*

The State Treasurer's Office partners with Ascensus<sup>1</sup> and Putnam Investments to help Nevada residents and families across the United States save for college. The College Savings Plans of Nevada operates as a qualified tuition program under Section 529 of the Internal Revenue Code. As such, the plans are able to combine tax benefits and flexible features, making them a smart and easy way to save for college. In 529 plans, earnings in an account grow tax-deferred and, when used for qualified educational expenses at eligible higher education institutions, are federally tax-free. This allows savings to grow faster, providing more money for college-related expenses.

The College Savings Plans of Nevada consist of three direct sold plans managed by Ascensus—SSgA Upromise 529, Vanguard 529 College Savings Plan, and USAA 529 College Savings Plan—and one advisor-sold plan, Putnam 529 for America. As of June 30, 2014, there were 633,124 individual accounts across all four of these plans, with over \$14.2 billion in assets under management.

The various college savings plans offer a variety of market-based savings options. Each portfolio has a different allocation of stock, bond, and money market funds. The investor selects a portfolio depending on his/her own savings goals, risk tolerance, and the amount of time until the child enters college. Any person may open a 529 college savings account by contributing as little as \$15. The maximum that can be saved in any of Nevada's 529 Plans is \$370,000 per beneficiary. These accounts may be used for qualified education expenses at any eligible post-secondary school in the world, including two- and four-year colleges, technical and trade schools, and graduate school.

The Board of Trustees of the College Savings Plans of Nevada, chaired by Treasurer Marshall, provides financial oversight for the investment managers, program managers, and account holders in the College Savings Program.

## **SSgA Upromise 529**

As an enhancement to the College Savings Plans of Nevada, the Board and Upromise Investments, Inc. (now Ascensus) entered into an agreement in FY12 with worldwide asset manager State Street Global Advisors to revamp the Upromise plan and offer investors lower management fees with a sophisticated institutional-quality investment approach, in addition to providing a unique channel through registered investment advisors to broaden the customer base. In April 2012, the SSgA Upromise 529 Plan replaced the Upromise College Fund.

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<sup>1</sup> Upromise Investments, Inc. was purchased by Ascensus Broker Dealer Services, Inc. in December of 2013.

The SSgA Upromise 529 Plan is the college savings plan actively used in education and outreach efforts conducted by Treasurer Office staff within the state. The Plan has seen significant new in-state account growth since October 2013 with the launch of the Nevada College Kick Start Program.

### Silver State Matching Grant Program

The Silver State Matching Grant Program, available within the SSgA Upromise 529 plan, offers low- and middle-income Nevada families a matching grant of up to \$300 in extra college savings per calendar year, with a lifetime maximum grant of \$1,500. Matching grant funding is part of the office’s contract with Ascensus, which supplies the money for the matching grants. *No taxpayer dollars are used.* The program was significantly expanded in FY14 to include all Nevada families with a household Adjusted Gross Income (AGI) of under \$75,000. As the chart below shows, the program is showing impressive year-over-year growth.

#### Silver State Matching Grant Program FY10 to FY14

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY2013</u>	<u>FY2014*</u>
<b>Approved Applications</b>	34	80	112	236	414
<b>Matching Funds Paid Out</b>	\$8,363.51	\$22,343.49	\$30,889.47	\$67,283.37	N/A
<b>% Increase Over Previous Year</b>	N/A	135%	40%	111%	75%

\*FY2014 Still working on approving incoming applications. This is total applications received as of 7/31/2014.

### Vanguard 529 Plan

Nevada’s Vanguard 529 College Savings Plan is one of the largest in the nation, with assets under management as of June 30, 2014 of just over \$10.4 billion, which represents a 19.3% 5-year compound annual growth rate. The total number of accounts at the conclusion of FY14 in this plan was 255,357. This industry leading plan is consistently ranked as one of the best by financial rating agencies.

#### Morningstar Analyst Ratings for 529 College-Savings Plans

##### Gold Rating (4 plans out of 64 ranked received a Gold rating)

Maryland: Maryland College Investment Plan  
 Alaska: T. Rowe Price College Savings Plan  
 Nevada: **The Vanguard 529 College Savings Plan**  
 Utah: Utah Educational Savings Plan

## USAA 529 College Savings Plan

In partnership with USAA Investment Management, the USAA 529 College Savings Plan is geared toward military families. The program is nationally recognized for its strong performance and, as of June 30, 2014, was ranked third in the industry for 5-year performance by [Savingforcollege.com](http://Savingforcollege.com), an independently sponsored website dedicated to assisting parents and students with planning for college. Additionally, Nevada's USAA 529 College Savings Plan was awarded a Bronze rating by Morningstar, a national mutual fund rating company.

## SavingForCollege.com Five-year Performance Ranking, June 30, 2014

Rank	State	Plan
1	Alaska	<a href="#">University of Alaska College Savings Plan</a>
2	Alaska	<a href="#">T. Rowe Price College Savings Plan</a>
<b>3</b>	<b>Nevada</b>	<b><a href="#">USAA 529 College Savings Plan</a></b>
4	Maine	<a href="#">NextGen College Investing Plan -- Client Direct Series</a>
5	New York	<a href="#">New York's 529 College Savings Program -- Direct Plan</a>
6	Maryland	<a href="#">College Savings Plans of Maryland -- College Investment Plan</a>
7	Michigan	<a href="#">Michigan Education Savings Program</a>
8	Utah	<a href="#">Utah Educational Savings Plan (UESP)</a>
9	District of Columbia	<a href="#">DC 529 College Savings Program (Direct-sold)</a>
10	South Carolina	<a href="#">Future Scholar 529 College Savings Plan (Direct-sold)</a>

## USAA Distinguished Valor Matching Grant Program Expanded

The State Treasurer's Office, working in conjunction with the USAA 529 College Savings Plan, established the USAA Distinguished Valor Matching Grant Program in January 2011 to allow families of Purple Heart recipients the opportunity to receive up to \$1,500 in matching funds to their USAA 529 College Savings Plan contributions. It is the only such matching grant program in the nation. Previously only open to Purple Heart recipients from Nevada who had served in Operation Enduring Freedom or Iraqi Freedom, the program has been expanded to include all active duty US military and reservists who are Nevada residents.

### Distinguished Valor Matching Grant

	<b>FY 2012</b>	<b>FY2013</b>
<b>Approved Applications</b>	16	78
<b>Matching Funds Paid Out</b>	\$4,700.00	\$22,280.00
<b>% Increase Over Previous Year</b>		388%

## Putnam 529 for America

Sold in Nevada and nationally through financial advisors, Putnam 529 for America showed solid growth during FY14. As of June 30, 2014, the plan had \$367 million in assets under management and 18,306 total accounts. The plan was also ranked #3 in one- and three-year performance as of June 30, 2014 by industry analyst [Savingforcollege.com](http://Savingforcollege.com).

## Historical charts

The following charts underscore the overall growth of accounts and assets under management over the past six years, including double the number of Nevada accounts.

### Number of National Accounts:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	166,790	155,017	87,307	N/A	409,114
2010	164,341	170,649	102,190	N/A	437,180
2011	161,611	190,729	130,451	12,580	495,371
2012	158,066	208,088	153,636	15,656	535,446
2013	153,837	230,323	178,657	16,859	579,676
2014	153,128	255,357	206,333	18,306	633,124

### Assets:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	\$608,228,558	\$3,343,224,153	\$519,141,031	N/A	\$4,568,231,621
2010	\$738,274,807	\$4,303,662,470	\$738,227,830	N/A	\$5,888,597,523
2011	\$923,243,928	\$5,899,169,097	\$1,121,433,138	\$225,829,285	\$8,169,675,448
2012	\$982,374,293	\$6,623,429,551	\$1,317,915,273	\$266,915,980	\$9,190,635,097
2013	\$1,084,540,000	\$8,184,020,000	\$1,690,800,000	\$302,780,137	\$11,262,130,137
2014	\$1,237,190,000	\$10,417,310,000	\$2,210,580,000	\$367,909,671	\$14,232,989,671

### Number of Nevada Accounts:

Year	SSgA Upromise 529	Vanguard 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2009	3,238	2,089	958	N/A	6,431
2010	3,346	2,355	1,125	N/A	6,979
2011	3,480	2,645	1,440	212	7,777
2012	3,668	2,881	1,750	296	8,595
2013	3,956	3,214	2,085	360	9,615
2014	8,087	3,604	2,490	425	14,606

## **Education and Outreach Initiatives - Increased Nevada Participation**

With the intent of increasing Silver State participation in the College Savings Plans of Nevada and the Nevada Prepaid Tuition programs, the State Treasurer's Office continued its grassroots education and outreach campaign aimed at increasing awareness by Nevada residents about the value of saving for college and the availability of our programs. Several avenues were successfully utilized in promoting these programs, including:

- Having a dedicated in-state field representative to work with local businesses and other statewide organizations to increase awareness of the SSgA Upromise 529 Plan, college savings in general, and to provide assistance to Nevada families in establishing accounts for their children.
- Expanding the \$529 College Savings Day Contest to award \$529 college savings accounts to 12 randomly selected elementary school students from across the state. More than 2,700 kindergarten through fifth grade students entered the contest in FY14, a 125% increase in entries compared to FY12.
- Actively participating in numerous community events, such as Parent Teacher Association Conventions, school counselor meetings, UNR & UNLV basketball games, Girl & Boy Scout Expos, Back-to-School Fairs, and other events throughout the State.

### **Nevada College Kick Start Program**

In fall 2013, Treasurer Marshall launched the Nevada College Kick Start Program (CKS), which establishes \$50 college savings accounts for all public school kindergarten students in the state. This is the first statewide, universal children's savings account program in the United States and, as such, has garnered much national attention. The accounts are established using a portion of the program manager fees paid to the Treasurer's Office, *not taxpayer dollars*.

CKS accounts are held within a master account in the SSgA Upromise 529 Plan. The account is invested in the age-based portfolio which most closely matches the age of the students. CKS accounts are controlled by the State Treasurer's Office and can only be used for qualified education expenses at an eligible institution by the student. There are no fees to participate and because the program is an opt-out model, parents do not need to complete any paperwork. Data needed to enroll students in the program is provided to the office by the State Department of Education is secured and by contract cannot be shared with anyone else.

As of June 30, 2014 there were 34,927 students participating in the program. Funding for student accounts totaled just over \$1.8 million.

Approved by the Board of Trustees of the College Savings Plans of Nevada to run for three years starting in November 2013, the program will be evaluated at the end of the FY16.

Education and outreach efforts by Treasurer staff has included a multitude of school events, quarterly account summaries sent to all participants, a Piggy Bank Program delivered in schools by teachers or volunteers, social media contests, National Public Radio sponsorships, and more.

The impetus behind the launch of the Nevada College Kick Start Program was several studies showing that children who know they have a college savings account in their name were *7 times* more likely to attend an institution of higher learning. The studies found that even a small

account improves a child's determination and preparedness for college and higher education, regardless of family income, ethnicity, or the educational attainment of the child's parents.

Treasurer Marshall initiated this program because she strongly believes it will help facilitate a "college-bound culture" in Nevada. Special thanks to each of the school districts for their support, collaboration, and partnership in helping to ensure this program is renewed permanently to benefit our youth for years to come.



**Nevada State Treasurer Kate Marshall speaks to kindergarten students at Anderson Elementary School in Reno about the importance of saving for college**



**Nevada State Treasurer Kate Marshall posing with kindergarten students at Ely Elementary School**



**College Savings Division staff**

# NEVADA PREPAID TUITION PROGRAM

*The Nevada Prepaid Tuition program enables parents, grandparents, and other family members to lock in future college tuition rates at today's prices. The Nevada Prepaid Tuition Program is authorized by 26 U.S.C. § 529. The program is designed to assist parents and students in taking advantage of the Internal Revenue Code 529 College Savings Plans, which offer savings and tax advantages to account holders. The Program is authorized under NRS 353B.*



**Nevada Prepaid Tuition Program staff members**

The Nevada Prepaid Tuition Program, which began in 1998, continues to offer a smart savings option to Nevada residents and/or graduates of the Nevada System of Higher Education to lock in Nevada's college tuition rates for their newborn to ninth grade children. The program provides parents, grandparents, extended family members, and friends a variety of options, which makes participation in the program easy and convenient. As of the latest actuarial report completed by an outside firm, the funded status of the Nevada Prepaid Tuition Program as of June 2014 is 112% and rising, driven substantial by the increased number of contracts purchased over the past five years. Contracts can be purchased with a lump sum payment, paid monthly over 5 years, or monthly until the child is ready to start college. At the conclusion of FY14, 17,359 children had been enrolled in the program, and the Nevada Higher Education Tuition Trust Fund held assets of \$194 million. Annual enrollment spans December through February each year. This year, the program expanded its outreach efforts to include several nonprofit sponsorships, such as the Nevada Ballet Theatre, Volunteers in Medicine, and Opportunity Village. In addition, the program stepped up efforts to reach grandparents (which made up 14% of purchasers in FY14) through various statewide publications.

Give the gift that lasts a lifetime:  
A college education!

*Tomorrow's tuition, today's prices*  
Use at Eligible Colleges Nationwide

**ENROLL NOW!**  
Newborn Enrollment ends June 30



For more information visit  
NVPrepaid.gov  
Or call (702) 486-2025



**Promise made.  
Promise paid.**

Administered by  
Nevada State Treasurer

The College Savings Board of Nevada recognizes all of the Volunteers in Medicine of Southern Nevada.

