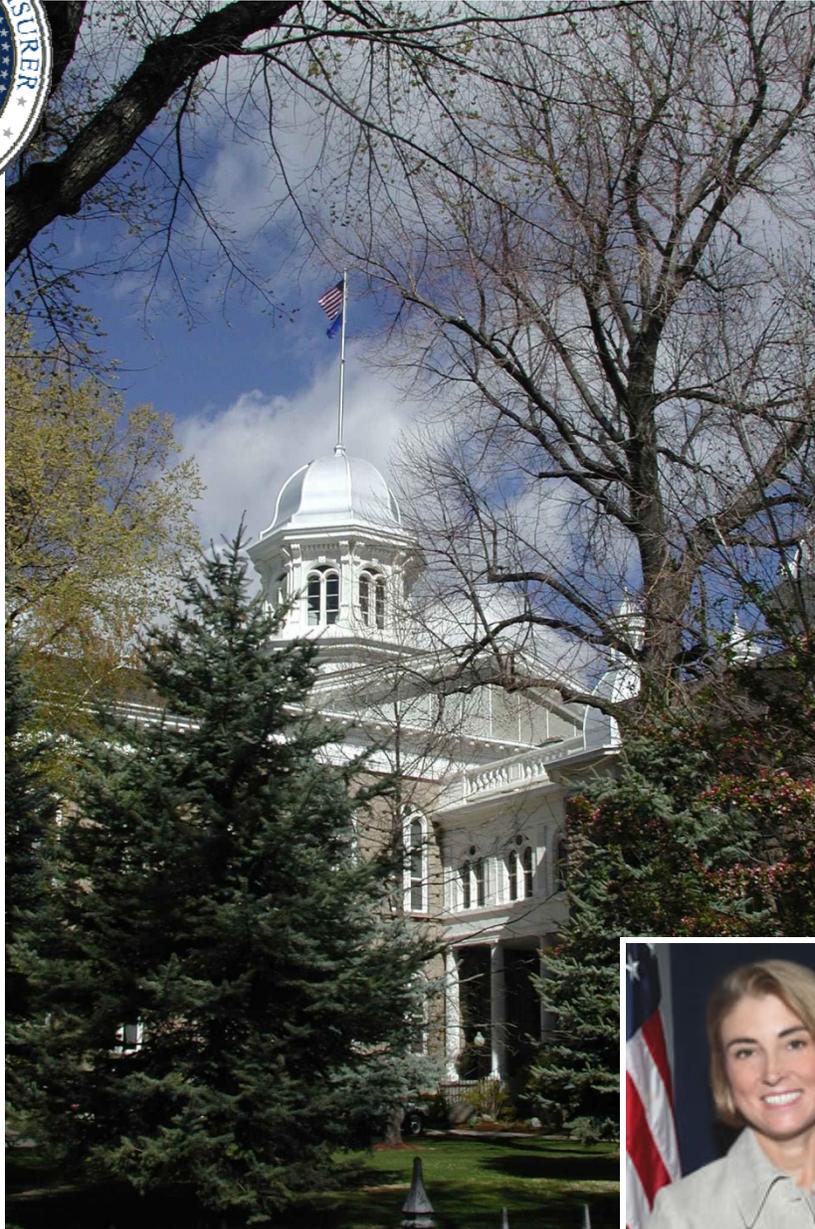


# Annual Report Fiscal Year 2012

July 1, 2011 to June 30, 2012



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



## OFFICE OF THE STATE TREASURER

October 1, 2012

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 2012 (FY12), an account of the operations of the Treasurer's Office over the past fiscal year.



For FY12, investment interest earnings on the state's General Portfolio came in at \$2.4 million. As of June 30, 2012, total assets under management carried a fair market value of \$2.7 billion. Our debt service payment reserves are at 11 months, well above the standard "best practice" of six months of reserve.

For FY12, the State Treasurer's Office had an approved budget over all functional areas of \$7,650,360; however, only \$6,518,118 was expended, saving more than \$1.132 million in taxpayer dollars. Further, 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.

The Unclaimed Property Division had another banner year in FY12, with nearly \$33 million returned to owners and about \$140 million in collections. *Operation Claim It* and other expanded outreach efforts initiated by my office continue to escalate the amount and percentage of unclaimed property being returned to its rightful Nevada owners. At the same time, the State Treasurer's Office was able to transfer nearly \$97.3 million to the state General Fund in FY12, the highest amount in the state's history, shattering last year's record total of \$83.7 million.

Other noteworthy accomplishments achieved during FY12: maintaining the state's good credit rating during the continuing economic pressures facing the state through prudent fiscal administration and debt management; taking advantage of the financial markets and refunding debt to realize almost \$21 million in debt service savings; the Nevada Prepaid Tuition program achieving a funded status above 110% and the number of new contracts sold increasing dramatically for the third year in a row; successfully concluding negotiations with State Street Global Advisors to become a member of the state's College Savings Plans program; and achieving the last of my seven "Marshall Plan" points I adopted when I first entered office with the creation of the Nevada Capital Investment Corporation, the state's first private equity investment fund.

I look forward to continuing to work with you to increase efficiencies and cost-saving ideas aimed at providing the best services at the lowest cost possible to the people of Nevada.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kate Marshall".

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 with the intent of maximizing earnings while maintaining the highest degree of safety; and that unclaimed property held by the state is returned as judiciously as possible to its rightful owners.



# 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;

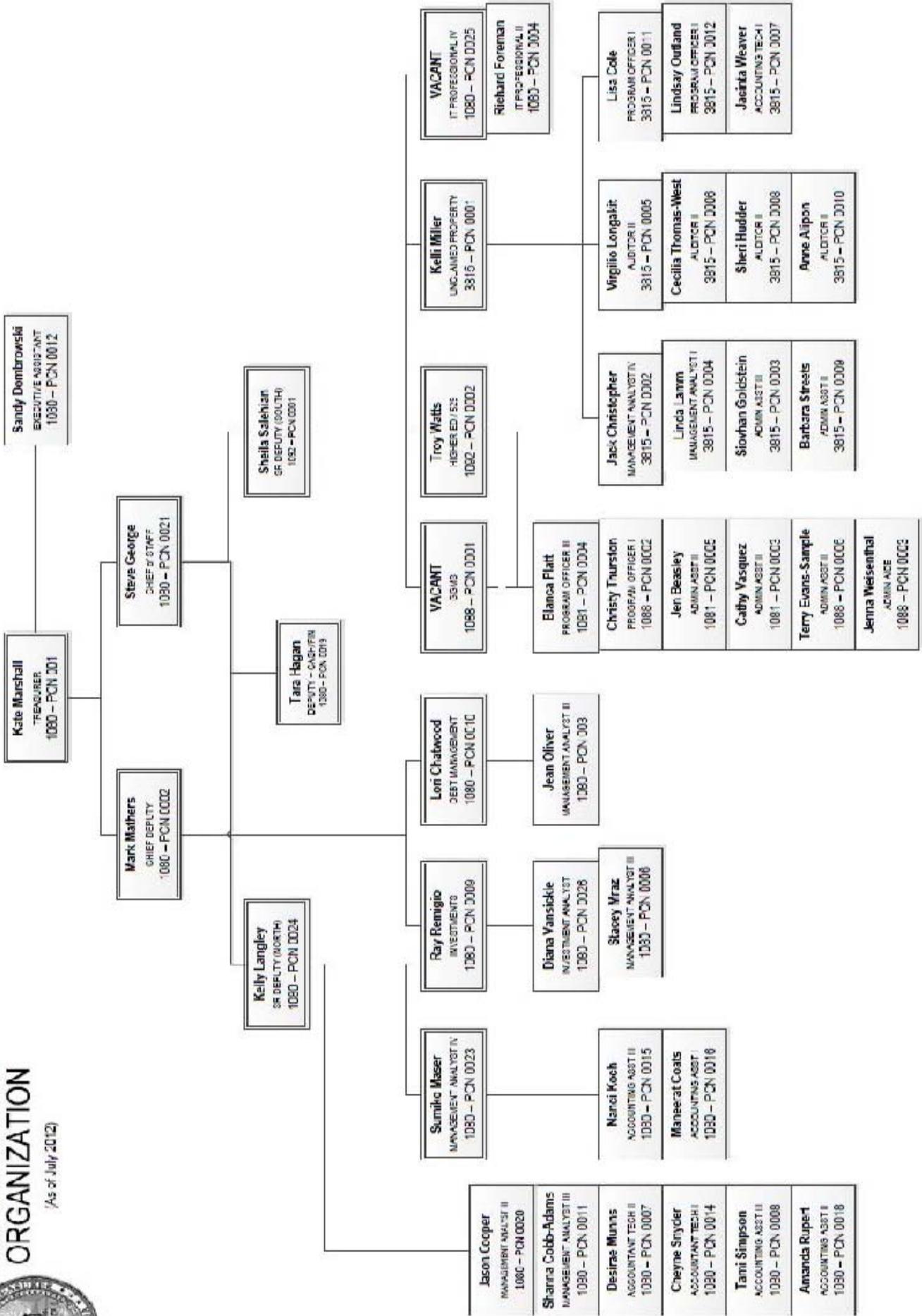
- Administrator of the Fund for a Healthy Nevada;
- Member of the Executive Branch Audit Committee;
- President of the Nevada Real Property Corporation; and
- Administrator of the Nevada Unclaimed Property Division.
- Chair, Nevada Capital Investment Corporation

For FY12, the State Treasurer's Office had an approved budget over all functional areas of \$7,650,360, but expended only \$6,518,118. Only 10% of the total expenditures were paid for with General Fund appropriation, down from a mere 18% the previous fiscal year, with the balance being funded by assessments and trust fund transfers.



Office of the State Treasurer  
**ORGANIZATION**

(As of July 2012)



# NEVADA COLLEGE SAVINGS PLANS; NEVADA PREPAID TUITION

*The State Treasurer administers two types of qualified 529 plans: the Nevada Prepaid Tuition program and the Nevada 529 College Savings Plans, as authorized by 26 U.S.C. § 529. The programs are designed to assist parents and students in taking advantage of the Internal Revenue Service 529 College Savings Plans, which offer savings and tax advantages to account holders.*

## NEVADA'S 529 COLLEGE SAVINGS PLANS

The State Treasurer's Office partners with Upromise Investments and Putnam Investments to help Nevada residents and families across the country save for college. The Nevada 529 College Savings Plans combines tax benefits and flexible features, making it a smart and easy way to save for college. Under the Internal Revenue Code regarding 529 College Savings Programs, earnings in the account grow tax-deferred and, if used for qualified educational expenses, are withdrawn tax-free. This allows savings to grow faster, providing more money for college-related expenses.

The Nevada 529 College Savings Plans consist of three direct sold programs managed by Upromise Investments: SSgA Upromise 529 Plan, Vanguard 529 College Savings Plan, and USAA 529 College Savings Plan; and one advisor-sold plan, Putnam 529 for America. As of June 30, 2012, there were 536,446 accounts actively managed across all four of these plans, with \$9,190,635,097 in assets under management.

