

OFFICE OF THE NEVADA STATE TREASURER

Dan Schwartz



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ANNUAL REPORT

JULY 1, 2015—JUNE 30, 2016



OFFICE OF THE STATE TREASURER



October 31, 2016

Dear Governor Sandoval and Members of the Legislature:

I am pleased to present the State Treasurer's Office (STO) Annual Report for Fiscal Year 2016 as required by NRS 226.120.

This past year, the STO has gone from strength to strength. We took office in January 2015 and set to work immediately. We have tripled returns on the nearly \$3 billion in various government portfolios including the General Fund. In the case of the Local Government Investment Pool (LGIP), our return is up over seven times. We have emphasized the need for increased focus on Nevada-based investments and have recommended an investment in Nevada-based micro-loan programs by the Nevada Capital Investment Corporation (NCIC). Nevada has maintained its AA/Aa2, and AA+ credit ratings, while our Deputy Treasurer for Debt has saved taxpayers close to \$80 million in interest payments through tenacious refunding and new issues. Our College Savings and Prepaid Tuition programs continue to benefit from the introduction of our mascot, Sage, as well new ideas to enhance College Kick Start. Our Unclaimed Property Division has reduced the processing period from 120 days (when we took office) to 20 days with a stated goal of bringing the period down to same day processing. We completed regulations and won two lawsuits that challenged the Education Savings Account Program. Unfortunately, our efforts to include funding ESAs on a Special Session agenda failed, so the program remains in limbo.

All these achievements would not have been possible without the great team that has taken charge at the Treasurer's Office. These individuals include Tara Hagan and Grant Hewitt, Chief Deputy and Chief of Staff respectively; Senior Deputy Treasurer Budd Milazzo and Deputy Treasurers Linda English, Lori Chatwood, Kim Arnett, Amber Law, Mark Ciavola, Sheila Salehian and all our dedicated and indefatigable staff.

Looking ahead, the Treasurer's Office will build on the successes of the past year. We will continue to improve the return on our State's capital pool; we will continue our efforts to implement the ESA program; and we will continue to invest in new businesses and programs that create jobs and expand Nevada's economy.

Respectfully submitted,

Dan Schwartz
Nevada State Treasurer

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DAN SCHWARTZ

Nevada State Treasurer

Dan is Nevada's State Treasurer. He is committed to improving education through the many college savings and related programs administered by the Office; to growing Nevada's tax dollars by substantially increasing investment returns on State dollars; to creating jobs through the NCIC private equity fund; to expediting the return of unclaimed property; to refunding higher interest debt; and to fulfilling the responsibilities of a State Constitutional Officer.



Dan grew up in suburban Chicago and attended Princeton University. He graduated from the undergraduate program at the Woodrow Wilson School of Public Policy and International Affairs in 1972. During his junior year, he studied at the *Institut d'Etudes Politiques* in Paris and received his *Certificat*. He holds a law degree from Boston University and a business degree from Columbia. He served in the United States Army (1972-74) and was stationed in Europe as a Pershing Missile Crewman.

Dan has over 35 years of financial and business experience across multiple sectors of the banking and securities industry in Houston, New York, and internationally. He is also an experienced and accredited investor in the public and private markets.

Over the past 25 years, Dan has started and built several companies. He served as the CEO of AVCJ Group, Ltd. (AVCJ), which publishes the highly-regarded *Asian Venture Capital Journal*, the first ever print journal to be distributed over the Internet. Dan and his team built AVCJ into Asia's leading source on Asian private equity and venture capital. A UK company purchased AVCJ in 2006.

Dan is also Founder, President and CEO of Qiosk.com, "The World's Newsstand," one of the pioneers and innovative leaders in digital magazine delivery and media. Fifteen years after its creation, Qiosk continues to be profitable and a leader in its field.

Dan is the author of two books, *The Future of Finance: How Private Equity and Venture Capital Will Shape the Global Economy* (published by John Wiley) and *Principles of the American Republic* (published by Sturdy Oak Press).

Dan is also a member of the Illinois Bar. He is married to Yanan and has 2 daughters.