*"You make a living by what you earn; you make a life by what you give."*  
Author: Anonymous




**Promise Made.  
Promise Paid.**

Tomorrow's Tuition. Today's Prices!  
(702) 486-2025—NVPrepaid.gov

Administered By Nevada State Treasurer Kate Marshall




Five Tuition Plans  
Three Payment Options  
Use at Eligible Colleges Nationwide



**Promise made.  
Promise paid.** **ACT TODAY!**

2014 Newborn Enrollment Ends June 30th!

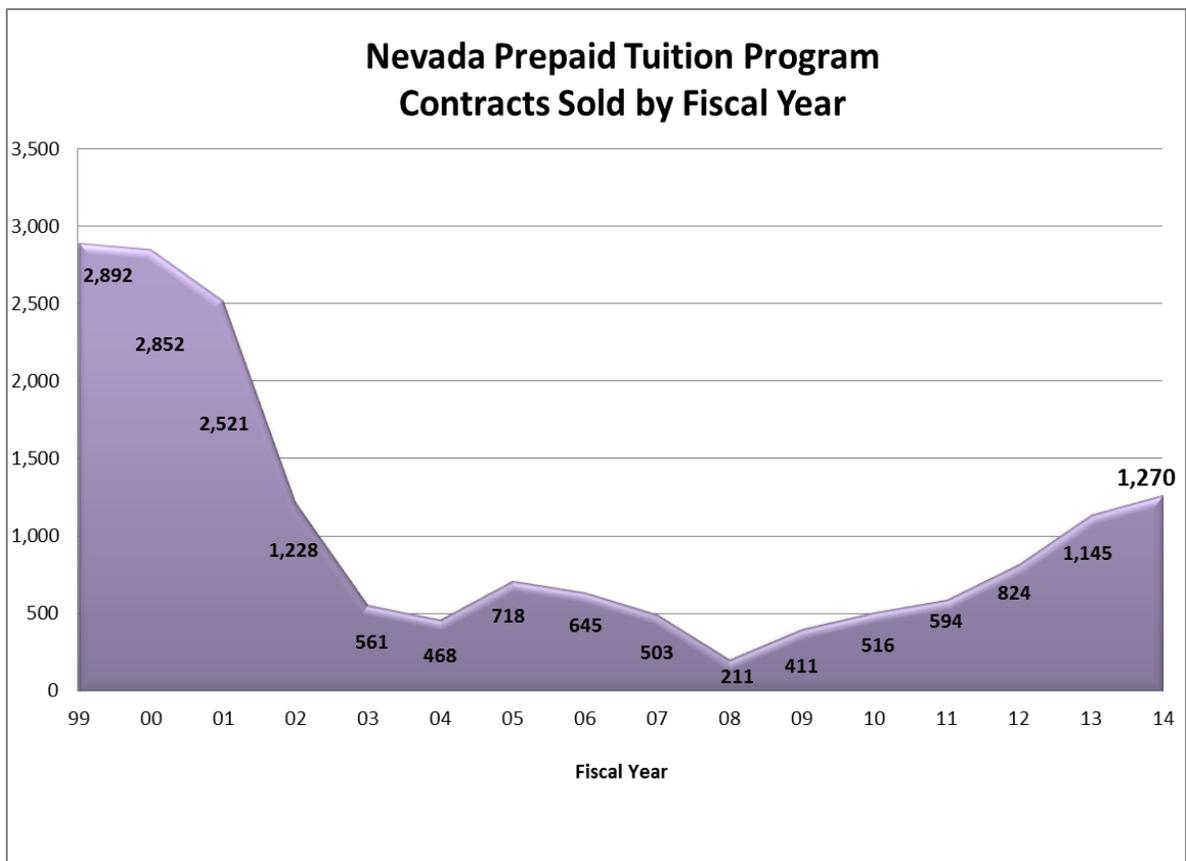
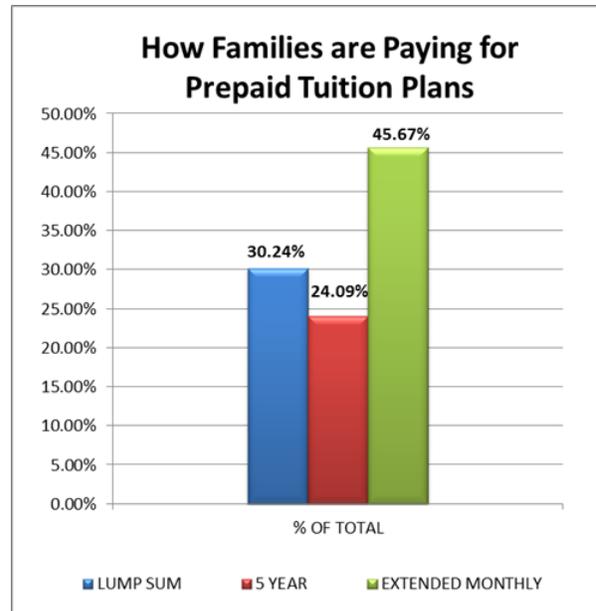
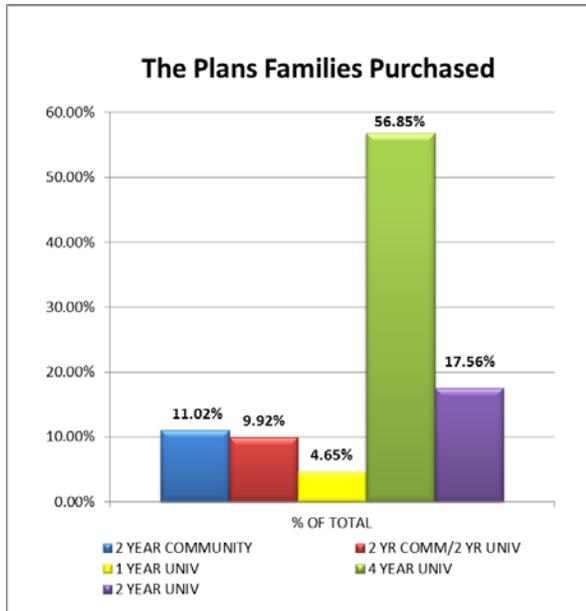
**NVPrepaid.gov**  
**(702) 486-2025**



According to an article in "Complete College America, Nevada 2011", by the year 2020, 58% of the jobs in Nevada will require a college degree or career certificate. The Nevada Prepaid Tuition Program offers Nevadans an opportunity to properly prepare for those jobs by purchasing tuition today for tomorrow's usage. The contracts are transferable to another family member, including a first cousin, and can be used in or out of state at qualified institutions of higher learning. As of June 30, 2014, there were roughly 2,645 students using their benefits. The program paid out over \$8.1 million in tuition benefits on behalf of these students in FY14, an increase of slightly over \$862,665 from FY13 as more children matriculate and begin going to college. Approximately 75% of program participants used their tuition benefits at Nevada colleges and universities, while 25% attended out of state institutions of higher learning.

The Nevada Prepaid Tuition Program once again saw an increase in new enrollments in FY14, marking the fifth year in a row of continued growth. In all, 1,270 new enrollees were added, an 11% increase from the previous year. Nevada is one of only twelve states which still offers a prepaid tuition program. It is not surprising that Nevada families are taking advantage of enrollment in this program when you look at the fact that college tuition and fees have risen 1,120% since 1978, and student loan debt continues to rise. According to a report by the Federal Reserve Bank of New York, student loan debt increased to \$1.11 trillion for the first quarter of 2014, which was not only an increase of \$125 billion from the prior year, but more than the nation's total credit card debt of \$659 billion. In addition, Nevada residents are recognizing the continued value of locking in today's rates, as they took note of the Nevada System of Higher Education Board of Regents vote (June 6, 2014) to increase tuition at Nevada's colleges and universities an average of 4% per year from 2015-2016 through academic year 2018-2019. These raises resulted in numerous news stories, which highlighted the approved 4-year, 16% increase as impactful to Nevada families.

The Nevada Prepaid Tuition Program offers an alternative to acquiring student loans to pay for college tuition. The Treasurer’s website, [www.NVPrepaid.gov](http://www.NVPrepaid.gov) allows convenient online enrollment, access to program forms, ability to make contract payments, and to perform basic account maintenance. As noted below, the most popular plan is the 4-year university plan, paid for through extended monthly payments.



# FINANCIAL LITERACY

*In accordance with NRS 353B.350(5), “the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended:*

- (a) For any purpose related to the Nevada College Savings Program;*
- (b) To pay the costs of administering the Governor Guinn Millennium Scholarship Program; or*
- (c) In any other manner which assists the residents of this state to obtain post-secondary education.*

*Annual funding of \$175,000 for financial literacy outreach efforts was approved by the College Savings Board in April 2010 and again in July 2012 as part of the 10-year College Savings Plan.*

## **Financial Literacy in Nevada: A Three-pronged Approach**

The State Treasurer’s Office approach to providing increased financial literacy/education in Nevada to students, parents, teachers, and other professionals includes:

- Providing materials to all Nevada high school and middle schools relating to financial education.
- Hosting the Nevada Women’s Money Conferences.
- A Financial Fitness website, [www.NVFinancialFitness.gov](http://www.NVFinancialFitness.gov).

## **Financial Fitness for Life Pilots**

Treasurer Marshall’s passion for educating Nevada’s youth in financial matters so they will become more economically prepared for their future is a driving force behind the Treasurer’s Office financial education efforts. To this end, the Nevada State Treasurer’s Office continued several financial literacy outreach activities in FY14 aimed at educating Nevada children and parents about the importance of managing their money. These activities and programs, offered in partnership with the National Council on Economic Education, consist of 22 lessons and contain valuable financial information and training on topics such as earning income, budgeting, managing money and debt, and the basics of investing. The curriculum was aligned to the requirements of Senate Bill 317, passed in the 2009 legislative session, which was an unfunded mandate requiring financial literacy to be taught in Nevada high schools. Given the dire need for teacher materials, the Treasurer’s Office sent CD’s containing K-12 financial literacy lessons to every middle and high school in Nevada beginning in the fall of 2012. An invitation to participate in controlled pilots was offered to every principal. Four “Financial Fitness for Life”

pilots have been conducted, with over 50 teachers and 4,000 students taking part. Another “Financial Fitness for Life” pilot was conducted in conjunction with the Clark County School District in the spring of 2014, with approximately 25 high school teachers, comprising more than 1,500 students. In addition, a new website containing valuable financial information was launched: [www.NVFinancialFitness.gov](http://www.NVFinancialFitness.gov), which contains links to tools and resources for parents and children. The long term goal of the Treasurer’s Office financial fitness efforts is to provide Nevada schools and families with valuable information on effectively managing money throughout one’s lifetime, regardless of income level.

### **Nevada Women’s Money Conferences**

In FY14, the Treasurer’s Office and the College Savings Board of Nevada once again sponsored the Nevada Women’s Money conferences in Reno and Las Vegas. This year, a first-of-its kind in the nation Latina Women’s Money Conference, called *Mujeres y Dinero*, conducted entirely in Spanish, was added and held in Las Vegas. The 3rd annual conferences were attended by over 900 women, who ranged in age from 15-75 years old. The conferences included a resource expo, a money mentor program, and nationally renowned women authors/speakers who provided attendees with invaluable advice on taking control of their personal finances.



Nevada State Treasurer Kate Marshall pictured with speakers and other participants at the *Mujeres y Dinero* Conference in Las Vegas on February 8, 2014.

As part of the mentoring program, conference attendees are regularly asked to complete surveys highlighting what they have achieved as part of their attendance. Some of those achievements by attendees include:

- Purchase of first house.
- 50 point increase in credit score.
- Living within a budget.
- Paying off \$30,000 in debt.
- Paying off pay-day loans that were costing \$700 a month in payments.

This unique program will continue in 2015 in Nevada to help women continue to grow in their knowledge and management of personal financial resources, with a focus on the benefits of saving early and often, understanding and managing debt, saving for higher education for their children, and the importance of properly planning for retirement.

# GOV. GUINN MILLENNIUM SCHOLARSHIP

*In 1999, the Legislature unanimously approved the dedication of 40 percent of Nevada's Tobacco Master Settlement Agreement payments to fund the Millennium Scholarship Program, which by legislative decree during the 2005 session was renamed after former Gov. Kenny Guinn. Graduates of the class of 2000 were the first recipients of the scholarship.*

The program provides scholarship funding toward attendance at any eligible college or university located in the state to Nevada high school students who, as of June 2009:

- Graduate with a minimum GPA of 3.25;
- Have been a resident and attended a high school in Nevada for at least two years;
- Graduate with a diploma from a public or private Nevada high school;
- Pass the Nevada High School Proficiency Examination; and
- Complete a core curriculum consisting of 4 units of math (including Algebra II), 4 units of English, and 3 units each of natural and social sciences.

There is no application process for the student to complete. Nevada high schools electronically submit the names of eligible students to the Millennium Scholarship Program in the Treasurer's Office. Including the graduating class of 2014, more than 133,690 high school seniors have been deemed eligible to receive the Millennium Scholarship. The average utilization rate is 63.5% percent since the program was established. By the end of the spring 2014 school term, more than \$322.6 million had been distributed to 84,998 Millennium Scholars, who collectively earned more than 32,361 associate, bachelor, and other certificates and degrees.



**Governor Guinn Memorial Wall**

Now in its 14th year, the Gov. Guinn Millennium Scholarship Program (GGMS) continues to incent and support students in their pursuit of higher education in Nevada. The State Treasurer's Office partners and collaborates with the Nevada System of Higher Education and the Nevada Department of Education to facilitate the payment of scholarship awards which support Millennium Scholars.

There are seven Nevada System of Higher Education (NSHE) eligible institutions where students may utilize their scholarship award, as well as Sierra Nevada College in Incline Village, and Roseman University of Health Sciences in Henderson.

During the 2013 legislative session, Gov. Sandoval recommended and the Legislature approved the addition of \$5 million in General Fund dollars to the Trust Fund. In addition, Senate Bill 2 was passed adding another \$2 million to the Trust Fund. It is now estimated that the addition of this funding will secure the viability of the program through at least Fiscal Year 2021 based on revised projected enrollments provided by WICHE on February 4, 2014.

As administrator of the program, the State Treasurer's Office continues to:

- Operate the program's database (MiSL: Millennium Scholarship Ledger), which collects, stores, and maintains data on Millennium Scholars;
- Collect initial eligibility data from 17 county school districts, 50 private high schools, adult education, and home school applicants so they can be provided award packets with the scholarship information;
- Conduct outreach efforts throughout the state at college fairs, schools, private companies, PTA groups, and other venues to provide the latest information about the Millennium Scholarship Program;
- Cooperate with representatives of each NSHE institution, NSHE System Administration, System Computing Services, Nevada Association of School Superintendents, and the Nevada Department of Education to support the program;
- Disseminate information to Nevada high school students, high school counselors, NSHE institutions, and the general public; and
- Maintain a dedicated website which allows students to acknowledge, and monitor their scholarship award.

The following table identifies the number of Millennium Scholars enrolled in a community college, state college, or university during FY 2012 and in Spring of FY 2013.