One of Nevada's premier college savings plans programs—The USAA 529 College Savings Plan—was ranked in the top ten nationally for 5-year performance by [Savingforcollege.com](http://Savingforcollege.com), an independently sponsored website dedicated to assisting parents and students with planning for college.



Information table at UNLV basketball game manned by “staff support”

## Five-Year Performance Ranking

Updated June 30, 2012

### Five-year performance ranking

Rank	State	Plan	Percentile
1	Florida	<a href="#">Florida College Investment Plan</a>	18.06
2	Utah	<a href="#">Utah Educational Savings Plan (UESP) Trust</a>	25.88
<b>3</b>	<b>Nevada</b>	<b><a href="#">USAA 529 College Savings Plan</a></b>	<b>29.97</b>
4	Pennsylvania	<a href="#">Pennsylvania 529 Investment Plan</a>	30.30
5	New York	<a href="#">New York's 529 College Savings Program -- Direct Plan</a>	31.15
6	Michigan	<a href="#">Michigan Education Savings Program</a>	31.33
7	Kansas	<a href="#">Schwab 529 College Savings Plan</a>	33.02
8	Ohio	<a href="#">Ohio CollegeAdvantage 529 Savings Plan</a>	33.79
9	Georgia	<a href="#">Path2College 529 Plan</a>	34.80
10	Wisconsin	<a href="#">EdVest (Direct-sold)</a>	36.87

The college savings programs 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 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 per pay period or by making a minimum one-time investment of \$250. The maximum that can be saved in a 529 plan is \$370,000 per beneficiary. These accounts may be used for any qualified education expenses at any eligible post-secondary school in the world, including two and four year colleges, technical and trade schools, and graduate schools.

### Ugift Program

In collaboration with Upromise Investments, Nevada launched the *Ugift* program in November 2007—a first of its kind—which invites friends and families to give the gift of college savings, in lieu of traditional gifts. Three of Nevada's plans—SSgA Upromise 529 Plan, USAA 529 College Savings Plan, and The Vanguard 529 College Savings Plan—offer the *Ugift* option. By the end of FY 2012, *Ugift* accounts had accumulated over \$19 million in gift contributions since inception, almost doubling contributions through *Ugift* in one year.

### Silver State Matching Grant

The *Silver State Matching Grant* allows qualifying Nevada families whose net incomes are less than \$61,950 and who are SSgA Upromise 529 Plan account owners to be considered for a matching grant of up to \$300 in extra college savings per calendar year, with a lifetime maximum grant of \$1,500. The program, which began March 1, 2010, received 128 qualified applications in 2012, a 54% increase from last year's number of applicants.



Marketing has played a key role in increasing the participation in Nevada's College Savings Plan's including the Nevada Prepaid Tuition Program.



## USAA Distinguished Valor Matching Grant Program Expanded in 2012

The Nevada 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 as a pilot program 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. Previously only open to Purple Heart recipients from Nevada who have served in Operation Enduring Freedom or Iraqi Freedom, this program has now been expanded to include all active duty US military and reservists who are Nevada residents. Details of the program can be found at [www.NevadaTreasurer.gov](http://www.NevadaTreasurer.gov).

### Increase Nevada Participation

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

- Dedicated in-state field representative to work with local businesses and organizations to increase awareness of college savings, the SSgA Upromise 529 Plan, and to provide assistance to Nevada families in establishing accounts for their children.
- In collaboration with the Newmont Mining Corporation, sponsoring the Nevada \$529 College Savings Day Contest, which in FY12 awarded five \$529 college savings accounts to elementary school students selected from throughout the state. More than 1,200 Kindergarten through fifth grade students entered the contest.
- Participated in more than 75 local community events, such as Parent Teacher Association Conventions, local parent meetings, college and career day activities, Boy Scout Expos, The Aviation Nation, and other events and expos throughout the State.

**2012 Nevada \$529 College Savings Day Contest Winners:**



**Grace Wideen**



**Colton Brooks**



**Gabriel Lesik**



**Cheyenne Kirk**

**In addition, Amaya Gloven (picture unavailable) was a winner  
A special thanks to Newmont Mining Corporation for sponsoring our \$529 awards!**

**Number of National Accounts:**

Year	SSgA Upromise 529	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2007	157,307	115,055	8,455	58,596	N/A	339,413
2008	166,569	141,601	8,516	76,168	N/A	392,854
2009	166,790	155,281	9,169	87,441	N/A	418,681
2010	164,341	170,649	7,751	102,190	N/A	444,904
2011	161,611	190,729	N/A	130,448	12,580	495,368
2012	158,066	208,088	N/A	153,636	15,656	535,446

**Assets:**

Year	SSgA Upromise 529	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2007	\$564,881,385	\$2,972,622,759	\$125,472,185	\$400,566,218	N/A	\$4,063,542,547
2008	\$630,076,335	\$3,493,167,241	\$122,811,600	\$490,988,322	N/A	\$4,737,043,498
2009	\$608,228,558	\$3,343,224,153	\$97,637,879	\$519,141,031	N/A	\$4,568,231,621
2010	\$738,274,807	\$4,303,662,470	\$108,432,416	\$738,227,830	N/A	\$5,888,597,523
2011	\$923,243,928	\$5,899,169,097	N/A	\$1,121,433,138	\$225,829,285	\$8,169,675,448
2012	\$982,374,293	\$6,623,429,551	N/A	\$1,317,915,273	\$266,915,980	\$9,190,635,097

**Number of Nevada Accounts:**

Year	SSgA Upromise 529	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2008	3,305	1,923	118	826	N/A	6,172
2009	3,238	2,089	146	958	N/A	6,431
2010	3,346	2,355	153	1,125	N/A	6,979
2011	3,480	2,645	N/A	1,440	212	7,777
2012	3,668	2,881	N/A	1,750	296	8,595

## **Financial Management of College Savings**

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. As an enhancement to the Nevada College Savings Plans, during FY12, the Board and Upromise Investments entered into an agreement 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. The new plan name is called the SSgA Upromise 529 Plan.

## **Financial Literacy**

### **Financial Fitness for Life Pilot**

Treasurer Marshall's office motto is "Investing in Nevada's Future." In conjunction with this goal, the Nevada State Treasurer's Office completed several Financial Literacy outreach efforts in FY12 aimed at educating Nevada children and parents about the importance of managing their money. The first endeavor was to drive a financial fitness pilot in several Nevada high schools. Administered by 12 teachers and encompassing more than 1,000 students, the curriculum utilized was the widely successful Financial Fitness for Life Program, offered in partnership with the National Council on Economic Education. The 22 lessons associated with the program contained valuable financial information and training on topics such as earning income, spending, saving for college, investing, and managing money. At the conclusion of the classroom instruction, students averaged a 38% improvement in scoring on a 50 question post-test that was administered in conjunction with the pilot. The long term goal of the Treasurer's Office Financial Fitness efforts is to provide Nevada families with valuable information on managing money throughout their lifetime, regardless of income level.

### **Nevada Women's Money Conference**

The Treasurer's Office obtained approval from the College Savings Board to take a leadership role by being the title sponsor of two very unique Nevada Women's Money Conferences, one in Reno and one in Las Vegas. The events, attended by over 600 women, included a Resource Expo, Money Mentor program, and nationally renowned women authors/speakers who provided their expertise in personal finance. The conferences focused on giving women tools to learn how to take control of their finances. This one of a kind program will be held annually in Nevada to help women continue the quest to become "financially fit." Topics covered included budgeting, saving for college & retirement, paying off debt, and understanding credit. The conferences were a huge success as measured by the post surveys received.



**Nevada State Treasurer Kate Marshall (center) with Conference speakers**

## NEVADA PREPAID TUITION PROGRAM

The Nevada Prepaid Tuition Program, which began in 1998, continues to offer a smart savings option to Nevada residents or graduates of the Nevada System of Higher Education looking to begin a college savings program for their newborn to ninth grade child. The program provides parents, grandparents, family members, and friends a variety of options to make participation in the program easy and convenient. Nevada Prepaid Tuition contracts can be satisfied with a lump sum payment, payments spread out evenly over sixty months, or from time of enrollment until the child is ready to start college. At the conclusion of FY12, 14,944 children had been enrolled in the program, and the Nevada Higher Education Tuition Trust Fund held assets of \$142 million.

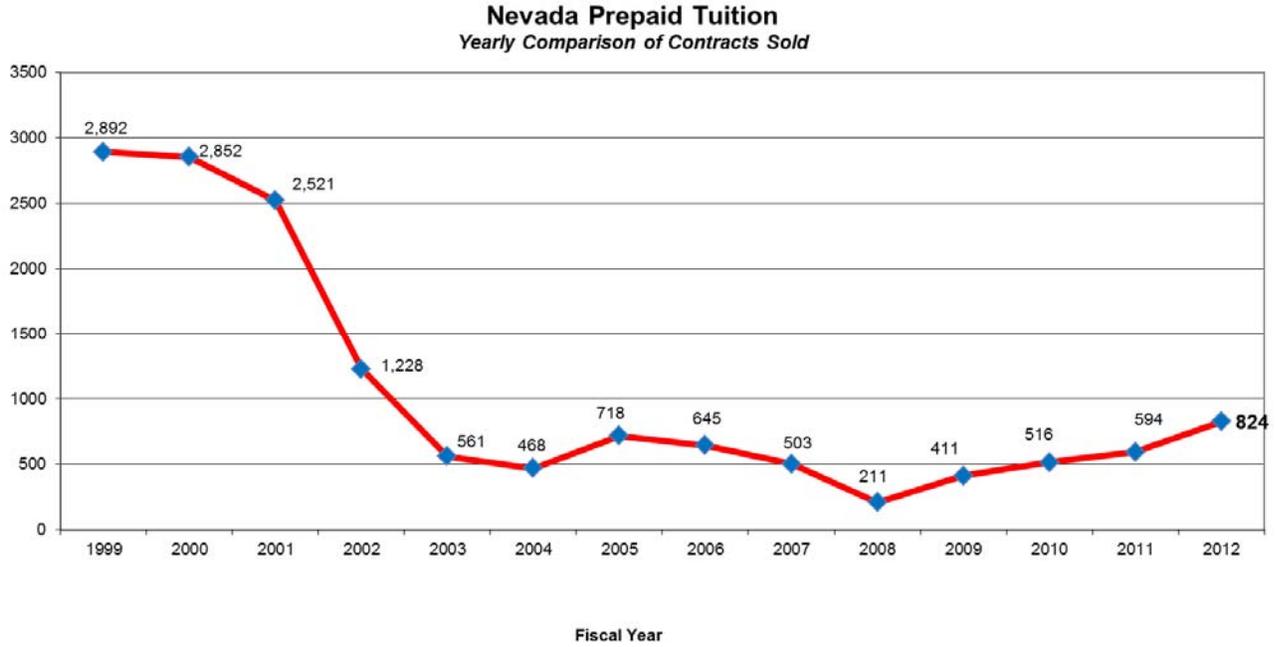


The Nevada Prepaid Tuition program is transferrable to private or public out-of-state colleges and universities, and may be transferred to another family member, including a first cousin. As of June 30, 2012, there were roughly 2,090 students using their benefits and the program had paid out over \$6.1 million in tuition benefits on behalf of these students, an increase of slightly over \$730,900 from FY11.