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 are managed to the highest standard; that money entrusted by participants in the Nevada Prepaid Tuition and Nevada 529 College Savings Plans programs; the Governor Guinn Millennium Scholarship program and the Fund for a Healthy Nevada; and that Permanent School Fund dollars are managed, monitored, and invested prudently; and that unclaimed property held by the state is returned as expeditiously as possible to its rightful owners.

OVERVIEW

The Office of the 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 investments 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, professional, and conservative financial 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 embodies public confidence and integrity; and,
- Promote efficiencies through technological advances and best practices.

Statutory responsibilities of the State Treasurer:

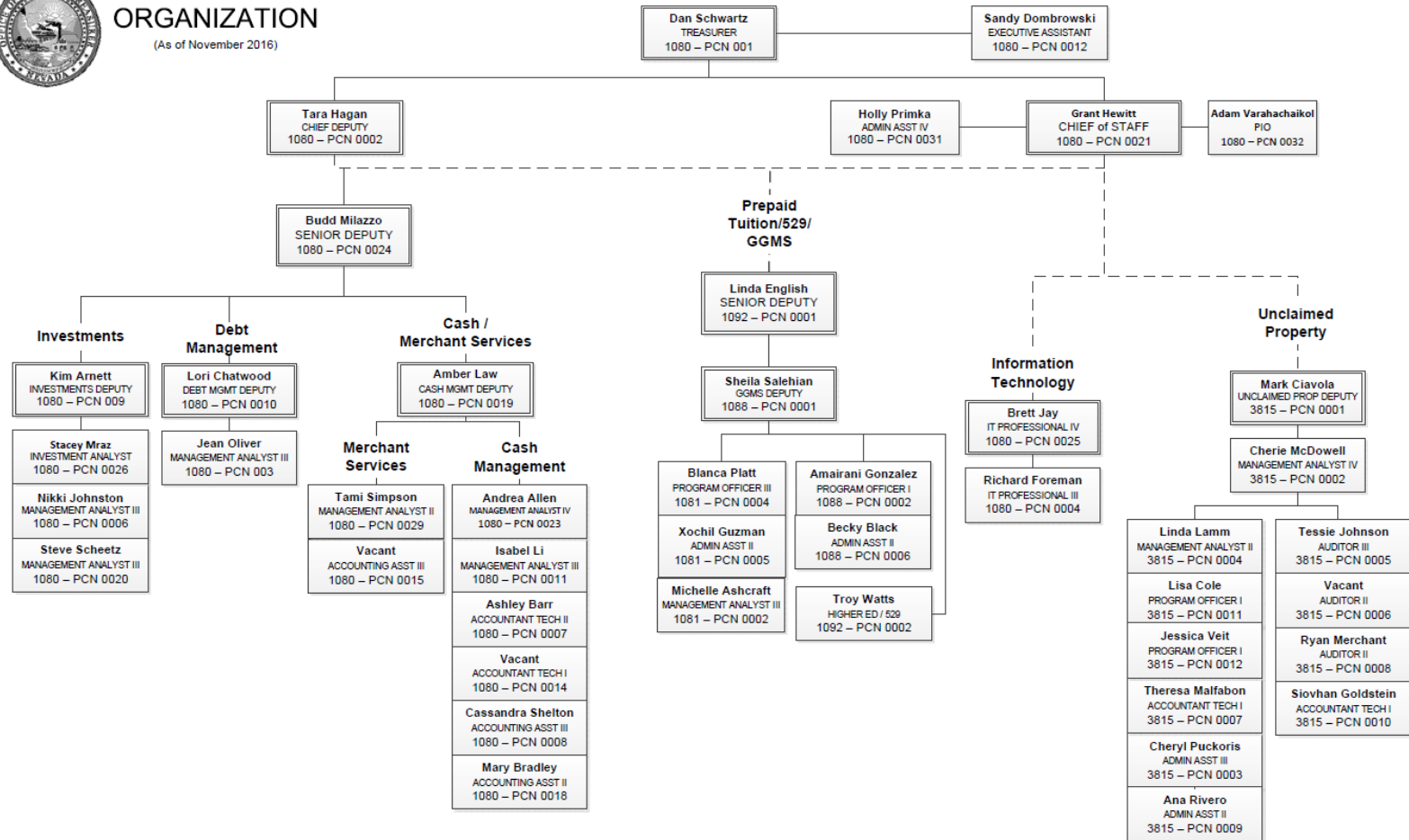
- Member of the State Board of Finance;
- Ex-Officio State Disbursing Office for the federal government;
- Administrator of the Municipal Bond Bank;
- Chairman of the Board of Trustees of the College Savings Plans of Nevada;
- Administrator of the 529 College Savings Plan and Trust Fund;
- Administrator 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;
- Administrator of the Nevada Unclaimed Property Division; and,
- Chair, Nevada Capital Investment Corporation