<b>Enrollment by Institution by Semester</b>							
<b>Institution Name</b>	<b>Spring</b>	<b>Summer</b>	<b>Fall</b>	<b>Spring</b>	<b>Summer</b>	<b>Fall</b>	<b>Spring</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
College of Southern Nevada	2,667	570	2,856	2,391	628	2,823	2,309
Great Basin College	180	20	215	184	19	219	174
Nevada State College	241	86	284	230	111	287	256
Roseman University of Health Sciences	9	5	10	8	6	9	7
Sierra Nevada College	13	0	11	12	2	14	11
Truckee Meadows Community College	812	230	933	765	212	926	757
University of Nevada, Las Vegas	4,291	1,597	5,525	4,248	1,572	5,973	4,480
University of Nevada, Reno	4,067	1,261	5,121	4,252	1,466	5,190	4,303
Western Nevada College	278	34	311	258	38	336	236
<b>Totals</b>	<b>12,558</b>	<b>3,803</b>	<b>15,266</b>	<b>12,348</b>	<b>4,054</b>	<b>15,777</b>	<b>12,533</b>

Revenues, expenses, and fund balance for the Millennium Scholarship Fund for FY14 includes donations received by the Kenny C. Guinn Memorial Millennium Scholarship Trust Fund:

Beginning Balance	<b>\$18,878,115.00</b>
Tobacco Settlement	<b>\$15,658,924.77</b>
Transfer from Unclaimed Property	<b>\$ 7,600,000.00</b>
	<hr/>
	<b>\$42,137,039.77</b>
Tuition Payments	<b>(\$23,832,685.32)</b>
	<hr/>
	<b>(\$23,832,685.32)</b>
Ending Balance	<b>\$18,304,354.45</b>

# KENNY C. GUINN MEMORIAL MILLENNIUM SCHOLARSHIP

*Senate Bill 220 establishing the Kenny C. Guinn Memorial Millennium Scholarship was unanimously passed during the 2011 Legislative Session. It was expanded during the 2013 Legislative Session to award two recipients each year, one from a Northern school and one from a Southern school*

Following the tragic death of former Gov. Kenny C. Guinn in July 2010, at the request of former First Lady Dema Guinn, the Treasurer's Office worked closely with the Guinn family to create a separate account within the Gov. Guinn Millennium Scholarship Trust Fund to accept donations in his honor. The Treasurer's Office then partnered with Senator William Raggio and later Senator Ben Kieckhefer during the 2011 Legislative Session to craft and pass Senate Bill 220, which established the Kenny C. Guinn Memorial Millennium Scholarship. In 2013, we worked with Senator Ben Kieckhefer once again on Senate Bill 102, which amended NRS to allow the scholarship be given to two students annually, with one recipient being a student in Northern Nevada and the other in Southern Nevada. The legislation passed unanimously both times.

## **Eligibility**

In addition to being an eligible Millennium Scholar, a student may be eligible for the Memorial Scholarship by meeting the following criteria:

1. Must be a currently eligible Millennium Scholar;
2. Must be entering his/her senior or last year of college with 90 or more credits at an eligible institution (eligible institutions are the University of Nevada, Reno; University of Nevada Las Vegas; Great Basin College; Nevada State College; and Sierra Nevada College);
3. Be enrolled in and remain enrolled in a course of study leading to licensure in elementary or secondary education;
4. Maintain a college grade point average of not less than 3.5 on a 4.0 grading scale;
5. State a commitment to teaching in Nevada upon graduation; and
6. Have a commendable record of community service.

## **Award**

The award can be used to help pay the educational expenses of the recipients for their senior year of college which are not already met by the student's GGMS scholarship funding, including registration fees, laboratory fees and expenses, and to purchase required textbooks and course materials.

The Kenny C. Guinn Memorial Millennium Trust Fund continues to have a strong financial position with a balance of more than \$200,000. It is anticipated that the annual maximum award of \$4,500 will be available to pay recipients for many years to come.

**2013 Award Winners**

In October 2013, UNR student Danielle Swanson and Nevada State College student Allysa Starkweather were recognized as the recipients of FY14 Kenny C. Guinn Memorial Millennium Scholarship. Both recipients showed a strong commitment to remaining in Nevada after graduation and working in education.



**Danielle Swanson, Northern Nevada  
2014 Kenny C. Guinn Memorial Millennium Scholarship**



**Allysa Starkweather, Southern Nevada  
2014 Kenny C. Guinn Memorial Millennium Scholarship**

# UNCLAIMED PROPERTY DIVISION

*The State of Nevada's Unclaimed Property Division has the responsibility of collecting, safeguarding, and distributing unclaimed property for current and past residents and businesses. Companies and governmental agencies are required by NRS 120A to submit annual holder reports and to turn over to the state unclaimed intangible assets and the contents of safe deposit boxes. Assets include securities, bank deposits, payroll checks, utility deposits, insurance proceeds, and other items specified in Nevada's statutes. Property is considered abandoned when it remains unclaimed for the number of years prescribed by statute. The person, business, or legal entity entitled to receive the property never loses the right to make a claim for the asset (or value of items sold). Owners could include the estate or the heir to the original owner.*



*Unclaimed Property Division Staff*

## **Unclaimed Property Defined**

Abandoned property can be any financial asset owed to a business or an individual. Property is considered abandoned when there has been no activity and/or contact with the owner for a specific period of time. The property type will determine the abandonment period; however, it is generally three years. When the holder's (company that has the asset) attempts to locate the rightful owner have been unsuccessful, the assets must be escheated (remitted) to the state of the last known address. The State Treasurer's Office is responsible for protecting the assets and advertising the rightful owners' names in attempting to return the assets to the rightful owners. Examples of abandoned/unclaimed property include: bank accounts, un-cashed payroll checks, insurance checks, traveler's checks, utility deposits, gift certificates, stocks, bonds, mutual funds, dividends, insurance policy benefits, or claim payments, oil and gas royalties, court deposits, and safe deposit box contents. Abandoned/unclaimed property does not include real estate or land, automobiles, boats, taxes, or most other tangible properties.

## Unclaimed Property Owner Claims

The Unclaimed Property Division completed another very successful year in terms of returns to rightful owners. There were 17,390 claims paid in FY14, with \$31.2 million returned to rightful owners at a rate of 50%, the highest the program has ever achieved and well above the national average of 33%. The Fast Track Claims process adopted by the Treasurer's Office, which allows a claim to be paid through an automated process, has played a substantial role in the increase in paid claims. In FY14, 38% of all claims were paid via Fast Track.

## Unclaimed Property Owner Outreach

At the conclusion of FY14, the state was holding approximately \$675 million in unclaimed property. The State Treasurer's Office, Nevada Unclaimed Property Division, continues to utilize many methods adopted since Treasurer Marshall took office to reunite rightful owners with their unclaimed property:

- ***Operation Claim It!***, an organized effort to reunite owners with lost funds including Savings Bonds left in Safe Deposit Boxes.
- In FY14, the Division made a concerted effort to locate and return FDIC funds to rightful owners, including locating, contacting, and assisting rightful owners with claim forms. The effort enabled the office to return over \$1,374,000 million in bank funds.
- A user-friendly website ([NevadaTreasurer.gov](http://NevadaTreasurer.gov)) that provides individuals the ability to easily search the state's database of abandoned property, as well as to initiate claims.
- Member of the National Database website sponsored by the National Association of Unclaimed Property Administration (NAUPA), which provides a national search engine for unclaimed property.
- A revised holder outreach program (Voluntary Disclosure Agreement) that has dramatically increased the number of companies reporting to the state: 27,565 in FY14
- Public notices being published in 17 newspapers throughout the state identifying unclaimed property held by the state, along with the name of the rightful owner.
- Working with community support organizations to assist in finding and returning funds that rightfully belong to Nevada senior citizens.
- Owner outreach seminars where potential claimants can connect with staff to search for and claim funds.

## **Unclaimed Property Collections**

In all, \$62,548,890 million was collected from holders in FY14, bringing the total being safeguarded by the Nevada Unclaimed Property Division to nearly \$675 million. A transfer of \$17.4 million was provided to the General Fund.

## **Holder's Voluntary Disclosure Agreement Programs**

As part of the Division's continuing efforts to assist holders, a Voluntary Disclosure Agreement (VDA) program was established in FY10 to encourage non-compliant businesses to conform to Nevada's unclaimed property laws without penalties and interest being added. The VDA program provides an avenue for businesses, which may not have realized they were out of compliance, with an opportunity to work with the Unclaimed Property Division to submit past due reports. In FY14, more than \$2.1 million was reported as a result of the VDA program.

## **Annual Safe Deposit Box Content Auction**

Each year, the Unclaimed Property Division attempts to locate lost owners of Safe Deposit Boxes. Following a two-year period of remaining unclaimed, the contents are auctioned on the first Saturday of December. Viewing begins at 9:00am, with auction bidding starting at noon. The proceeds of the auction are transferred to the state General Fund; however, the rightful owner retains the ability to claim the proceeds from the sale indefinitely.



*The Unclaimed Property Division auction in Las Vegas*

# CASH MANAGEMENT DIVISION

*The primary duty of the Cash Management Division is to manage the State's banking relationships and assist state agencies with their banking needs. The Division is also responsible for the Treasurer's Office administrative and accounting functions.*

The Cash Management Division oversees the state's banking relationships, reconciles bank transactions with state accounting records, manages the State's Arbitrage and e-Payment programs, and administers the state's check distribution program. The Division assists with accounting and administrative duties within the Treasurer's Office, including: day-to-day budget processes; biennial budget requests; purchasing and contract management; revenue forecasts; and reports and financial statements due to the Controller's Office, Department of Administration, and the Legislative Counsel Bureau. Most general inquiries from the public are also handled by the Cash Management Division.



**Cash Management Division staff in Carson City**

In addition to its main depository and controlled disbursement accounts, the Treasurer's Office also has thirty bank accounts under analysis, with most of these accounts being zero balance accounts. The funds deposited into these accounts by other state agencies is transferred into the state's consolidation account on a daily basis, thus providing an efficient method for combining cash balances within one financial institution and minimizing non-invested cash balances.

During FY14, the Treasurer's Office worked with various state departments and its general banking services vendor to improve revenue collection and banking efficiencies, which resulted in a 45% reduction in the average monthly service charge to the State. The reduction was accomplished by streamlining banking services and increasing the availability of funds with the use of desktop scanners at department offices. The State's earning crediting rate on its compensating balance also increased by 60% (to 40 basis points from 25 basis points).

In addition, the Treasurer's Office has been working with departments and the state's merchant services vendor to add credit and debit card acceptance at various state offices, as well as improve the efficiencies and reporting related to credit and debit card revenue collection. The Treasurer's Office also maintains depository accounts with other financial institutions, offering state agencies in geographically remote areas the ability to more timely deposit funds.

Cash Management personnel are responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement (MSA). State law requires 40% of the funds be allocated to the Gov. Guinn Millennium Scholarship Fund, 60% to the Fund for a Healthy Nevada. Nevada received approximately \$40.1 million in MSA funds in FY14. Estimates by the National Assn. of State Treasurers and Barclay's predict the state will receive about \$ 38 million in FY15.

The Cash Management Division is also responsible for the allocation of revenues from the lease of federal lands in Nevada. Under NRS 328, these revenues are shared between the Department of Education's Distributive School Account, county treasurers, and school districts based on the percentage of revenues collected in those various jurisdictions.

Division personnel draw over \$2.8 billion in federal funds each year for state agencies. In FY14, the office distributed more than 158,000 checks and direct deposit advices to vendors and employees. By encouraging the use of items such as cash vaults, remote deposit, positive pay, and ACH blocks and filters, the Treasurer's Office continues to seek more efficient and safe means by which state agencies carry out their financial transactions.

# INVESTMENT DIVISION

*The investment of the State of Nevada's General Portfolio a function performed by the State Treasurer's Office in accordance with state statutes. An Investment Policy for the prudent investment of state funds has been adopted to guide this process. The General Portfolio includes all state funds, excluding funds invested for the Local Government Investment Pool (LGIP), Local Government Pooled Long-Term Investment Account (NVEST), Permanent School Fund (PSF), and the Higher Education Tuition Trust Fund.*

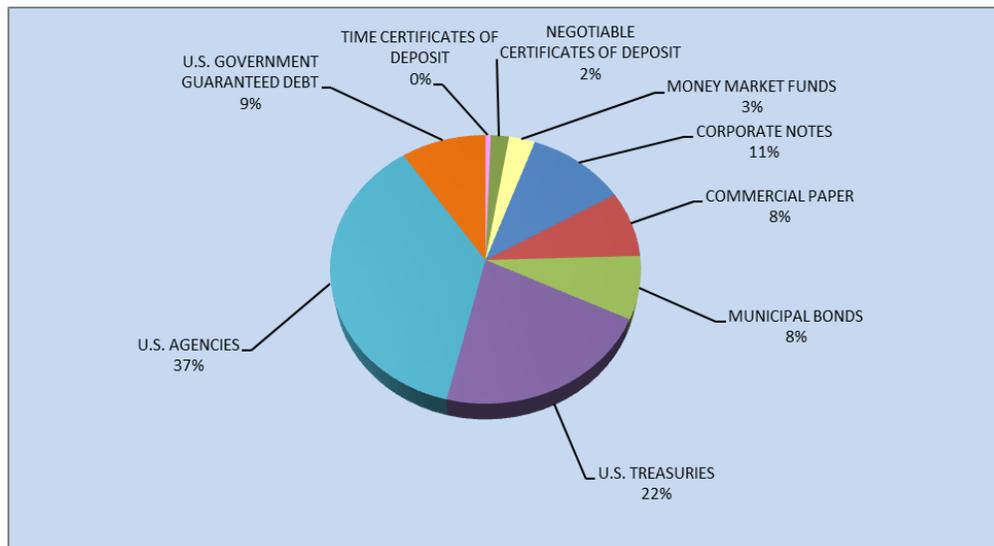
The Investment Division has four staff members—the Deputy Treasurer of Investments, Investment Analyst, and two Management Analyst III positions. Staff responsibilities include investment and accounting activities relating to the General Portfolio, Local Government Investment Pool (LGIP), and the Permanent School Fund (PSF), as well as oversight of the NVEST investment advisers. As of September 1, 2012, the investment division assumed management of the Nevada Collateral Pool Program, which was previously managed by the Cash Management Division.