Due primarily to the continuing grassroots marketing plan employed by the State Treasurer's Office, the Nevada Prepaid Tuition Program enjoyed robust growth in new enrollments in FY12, marking the fourth year in a row of sustained growth. In all, 824 new enrollees were added, a 38.7% increase from the previous year. Nevada is one of only a handful of states which expanded the number of new contracts sold during FY12, and is 1 of 10 states that still offer a prepaid tuition program.

As part of the long-term planning for the Nevada Prepaid Tuition Program, a contract was entered into with a software company to develop a new database, which has greatly enhanced the ability of contract holders to interact with the web-based features. With the new system, parents can enroll online in less than 30 minutes. The system also allows staff to receive contract

payments and pay school tuition more efficiently by allowing electronic communication between the states' accounting system and the program's database.



### Nevada Prepaid Tuition Enrollment Comparison by County

County	2011	2012	Improvement	Percentage Increase
Clark	295	457	162	54.92%
Washoe	190	231	41	21.58%
Other Nevada Counties	96	131	35	36.46%
Out of State Counties	13	5	-8	-61.54%
<b>Total</b>	<b>594</b>	<b>824</b>	<b>230</b>	<b>UP 38.7%</b>

# 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 college or university located in the state to Nevada high school students who, as of June 2009:

- Graduated with a minimum GPA of 3.25
- Has been a resident and attended a high school in Nevada for at least two years
- Graduated with a diploma from a public or private Nevada high school
- Passed the Nevada High School Proficiency Examination
- Completed 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 2012, more than 112,133 high school seniors have been eligible for the Millennium Scholarship, with an average utilization rate of over 64 percent since the program was established. By the end of the spring 2012 school term, more than \$275 million had been distributed to 71,953 Millennium Scholars, who collectively earned more than 26,401 associate, bachelor, and other certificates and degrees.



**Governor Guinn Memorial Wall**

Now in its 12th year, the Gov. Guinn Millennium Scholarship Program (GGMS) has continued to recognize, make contact with, and support students in their pursuit of higher education. The State Treasurer's Office partners and collaborates with the Nevada System of Higher Education and the Nevada Department of Education to enhance and support Millennium Scholars.

During the 2011 Legislative Session, two bills were passed involving the GGMS. Senate Bill 96 encourages Millennium Scholars to complete at least 20 hours of community service for each year they receive Millennium funding. SB 220 created the Kenny C. Guinn Memorial Millennium Scholarship (more on following pages). There were no other substantive changes to the statute.

When Gov. Sandoval gave his *2011 State of the State Address*, he recommended the addition of \$10 million in General Fund dollars to partially replace nearly \$32 million in funding which had been removed by Gov. Gibbons and the Legislature from the Trust Fund during the state's economic downturn. Senate Bill 486, sponsored by Gov. Sandoval, was passed by the Legislature on a 62-1 vote.

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 the recently renamed Roseman University of Health Sciences in Henderson (formerly the University of Southern Nevada).

An 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 data from high schools on eligible high school seniors in a fully automated and secure method 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, Millennium Scholarship Advisory Committee, Nevada Association of School Superintendents, Leadership Forum of High School Counselors, and the Nevada Department of Education to enhance outreach efforts.
- Collect eligibility data from 17 county school districts, 50 private high schools, adult education, GED, and home school applicants.
- Disseminate information to Nevada high school students, high school counselors, NSHE institutions, and the general public.
- Work with the Millennium Scholarship Advisory Committee and NSHE System Computing Services on a system-wide review process to reconcile financial management of the program.

The following table identifies the number of Millennium Scholars enrolled in a community college, state college, or university during FY 2011 and in Spring of FY 2012.

<b>Enrollment by Institution by Semester</b>				
<b>Institution Name</b>	<b>Spring 2011</b>	<b>Summer 2011</b>	<b>Fall 2011</b>	<b>Spring 2012</b>
College of Southern Nevada	2,462	630	2,734	2,667
Great Basin College	191	20	233	180
Nevada State College	255	109	314	241
Roseman University of Health Sciences	11	9	10	9
Sierra Nevada College	22	4	17	13
Truckee Meadows Community College	881	167	886	812
University of Nevada, Las Vegas	4,565	1,967	5,517	4,286
University of Nevada, Reno	4,037	1,338	4,982	4,067
Western Nevada College	327	55	359	278
<b>Totals</b>	<b>12,751</b>	<b>4,299</b>	<b>15,052</b>	<b>12,553</b>

Revenues, expenses, and fund balance for the Millennium Scholarship Fund for FY12 includes donations received by the Kenny C. Guinn Memorial Millennium Scholarship Trust Fund:

Beginning Balance	<b>\$10,557,414</b>
Tobacco Settlement	<b>\$15,828,273</b>
Transfer from Unclaimed Property	<b>(\$7,600,000)</b>
	<b>\$33,985,687</b>
Tuition Payments	<b>(\$23,184,899)</b>
Gifts and Donations moved to Kenny C. Guinn Memorial Millennium Scholarship Fund	<b>(\$124,994)</b>
	<b>(\$23,309,893)</b>
Ending Balance	<b>\$10,675,794</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.*

Following the tragic death of former Gov. Kenny C. Guinn in July 2010, at the request of former First Lady Dema Guinn, a separate fund was established within the Gov. Guinn Millennium Scholarship Trust Fund to accept donations in his honor in lieu of flowers. In 2011, Sen. Ben Kieckhefer introduced Senate Bill 220, which amended NRS Chapter 396 to allow the acceptance of donations to be used to bestow an additional scholarship each year to one qualified Millennium Scholar who is majoring in elementary or secondary education with the intent of teaching in Nevada following graduation.

## **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 an eligible Millennium Scholar with no strikes against his/her scholarship at the time of application;
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 maximum annual award to the selected applicant, to the extent of available funding, will be in an amount not to exceed \$4,500 to help pay the educational expenses of the recipient for the next school year 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.

## **2012 Award Winner**

The first recipient of the award, Bridget Maestretti, was a University of Nevada, Reno student, while the second person recognized by the Board of Trustees of the Nevada College Savings Plans in FY12 is a current University of Nevada, Las Vegas student.

# 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**

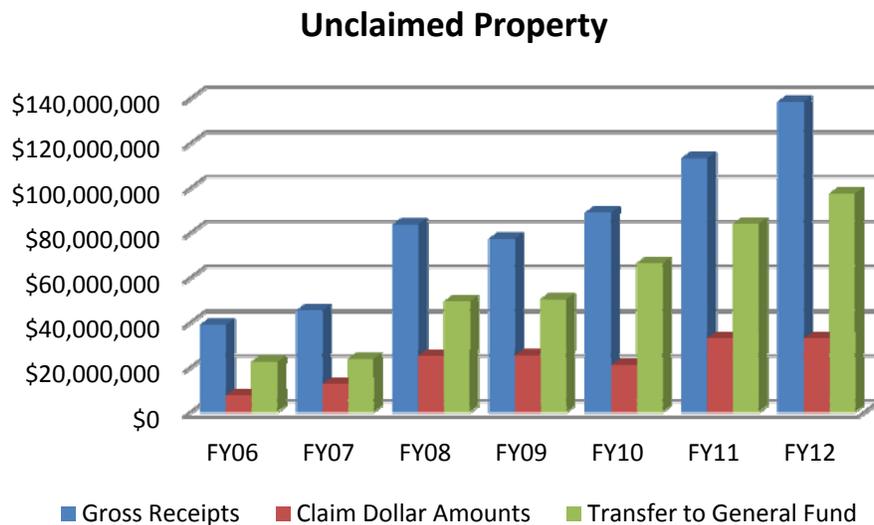
Abandoned property can be any financial asset owed to a business or an individual. Property is considered abandoned when there has been no activity and/or contact with the owner for a specific period of time. The property type will determine the abandonment period; however, it is generally three years. 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 Collections

In FY12, the Unclaimed Property Division completed another very successful year in terms of collections and returns to rightful owners, with \$32.7 million returned to rightful owners and more than \$97.3 million transferred to the state General Fund, the largest such transfer in the state's history. The transfer to the state General Fund was 16% more than the previous fiscal year, which at the time was an all-time record.

## Unclaimed Property Owner Claims

There were 19,084 claims paid in FY12. 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 FY11, the limit for a claim to be approved through the Fast Track process was increased from \$1,500 to \$2,500 per property. In FY12, 42.5% of all claims were paid via Fast Track, as compared to 32% in FY11.



## Unclaimed Property Owner Outreach

At the conclusion of FY12, the state was holding approximately \$564 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.
- 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: 11,545 in FY12 compared to 9,585 in FY11, an increase of over 20%.
- 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.
- Owner outreach seminars where potential claimants can connect with staff to search for and claim funds.

### **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 FY12, more than \$1.2 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, assist state agencies with banking needs, and operate the state's Collateral Pool Program. 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, distributes interest revenues, administers the state's check distribution program, and manages the Nevada Collateral Pool 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.



**State Treasurer's Office Staff in Carson City:  
(Amanda, Tami, Jenna, Tiffany, Lee Desirae, Nanci, Kelly & Susan)**

In addition to its main depository and controlled disbursement accounts, the Treasurer's Office also has twenty-eight 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.

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.

The Treasurer's Office has the responsibility of distributing interest earnings to statutorily approved funds and budget accounts. As determined by the cash basis of accounting and average daily balances, the Cash Management Division allocates interest collected each quarter to more than 175 distribution units. Earnings on funds and budget accounts not legally entitled to receive interest are credited to the General Fund.

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, 50% to the Fund for a Healthy Nevada, and 10% to the Trust Fund for Public Health. Nevada received approximately \$40.2 million in MSA funds in FY12 and expects to receive slightly more than \$38 million in FY13. Senate Bill 421 of the 2011 Legislature eliminated the Trust Fund for Public Health, effective July 1, 2011, allocating its 10% share of the MSA revenues to the Fund for a Healthy Nevada.

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 Cash Management 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 FY12, there were 232 public entities throughout the state participating in the collateral Pool program, with deposits in 13 financial institutions and a daily average balance of \$1.98 billion. Overall daily pledged collateral averaged \$101.96 million, of which \$19.2 million was excess collateral. Accounts in the program averaged a daily balance of \$914,550, of which \$479,976 was protected by collateral held in the Pool. The balance of the deposits are insured by the FDIC or NCUA.

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 billion in federal funds each year for state agencies, distributing more than 234,000 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.