For FY16, the State Treasurer's Office had an approved budget over all functional areas of \$8,702,458, but expended only \$7,707,114, a savings of almost \$1million dollars. Only 8.8% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers.



Office of the State Treasurer
ORGANIZATION
(As of November 2016)



COLLEGE SAVINGS PLANS OF NEVADA

The Nevada 529 College Savings Plans, authorized by 26 U.S.C. § 529, are designed to assist parents and students in saving for future college expenses a in tax advantaged savings plans. The program is authorized in NRS 353B.

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

The College Savings Plans of Nevada consist of three direct sold plans managed by Ascensus College Savings—SSGA Upromise 529, Vanguard 529 College Savings Plan, and USAA 529 College Savings Plan—and one advisor-sold plan, Putnam 529 for America. As of June 30, 2016, there were 731,623 individual accounts across all four of these plans, with over \$17.2 billion in assets under management. In April 2016, the College Savings Board of Nevada approved a new Partnership with Ascensus and Wealthfront. This exciting new partnership offers yet another 529 College Savings option, with the added 'robo rep' advising capability, based on purchasers risk assessment survey taken online, and the Wealthfront software program which suggests investment options tailored to the participant risk tolerant responses. The Wealthfront 529 Plan is designed to be an advisor-sold plan with low fees and a personalized 529 experience; this option will be open to the public and available in fiscal year 2017.

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

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

SSgA Upromise 529

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

As of June 30, 2016, Nevada's SSGA Upromise 529 Plan was ranked tenth in the industry for 10-year performance by Savingforcollege.com, an independently sponsored website dedicated to assisting parents and students with planning for college.

| Rank | State | Plan | Performance score |
|------|----------------------|--|-------------------|
| 1 | District of Columbia | DC 529 College Savings Program (Direct-sold) | 22.65 |
| 2 | New York | New York's 529 College Savings Program -- Direct Plan | 26.09 |
| 3 | Tennessee | TNStars College Savings 529 Program | 26.16 |
| 4 | Michigan | Michigan Education Savings Program | 26.79 |
| 5 | California | The ScholarShare College Savings Plan | 27.42 |
| 6 | Louisiana | START Saving Program | 28.91 |
| 7 | Maine | NextGen College Investing Plan -- Client Direct Series | 29.76 |
| 8 | Alaska | University of Alaska College Savings Plan | 30.19 |
| 9 | Florida | Florida 529 Savings Plan | 32.31 |
| 10 | Nevada | SSGA Upromise 529 Plan | 33.07 |

Silver State Matching Grant Program

The Silver State Matching Grant Program, available within the SSgA Upromise 529 plan, offers low- and middle-income Nevada families a matching grant of up to \$300 in extra college savings per calendar year, with a lifetime maximum grant of \$1,500. Matching grant funding is part of the office's contract with Ascensus, which supplies the money for the matching grants. ***No taxpayer dollars are used.*** The program was significantly expanded in FY14 to include all Nevada families with a household Adjusted Gross Income (AGI) of under \$75,000. As the chart below shows, the program is showing impressive year-over-year growth since FY2011.

| Silver State Matching Grant Program FY11 to FY15 | | | | | |
|--|-------------|-------------|-------------|-------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Applications Received | 89 | 128 | 255 | 414 | 425 |
| Approved Applications | 80 | 112 | 236 | 377 | 383 |
| Matching Funds Paid Out | \$22,343.49 | \$30,889.47 | \$67,283.37 | \$98,024.06 | \$106,971.02 |
| % Increase Over Previous Year | 135% | 40% | 111% | 50% | 1% |

Vanguard 529 Plan

Nevada's Vanguard 529 College Savings Plan is one of the largest in the nation, with assets under management as of June 30, 2016 of just over \$12.8 billion. The total number of accounts at the conclusion of FY16 in this plan was 314,967. This industry leading plan is consistently ranked as one of the best by financial rating agencies. As of May 27, 2015, Nevada's Vanguard 529 Plan received an

overall rating of Gold from Morningstar, a leading provider of independent investment research in North America, Europe, Australia, and Asia.