## **General Portfolio**

The State's General Portfolio is invested in U.S. Treasury and Agency securities, high quality corporate notes, commercial paper, negotiable and time certificates of deposit, municipal bonds, money-market funds, and securities guaranteed 100% by the US government such as Small Business Administration (SBA) pools. Securities holdings are diversified to prevent over-concentration by maturity, issuer, or security class. The State Treasurer maintains a conservative, moderately active investment strategy, which provides the ability to take advantage of market opportunities as they occur by analyzing projected cash flow needs. Portfolio maturities are structured to reduce the likelihood of a forced sale of securities in any but the most severe circumstances. During FY14, no securities were sold prior to their maturity at a loss.

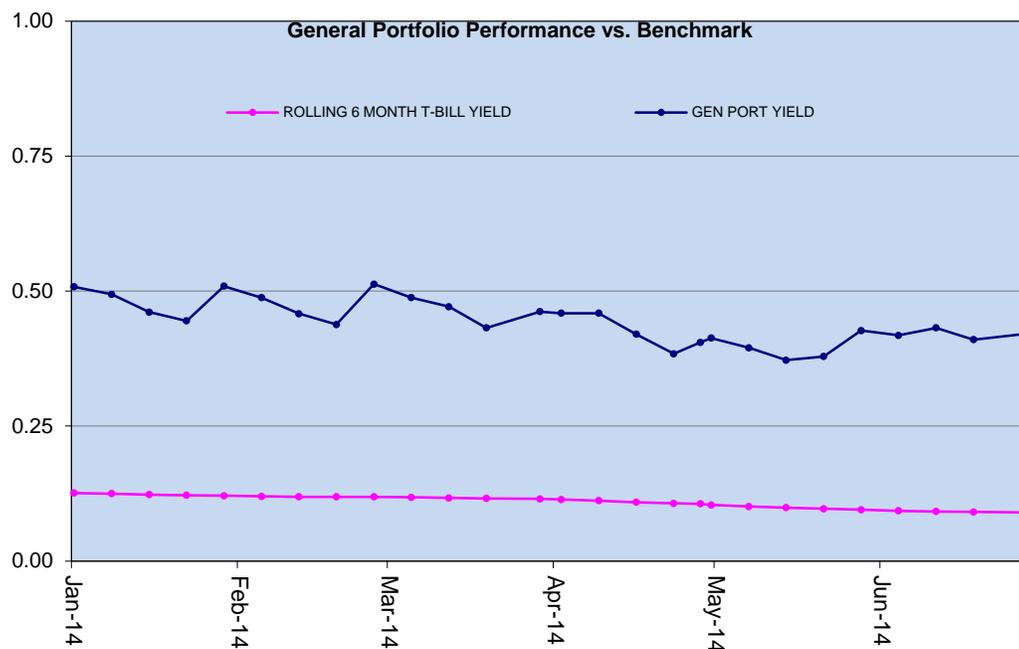
In FY12, the State's investment policies were amended to allow the purchase of municipal bonds. Subsequent to that change, investment staff has purchased approximately \$131 million of municipal debt issued by Nevada local governments at attractive yields. Investment staff also established a core portfolio for the investment of the State's longer-term monies, thereby increasing returns for the General Portfolio. These initiatives have continued in FY14.

The following chart provides a breakdown of investments held as of the end of FY14.



The FY14 General Portfolio's book value as of June 30, 2014 was \$1.866 billion. The weighted average maturity (WAM) of the portfolio was 494 days. The effective duration was 0.82.

Total earnings for FY14 were \$8,208,960, representing a yield of 0.48 %. The benchmark used to assess performance in the General Portfolio is the six-month moving average of the six-month Treasury bill. As of the end of FY14, the General Portfolio outperformed this benchmark by 37 basis points.



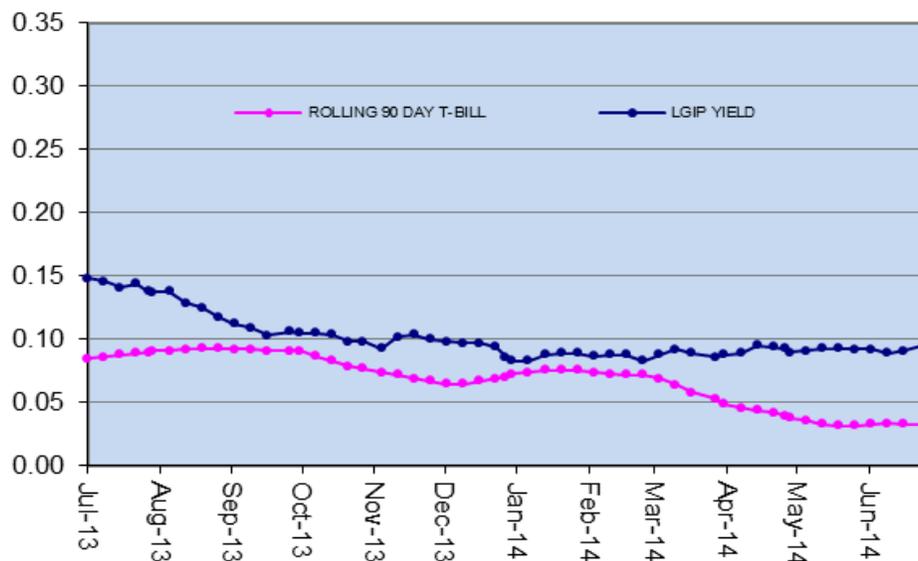
## Local Government Investment Pool

The LGIP was established as an alternative program to be utilized by local governments on a voluntary basis for their investable cash, with the advantage being economies of scale. The State Treasurer administers the LGIP in a conservative manner, consistent with the prudent guidelines outlined in a LGIP-specific Investment Policy. Any local government may deposit its public monies in the pool. In addition to safety and convenience, the LGIP permits:

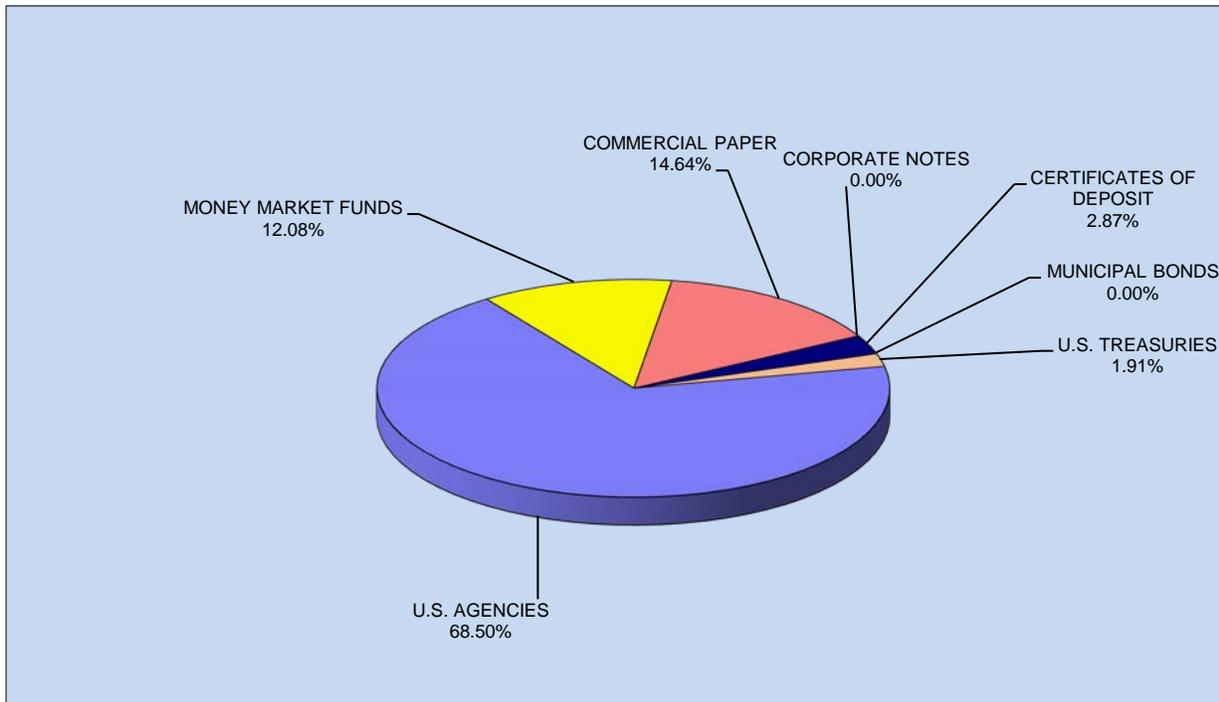
- Multiple accounts may be maintained for accounting purposes;
- No minimum or maximum size of accounts;
- No limit on transaction size for deposits or withdrawals of funds; and
- No restriction on length of time proceeds can be invested.

The LGIP investment strategy incorporates the matching of maturing securities to the anticipated cash needs of the participants. Approximately 10% of the fund matures on a daily basis to ensure sufficient liquidity is available to meet both anticipated and unanticipated withdrawals. The LGIP imposes a Minimum Liquidity Requirement, which projects the cash flow needed to meet identified obligations within a rolling four-week period, and has maturing securities aligned accordingly. The benchmark used to assess performance in the LGIP is the three-month moving average of the three-month Treasury bill. As of the end of FY14, the LGIP was outperforming this benchmark by 7 basis points.

**ROLLING 90 DAY T-BILL YIELD VS. LGIP PORTFOLIO YIELD**



There were 86 LGIP members at the close of FY14, comprised of cities, counties, school districts, and various special districts across the State. The LGIP's book value on June 30, 2014 was \$427,805,636. The LGIP's investment objectives include safety of principal, portfolio liquidity, and market return, consistent with a conservative, short duration portfolio. The Weighted Average Maturity (WAM) of the portfolio at fiscal year-end is 97 days.



## NVEST

NVEST is an alternative investment program for local governments, the objective of which is to provide higher returns than the LGIP. The minimum account size is \$3 million. NVEST participants, working with one of three registered investment advisors, can customize their portfolios based on their risk tolerances and other factors. The three registered investment advisors of Atlanta Capital, Government Portfolio Advisors and Seix were selected by the State to provide these investment management services. As of June 30, 2014, the NVEST portfolios had a total book value of \$397,195,420 and consisted of 10 participants.

<u>Entity</u>	<u>Manager</u>	<u>Book Value</u>
Clark Co. School Dist	Atlanta Capital	\$ 95,478,636
Clark County	Atlanta Capital	\$ 158,836,775
City of Elko	Government Portfolio Advisors	\$ 4,858,550
Eureka County	Government Portfolio Advisors	\$ 12,335,716
City of Fernley	Atlanta Capital	\$ 10,332,299
Humboldt County	Seix Investment Advisors	\$ 6,286,588
City of Las Vegas	Seix Investment Advisors	\$ 62,350,568
Lyon Co. School Dist	Seix Investment Advisors	\$ 12,675,802
Nye County	Seix Investment Advisors	\$ 12,145,544
City of Winnemucca	Seix Investment Advisors	\$ 21,894,942
<b>Total</b>		<b>\$ 397,195,420</b>

## **Collateral Pool Program**

Under Nevada Revised Statute (NRS) 356.350, the State Treasurer is required to establish a program for “the monitoring of collateral of public funds.” The Nevada Pooled Collateral Program offers state and local government agencies an efficient, cost effective, and safe alternative method for securing public funds. The primary objective is to reduce risk while, at the same time, decrease the overall collateral requirement for depositories. By centralizing the administration and reporting functions through the Investment Division, government agencies and depositories recognize cost savings in terms of operational support and collateral efficiency. Each financial institution is required to maintain as collateral (at a third party repository) acceptable securities having a fair market value that is at least 102% of the amount of the aggregate uninsured ledger balances of the public money held by the depository. Participating financial institutions must report each day the amount of deposits held and the value of the corresponding pledged collateral. Any under collateralization must be rectified by the financial institution by the close of business on the day the under collateralized deposits are reported.

At the conclusion of FY14, there were 275 public entities throughout the State participating in the Collateral Pool Program, with deposits in 14 financial institutions and a daily average balance of \$1.75 billion. Overall, daily pledged collateral averaged \$1.6 billion, of which \$388.6 million was excess collateral. Accounts in the program averaged a daily balance of \$844,595, of which \$547,176 was protected by collateral held in the Pool. The remaining balance is insured by the FDIC or NCUA.

## **Permanent School Fund**

The Permanent School Fund was created to account for monies received from estates that escheat to the State, proceeds from the sale of federal lands given to the State, and fines collected under the penal laws of the State that are pledged only for education purposes under Article 11, Section 3 of the Constitution of the State of Nevada. Per NRS 355.050, the State Treasurer shall have charge of all the investments of money and the sale of all securities of the State Permanent School Fund.

All earnings on the Fund’s assets are apportioned among several Nevada school districts. Additionally, school districts may enter into guarantee agreements with the State Treasurer whereby the money in the Fund is used to guarantee the debt service payments on certain bonds issued by school districts. The amount of guarantee for bonds of each school district outstanding, at any one time, must not exceed \$40 million.

As of June 30, 2014, fixed-income assets of the Permanent School Fund totaled \$306,828,855.

## **Nevada Capital Investment Corporation**

In 2011, the State Legislature passed Senate Bill 75, authorizing up to \$50 million non-tax dollars in the Permanent School Fund to be invested in private equity investments through a newly created non-profit corporation, the Nevada Capital Investment Corporation (NCIC). This private equity fund, called the Silver State Opportunities Fund, is a first in the history of the State of Nevada. Sponsored by the Nevada State Treasurer’s Office and supported by dozens of stakeholders during the 2011 Legislative Session, this fund focuses on new businesses in Nevada, existing Nevada businesses that are expanding, or in businesses which agree to relocate to this State.

In FY14, the NCIC Board and its fund-of-funds manager, Hamilton Lane, continued its work in screening and evaluating private equity investment opportunities in Nevada and making investment commitments to qualified underlying fund managers. In addition to a \$2 million investment in Miller Heiman, a global sales consulting firm headquartered in Reno, and a \$5 million commitment to Huntington Capital, Hamilton Lane made two additional commitments in FY14:

- A \$5 million commitment to Waterton Global Resource Management, a late stage private equity manager which invests in producing natural resource assets.
- A \$2.6 million commitment to Enhanced Capital Partners, a mezzanine and equity fund focused on financing lower middle-market companies across a variety of sectors.