# INVESTMENTS

***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.***

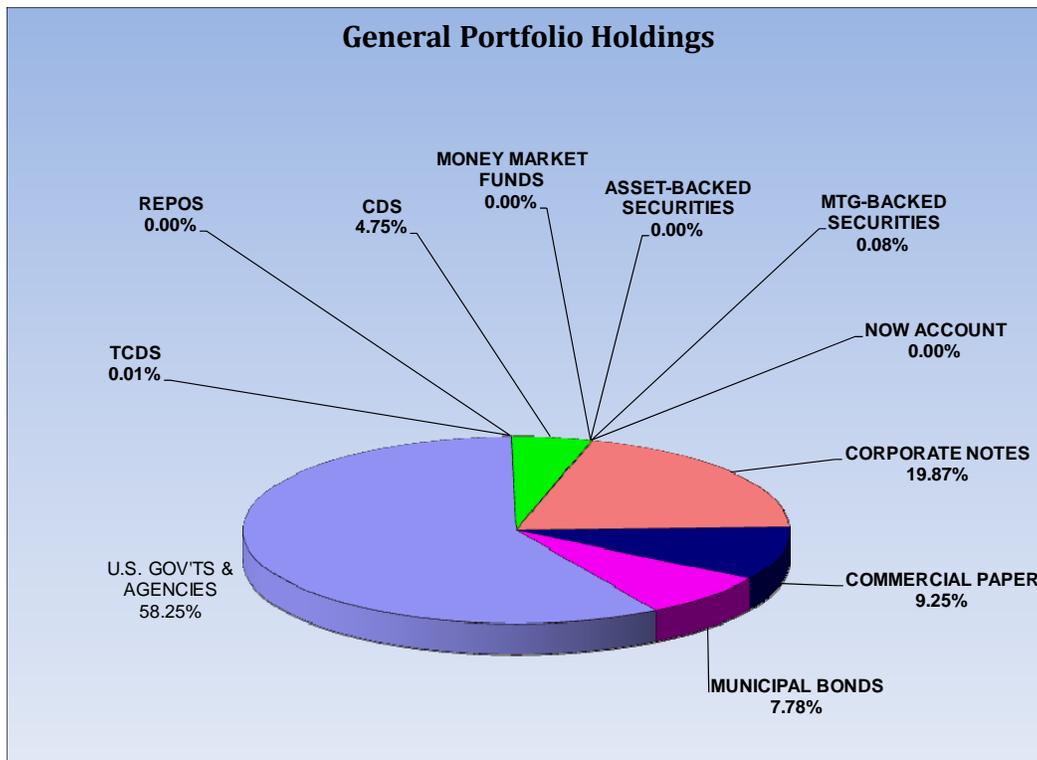
The Investment Division has four staff members—Deputy Treasurer of Investments, Investment Analyst, Management Analyst III, and an Accountant Technician II (whose time is divided between the Investment and Cash Management divisions). Staff responsibilities include investment and observation activities relating to the General Portfolio, LGIP, and the PSF, as well as oversight of the NVEST investment advisers. The Division is also involved in the surveillance and analysis of the Higher Education Tuition Trust Fund and the College Savings Plans investment portfolios.

## **General Portfolio Overview**

Permissible investments of the General Portfolio include U.S. Treasury and agency securities, repurchase agreements backed by high quality collateral, high quality corporate notes, negotiable certificates of deposit, and commercial paper, AAA rated asset-backed debt, municipal bonds, and banker's acceptances. 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 FY11, 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 had purchased approximately \$100 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. Finally, investment staff began a conversion to a new portfolio accounting system in May 2012.

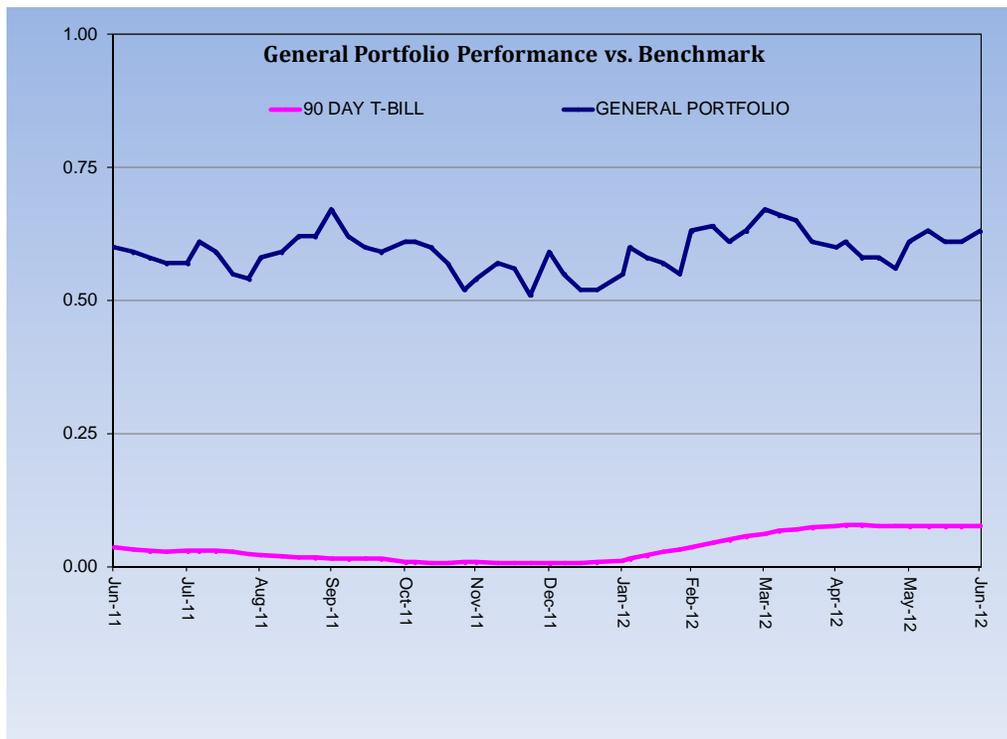
The portfolio continued to be conservatively managed, with holdings contained to U.S. Treasury and Agency securities and only top-tier, high-quality corporate and municipal securities.



The FY12 General Portfolio's ending balance was \$1.37 billion. The weighted average maturity (WAM) of the portfolio at fiscal year-end is 513 days, although this includes callable securities with an effective duration much shorter than their final maturity.

Throughout FY12, the investment portfolio conformed to the terror-free investment and divestiture policies adopted by the State Treasurer's Office in 2008, and approved by the State Board of Finance. Due to the decision of the federal government to lower the Fed Funds rate to between 0.00% to 0.25%, coupled with a continuing decline in bond yields across the yield curve, the return on the portfolio declined in response to macroeconomic trends. Total earnings for FY12 were \$7,820,329, representing a yield of 0.55 %.

The benchmark used to assess performance in the General Portfolio is the three-month moving average of the three-month Treasury bill. As of the end of FY12, the General Portfolio was outperforming this benchmark by 55 basis points.



## **Local Government Investment Pool**

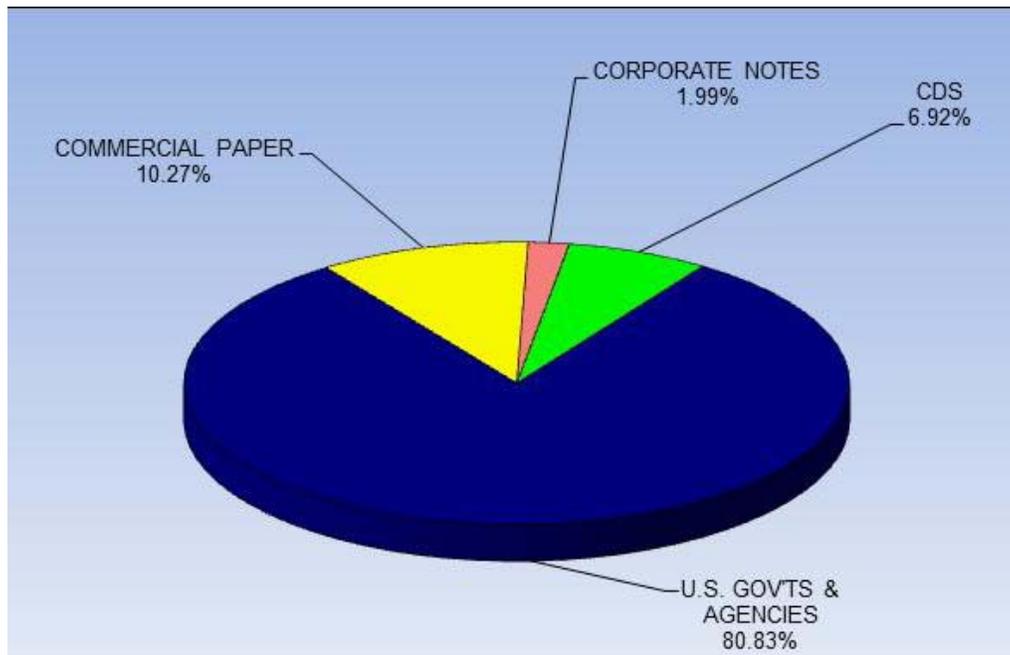
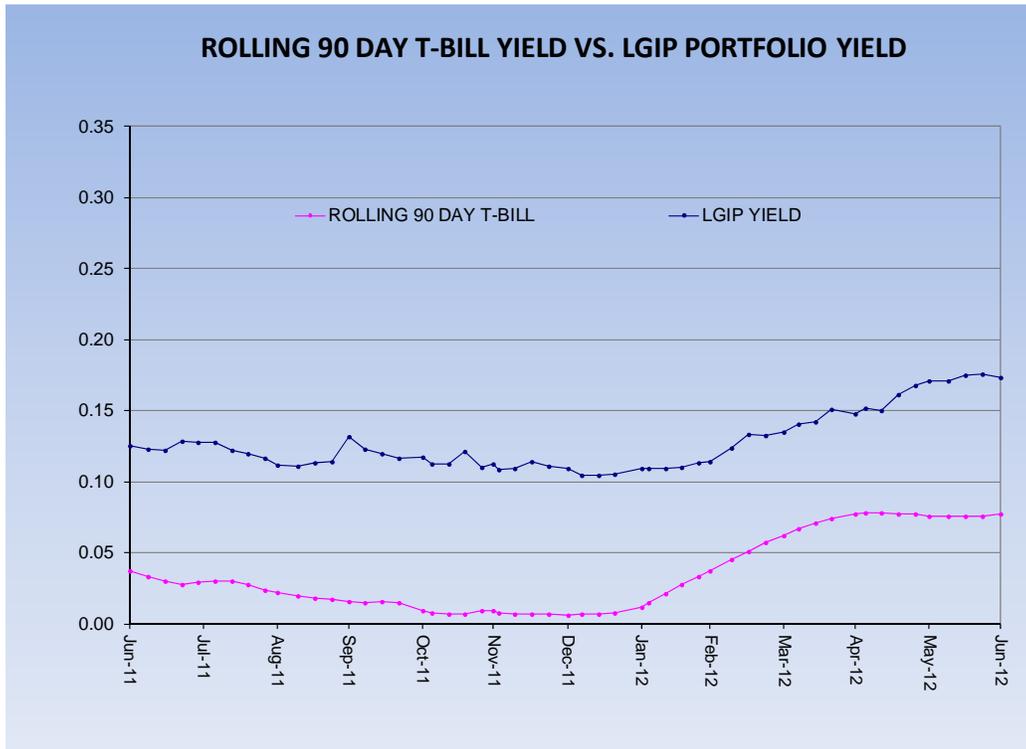
The LGIP was established as an alternative program to be utilized by local governments on a voluntary basis for their investable cash, with the advantage being economies of scale. The State Treasurer administers the LGIP in a conservative manner, consistent with the prudent guidelines outlined in a LGIP-specific Investment Policy. Any local government may deposit its public monies into 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, consistent with the management of the General Portfolio. As of the end of FY 2012, the LGIP was outperforming this benchmark by ten basis points.