Morningstar Analyst Ratings for 529 College-Savings Plans
Gold Rating (4 plans out of 64 ranked received a Gold rating)

Alaska: T. Rowe Price College Savings Plan

Maryland: Maryland College Investment Plan

Nevada: The Vanguard 529 College Savings Plan

Utah: Utah Educational Savings Plan

USAA 529 College Savings Plan

In partnership with USAA Investment Management, the USAA 529 College Savings Plan is geared toward military families. The program is nationally recognized for its strong performance

USAA Distinguished Valor Matching Grant Program Expanded

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

| Distinguished Valor Matching Grant | | | | |
|------------------------------------|----------|-----------|-----------|-----------|
| | 2012 | 2013 | 2014 | 2015 |
| Approved Applications | 16 | 78 | 105 | 122 |
| Matching Funds Paid Out | \$ 4,700 | \$ 22,280 | \$ 30,400 | \$ 36,230 |
| % Increase Over Previous Year | | 388% | 35% | 16.2% |

Putnam 529 for America

Sold in Nevada and nationally through financial advisors, Putnam 529 for America showed promising growth during FY16. As of June 30, 2016, the plan had \$397.4 million in assets under management and 20,229 total accounts.

Historical charts

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

Number of National Accounts:

| Year | SSgA Upromise 529 | Vanguard 529 Plan | USAA 529 Plan | Putnam 529 Plan | Total |
|-------------|------------------------------|------------------------------|--------------------------|----------------------------|----------------|
| 2006 | | | | | |
| 2007 | 157,309 | 115,057 | 58,597 | | 330,963 |
| 2008 | 166,570 | 141,602 | 64,379 | | 372,551 |
| 2009 | 166,790 | 155,020 | 80,275 | N/A | 402,085 |
| 2010 | 164,341 | 170,649 | 102,190 | N/A | 437,180 |
| 2011 | 161,611 | 190,729 | 130,451 | 12,580 | 495,371 |
| 2012 | 158,066 | 208,088 | 153,636 | 15,656 | 535,446 |
| 2013 | 153,837 | 230,323 | 178,657 | 16,859 | 579,676 |
| 2014 | 153,128 | 255,357 | 206,333 | 18,306 | 633,124 |
| 2015 | 148,868 | 285,571 | 232,427 | 19,506 | 686,372 |
| 2016 | 144,571 | 314,967 | 251,858 | 20,229 | 731,625 |

Assets:

| Year | SSgA Upromise 529 | Vanguard 529 Plan | USAA 529 Plan | Putnam 529 Plan | Total |
|-------------|----------------------------------|------------------------------|--------------------------|----------------------------|-------------------------|
| 2009 | \$608,228,558 | \$3,343,224,153 | \$519,141,031 | N/A | \$4,568,231,621 |
| 2010 | \$738,274,807 | \$4,303,662,470 | \$738,227,830 | N/A | \$5,888,597,523 |
| 2011 | \$923,243,928 | \$5,899,169,097 | \$1,121,433,138 | \$225,829,285 | \$8,169,675,448 |
| 2012 | \$982,374,293 | \$6,623,429,551 | \$1,317,915,273 | \$266,915,980 | \$9,190,635,097 |
| 2013 | \$1,084,540,000 | \$8,184,020,000 | \$1,690,800,000 | \$302,780,137 | \$11,262,130,137 |
| 2014 | \$1,237,190,000 | \$10,417,310,000 | \$2,210,580,000 | \$367,909,671 | \$14,232,989,671 |
| 2015 | \$1,276,391,819 | \$11,716,947,923 | \$2,479,562,950 | \$397,081,967 | \$15,869,984,659 |
| 2016 | \$1,309,730,000 | \$12,850,740,000 | \$2,703,540,000 | \$397,471,521 | \$17,261,481,521 |