As of June 30, 2014, the NCIC's commitments total \$14.6 million, or roughly 30% of the State's total allocation to private equity. The Silver State Opportunities Fund's partnerships have opened six new offices in Nevada and hired three locally-based investment professionals. A total of five companies have received investments. These businesses support many high-quality jobs in Nevada and, in the case of our direct investment in Miller Heiman (Reno), the funding they received has helped them expand. The program has already begun to catalyze the development of a private equity ecosystem in Nevada, as more than 150 companies have received referrals to fund managers and dozens of out-of-state managers have come to Nevada for conferences and management meetings. In addition, NCIC partnered with Hamilton Lane to host the second annual Silver State Investors Forum in April 2014. The purpose of these forums is to assist Nevada businesses in their efforts to grow by connecting private equity and venture capital investors with Nevada firms.

Hamilton Lane continues to assess direct co-investment opportunities in Nevada businesses and fund managers who will commit to investing funds in Nevada and expects to make additional commitments in FY15 and beyond. While there is still much work to be done, the above accomplishments are strong indicators that solid groundwork has been laid in Nevada to help bring out-of-state investors' attention to businesses here and to boost private equity capital in the Silver State.

# DEBT MANAGEMENT DIVISION

*Per NRS 226.110 (10), the State Treasurer is directly responsible for the issuance of any debt obligation authorized on behalf of and in the name of the State, except for issuances by the Colorado River Commission, the University of Nevada System, and the Department of Business and Industry which issue various types of debt under a range of levels of autonomy. Subsection 11 allows the State Treasurer to organize and facilitate statewide pooled financing programs, including lease purchases, for the benefit of the state and any political subdivisions.*

In FY14, the State Treasurer’s Office successfully conducted five bond sales comprised of ten series of bonds:

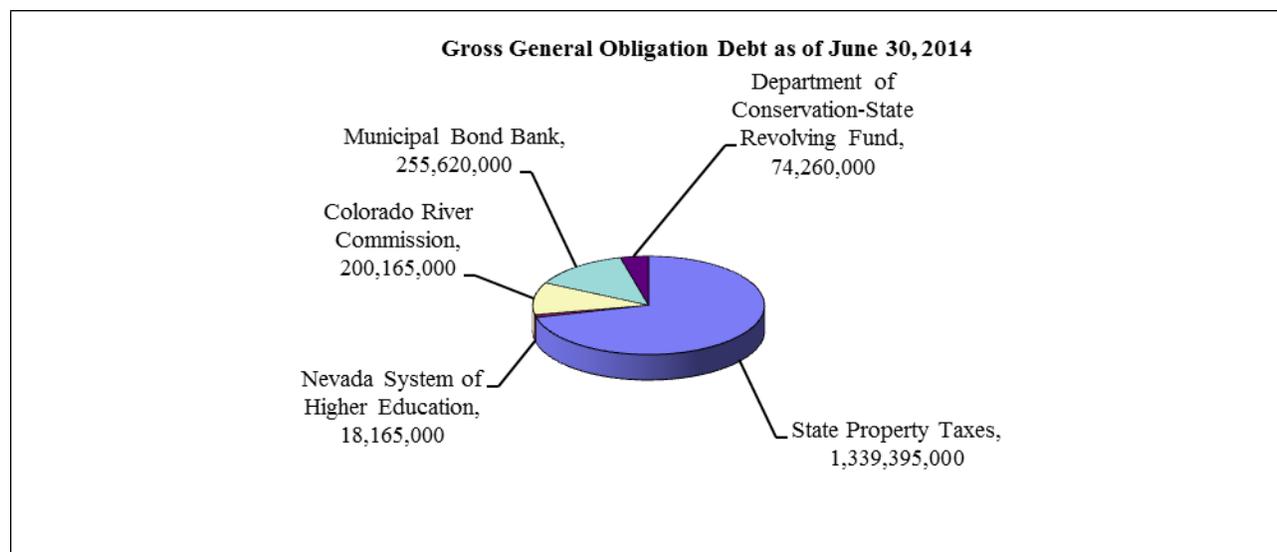
- 2013 Unemployment Compensation Fund Special Revenue Bonds: November 2013
- 2013 Certificates of Participation: April 2013
- 2014 Highway Revenue Bonds: March 2014
- 2014 Series A-D: April 2014
- 2014 Colorado River Commission RFDG Bonds June 2014

BONDS ISSUED IN FY2014						
	Series	Series Par	New Money	PV Savings	TIC	Term
Unemployment Compensation Fund Special Revenue Bonds	2013	\$ 548,900,000	\$ 548,900,000	\$ -	0.91%	4.5
Lease Revenue Refunding Certificates Of Participation-CCBI Project	2013	\$ 17,740,000	\$ -	\$ 3,354,439	3.84%	17
Lease Revenue Refunding Certificates Of Participation-Casa Grande Project	2013	\$ 18,045,000	\$ -	\$ 2,196,496	3.79%	17
Lease Revenue Refunding Certificates Of Participation-NSC Project	2013	\$ 50,445,000	\$ 50,445,000	\$ -	4.71%	29
Highway Revenue (Motor Vehicle Fuel Tax) Bonds	2014	\$ 86,020,000	\$ 86,020,000	\$ -	2.62%	13
Capital Improvement and Cultural Affairs Bonds	2014A	\$ 51,385,000	\$ 51,385,000	\$ -	2.97%	19
Natural Resources and Refunding Bonds	2014B	\$ 5,580,000	\$ 1,455,000	\$ 353,493	2.34%	11
Open Space, Parks, and Natural Resources Bonds	2014C	\$ 2,185,000	\$ 2,185,000	\$ -	2.96%	15
Safe Drinking Water Revolving Fund Matching and Refunding Bonds	2014D	\$ 5,145,000	\$ 2,950,000	\$ 143,279	1.21%	7
Colorado River Commission (Subordinate Revenue Supported) Refunding Bonds	2014E	\$ 29,475,000	\$ -	\$ 17,953,869	4.07%	30
		\$ 814,920,000	\$ 743,340,000	\$ 24,001,576		

The combined principal (or par) amount of the bonds was \$814,920,000. The terms of the bonds ranged from 4.5 to 30 years and the true interest cost (TIC) ranged from 0.91% to 4.71%, which represented historically low rates. The refunding bonds produced just over \$24 million in present value savings to the State and its municipalities.

## General Obligation Debt

The State Treasurer is responsible for the issuance and maintenance of the following types of general obligation (GO) debt: Capital Improvement Bonds, Municipal Bond Bank Bonds, State Revolving Fund Bonds, Cultural Affairs Bonds, Natural Resources Bonds, and other miscellaneous GO bonds and securities. The state requires GO bonds to be legislatively authorized and secured by the ad valorem tax portion dedicated to the payment of GO debt to the extent other monies are not available. The state's gross GO debt decreased from \$1.92 billion as of June 30, 2013 to \$1.89 billion as of June 30, 2014 due to refundings and payment of principal during FY14.



During FY14, the Debt Management Division processed debt service payments for existing GO debt totaling approximately \$209.66 million.

<b>Gross General Obligation Debt FY14 Debt Service Payments</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
State Property Taxes	\$85,140,000	\$63,471,214	\$148,611,214
Colorado River Commission	4,920,000	8,325,515	13,245,515
Municipal Bond Bank	15,255,000	12,412,028	27,667,028
Department of Conservation-State Revolving Fund	10,535,000	3,077,585	13,612,585
Nevada System of Higher Education	5,475,000	1,045,125	6,520,125
<b>Total FY14 Debt Service</b>	<b>\$121,325,000</b>	<b>\$88,331,467</b>	<b>\$209,656,467</b>

State law generally confines the maximum term of state debt to be 20 years from the date of authorization, thus providing for a relatively short amortization of debt compared to most states. The profile of the state's GO debt—which includes both self-supporting debt paid by fees and other revenue sources and debt paid by the statewide 17-cent property tax rate—is displayed in the Future Annual General Obligation Debt Service Requirements on the next page.

The chart below details the state's annual GO debt service by fiscal year as of June 30, 2014.

<b>Future Annual General Obligation Debt Service Requirements<sup>(1)</sup></b>					
<b>As of June 30, 2014</b>					
			Self-Supporting		
	General Obligation Bonds <sup>(2)</sup>		General Obligation Bonds		
Fiscal Year	Principal	Interest <sup>(3)</sup>	Principal	Interest	Grand Total
2015	\$89,225,000	\$62,343,372	\$36,290,000	\$24,139,128	\$211,997,500
2016	88,885,000	58,328,079	38,925,000	22,755,903	208,893,982
2017	93,355,000	55,042,074	46,390,000	20,818,710	215,605,783
2018	97,710,000	51,295,551	40,810,000	18,764,435	208,579,986
2019	98,745,000	46,947,235	36,270,000	16,965,656	198,927,891
2020	106,075,000	42,436,945	37,100,000	15,278,406	200,890,352
2021	111,240,000	36,965,236	36,340,000	13,532,579	198,077,815
2022	108,250,000	31,395,629	33,190,000	11,885,739	184,721,369
2023	101,855,000	25,956,196	35,520,000	10,268,783	173,599,978
2024	92,230,000	20,816,635	33,535,000	8,622,015	155,203,650
2025	95,595,000	16,345,423	34,735,000	6,966,064	153,641,487
2026	95,930,000	11,441,995	37,540,000	5,221,738	150,133,732
2027	96,810,000	6,576,648	38,670,000	3,393,620	145,450,268
2028	21,450,000	3,003,027	38,840,000	1,739,720	65,032,747
2029	17,445,000	1,962,487	2,975,000	949,843	23,332,329
2030	5,910,000	1,057,493	2,130,000	841,321	9,938,814
2031	6,185,000	793,080	1,445,000	768,583	9,191,663
2032	3,605,000	575,560	1,505,000	710,100	6,395,660
2033	3,755,000	419,860	1,115,000	656,306	5,946,166
2034	1,260,000	257,605	1,170,000	607,750	3,295,355
2035	1,320,000	194,495	1,215,000	557,069	3,286,564
2036	1,385,000	128,380	1,270,000	504,263	3,287,643
2037	575,000	59,010	1,320,000	449,225	2,403,235
2038	600,000	30,130	1,380,000	391,850	2,401,980
2039			1,280,000	335,325	1,615,325
2040			1,330,000	279,863	1,609,863
2041			1,390,000	222,063	1,612,063
2042			1,450,000	161,713	1,611,713
2043			1,510,000	98,813	1,608,813
2044			1,570,000	3,337	1,573,337
<b>Total</b>	<b>\$1,339,395,000</b>	<b>\$474,372,143</b>	<b>\$548,210,000</b>	<b>\$187,889,915</b>	<b>\$2,549,867,058</b>

(1) Table does not include revenue bonds and contingent liabilities and does not include lease purchase arrangements, the payments of which are subject to appropriation and that are terminable upon a nonappropriation of funds described in Note 8 to the 2013 Financial Statements.

(2) This table includes debt service on the State's general obligation bonds that is expected to be paid in part from other sources and payments to be made by the State relating to the State of Nevada General Obligation Certificates (Secure Juvenile Treatment Facility Project) Series 2009 executed and delivered by the Nevada Real Property Corporation.

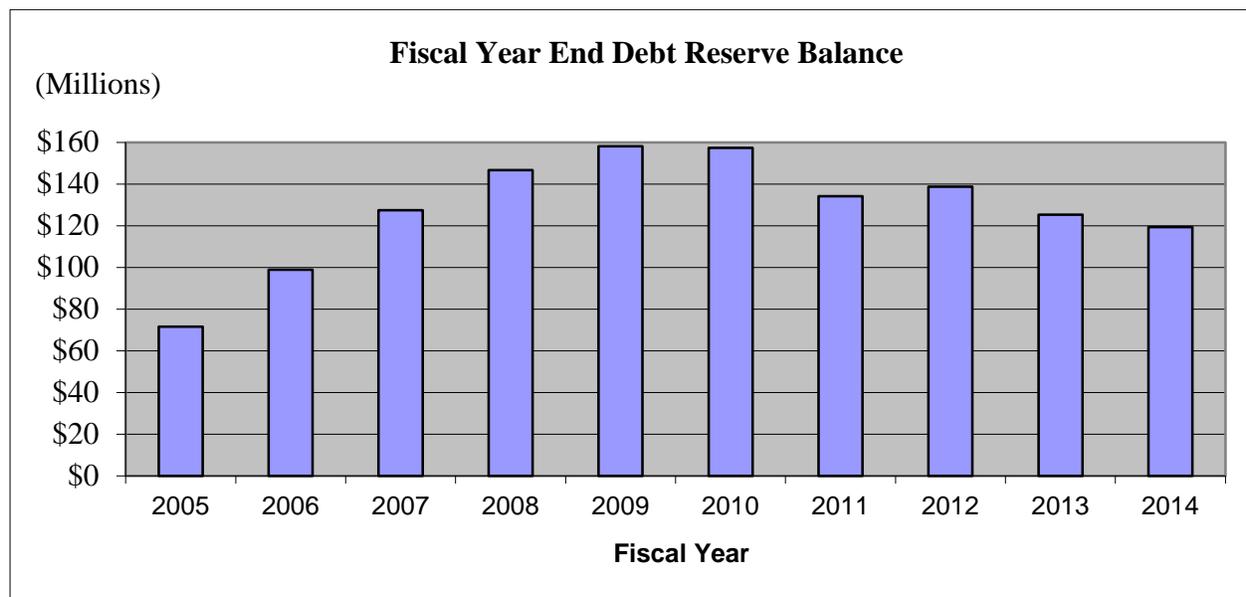
(3) These interest payments include the full interest payments due on the State's general obligation bonds that have been issued as Build America Bonds, including interest that is expected to be reimbursed from the federal government.

## Municipal Bond Bank

NRS 350A.140 designates the State Treasurer as administrator of the Nevada Municipal Bond Bank. In accordance with NRS 350A.150, the amount of state securities issued to acquire municipal securities may not exceed \$1.8 billion outstanding at any time. The state's Municipal Bond Bank program was established in 1981 to assist municipalities in undertaking local projects which foster and promote the protection and preservation of the property and natural resources of the state. Without this fund, municipalities might otherwise face the prospect of prohibitive interest rates. The Board of Finance must approve the issuance of state GO and revenue securities under the Bond Bank Act. The outstanding amount of securities issued pursuant to this Act was \$255,620,000 as of June 30, 2014.