There were 86 LGIP members at the close of FY 2012, comprised of cities, counties, school districts, and various special districts across the state. The LGIP's book value on June 30, 2012 is \$506,476,479. 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 110 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 are offered three non-commingled investment options, differentiated by duration and security selection. Three registered investment advisors have been selected to provide investment management services. As of June 30, 2012, the NVEST portfolios had a consolidated market value of \$ 411,311,554.

Portfolio flows over FY12 can be summarized as follows:

	<b><u>LGIP</u></b>	<b><u>NVEST</u></b>
June 30, 2011 Market Value	<b>\$608,646,192</b>	<b>\$403,170,562</b>
Deposits from members	<b>754,889,101</b>	<b>4,800,000</b>
Portfolio Interest Earnings and Market Value Change	<b>1,043,141</b>	<b>6,041,962</b>
Less Withdrawals and Expenses	<b>(858,101,955)</b>	<b>(2,700,970)</b>
June 30, 2012 Market Value	<b>\$506,476,479</b>	<b>\$411,311,554</b>

## **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 school districts of the state. 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 issues 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, 2012, assets of the Permanent School Fund totaled \$316,049,142.

## **Senate Bill 75: Nevada's First Private Equity Investment Fund**

Senate Bill 75, which creates a private equity investment fund, a first in the history of the State of Nevada, was passed by the 2011 Legislature and signed into law in June 2011 by Gov. Sandoval. Sponsored by the Nevada State Treasurer's Office and supported by dozens of stakeholders during the 2011 Legislative Session, this important economic development legislation will help pave the way for many new businesses and jobs in Nevada, while creating greater investment returns for the Permanent School Fund, thus providing more money for Nevada K-12 schools.

Under SB75, up to \$50 million non-tax dollars in the Permanent School Fund may be invested in new businesses in Nevada, in existing businesses that are expanding, or in businesses which agree to relocate to this state. SB75 created a nonprofit public entity, the Nevada Capital Investment Corporation (NCIC), and a board that includes appointees by the Governor and legislative leadership based on a minimum of ten years of experience in the investment, finance, or banking fields. The State Treasurer, whose duties include the investment of state money, is the chairperson.

The NCIC Board of Directors began meeting in October 2011, as soon as the law took effect. In addition to establishing procedures for operations, the Board authorized release of a Request for Proposal (RFP) for the hiring of a professional private equity fund-of-funds manager. These professionals, not elected officials, will select underlying private equity and venture capital funds and make co-investments of companies and innovative businesses that will assist in the state's efforts to increase Nevada K-12 investment earnings and to grow and diversify its economic base, leading to increased employment. In April 2012, the Board selected a firm and Treasurer's Office staff began contract negotiations.

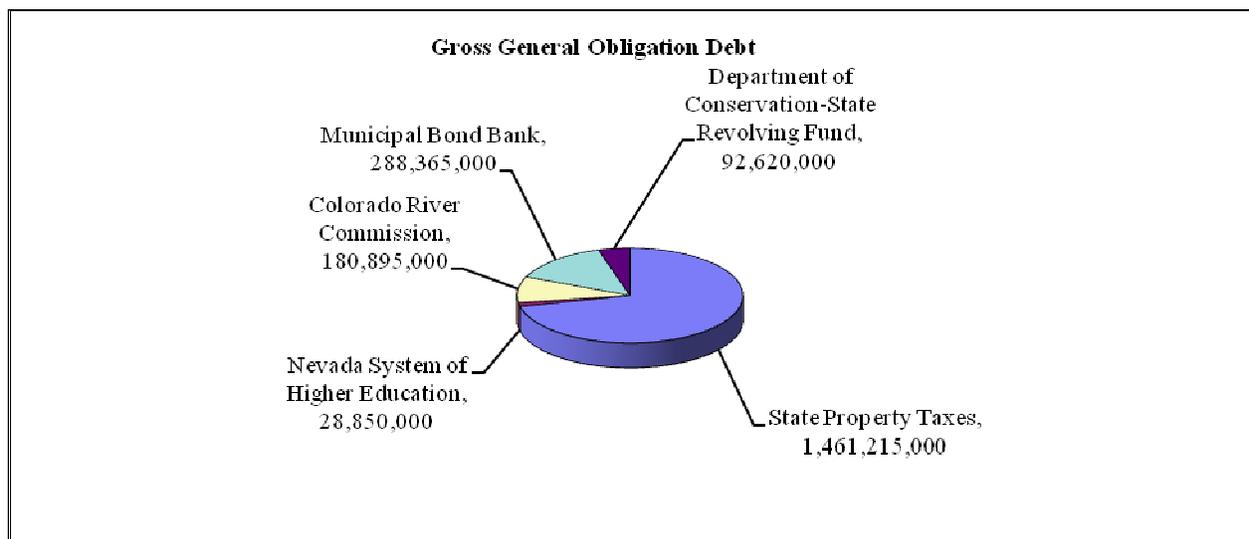
**(NOTE:** In August 2012, the NCIC Board reached contract agreement with Hamilton Lane, a leading global private equity asset management firm, to serve as the fund-of-fund manager. That contract was approved by the State Board of Examiners.



## General Obligation Debt

The State Treasurer is responsible for the issuance and maintenance of the following types of general obligation debt: Capital Improvement Bonds, Municipal Bond Bank Bonds, State Revolving Fund Bonds, Cultural Affairs Bonds, Highway Improvement Revenue Bonds, Natural Resources Bonds, and other miscellaneous general obligation bonds and securities. The state requires general obligation bonds to be legislatively authorized and secured by the ad valorem tax portion dedicated to the payment of general obligation debt to the extent other monies are not available. The state's gross general obligation debt decreased from \$2.17 billion as of June 30, 2011 to \$2.05 billion as of June 30, 2012 due to refundings and payment of principal during FY12.

The chart below summarizes Nevada's gross general obligation debt as of June 30, 2012.

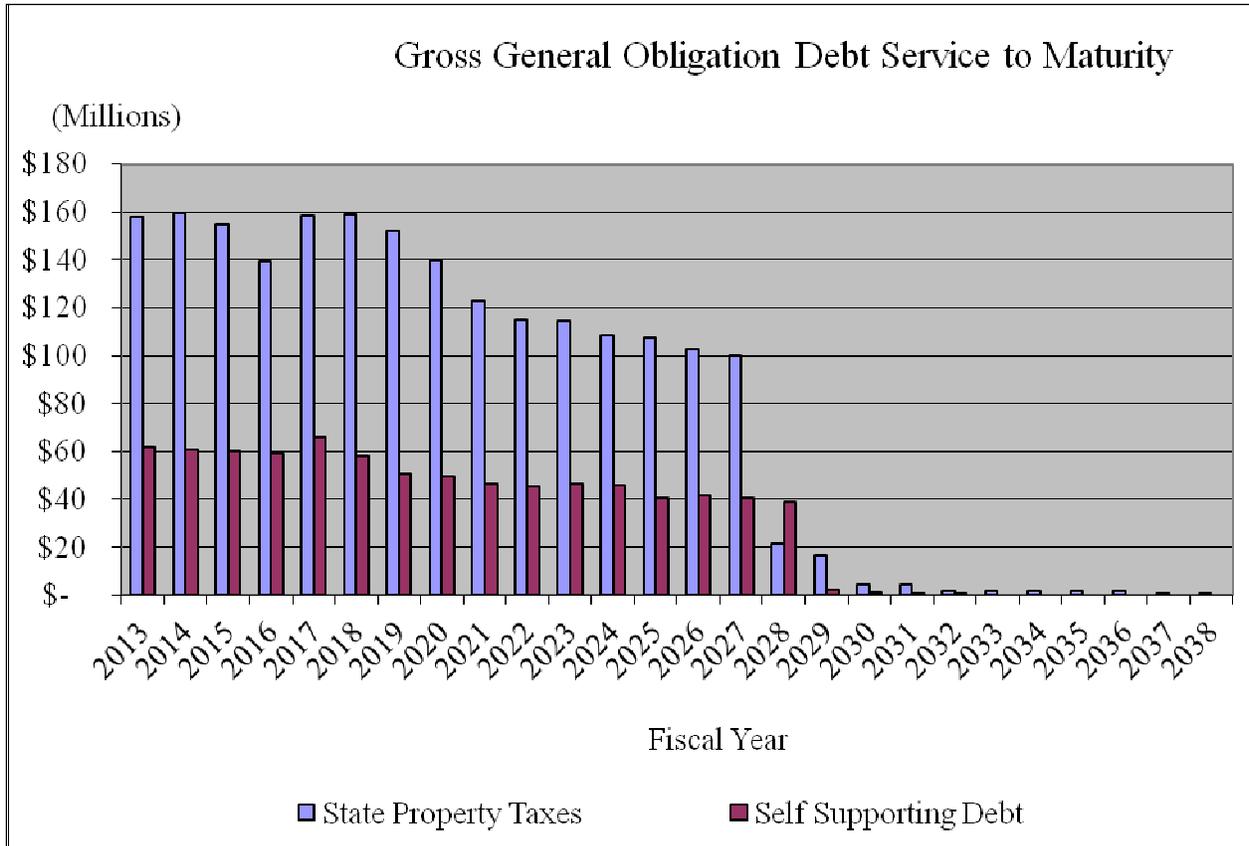


During FY12, the Debt Management Division processed debt service payments for existing general obligation debt totaling nearly \$226.49 million.

### **Gross General Obligation Debt FY2012 Debt Service Payments**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
State Property Taxes	\$80,260,000	\$72,594,265	\$152,854,265
Colorado River Commission	10,940,000	9,860,590	20,800,590
Municipal Bond Bank	14,385,000	13,734,024	28,119,024
Department of Conservation-State Revolving Fund	8,690,000	3,841,330	12,531,330
Nevada System of Higher Education	10,315,000	1,865,523	12,180,523
<b>Total FY2012 Debt Service</b>	<b>\$124,590,000</b>	<b>\$101,895,733</b>	<b>\$226,485,733</b>

The profile of the state’s general obligation 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 chart below.