Number of Nevada Accounts:

| Year | SSgA Upromise 529 | Vanguard 529 Plan | USAA 529 Plan | Columbia 529 Plan | Putnam 529 Plan | Total |
|-------------|------------------------------|------------------------------|--------------------------|------------------------------|----------------------------|---------------|
| 2007 | 2,824 | 1,460 | 660 | 0 | N/A | 4,944 |
| 2008 | 3,305 | 1,923 | 826 | 110 | N/A | 6,164 |
| 2009 | 3,238 | 2,089 | 958 | 118 | N/A | 6,431 |
| 2010 | 3,346 | 2,355 | 1,125 | N/A | N/A | 6,979 |
| 2011 | 3,480 | 2,645 | 1,440 | N/A | 212 | 7,777 |
| 2012 | 3,668 | 2,881 | 1,750 | N/A | 296 | 8,595 |
| 2013 | 3,956 | 3,214 | 2,085 | N/A | 360 | 9,615 |
| 2014 | 4,595 | 3,604 | 2,490 | N/A | 425 | 11,114 |
| 2015 | 5,454 | 4,118 | 2,798 | N/A | 451 | 12,821 |
| 2016 | 9,533 | 4,695 | 3,014 | N/A | 457 | 17,699 |

Education and Outreach Initiatives - Increased Nevada Participation

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

- Having a dedicated in-state field representative in both Reno and Las Vegas to work with local businesses and other statewide organizations to increase awareness of the SSgA Upromise 529 Plan, college savings in general, and to provide assistance to Nevada families in establishing accounts for their children.
- Expanding the \$529 College Savings Day Contest to award \$529 college savings accounts to randomly selected online entries during the month of May and September
- Actively participating in numerous community events, such as Parent Teacher Association Conventions, school counselor meetings, Reno Aces and Las Vegas 51s Baseball Games, Children's Museums, Back-to-School Fairs, and other events throughout the State.

Nevada College Kick Start Program

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

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

As of June 30, 2016 there were 100,145 students participating in the program. Funding for student accounts totaled \$5,007,250.

Approved by the Board of Trustees of the College Savings Plans of Nevada to run for three years starting in November 2013, the Board approved the Program to continue at its March 2016 meeting. The Program will go before the Legislature as part of the Treasurer's Office FY18-19 budget.

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

The impetus behind the launch of the Nevada College Kick Start Program was several studies showing that children who know they have a college savings account in their name were 7 times more likely to attend an institution of higher learning. The studies found that even a small account improves a child's determination and preparedness for college and higher education, regardless of family income, ethnicity, or the educational attainment of the child's parents.

Special thanks to each of the school districts for their support, collaboration, and partnership in helping to ensure this program is renewed permanently to benefit our youth for years to come.



Attendees visit the College Savings table at the KIDS' DAY at the Discovery Museum in Las Vegas on September 10, 2016.



Mason, nephew of Treasurer's Office employee Sandy Dombrowski, gets ready to throw the first pitch at the Reno Aces Game on August 8, 2016.



“Sage”, the college savings Desert Tortoise, poses with attendees at the Reno Kite Festival on June 11, 2016.

Staff employee Amairani Gonzales and SSGA Uprise field representative Lisa Connor talk to attendees at the Reno Aces Baseball game on August 8, 2016.



Sage visits with children at a College Savings Night Event at the Boys and Club on May 5, 2016

NEVADA PREPAID TUITION PROGRAM

The Nevada Prepaid Tuition program enables parents, grandparents, and other family members to lock in future in-state college tuition rates at today's prices. However, benefit usage is NOT restricted to Nevada. The Nevada Prepaid Tuition Program is authorized by 26 U.S.C. § 529. *The program is designed to assist parents and students save for future college expenses in 529 College Savings Plans, which offer savings and tax advantages to account holders. The Program is authorized under NRS 353B.*

The Nevada Prepaid Tuition Program, which began in 1998, continues to offer a smart savings option to Nevada residents and/or graduates of the Nevada System of Higher Education to lock in Nevada's in-state college tuition rates for their newborn to ninth grade children. The program provides parents, grandparents, extended family members, and friends a variety of options, which makes participation in the program easy and convenient. As of the latest actuarial report completed by an outside firm, the funded status of the Nevada Prepaid Tuition Program as of June 2015 is 127.9%, a slight increase from the previous fiscal year, and the strongest funded status since program inception. Contracts can be purchased with a lump sum payment, paid monthly over 5 years, or monthly until the child is ready to start college. At the conclusion of FY16, 19,343 children had been enrolled in the program. The Nevada Higher Education Tuition Trust Fund held assets of \$227.4 million. This year, the program expanded its outreach efforts as part of the new umbrella campaign which includes all of the Treasurer's Office educational programs.