## Debt Service Reserves

Nevada's Consolidated Bond Interest and Redemption Fund is used for the collection of the 17-cent property tax revenue dedicated to pay GO bonds, payment of the principal and interest on non-self-supporting GO bonds, and to reserve monies for future GO bond debt service payments. This debt service reserve is funded from the excess of applicable property tax revenues over the required debt service payments plus interest earnings on the fund. The Bond Interest and Redemption Fund is available to provide ready reserves to meet current debt service obligations to the extent monies are insufficient from current property tax revenues. At the conclusion of FY14, the Bond Interest and Redemption Fund had an estimated ending balance of approximately \$119.34 million, which represents approximately ten months of the state's FY15 GO debt paid with property taxes. The state's Debt Management Policy has an objective to have a reserve within the Bond Interest and Redemption Fund balance at the end of each fiscal year equal to at least 50% of the next fiscal year's debt service on its general obligation bonds (exclusive of those bonds considered to be self-supporting and paid by other available revenues) and after deducting amounts within the fund that are set aside for purposes other than payment of debt service. The current reserve significantly exceeds this benchmark by prefunding most of the FY15 debt service requirements.



## **Debt Affordability Analysis**

A committee comprised of representatives from the Department of Taxation, the Department of Administration, and the Legislative Counsel Bureau meets at a minimum biannually to forecast the estimated revenue to be received from its assessed property tax. The State Treasurer's Office attends these meetings and utilizes the committee's projections in the General Obligation Debt Capacity and Affordability Report. In addition to these meetings, the affordability analysis is updated as needed and after each issuance.

The General Obligation Debt Capacity and Affordability Report is utilized by the Governor in preparing his recommended budget and then also presented to the State Legislature for use in their decision making regarding the issuance of bonds during the following biennium, future capacity and affordability for the next ten years, and the determination of the ad valorem levy for the next biennium.

The assumptions used in the General Obligation Debt Capacity and Affordability Report 2013-2015 Biennium were:

- Estimated future borrowing costs are set at a conservative 6% interest rate.
- The reserve balance in the Bond Interest and Redemption Fund is maintained at June 30<sup>th</sup> of each fiscal year equal to 50% of the next fiscal year's debt service.
- Outstanding and proposed GO debt does not exceed the Constitutional debt limit.
- Ad Valorem levy to stay at the existing rate of \$0.17 per \$100 of assessed valuation.

In January 2013, the Debt Management Division presented the General Obligation Debt Capacity and Affordability Report 2013-2015 Biennium to the Legislature. This report, utilizing the above assumptions, determined the state did not have affordability for additional GO bonds paid with property tax until Fiscal Year 2020. Subsequent to the issuance of this report, in April 2013 the Debt Division took advantage of low rates in the capital markets and issued multiple refunding bonds for debt service savings and leveling of the debt portfolio. Because of these actions, an additional \$61 million of GO debt affordability became available for issuance of GO debt in Fiscal Year 2014. The 2013 Legislature was apprised of the additional affordability and in turn authorized just under the \$61 million for capital improvement and natural resource projects.

The ad valorem tax levy for the 2013-2015 Biennium remained at the prior levy rate of \$0.17 per \$100 of assessed valuation.

## **State Debt Capacity**

In addition to the debt affordability report prepared by the Debt Management Division, the issuance of GO bonds is also limited by the State Constitution. Article 9, Section 3 of the State Constitution limits the aggregate principal amount of the state's outstanding GO debt to 2% of the total reported assessed valuation of the state. The limitation does not extend to debt incurred for the protection and preservation of any property or natural resources of the State, or for the purpose of obtaining the benefits thereof. Subject to the constitutional debt limitation, the Legislature may authorize the issuance of debt for any public purpose.

For FY14, the constitutional debt limit stood at \$1.70 billion with the outstanding GO debt subject to this limit at \$1.15 billion.

<b>Constitutional Debt Limitation and Capacity<sup>(1)</sup></b>				
<b>June 30</b>	<b>Assessed Valuation</b>	<b>Debt Limitation</b>	<b>Outstanding GO Debt Subject to Limitation</b>	<b>Remaining Constitutional Debt Capacity</b>
2010	95,018,324,064	1,900,366,481	1,383,690,000	516,676,481
2011	87,805,540,651	1,756,110,813	1,311,690,000	444,420,813
2012	83,575,629,078	1,671,512,582	1,260,065,000	411,447,582
2013	85,058,177,087	1,701,163,542	1,178,185,000	522,978,542
2014	92,727,490,889	1,854,549,818	1,151,010,000	703,539,818

<sup>(1)</sup>Estimated by State of Nevada Controller's Office

### **Nevada's Credit Ratings**

Credit rating agencies provide an independent assessment of the relative creditworthiness of municipal securities. The rating system consists of letter grades that convey each company's assessment of the ability and willingness of a borrower to repay its debt in full and on time. Many investors rely upon these letter grades as a means of assessing the likelihood of repayment.

Credit ratings issued by the bond rating agencies are a major factor in determining the cost of borrowed funds in the municipal bond market. Determination of a credit rating by a rating agency is based on the rating agency's assessment of the credit worthiness of an issuer with respect to a specific obligation.

There are several factors that rating agencies consider in assigning credit ratings: financial, economic, debt, and administration/management. Rating agencies believe debt management is an important factor in evaluating issuers and assigning credit ratings, which ultimately determine the borrowing cost of funds. At the conclusion of FY14, the state's GO debt was rated AA+, Aa2, and AA respectively by the three major rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's.

	<b>Ratings</b>		
	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
General Obligation	AA+	Aa2	AA
Certificates of Participation	AA	Aa3	AA-
Highway Revenue	AA+	Aa2	AAA
Unemployment Compensation Revenue	AA+	Aaa	AAA
Permanent School Fund Guarantee	N/A	Aaa	AAA

Despite the national recession, which exacerbated Nevada's relatively cyclical and narrow economy that relies on sectors sensitive to changes in discretionary consumer spending (tourism and gaming) and those with volatile performance (construction and real estate), the state has

been able to maintain a strong “AA” category rating, one step below the highest rating category of “AAA.” Investors consider bonds with “AA” ratings to be of high quality by all standards

with strong capacity to pay principal and interest. Nevada is recognized by the rating agencies as having conservative and prudent fiscal management which reacts quickly to its budget needs.

Debt ratios, on both a per capita and personal income basis, are below Moody’s 50-state median and Standard and Poor’s considers Nevada to have low total debt relative to the state’s economy and a low debt burden as a portion of the state’s budget.

### **Permanent School Fund Guarantee Program**

The Permanent School Fund Guarantee Program (PSFG), established under NRS 387.519, provides a mechanism for school districts to enter into agreements with the state whereby the money in the Permanent School Fund (PSF) is used to guarantee the debt service payments on certain bonds issued by school districts. The PSFG secured bonds carry the highest possible rating of “AAA” by Moody’s and Standard and Poor’s—thus providing Nevada school districts with greater access to public credit markets and reduced borrowing costs. The State Treasurer is tasked with the responsibility of administering the PSFG and for investing the monies related to the PSF.

In collaboration with the 2007 State Legislature, Treasurer Marshall successfully sponsored Assembly Bill 554, which raised the Permanent School Fund Guarantee available for each school district from \$25 million to \$40 million, increasing the school districts’ ability to reduce borrowing costs.

Fundamental to the PSFG program is the legal authorization of the PSF to guarantee school district debt, which includes ensuring timely debt service payment, coupled with strong oversight and enforcement provisions. If a district fails to make a timely payment, the State Treasurer is required to withdraw a sufficient amount of money from the PSF in order to make a timely debt service payment. The withdrawal from the fund and payment of debt service on the bonds is considered a loan to the district. The loan must be repaid to the state from either district money available to pay debt service on the bonds which are guaranteed or from withholdings of state aid due to the district.

The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of December 31, 2013, the State Controller reported that the value of the total assets of the PSF, including all investments reported at fair value, was \$324,984,701. Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years but since January 2013 the fund has made a \$2 million private equity investment and commitments totaling more than \$12 million with private equity managers. In addition, the State Treasurer anticipates making public equity investments and additional private equity investments in the PSF in the future as part of a plan to phase the PSF portfolio from a fixed income portfolio to a blended equity/bond portfolio over time.

Pursuant to NRS §387.516.1 the maximum amount of principal that can be guaranteed by the State for any school district is limited to \$40,000,000. Further, pursuant to NRS §387.522.1(a), the total amount of bonds that can be guaranteed by the State is limited to 250% of the lower of

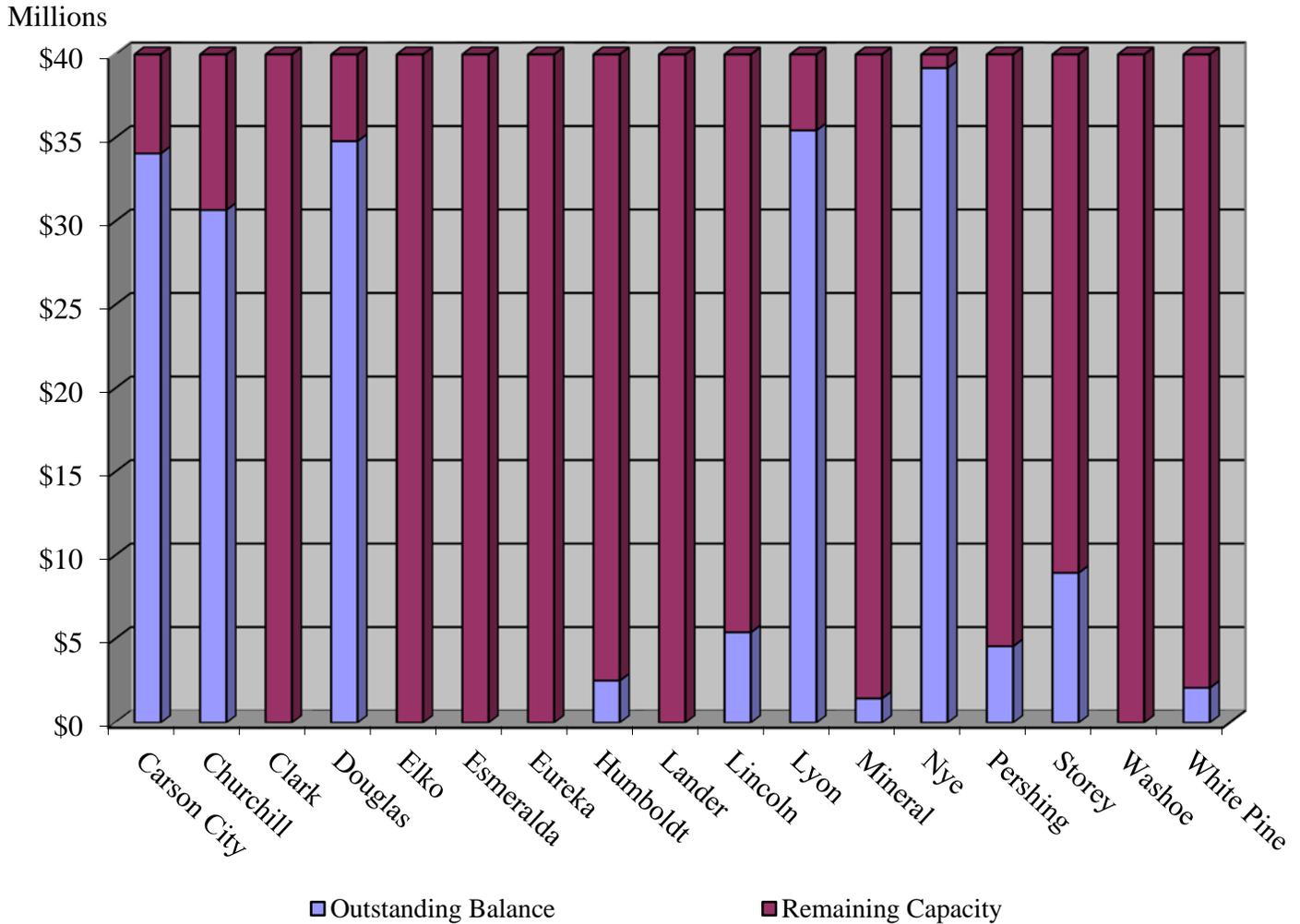
the cost or fair market value of the assets in the PSF. Based on the current balance of the PSF, the maximum principal that can be guaranteed is more than \$750 million.

As of June 30, 2014 \$257,477,900 in bonds had been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF.

To date, eleven of Nevada's seventeen school districts are taking advantage of the PSFG. Since the implementation of the 2007 legislation, taxpayers have saved just under \$8.5 million in borrowing costs by school districts utilizing the PSFG.

<b>Permanent School Fund Guaranteed Bonds by School District<sup>1</sup></b>	
<b>School District</b>	<b>Outstanding Balance</b>
Carson City	\$34,070,000
Churchill	30,685,000
Clark	0
Douglas	34,805,000
Elko	0
Esmeralda	0
Eureka	0
Humboldt	2,515,000
Lander	0
Lincoln	5,397,900
Lyon	35,450,000
Mineral	1,450,000
Nye	39,180,000
Pershing	4,565,000
Storey	8,960,000
Washoe	0
White Pine	2,085,000
	<b>\$199,162,900</b>
<sup>1</sup> As of June 30, 2014	

### PSFG Capacity by School District



### Remaining Capacity by County (in millions)

Carson City: \$6  
 Churchill: \$90  
 Clark: \$40  
 Douglas: \$5  
 Elko: \$40  
 Esmeralda: \$40

Eureka: \$40  
 Humboldt: \$37  
 Lander: \$40  
 Lincoln: \$35  
 Lyon: \$5  
 Mineral: \$39

Nye: \$1  
 Pershing: \$35  
 Storey: \$31  
 Washoe: \$40  
 White Pine: \$38

# INFORMATION TECHNOLOGY GROUP

*The mission of the Information Technology Division is to build, maintain, and enhance the office's technology infrastructure, with the goal of facilitating and supporting the overall mission and goals of the State Treasurer's Office and its staff.*

The Information Technology Team works closely with all State Treasurer's Office personnel and divisions to support and manage existing enterprise systems, along with optimizing and developing new solutions. The team develops and delivers solutions internally as well as directs and manages various vendor relationships for the Cash Management, Unclaimed Property, Collateral Pool, Millennium Scholarship, Prepaid Tuition, College Savings, Debt, and Investment systems.

In addition to providing software and systems support, the IT team provides statewide desktop and server support, network infrastructure, disaster recover contingency planning, and training to the Treasurer's staff.