The chart below details the state's annual general obligation debt service by fiscal year as of June 30, 2012.

**Future Annual General Obligation Debt Service Requirements<sup>1</sup>**  
(As of June 30, 2012)

Fiscal Year	General Obligation Bonds <sup>2</sup>		Self-Supporting General Obligation Bonds		Grand Total
	Principal	Interest <sup>3</sup>	Principal	Interest	
2013	87,550,000	70,402,669	34,375,000	27,182,054	219,509,723
2014	93,030,000	66,653,626	35,205,000	25,723,453	220,612,079
2015	92,620,000	62,184,148	36,100,000	24,088,378	214,992,526
2016	81,440,000	57,824,515	36,980,000	22,380,423	198,624,938
2017	104,730,000	53,995,540	45,390,000	20,426,265	224,541,805
2018	110,010,000	48,920,165	39,805,000	18,383,748	217,118,913
2019	108,410,000	43,528,394	33,950,000	16,605,868	202,494,263
2020	101,570,000	38,110,447	34,770,000	14,952,009	189,402,455
2021	89,735,000	32,939,913	33,115,000	13,281,079	169,070,991
2022	86,140,000	28,541,499	33,850,000	11,658,634	160,190,134
2023	90,230,000	24,280,813	36,235,000	9,979,756	160,725,569
2024	89,040,000	19,743,060	37,890,000	8,192,991	154,866,050
2025	91,815,000	15,443,448	33,905,000	6,441,549	147,604,997
2026	92,065,000	10,697,726	36,685,000	4,723,928	144,171,653
2027	94,260,000	5,979,642	37,780,000	2,924,355	140,943,997
2028	18,825,000	2,472,120	37,545,000	1,627,700	60,469,820
2029	14,835,000	1,501,712	2,010,000	130,625	18,477,337
2030	3,620,000	681,543	1,130,000	58,956	5,490,499
2031	3,815,000	497,280	410,000	25,400	4,747,680
2032	1,140,000	374,560	430,000	8,600	1,953,160
2033	1,195,000	317,460			1,512,460
2034	1,260,000	257,605			1,517,605
2035	1,320,000	194,495			1,514,495
2036	1,385,000	128,380			1,513,380
2037	575,000	59,010			634,010
2038	600,000	30,130			630,130
<b>Total</b>	<b>\$1,461,215,000</b>	<b>\$585,759,900</b>	<b>\$587,560,000</b>	<b>\$228,795,770</b>	<b>\$2,863,330,669</b>

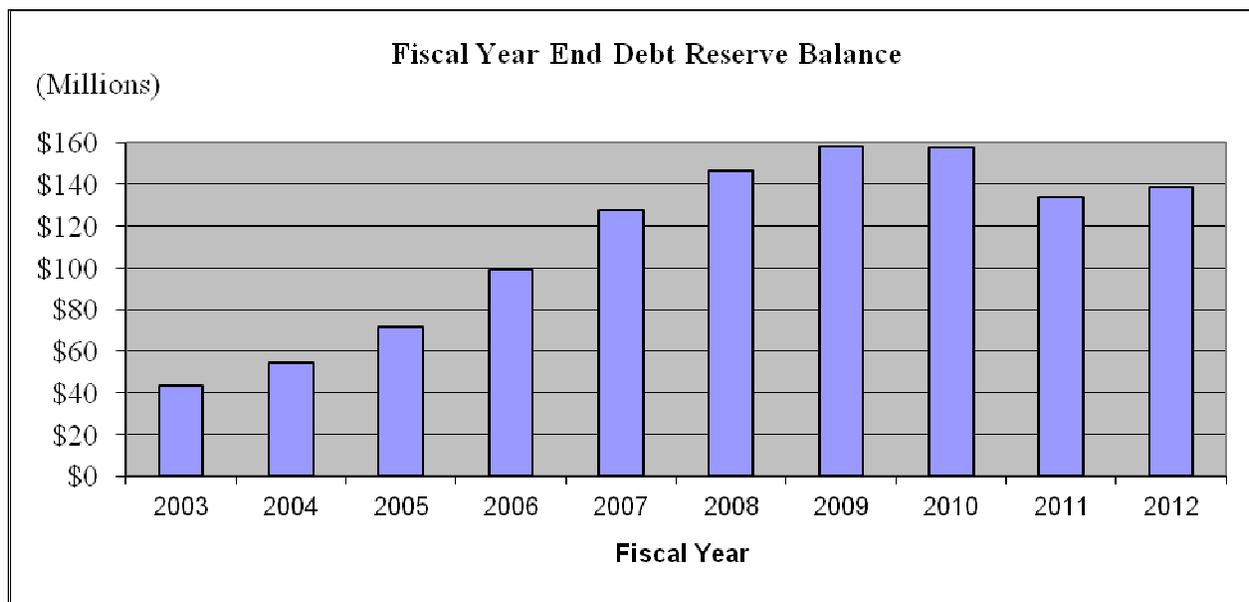
<sup>1</sup>Table does not include revenue bonds, contingent liabilities, and lease purchase arrangements, the payments of which are subject to appropriation and terminable upon a non-appropriation of funds.

<sup>2</sup>Table includes debt service on the State's general obligation bonds which are 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.

<sup>3</sup>Interest payments include the full interest payments due on the State's general obligation bonds which were issued as Build America Bonds, including the interest expected to be reimbursed from the federal government.

## **Debt Service Reserves**

Nevada's Consolidated Bond Interest and Redemption Fund is used for the collection of revenue, payment of the principal and interest on the bonds, and to reserve monies for future debt service payments. This debt service reserve is funded from the excess of applicable 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 revenues. At the conclusion of FY12, the Bond Interest and Redemption Fund had an estimated ending balance of approximately \$138.7 million, which represents approximately eleven months of the state's FY13 general obligation debt paid with property taxes. The state's Debt Management Policy mandates that the state should strive to maintain an amount equal to the next six months of debt service expense. The current reserve well exceeds this benchmark by prefunding nearly the entire FY13 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 2011-2013 Biennium were:

- Estimated future borrowing costs set at a conservative 6%.
- Reserve balance in the Bond Interest and Redemption Fund maintained at a minimum of six months of the next fiscal year's debt service for a minimum of the next five fiscal years.
- Outstanding and proposed general obligation debt not exceeding the Constitutional debt limit.
- Ad Valorem levy to stay at the existing rate of \$0.17 per \$100 of assessed valuation.

In January 2011, the Debt Management Division presented the General Obligation Debt Capacity and Affordability Report 2011-2013 Biennium to the Legislature. This report, utilizing the above assumptions, determined the state had capacity and affordability for an additional \$29 million of general obligation bonds, which could be issued in the 2011-2013 Biennium.

The 2011 Legislature chose to agree with the Governor's recommended budget and provided for the authorization to issue \$27,623,179 in general obligation bonds for the 2011-2013 Biennium. Of this, \$27,133,179 was authorized for the state's Capital Improvement Program and \$490,000 was authorized for the state's Historic Preservation-Cultural Affairs Program. Bonds totaling this \$29 million were issued in FY 2012.

The ad valorem tax levy for the 2011-2013 Biennium remained at the prior levy 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 general obligation 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 general obligation 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 FY12, the constitutional debt limit stood at \$1.76 billion with the outstanding general obligation debt subject to this limit at \$1.26 billion.

<b>Constitutional Debt Limitation and Capacity</b>					
<b>June 30</b>	<b>Assessed Valuation</b>	<b>Debt Limitation</b>	<b>Outstanding GO Debt Subject to Limitation</b>	<b>Outstanding Leases and COPs</b>	<b>Remaining Constitutional Debt Capacity</b>
2008	148,156,208,281	2,963,124,166	1,202,660,000	12,331,166	1,748,133,000
2009	124,106,898,966	2,482,137,979	1,395,325,000	10,455,979	1,076,357,000
2010	95,018,324,064	1,900,366,481	1,383,690,000	26,521,481	490,155,000
NEVADA STATE TREASURER			36	FY 2012 ANNUAL REPORT	

2011	87,805,540,651	1,756,110,813	1,311,690,000	30,970,000 <sup>(1)</sup>	413,450,813 <sup>(1)</sup>
2012	87,805,540,651	1,756,110,813	1,260,065,000	30,970,000 <sup>(1)</sup>	465,075,813 <sup>(1)</sup>

<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 FY12, the state's general obligation debt was rated AA+, Aa2, and AA respectively by the three major rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's. 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.

### **Ratings**

	<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	AA+
Permanent School Fund Guarantee	N/A	Aaa	AAA

## **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 general obligation and revenue securities under the Bond Bank Act. The outstanding amount of securities issued pursuant to this Act was \$288,365,000 as of June 30, 2012.

## **Permanent School Fund Guarantee**

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 PSF 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 June 30, 2012, the State Controller reported that the total assets of the PSF, including all investments reported at fair value, were \$316,049,142. Presently, the PSF is invested entirely in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years.

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, 2012,

\$184,924,000 in bonds has been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF.

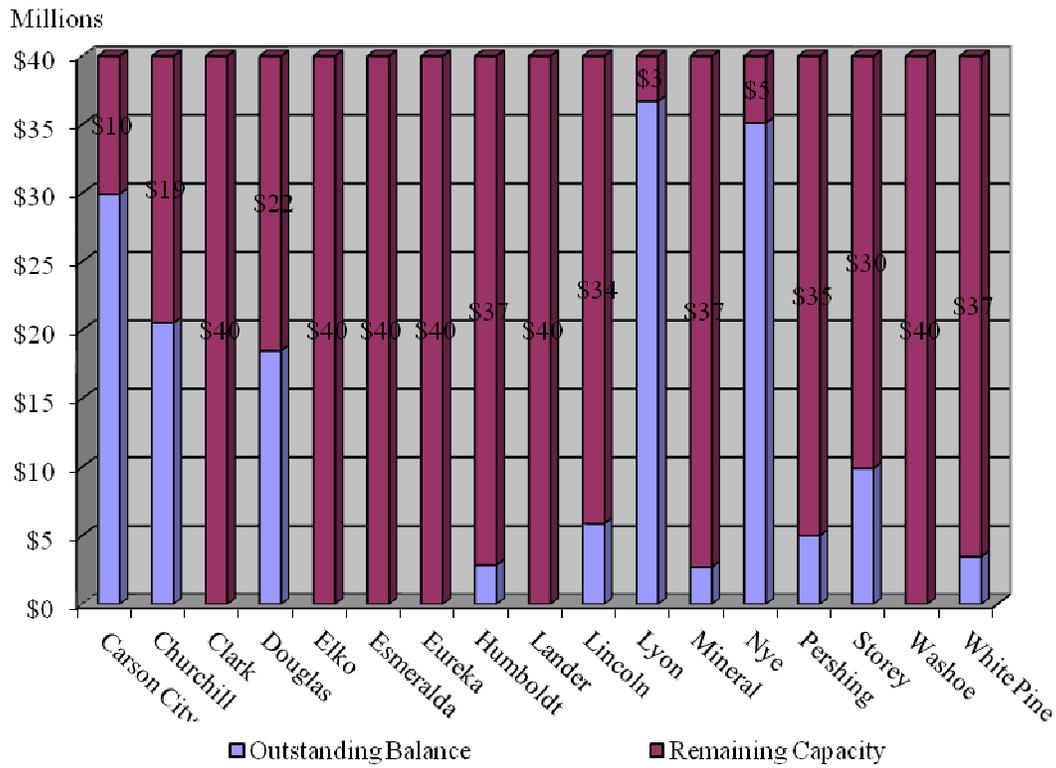
To date, thirteen of Nevada's seventeen school districts have taken advantage of the PSFG. Since the implementation of the 2007 legislation, taxpayers have saved approximately \$7.4 million in borrowing costs by school districts utilizing the PSFG.