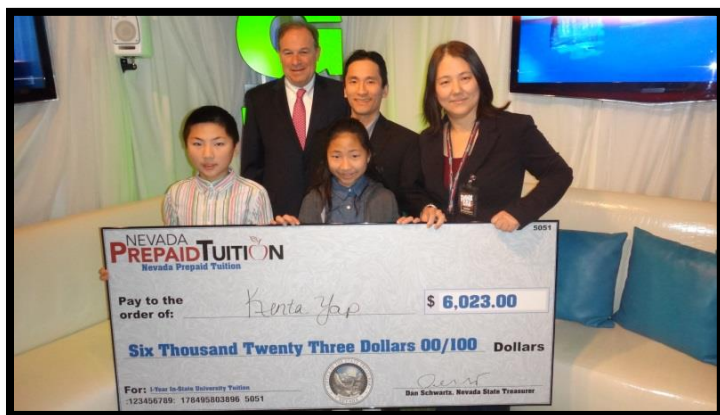
According to an article from Georgetown University, by the year 2020, 65% of the jobs in the economy will require postsecondary education and training beyond high school. The Nevada Prepaid Tuition Program offers Nevadans an opportunity to properly prepare for those jobs by purchasing in state tuition today for tomorrow's usage. The contracts are transferable to another family member, including a first cousin, and can be used in or out of state at eligible institutions of higher learning. As of June 30, 2016, there were 2,960 students using their benefits. The program paid out over \$10.1 million in tuition benefits on behalf of these students in FY16, an increase of over \$1.2 million from FY15.

As the number of benefit distributions continues to increase each year, so does the number of students using their benefits at private and/or out-of-state institutions. In FY 16, 32.4% attended private and out-of-state institutions, an increase of roughly 2.4% over FY 15, while 67.6% remained in-state during FY 16.

In FY 16, the Program expanded the open enrollment period for the first time in seven years. Enrollment started November 1 and concluded at the end of April. The Program enrolled 970 new students. Despite a slower rate of economic recovery in Nevada compared to many other states, families in this state obviously realize the importance of saving for college and the value of the Prepaid Tuition Program. Roughly 56% of the contracts sold purchased a 4 year university plan with 37.2% paying the contracts off in one lump sum payment. Nevada is one of only eleven states which still offers a prepaid tuition program. It is not surprising that Nevada families are realizing the advantage of enrollment in this program when you look at the fact that college tuition and fees have risen 1,120% since 1978, and student loan debt continues to rise. The program is flexible, affordable and program benefits can even be used at institutions across the United States that accept the Free Application for Federal Student Aid (FAFSA). According to a report by the Federal Reserve Bank of New York, student loan debt increased to \$1.26 trillion for the first quarter of 2016, which was not only an increase of \$72 billion from the prior year, but more than the nation's total credit card debt of \$712 billion.



Treasurer Dan Schwartz with Sage



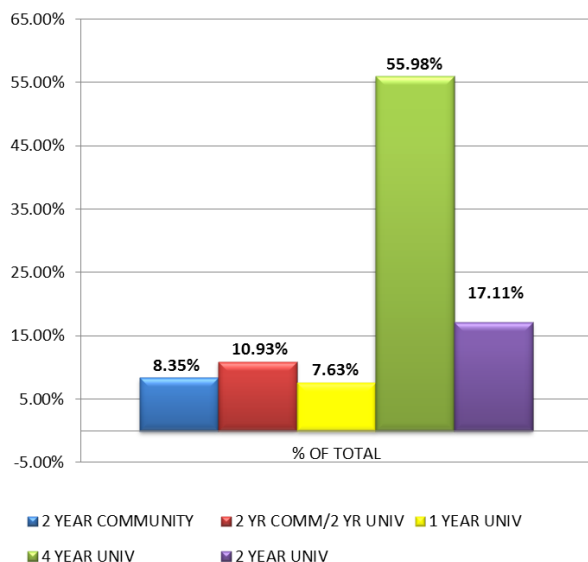
**Treasurer Dan Schwartz with the Yap Family.
Kenta Yap was the Southern Nevada winner of 1 free year of tuition.**