An incoming funds notification system was deployed and is fully operational. Feedback from staff indicates it is working well and makes it easier to track and look up notifications. Enhancements were made to the Unclaimed Property "Fast Track" system, which is helping to streamline the online claim application process. The Nevada College Kick Start Program software system was developed and deployed. <http://www.nevadatreasurer.gov> was completely refurbished and streamlined to improve public service. The website now provides new self-service tools for Governor Guinn Millennium Scholarship students, including reviewing their unique MSID, acknowledgment of their award, submitting address changes, and checking the current status of their scholarship. In addition, improvements were made and deployed with respect to servicing Prepaid Tuition contract holders, such as implementation of electronic signature software (DocuSign), streamlining 3<sup>rd</sup> party payment processing to Nevada System of Higher Education (NSHE) institutions, and enhancing self-service options on the [NVPrepaid.gov](http://NVPrepaid.gov) website. Further exploration into using social media to expand notification and servicing of the College Savings programs is underway.

# Staff Profiles

Chief of Staff **Steve George** joined the State Treasurer's Office in October 2008 as Senior Deputy Treasurer before being named to his current position in 2010. His duties include serving as the office's liaison with other government officials and dignitaries, overseeing all internal and external communication, coordinating special projects, and supervising the office's personnel.



Steve has the distinction of having worked for four constitutional officers—Attorney General, Governor, Secretary of State, State Treasurer. He also authored and/or revised two books relating to the history of the state: The 11th Edition of the *Political History of Nevada*, and *Moving Nevada into the 21<sup>st</sup> Century: Governor Kenny C. Guinn*.



Chief Deputy Treasurer **Mark Mathers** joined the State Treasurer's Office in April 2010 as Senior Deputy Treasurer for Carson City before ascending to the position of Chief Deputy Treasurer in November 2011. His duties include working closely with the Debt Management, Investment Management, and Cash Management divisions, including assisting with investment responsibilities related to the Nevada College Savings Plans.

Mark previously served six years as the Chief Investment Officer for the State Treasurer of Missouri, managing a \$4 billion portfolio. Prior to this position, Mark served as Chief Investment Officer and Head of Cash Management for the County of San Bernardino in California.

Mark holds a Bachelor of Arts degree in Public Administration from California State University, Fullerton.

Senior Deputy Treasurer **Tara Hagan** for Northern Nevada joined the State Treasurer's Office in June 2012. Her responsibilities include assisting with investment responsibilities related to the Nevada College Savings Plans, serving as the point person for the Nevada Capital Investment Corporation, and working with the Chief Deputy Treasurer and the Chief of Staff on special projects.



Tara previously served nearly five years as the Executive Director of the Nevada Deferred Compensation Program, where she was responsible for managing the daily operations. Prior to this position, Tara was the Regional Manager for ING Financial Services where she was responsible for the relationship management of several government defined contribution plans in California and Nevada.

Tara holds a Bachelor of Arts degree in journalism and political science from the University of Iowa.



Senior Deputy Treasurer for Southern Nevada **Sheila Salehian** accepted the position in January 2012. Sheila's responsibilities include overseeing the Nevada Prepaid Tuition, the Unclaimed Property Division, and the office's IT personnel. She is also responsible for administering the office's Financial Literacy program.

Prior to joining the Treasurer's office, Sheila worked in the Financial Services Industry for over 22 years, holding a variety of Relationship Manager, Area Director, & Information Technology liaison roles for a Fortune 100 company.

Sheila holds a Bachelor of Business Administration degree from the University of Iowa.

**Vincent "Budd" (Budd-EE) Milazzo** serves as Deputy Treasurer for Cash Management. He rejoined the Treasurer's Office in July 2013, having previously worked in the Cash Management Division. His duties include overseeing the Cash Management Division, monitoring state banking services, preparing the division's budget, and serving as the office's liaison with other state agencies/offices.



Prior to rejoining the Treasurer's Office, Budd worked at the Nevada Health Division, managing the Accounting and Auditing units.

Originally from New Jersey, Budd remembers exactly where he was on the night of October 25, 1986.



**Lori Chatwood** accepted the position of Deputy Treasurer for Debt Management in March 2008. She has been employed by the State Treasurer's Office since 1997, and worked within the Debt Management division since 2000.

Besides overseeing the issuance of State securities, Lori is responsible for the collection and payment of various state obligations: Transportation, Capital Improvements, Water Pollution Control Revolving Fund, Safe Drinking Water Revolving Fund, Municipal Bond Bank, Lease-Backed Financings and the Permanent School Fund Guarantee, among others.

**Linda Everhard**, Deputy Treasurer for Unclaimed Property, oversees a staff of four auditors and six other office members. The Division is responsible for finding owners of unclaimed property, processing claims, ensuring holder compliance, securities management, and enforcing the Unclaimed Property Nevada Revised Statute 120A.

Prior to joining the Treasurer's Office, Linda owned and operated a Motorcycle Dealership in Montana. She has held a variety of financial positions with state agencies within the State of Nevada.

Linda earned a Bachelor of Business Administration degree from Montana State University.



**Linda English** was appointed as Executive Director of the Governor Guinn Millennium Scholarship program and Deputy Treasurer for College Savings in September 2012. She manages all aspects of both programs, including serving as a spokesperson at public events to inform people about the benefits of both programs for Nevada families.

Before joining the Treasurer's staff, Linda served over 15 years at the University of Alaska as the Executive Director of Alaska's 529 Program, as well as the UA Scholars Program, Alaska's largest scholarship program. Prior to this position, Linda owned and operated a successful reservation service for the Denali National Park area of Alaska.

Linda holds a Bachelor of Business Administration from the University of Alaska Fairbanks.

**Pamela Jurgensen** became Deputy Treasurer of Investments in March 2013. She oversees a staff of three investment professionals. The Investment Division is responsible for the internal investments of the state's general portfolio, Local Government Investment Pool, and the state's Permanent School Fund.

Pam and her team's other responsibilities include creating and updating investment policies and procedures, audit reports and responses, requests for professional services, and other solicitations, and creating investment reports. She also advises other divisions within the Treasurer's Office on investment-related issues.

Pam has over a decade of experience working in local government, serving as a portfolio manager for the Chicago Public Schools and as a consultant to the Chicago Park District for its investment program. She holds a BA from Governor's State University and is currently a board member for the Government Investment Officers Association (GIOA).





**Jennifer Qualls** became the Director of Information Systems for the State Treasurer's Office in June 2014. She is responsible for overseeing all IT-related aspects of the agency, including infrastructure, systems and applications, and IT contracts.

Before joining the agency, Jennifer worked extensively in both the public and private sectors for 20+ years, including serving as a Corporate IT Operations Manager and Development Manager for the State of Washington.

Jennifer holds multiple degrees, including a Master's in Computer Information Systems and a Master's in Business Management, as well as a Bachelor's degree in Computer Science. She is also a PMP, Scrum Master, and holds multiple process related certifications.

**Sandy Dombrowski** serves as Executive Assistant to State Treasurer Kate Marshall. She joined the office in October 2007. Her duties include scheduling, administrative tasks, assisting with inquiries and correspondence from constituents and elected officials, and other responsibilities assigned by the Treasurer.

Sandy previously was a customer service representative and executive office receptionist for the Secretary of State's Office, as well as serving as back up to the Secretary's Executive Assistant.





## KATE MARSHALL Nevada State Treasurer



Kate Marshall was first elected State Treasurer in 2006 and re-elected to second term in 2010. She originally ran on a platform she called the “Marshall Plan,” which included seven main points she would emphasize during her tenure. The basic tenets were simple: Improve and implement programs that save taxpayer dollars; reduce spending by becoming more efficient; and identify innovative methods for increasing economic development in our state. By the conclusion of her first term, six of these covenants had been met, with the seventh being achieved with the creation of the state’s first private equity investment fund during the 2011 Legislative Session.

A crowning achievement of her term as State Treasurer is the successful sponsorship and passage of Senate Bill 75 during the 2011 Legislative Session, which created the Nevada Capital Investment Corporation (NCIC) and the Silver State Opportunity Fund. The goal of the \$50 million Silver State Opportunity Fund is to capitalize on investment opportunities in Nevada in order to increase funding for Nevada’s K-12 schools, while at the same time spurring economic development and job growth. While a minimum of 70% of investments must be made in businesses located in Nevada, looking to expand in Nevada, or in businesses wishing to relocate in Nevada, 100% of the funds will be invested in Nevada. Earnings from the fund go to Nevada’s K-12 schools. As of June 30, 2014, the NCIC’s commitments total \$14.6 million, or roughly 30% of the State’s total allocation to private equity.

With two young daughters of her own and as someone who benefitted from a college education herself, Kate is committed to providing parents, other caregivers, and friends with greater resources for saving for a college education for their children. During her time as administrator of the Nevada College Savings Plans, the number of Nevada families opening college savings accounts has grown by 127% and total assets held in those college savings accounts has grown from \$4.58 billion to \$13.8 billion. The Nevada Prepaid Tuition Program, which allows Nevadans to lock in future tuition for their children at a today’s cost, is also part of the State’s college savings network. During her term, the number of Nevada Prepaid Tuition contracts sold annually has increased from a little over 200 per year to nearly 1,300 in FY14, with total assets growing from \$109 million to \$192 million, and the funded ratio of the program increasing by 2013 to more than 110%, the third highest in the nation.

In addition to renegotiating contracts with the State's college savings plans private sector program managers, resulting in significantly reduced fees paid by account owners working to save for the children's college costs, Kate worked with the Nevada College Savings Plans program manager to lower the initial account opening cost to a mere \$15, making it more affordable for Nevada families to begin saving for their children's future higher education costs. Kate initiated the *Ugift* and *Silver State Matching Grant* programs, which provide greater opportunities for family members and friends to contribute to a child's college savings plan. Further, the *Distinguished Valor Matching Grant* program was established to assist Nevada military families save for their children's college costs.

With the ultimate goal of supporting a "college-bound culture" in our state by better preparing parents to plan ahead for their children's future higher education costs, Kate successfully launched the *Nevada College Kick Start Program* in 2013, which opened SSgA Upromise 529 college savings accounts with an initial deposit of \$50 for all Nevada public school kindergarten students. This national first-of-its-kind statewide program is now being studied and emulated by other states seeking to follow in our footsteps, creating a trend that is taking shape across our nation. No tax dollars were used in establishing these accounts; rather, a portion of the fees paid to the Treasurer's Office by private sector program managers provided the necessary funding. Funding for the Nevada College Kick Start Program will continue at least through Fiscal Year FY16 (June 30, 2016), at which time the College Savings Board will review the impact of the program.

She also worked with the Governor's Office and the Nevada Department of Health and Human Services to eliminate asset limitations relating to college savings accounts for those who receive government assistance, providing Nevada families with the ability to give their children a path to a better life through education.

Increasing financial literacy in our State has also been a goal of the office during her term. A three-prong approach has been utilized: providing financial education materials to Nevada K-12 schools; hosting Nevada Women's Money conferences, which in two years have been attended by more than 1,500 women from across the State; and creating a financial fitness website for use by parents, teachers, and students. For her efforts in this area, Kate received the 2013 "Organization of the Year – Government" award from the Institute for Financial Literacy.

Prior to Kate becoming State Treasurer, the State had done little to find the rightful owners of unclaimed property. As a direct result of expanded outreach efforts and the adoption of "Best Practices," the Treasurer's Office has increased the amount of unclaimed property returned to rightful owners from \$7.2 million in 2006 to \$31.2 million in 2014. Individual claims paid have increased by more than 220% since 2006, and the dollar amount returned has increased by a whopping 431%. A Fast Track Claims process created by the Unclaimed Property Division in 2010 allows rightful owners with claims under \$2,500 to file those claims electronically and to receive their money in one quarter the time. In FY14, 38% of all claims were paid through our Fast track system.

While greatly increasing returns to rightful owners, the Treasurer's Office set several new records for the amount transferred to the state General Fund to be used to support critical programs. In 2012, the Treasurer's Office transferred nearly \$97.4 million, shattering the previous record of \$83.7 million set in the prior fiscal year. To help business owners in Nevada, the Unclaimed Property Division created a Voluntary Disclosure Agreement program, which

provides a mechanism for companies to come into compliance with state law with a waiver of penalty and interest. In FY14, \$2.1 million was reported as a direct result of the VDA Program.

As Treasurer, Kate is responsible for the structuring and sale of the State's debt. She has successfully kept the State's debt burden manageable during a period of tremendous financial strife in Nevada and across the nation, and maintained the State's good credit rating, resulting in lower borrowing costs for Nevada taxpayers. The office has continuously pursued refundings whenever possible to lower the State's interest costs, with the savings being used to finance important infrastructure projects. In 2012 and 2013 alone, the Treasurer's Office refinanced \$1.2 billion of state liabilities, saving more than \$72 million in debt service payments.

A bill sponsored by the State Treasurer's Office during the 2007 Legislative Session raised the amount available to guarantee school districts' debt in the Permanent School Fund Guarantee Program from \$25 million to \$40 million, providing public schools with easier access to public credit markets and reducing their borrowing costs. This move has saved taxpayers nearly \$8.9 million in reduced borrowing costs.

As State Treasurer, Kate requested an independent audit and review of office contracts, including those entered into by the previous administration, to determine cost saving measures that would benefit the taxpayers of Nevada. Through renegotiated contracts and other cost cutting measures, taxpayers and account holders have saved more than \$2 million.

As a member of the Nevada State Board of Finance, Kate proposed and the Board adopted a new policy that assists the Treasurer's Office in avoiding investments in companies and organizations linked to terrorist groups and nations.

Kate continues to work with her staff, legislators, other constitutional officers, and interested citizens to find new and improved ways to protect our state's future through prudent investment planning.

### **Personal Biography**

As a young girl, Kate understood the important role education would play in determining her future.

After finishing high school, she attended California State University, San Francisco, later transferring to the University of California, Berkeley, which reviewed Kate's SAT scores and offered her academic and financial grants and scholarships to attend. She earned her way through college, working at the university library.



Following graduation from UC Berkeley, Kate joined the Peace Corps, teaching English and Commerce in the rural outback of Kenya. Successful in her first teaching experience, the Peace Corps recruited Kate to establish the teaching curriculum for the Peace Corps program for Secondary School English in Kenya.

After returning from East Africa, Kate was accepted and graduated with a juris doctorate degree from the Boalt Hall School of Law, UC Berkeley, spending her summers interning with law

firms, most notably United States Senator Paul Laxalt’s law firm, Laxalt, Washington, Perito & Debut, in Washington, DC.