**Permanent School Fund Guaranteed Bonds by School District<sup>1</sup>**

<b>School District</b>	<b>Outstanding Balance</b>
Carson City	\$35,845,000
Churchill	24,745,000
Clark	0
Douglas	18,360,000
Elko	0
Esmeralda	0
Eureka	0
Humboldt	2,740,000
Lander	0
Lincoln	5,699,000
Lyon	39,170,000
Mineral	2,365,000
Nye	38,605,000
Pershing	4,890,000
Storey	9,490,000
Washoe	0
White Pine	3,015,000
	<b>\$184,924,000</b>

<sup>1</sup>As of June 30, 2012

### PSFG Capacity by School District



# FUND FOR A HEALTHY NEVADA; TRUST FUND FOR PUBLIC HEALTH

***During the 1999 session, the Nevada Legislature approved two bills—Assembly Bill 474 and Senate Bill 496—establishing how money received from the Tobacco Master Settlement Agreement (MSA) would be expended by the State of Nevada. Following the disbursement of funds for several one-time expenditures, it was determined that 50% of the tobacco revenues would be allocated to the Fund for a Healthy Nevada and 10% to the Trust Fund for Public Health. Effective July 1, 2011, Senate Bill 421 of the 2011 Legislative Session eliminated the Trust Fund for Public Health, transferring all of its assets to the Fund for a Healthy Nevada, increasing its share of the MSA to 60%.***

In FY12, Nevada received a total of \$40.2 million as its share of the MSA, 1.06% greater than projected. The following chart provides a view of total tobacco revenues projected by WEFA (now Global Insight) and Barclays Capital through FY21.

As administrator of these funds, the State Treasurer’s responsibilities include maintaining the financial records of the funds, investing the money in the trust funds, managing any account associated with the funds, contracting with vendors for any goods or services that are necessary to carry out the provisions of this section, and performing any other duties necessary to administer the funds.

In addition to eliminating the Public Health Trust Fund, SB 421 removed the statutory percentages of revenues to be allocated to Fund for Healthy Nevada. Beginning in FY12, as part of its biennial budget, the Department of Health and Human Services, after considering recommendations submitted by the Grants Management Advisory Committee, the Nevada Commission on Aging, and the Nevada Commission on Services for Persons with Disabilities, proposes an allocation plan for the programs identified in NRS 439.630.

The following statement identifies the revenues, disbursements, transfers and fund balance of the health funds for FY12:

		Fund for a Healthy Nevada
July 1, 2011 fund balance	\$	14,619,735
Tobacco settlement revenues		23,742,409
Return of unused grant/loan funds		462
Transfer to the General Fund		0
Disbursements		9,429,767
June 30, 2012 fund balance	\$	28,931,915

# 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 enhancing the overall mission and goals of the State Treasurer's Office and its staff.***

The Information Technology group works closely with all State Treasurer's Office personnel and divisions/programs to support and manage existing enterprise systems, along with developing solutions for new needs and optimizations. With a small staff, the team develops and supports software for the Cash Management, Unclaimed Property Online Claims, Collateral Pooled, Millennium Scholarship, and other systems.

In addition, the IT group has the responsibility to direct and manage the various vendors supporting software for College Savings, Debt, Investments, and the Unclaimed Property systems.

The IT group is also tasked with providing desktop and server support onsite and remotely, network infrastructure, end-user technology training, and contingency planning.

FY12 cost-saving improvement projects included a new online draw request system, a new Nevada Prepaid Tuition accounting and registration program, an incoming funds notification system currently in development for Cash Management, and the installation and deployment of a new system for the Investment Division. Updating of servers and server operating systems was completed to keep the office up to date with industry standards and the growth in data being stored.

# 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.

**Kelly Langley** joined the Treasurer's Office in February 2012 as Senior Deputy Treasurer for Northern Nevada. Her duties include preparing the office's budget, overseeing the Cash Management Division, and monitoring state banking services.

Prior to joining the Treasurer's Office, Kelly worked at the Department of Taxation. She also possesses over 25 years of experience in the cash management and finance arena working for a large public utility in Nevada.

She holds a Bachelors of Science Degree in Business/Marketing from the University of Nevada, Reno and is also a Certified Treasury Professional (CTP).





Senior Deputy Treasurer for Southern Nevada **Sheila Salehian** accepted the position in January 2012. Sheila's responsibilities include overseeing the Nevada College Savings Plans, Nevada Prepaid Tuition, and Gov. Guinn Millennium Scholarship programs, as well as the Unclaimed Property Division and the office's IT personnel.

Prior to joining the Treasurer's office, Sheila worked for two years in Clark County government in an administrative role wherein she was responsible for planning, organizing, and supervising the work of public service and office support staff. Prior to that, Sheila worked in the private sector for 22 years in the Financial Services Industry, holding a variety of Relationship Manager and IT liaison roles for a Fortune 100 company.

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

**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.



**Kelli Miller** became the agency's Deputy Treasurer for Unclaimed Property in February 2012. She oversees a staff of four auditors and six 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.

Kelli has over 14 years experience in state government, serving as the Administrator for Georgia's Unclaimed Property Program and the Operations Manager for the Department of Revenue. She holds a PhD in Adult Education from Capella University.

Deputy Treasurer of Finance/Cash Management **Tara Hagan** joined the State Treasurer's Office in June 2012. Her responsibilities include assisting with investment responsibilities related to the Nevada College Savings Plans and other areas of asset and cash management.

Tara previously served nearly 5 years as the Executive Director of the Nevada Deferred Compensation Program, where she was responsible for managing the daily operations, including contractual relationships, oversight of investments, and legislative issues. Prior to this position, Tara was the Regional Manager for ING Financial Services and was responsible for the relationship management of several governmental defined contribution plans in California and Nevada.



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



**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 will 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 state’s first private equity investment fund. The goal of the Silver State Opportunity Fund is to capitalize on investment opportunities in Nevada in order to increase funding for Nevada’s K-12 schools. 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.

SB 75 created the Nevada Capital Investment Corporation, a nonprofit corporation overseen by a seven member Board, including appointees by the Governor and the Legislature. Under SB 75, up to \$50 million from the state’s Permanent School Fund may be invested in private equity. The Permanent School Fund is comprised of non-tax dollars. Earnings from the fund go to Nevada’s K-12 schools.

During her first year in office, investment earnings on the state’s General Portfolio grew by more than \$119 million, an increase of almost 50 percent over the previous fiscal year. In addition, the reserves for Nevada’s debt service payments increased from the office’s historic practice of keeping six months available to 11 months, providing greater security for the state.

Even during the economic woes the state, nation, and world faced in 2009, wherein numerous companies went bankrupt or received federal bailout money and many state and local portfolios, including retirement accounts, took a beating, the State Treasurer’s Office made a net investment profit of \$46 million on the General Portfolio for Fiscal Year 2009.

Upon entering office in January 2007, Kate immediately set out to implement the strategy she had promised voters. One of her first objectives was to enhance the Unclaimed Property Division, to the benefit of the state and the people of Nevada.

Previously, 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 State Treasurer’s Office has increased the amount of unclaimed property returned to rightful owners

from \$7.2 million in 2006 to \$33 million in 2012. Individual claims paid have increased by 162% since 2005, and the dollar amount returned has increased by 298%. 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.

While greatly increasing returns to rightful owners, the Treasurer's Office continues to set 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 2011.

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.

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. In collaboration with Upromise, the Nevada College Savings Plans program manager, she 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 by providing up to \$1,500 in matching grant college savings money to eligible families.

As an additional method for helping parents, in May 2008, the State Treasurer's Office initiated a College Savings Plans' automatic payroll deduction option, providing employees in the state system and in the private sector an easier way to save for their children's college education.

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.

A bill sponsored by the State Treasurer's Office during the 2007 Legislative Session raised the Permanent School Fund Guarantee 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 \$6.1 million in reduced borrowing costs.

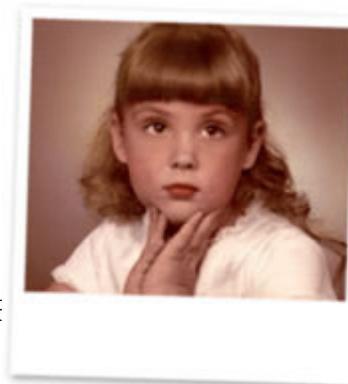
As State Treasurer, Kate requested an independent audit and review of office contracts, including those entered into by the previous administration, to determine cost saving measures that would benefit the taxpayers of Nevada. Through renegotiated contracts and other cost cutting measures, taxpayers and account holders have been saved more than \$2 million. In addition, Kate renegotiated a contract with the state's college savings plans program manager, resulting in reduced fees paid by parents and others working to save for the children's college costs, as well as greater benefits to the state.

As State Treasurer, 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 importance 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 jurist 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 & Debus, 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.

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 two wonderful daughters, Anna and Molly, live in Reno.