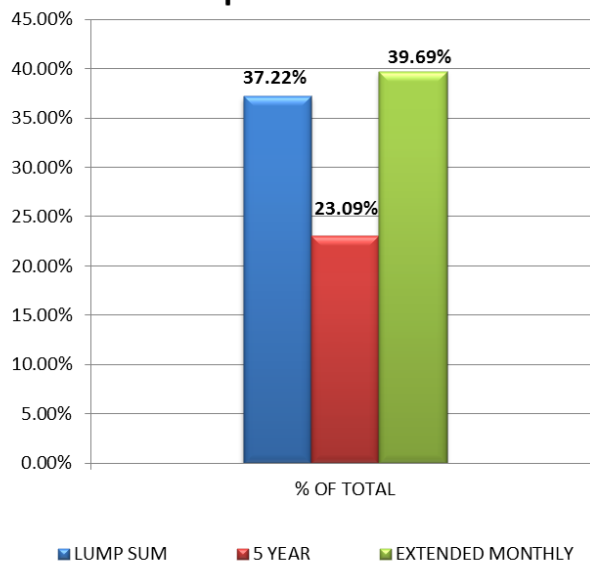
**Treasurer Dan Schwartz with the Tran Family.
Jayden Tran was the Northern Nevada winner of 1 free year of tuition.**

The Nevada Prepaid Tuition Program offers an alternative to acquiring student loans to pay for college tuition. The Treasurer’s website, NVPrepaid.gov allows convenient online enrollment, access to program forms, the ability to make contract payments, and to perform basic account maintenance such as requesting address changes, etc. As noted below, the most popular plan is the 4-year university plan, paid for through extended monthly payments, with the lump sum option right behind extended payment options.