Kate later applied and was accepted to the United States Department of Justice’s Honors program. Kate was assigned to the Department of Justice’s San Francisco field office, building and prosecuting cases involving criminal antitrust litigation, and later transferred to the Washington DC office, where she handled complex civil cases.

In 1994, she received the Department of Justice’s Antitrust Division’s Outstanding Contribution Award, and in 1997 she received public acknowledgement for her work in the Antitrust Division from then United States Assistant Attorney General of Antitrust Joel Klein.

In 1997, Nevada Attorney General Frankie Sue Del Papa asked Kate to move to Nevada to create Nevada’s Antitrust Unit. As Senior Deputy Attorney General and the creator of Nevada’s Antitrust Unit, Kate successfully streamlined and modernized Nevada’s antitrust statutes, facilitating greater access for all Nevadans. She also fostered the expansion of Nevada’s “Toys for Tots” program into rural Nevada.

In 2000, Kate became in-house counsel for ATG Inc., a private telecommunications firm serving small and medium size businesses in Northern Nevada. In 2001, she was chosen by ATG to be an honoree in the Nevada Women’s Fund, Women of Achievement event.

Before making the decision to run for elected office, Kate ran her own successful law practice, specializing in consumer protection, telecommunications law, and competitive market analysis.

Kate and her husband, Dr. Elliott Parker, a Professor of Economics at the University of Nevada,



# FINANCIAL SECTION

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### UNCLAIMED PROPERTY

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Unclaimed Property Receipts		
Utility Companies	\$ 1,039,851	\$ 1,301,620
Insurance Companies	11,151,120	9,338,037
Financial Institutions	16,242,266	13,994,141
Security Sales & Dividends	11,170,069	12,913,144
Local Governments	1,633,961	1,004,647
Other State Governments	1,576,701	967,045
Other Businesses	17,684,870	19,827,829
Audit Proceeds	1,112,183	6,135,936
Direct Payment From FDIC	46,203	906,943
Penalties, Interest and Other	763,206	269,940
Total Revenues	62,420,430	66,659,283
 Expenditures		
Payments to Claimants	35,259,608	23,022,490
Payments FDIC Claimants	(3,952,438)	11,237,933
Personnel Costs	788,024	814,828
Contractual Services	794,737	963,387
Operating Costs	144,258	129,548
Advertising and Public Relations	123,671	163,307
Total Expenditures	33,157,860	36,331,493
 Other Financing Sources (Uses)		
Transfer to General Fund	(17,446,436)	(32,973,903)
Transfer to Educational Trust Fund	(198,684)	(142,731)
Transfer to Gov. Guinn Scholarship Fund	(7,600,000)	(7,600,000)
Total Other Financing Sources (Uses)	(25,245,120)	(40,716,634)
 Excess of revenues and other financing sources over expenditures and other financing uses	4,017,450	(10,388,843)
 Beginning Balance, July 1	5,579,442	15,910,432
Ending Balance, June 30	\$ 9,596,892	\$ 5,579,442

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### MILLENNIUM SCHOLARSHIP TRUST FUND Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Tobacco Settlement Income	\$ 15,735,088	\$ 23,670,679
Appropriation	7,000,000	-
Interest Income	13,843	-
Prior Year Correction	13,534	-
Refunds	43,932	-
Total Revenues	<u>22,806,397</u>	<u>23,670,679</u>
Expenditures		
Scholarship Payments	23,832,685	23,068,359
Personnel	210,501	234,039
Travel	3,201	1,331
Administrative	123,772	124,562
Total Expenditures	<u>24,170,159</u>	<u>23,428,291</u>
Other Financing Sources (Uses)		
Transfer from College Savings Endowment Account	-	35,819
Transfer from Treasurer	337,474	324,113
Transfer from Unclaimed Property	7,600,000	7,600,000
Total Other Financing Sources (Uses)	<u>7,937,474</u>	<u>7,959,932</u>
Excess of revenues and other financing sources over expenditures and other financing uses	6,573,712	8,202,320
Beginning Balance, July 1	<u>18,878,114</u>	<u>10,675,794</u>
Ending Balance, June 30	<u>\$ 25,451,826</u>	<u>\$ 18,878,114</u>

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### PREPAID TUITION TRUST FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Participant Contributions	\$ 15,073,995	\$ 12,264,516
Application Fees	126,700	114,200
Administrative Charges	25,500	24,600
Interest Income	5,764	3,405
Investment Gain (Loss)	2,510,474	10,079,962
Total Revenues	<u>17,742,433</u>	<u>22,486,683</u>
Expenditures		
Tuition Payments	8,159,498	7,298,141
Personnel Costs	152,712	156,995
Travel	4,295	1,315
Operating Costs	357,077	444,980
Contract Cancellation Refunds	1,722,683	1,655,689
Contract Rollover Payments	4,406	-
Total Expenditures	<u>10,400,671</u>	<u>9,557,120</u>
Other Financing Sources (Uses)		
Transfer from College Savings Endowment Account	1,820,000	1,320,000
Transfer from College Savings to Pay Operating	514,084	603,290
Total Other Financing Sources (Uses)	<u>2,334,084</u>	<u>1,923,290</u>
Excess of revenues and other financing sources over expenditures and other financing uses	9,675,846	14,852,853
Beginning Balance, July 1	146,817,693	131,964,840
Prior Period Adjustment	-	-
Ending Balance, June 30	<u>\$ 156,493,539</u>	<u>\$ 146,817,693</u>

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### COLLEGE SAVINGS

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Investment Management Fees	\$ 5,091,588	\$ 4,662,160
Gifts and Donations	25,893	-
Noncash Revenues	488,931	279,955
Settlement Income	4,583,994	
Interest Income	23,202	7,207
Cost Allocation/Fund Transfers	3,238,311	1,028,265
Total Revenues	<u>13,451,919</u>	<u>5,977,587</u>
Expenditures		
Personnel	212,525	206,022
Operating	3,025,787	822,242
In-Kind Marketing	488,932	279,955
Total Expenditures	<u>3,727,244</u>	<u>1,308,219</u>
Other Financing Sources (Uses)		
Administrative Transfers		
College Savings	3,238,311	941,975
Millennium Scholarship	337,474	276,090
Prepaid Tuition	514,084	603,290
Transfer to Prepaid Tuition Trust Fund	1,820,000	1,320,000
College Kick Start	21,293	
Cost Allocation	182	291
Total Other Financing Sources (Uses)	<u>5,931,344</u>	<u>3,141,646</u>
Excess of revenues and other financing sources over expenditures and other financing uses	3,793,331	1,527,722
Beginning Balance, July 1	2,970,904	1,443,182
Ending Balance, June 30	<u>\$ 6,764,235</u>	<u>\$ 2,970,904</u>

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

## CONSOLIDATED BOND INTEREST & REDEMPTION FUND

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Taxes		
Real Property	\$ 113,201,545	\$ 113,220,557
Personal Property	13,801,973	12,042,714
Centrally Assessed Property	7,624,235	12,915,277
	<u>134,627,753</u>	<u>138,178,548</u>
Other		
Lease Purchase Building Rent	2,699,768	2,962,506
Interest Income	70,402	110,606
Excess Escrow Funds	45	50
	<u>2,770,215</u>	<u>3,073,162</u>
Total Revenues	<u>137,397,968</u>	<u>141,251,710</u>
Expenditures		
Personnel	196,102	248,623
Operating	137,393	29,540
Trust Agent Fees	16,918	12,888
	<u>350,413</u>	<u>291,051</u>
Debt Service		
Bond Principal Redemption	92,312,696	93,410,000
Bond Interest Expense	73,518,092	80,592,535
	<u>165,830,788</u>	<u>174,002,535</u>
Total Expenditures	<u>166,181,201</u>	<u>174,293,586</u>
Other Financing Sources (Uses)		
Transfers from State Agencies	16,829,483	30,690,015
Dept of Cons. & Natural Res. - Arbitrage		-
US Treasury - Build America Bonds Subsidy	1,266,231	1,326,269
State Treasurer's Assessment	469,334	449,178
Transfers-out		-
Transfer to UCCSN	(167,250)	(169,125)
Transfer to Local Government		-
Transfer to Public Works Board		(22,390,253)
Net Proceeds from Refundings	11,308	52,408
Net Prior Year Refunds/Expenditures		-
Total Other Financing Sources (Uses)	<u>18,409,106</u>	<u>9,958,492</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(10,374,127)	(23,083,384)
Beginning Balance, July 1	126,145,947	149,229,331
Prior Period Adjustment		
Ending Balance, June 30	<u>\$ 115,771,820</u>	<u>\$ 126,145,947</u>

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### MUNICIPAL BOND BANK BOND INTEREST & REDEMPTION FUND Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2014 and June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Receipts from municipalities-Interest	\$ 11,025,278	\$ 17,101,240
Receipts from municipalities-Principal	\$ 4,815,000	
<b>Other</b>		
Interest Income	2,324	2,936
Reimbursement of Expenses	1,088	155,261
<b>Total Revenues</b>	<u>15,843,690</u>	<u>17,259,437</u>
<b>Expenditures</b>		
Administrative Costs	226	153,136
Trust Agent Fees	975	2,336
	<u>1,201</u>	<u>155,472</u>
<b>Debt Service</b>		
Bond Principal Redemption	4,815,000	5,810,000
Bond Interest Expense	11,025,278	11,291,240
	<u>15,840,278</u>	<u>17,101,240</u>
<b>Total Expenditures</b>	<u>15,841,479</u>	<u>17,256,712</u>
<b>Other Financing Sources (Uses)</b>		
Reversion to General Fund	-	5,351
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>5,351</u>
Excess of revenues and other financing sources over expenditures and other financing uses	2,211	(2,626)
Beginning Balance, July 1	(0)	2,626
<b>Ending Balance, June 30</b>	<u>\$ 2,211</u>	<u>\$ (0)</u>

odd # years balance reverts to General Fund  
even # years balances forward to the following year

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### FUND FOR HEALTHY NEVADA

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2014 and June 30, 2013

Revenues	2014	2013
Tobacco Settlement Income	\$ 23,602,632	\$ 35,506,018
Interest Income	101,303.00	52,690
Appropriations	-	-
Refund of Unused Grant Money	2,335	3,253
Total Revenues	<u>23,706,270</u>	<u>35,561,961</u>
Expenditures		
Operating	57,644	74,920
Total Expenditures	<u>57,644</u>	<u>74,920</u>
Other Financing Sources (Uses)		
Transfer to Department of Health and Human Services		
Administrative Services	806,273	806,892
Senior RX Program	2,743,074	2,008,385
Children & Disabled Persons	5,063,011	3,220,765
Aging Services	6,104,924	6,207,548
Disability RX	505,624	346,445
Differential Response	1,332,473	1,183,289
Traumatic Brain Injury	1,343,997	1,494,000
Autism	2,052,953	1,499,512
Family Resource Center	1,268,855	1,269,281
Tobacco Cessation	912,928	-
Public and Behavioral Health	3,434,548	-
Transfer to Millennium Scholarship	13,534	-
Total Other Financing Sources (Uses)	<u>25,582,194</u>	<u>18,036,117</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(1,933,568)	17,450,924
Beginning Balance, July 1	46,416,675	28,931,915
Prior Year Adjustment	22,696	33,836
Ending Balance, June 30	<u>\$ 44,505,803</u>	<u>\$ 46,416,675</u>

Cash Basis - Unaudited

# 2014 ANNUAL REPORT

## STATE OF NEVADA OFFICE OF THE STATE TREASURER

### BANK ACCOUNTS

	BANK STATEMENT BALANCES		
	June 30, 2014	June 30, 2013	
Wells Fargo Bank - Treasurer's Main Concentration Account	\$ 133,137,981	\$ 196,498,841	Opened 4/13
Bank of America - Treasurer's Main Concentration Account	\$ -	\$ 11,525,229	Closed 9/13
Wells Fargo Bank - Treasurer's Controlled Disbursement Account	\$ -	\$ -	Opened 4/13
Bank of America - Treasurer's Controlled Disbursement Account	\$ -	\$ -	Closed 9/13
Wells Fargo Bank - E-Payment Test Account	\$ -	\$ 195	Closed 1/14
Wells Fargo Bank - ACH Test Account	\$ -	\$ 10	Closed 1/14
Wells Fargo Bank - Gaming Control Board's Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Gaming Control Board Investigations Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Dept. of Taxation Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Div. of Insurance Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Div. of Health Care Financing and Policy Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Nevada Veteran's Nursing Home Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Treasurer's Unclaimed Property Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Treasurer's Prepaid Tuition Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - Div. of Industrial Relations Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - PEBP Medical/Dental Claims Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - PEBP Medical/Dental Claims Zero Balance Account	\$ -	\$ -	Closed 9/13
Wells Fargo Bank - PEBP HRA/HSA Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - PEBP Exchange HRA Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - PEBP Exchange HRA Zero Balance Account	\$ -	\$ -	Closed 9/13
Wells Fargo Bank - Medicaid Zero Balance Account	\$ -	\$ -	Opened 4/13
Bank of America - Medicaid Zero Balance Account	\$ -	\$ -	Closed 9/13
Wells Fargo Bank - Check Up Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - DETR's Unemployment Compensation Benefits Account	\$ 4,097,940	\$ 855,319	Opened 4/13
Wells Fargo Bank - DETR's Unemployment Compensation Clearing Account	\$ 773,481	\$ 295,133	Opened 4/13
Nevada State Bank - Treasurer's Branch Depository Account	\$ 125,577	\$ 499,593	No Change
Wells Fargo Bank - Legislative Council Bureau Zero Balance Account	\$ -	\$ -	Changed 4/13
Bank of America - Treasurer's Branch Depository Account	\$ -	\$ 523,967	Closed 5/14
Washington Federal - Treasurer's Branch Depository Account	\$ 283,553	\$ -	Opened 5/14
Wells Fargo Bank - DMV Credit Card Zero Balance Account	\$ -	\$ -	Opened 4/13
Wells Fargo Bank - DMV Cash Vault Account - converted to ZBA	\$ -	\$ -	Closed 8/13
Wells Fargo Bank - Gov. Guinn Millennium Scholarship Donation Account	\$ -	\$ 4,740	Closed 1/14
JP Morgan Chase - Lockbox Concentration Account	\$ 4,192,622	\$ 17,318,455	No Change