# FINANCIAL SECTION

## UNCLAIMED PROPERTY

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Unclaimed Property Receipts		
Utility Companies	\$ 1,374,671	\$ 1,543,343
Insurance Companies	9,031,622	7,956,695
Financial Institutions	88,984,379	47,328,552
Security Sales & Dividends	9,297,540	10,710,800
Local Governments	2,347,595	1,325,561
Other State Governments	2,017,545	1,706,450
Other Businesses	20,020,973	22,454,602
Audit Proceeds	5,061,891	19,641,280
Direct Payment From FDIC	1,462,312	1,390,305
Penalties, Interest and Other	213,552	399,350
Total Revenues	139,812,079	114,456,937
Expenditures		
Payments to Claimants	31,216,370	27,058,873
Payments FDIC Claimants	1,497,466	5,745,108
Personnel Costs	782,063	750,812
Contractual Services	775,038	962,356
Operating Costs	138,670	324,602
Advertising and Public Relations	152,386	167,710
Total Expenditures	34,561,993	35,009,461
Other Financing Sources (Uses)		
Transfer to General Fund	(97,396,124)	(83,787,789)
Transfer to Educational Trust Fund	(337,852)	(14,491)
Transfer to Gov. Guinn Scholarship Fund	(7,600,000.00)	-
Total Other Financing Sources (Uses)	(105,333,976)	(83,802,280)
Excess of revenues and other financing sources over expenditures and other financing uses	(83,890)	(4,354,804)
Beginning Balance, July 1	15,945,585	20,300,389
Ending Balance, June 30	\$ 15,910,432	\$ 15,945,585

Cash Basis - Unaudited

**MILLENNIUM SCHOLARSHIP TRUST FUND**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Tobacco Settlement Income	\$ 15,828,273	\$ 15,542,056
Gifts and Donations	-	124,994
Interest Income	-	-
Refunds	-	4,520
Total Revenues	15,828,273	15,671,570
Expenditures		
Scholarship Payments	23,184,899	24,206,668
Personnel	260,560	275,945
Travel	3,122	5,933
Administrative	106,451	96,005
Total Expenditures	23,555,032	24,584,551
Other Financing Sources (Uses)		
General Fund Appropriation	-	10,000,000
Transfer to General Fund	-	(5,000,000)
Transfer from College Savings	82,042	2,276,514
Endowment Account		
Transfer from Unclaimed Property	7,600,000	-
Total Other Financing Sources (Uses)	7,682,042	7,276,514
Excess of revenues and other financing sources over expenditures and other financing uses	(44,718)	(1,636,467)
Beginning Balance, July 1	10,557,414	12,193,881
Ending Balance, June 30	\$ 10,512,696	\$ 10,557,414

Cash Basis - Unaudited

**PREPAID TUITION TRUST FUND**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Participant Contributions	\$ 9,191,686	\$ 7,879,937
Application Fees	79,150	57,200
Administrative Charges	22,500	31,765
Interest Income	2,803	2,769
Investment Gain (Loss)	7,714,183	8,604,779
Total Revenues	<u>17,010,322</u>	<u>16,576,450</u>
Expenditures		
Tuition Payments	6,132,880	5,401,979
Personnel Costs	158,869	166,434
Travel	2,995	4,319
Operating Costs	612,435	404,924
Contract Cancellation Refunds	1,611,364	1,963,148
Contract Rollover Payments	15,349	28,815
Total Expenditures	<u>8,533,892</u>	<u>7,969,619</u>
Other Financing Sources (Uses)		
Transfer from College Savings Endowment Account	1,320,000	1,127,424
Transfer from College Savings to Pay Operating	774,299	
Transfer to General Fund		
Total Other Financing Sources (Uses)	<u>2,094,299</u>	<u>1,127,424</u>
Excess of revenues and other financing sources over expenditures and other financing uses	10,570,729	9,734,255
Beginning Balance, July 1	121,394,111	112,656,797
Prior Period Adjustment	-	-
Ending Balance, June 30	<u>\$ 131,964,840</u>	<u>\$ 122,391,052</u>

Cash Basis - Unaudited

## COLLEGE SAVINGS

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Investment Management Fees	\$ 4,191,937	\$ 3,656,935
Gifts and Donations	2,645	2,645
Noncash Revenues	312,953	404,119
Interest Income	3,117	5,705
Total Revenues	<u>4,510,653</u>	<u>4,069,404</u>
Expenditures		
Personnel	140,175	187,961
Operating	898,012	282,073
In-Kind Marketing	312,953	404,119
Total Expenditures	<u>1,351,141</u>	<u>874,153</u>
Other Financing Sources (Uses)		
Administrative Transfers		
College Savings	(964,546)	(371,364)
Millennium Scholarship	(288,092)	(373,700)
Prepaid Tuition	(774,299)	(468,424)
Transfer to Prepaid Tuition Trust Fund	(1,320,000)	(659,000)
Transfer to Millennium Scholarship Trust Fund	-	(1,906,283)
Cost Allocations/Fund Transfers	(291)	465,315
Total Other Financing Sources (Uses)	<u>(3,347,228)</u>	<u>(3,313,456)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(187,716)	(118,206)
Beginning Balance, July 1	595,356	713,562
Ending Balance, June 30	<u>\$ 407,640</u>	<u>\$ 595,356</u>

Cash Basis - Unaudited

## CONSOLIDATED BOND INTEREST & REDEMPTION FUND

### Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Taxes		
Real Property	\$ 121,950,095	\$ 134,584,570
Personal Property	10,565,591	10,756,677
Centrally Assessed Property	13,581,654	12,831,024
	<u>146,097,340</u>	<u>158,172,271</u>
Other		
Lease Purchase Building Rent	2,699,177	2,830,163
Interest Income	6,747	40,111
	<u>2,705,924</u>	<u>2,870,274</u>
Total Revenues	<u>148,803,264</u>	<u>161,042,545</u>
Expenditures		
Personnel	238,086	249,552
Operating	57,086	8,479
Insurance	418	6,591
Trust Agent Fees	11,721	11,501
	<u>328,932</u>	<u>276,123</u>
Debt Service		
Bond Principal Redemption	87,985,000	108,900,000
Bond Interest Expense	85,300,916	90,697,228
	<u>173,285,916</u>	<u>199,597,228</u>
Total Expenditures	<u>173,614,847</u>	<u>199,873,351</u>
Other Financing Sources (Uses)		
Transfers from State Agencies	37,909,446	28,719,944
Dept of Cons. & Natural Res. - Arbitrage	-	-
US Treasury - Build America Bonds Subsidy	1,326,269	1,326,269
State Treasurer's Assessment	406,812	193,452
Transfers-out		
Transfer to UCCSN	(170,750)	(393,731)
Transfer to General Fund	-	(14,000,000)
Net Proceeds from Refundings	69,539	47,110
Net Prior Year Refunds/Expenditures	3,759	28,966
Total Other Financing Sources (Uses)	<u>39,545,075</u>	<u>15,922,010</u>
Excess of revenues and other financing sources over expenditures and other financing uses	14,733,492	(22,908,796)
Beginning Balance, July 1	134,495,839	157,404,635
Prior Period Adjustment		
Ending Balance, June 30	<u>\$ 149,229,331</u>	<u>\$ 134,495,839</u>

Cash Basis - Unaudited

# MUNICIPAL BOND BANK BOND INTEREST & REDEMPTION FUND

## Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	2012	2011
Revenues		
Receipts from municipalities	\$ 16,203,969	\$ 30,263,287
Other		
Interest Income	2,837	5,346
Reimbursement of Expenses	104,755	2,019
Total Revenues	16,311,561	30,270,652
 Expenditures		
Administrative Costs	102,943	5,688
Trust Agent Fees	2,023	1,848
	104,966	7,536
Debt Service		
Bond Principal Redemption	4,940,000	15,670,000
Bond Interest Expense	11,263,969	14,593,287
	16,203,969	30,263,287
Total Expenditures	16,308,935	30,270,823
 Other Financing Sources (Uses)		
Reversion to General Fund	-	(1,278)
Total Other Financing Sources (Uses)	-	(1,278)
Excess of revenues and other financing sources over expenditures and other financing uses	2,626	(1,449)
Beginning Balance, July 1		1,449
Ending Balance, June 30	\$ 2,626	\$ -

Cash Basis - Unaudited

## FUND FOR HEALTHY NEVADA

### Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2012 and June 30, 2011

Revenues	2012	2011
Tobacco Settlement Income	23,742,409	20,089,576
Interest Income	6,157	
Appropriations	462	2,180
Total Revenues	23,749,028	20,091,756
Expenditures		
Operating		
Total Expenditures	68,160	83,260
	68,160	83,260
Other Financing Sources (Uses)		
Transfer to Department of Health and Human Services		
Administrative Services	(732,051)	(789,183)
Senior RX Program	(1,752,335)	(2,597,224)
Tobacco Reduction	-	
Children & Disabled Persons	(2,466,972)	(2,410,718)
Aging Services	(3,866,656)	(3,350,910)
Disability RX	(234,903)	(366,385)
Transfer to Attorney General	-	(662,006)
Total Other Financing Sources (Uses)	(315,772)	(8,838,165)
	(9,368,688)	(19,014,591)
Excess of revenues and other financing sources over expenditures and other financing uses	14,312,180	1,003,905
	-	
Beginning Balance, July 1	14,619,735	13,615,830
Reversions to Fund for Healthy Nevada	-	-
Ending Balance, June 30	\$ 28,931,915	\$ 14,619,735

## BANK ACCOUNTS

	BANK STATEMENT BALANCES	
	June 30, 2012	June 30, 2011
Bank of America - Treasurer's Main Concentration Account	\$ 149,880,478	\$ 157,803,726
Bank of America - Treasurer's Controlled Disbursement Account	\$ -	\$ -
Bank of America - E-Payment Test Account	\$ 196	\$ 197
Bank of America - ACH Test Account	\$ 10	\$ 13
Bank of America - Gaming Control Board's Zero Balance Account	\$ -	\$ -
Bank of America - Gaming Control Board Investigations Zero Balance Account	\$ -	\$ -
Bank of America - Dept of Motor Vehicle's Credit Card Account	\$ -	\$ -
Bank of America - Dept. of Taxation Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Insurance Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Health Care Financing and Policy Zero Balance Account	\$ -	\$ -
Bank of America - Nevada Veteran's Nursing Home Zero Balance Account	\$ -	\$ -
Bank of America - Public Employee Benefits Program Zero Balance Account	\$ -	\$ -
Bank of America - Treasurer's Unclaimed Property Zero Balance Account	\$ -	\$ -
Bank of America - Treasurer's Prepaid Tuition Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Industrial Relations Zero Balance Account	\$ -	\$ -
Bank of America - Public Employee Benefits Program Zero Balance Account	\$ -	\$ -
Bank of America - PEBP HRA/HSA Zero Balance Account	\$ -	\$ -
Bank of America - PEBP Exchange HRA Zero Balance Account	\$ -	\$ -
Bank of America - Medicaid (NEW)	\$ -	n/a
Bank of America - Check Up (NEW)	\$ -	n/a
Bank of America - Employment Security Division's Unemployment Compensation Benefits Account	\$ 1,203,764	\$ 1,752,559
Bank of America - Employment Security Division's Unemployment Compensation Clearing Account	\$ 186,611	\$ 265,798
Nevada State Bank - Treasurer's Branch Depository Account	\$ 432,245	\$ 351,946
Nevada Bank and Trust - Treasurer's Branch Depository Account	\$ 16,660	\$ 12,034
Wells Fargo Bank - Treasurer's Branch Depository Account	\$ 214,919	\$ 149,969
Wells Fargo Bank - Dept. of Motor Vehicles Cash Vault Pilot Account	\$ 10,964,011	\$ 3,482,324
Wells Fargo Bank - Gov. Guinn Millennium Scholarship Donation Account	\$ 4,740	\$ 4,740
JP Morgan Chase - Lockbox Concentration Account	\$ 2,906,667	\$ 4,564,036