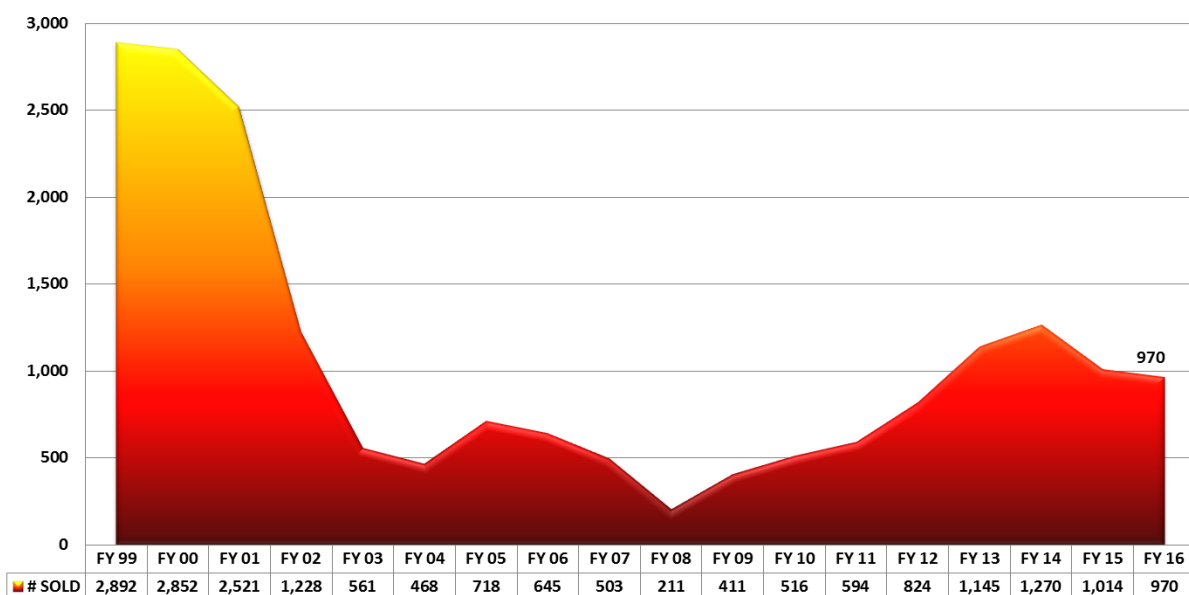
The Plans Families Purchased



How Families are Paying for Prepaid Tuition Plans



**Nevada Prepaid Tuition Program
Contracts Sold by Fiscal Year**



FINANCIAL LITERACY

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

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

Annual funding of \$175,000 for financial literacy outreach efforts was initially approved by the College Savings Board in April 2010 and continuously renewed through July 2016 as part of the long term College Savings Plan.

Financial Literacy in Nevada

The State Treasurer’s Office approach in Fiscal Year 2016 provided increased financial literacy/education in Nevada to students, parents, teachers, and other professionals included:

- Providing financial support to local nonprofit organizations who teach Financial Literacy such as The Andson Foundation.
- Hosting the Annual Nevada Women’s Money Conferences in two languages (English & Spanish).
- Hosting Financial Literacy Training Seminar for Military Families and Senior Citizens.

Financial Literacy Outreach

Treasurer Dan Schwartz is passionate about educating Nevada’s adults in financial matters so they will become more economically educated and prepared to deal with cyclical and personal economic conditions. To this end, the Nevada State Treasurer’s Office continued financial literacy outreach activities in FY16 aimed at educating Nevada parents and children about the importance of learning about and managing personal finances. These activities and programs, offered in partnership with organizations such as the Andson Foundation, the International Association of Working Mothers, and the Financial Guidance Center included the following activities:

1) The Andson Foundation:

The Andson Foundation has been a long-standing partner of the Nevada State Treasurer’s Office in assisting to provide high quality financial education and after school tutoring in reading and math to students in The Clark County School District. In October 2015, Andson provided a personal finance workshop for members of the military and their families, in conjunction with the Financial Guidance

Center of Las Vegas and UNLV. Topics included developing a household budget, military benefits and discounts, purchasing a vehicle or home, saving for higher education, and VA loans.

2) Hosting the Nevada Women's Money Conferences:

In FY16, the Treasurer's Office and the College Savings Board of Nevada once again sponsored the Nevada Women's Money conferences in Reno and Las Vegas. In addition, the Latina Women's Money Conference, called *Mujeres y Dinero*, conducted entirely in Spanish, was conducted in Las Vegas and Reno, Nevada. In total, the 5th annual conferences were attended by over 900 women, who ranged mostly in ages from 24-54 years old. The conferences included a resource expo, a money mentor program, and nationally renowned women authors/speakers who provided attendees with invaluable advice on taking control of their personal finances. In addition, the conferences in 2016 offered a new option to support college savings plan enrollments in a more engaging, results-driven way. During registration, attendees were given the opportunity to book a one-on-one appointment with a representative from the Nevada State Treasurer's Office to discuss all of the college savings options available through the Nevada College Savings Plans Program. This approach resulted in attendees opening new accounts within 90 days of the conferences.

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

- *My financial strategy has been to be debt free and live frugally. Now I have money, and I don't know where to put it. I will join the 9 month mentor group.*
- *I am 22 years old and feel like I entered a new world of adulthood. I have a lot more questions because of all of this information is new [to me]. I want more information to begin adulthood right, and the guidebook seems helpful.*
- *Wonderful conference, Thank you for this opportunity. Great information!!*
- *Second conference and still learning!*



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

3) Coordinating a specialized Financial Literacy benefit and training session for Veterans and Senior Citizens:

In 2016, a unique event was held in Las Vegas that offered Veterans and Senior Citizens the chance to hear from industry experts on the program benefits uniquely available to them in their community, discussing topics such as saving for higher education, military discounts, pitfalls of payday lending, and specific military benefits of the USAA College Savings Matching Grant program. Senior Citizens were educated about estate planning, senior financial support programs, getting the most from medical services, saving for grandchildren's higher education needs and the financial benefits of waiting to take social security until full retirement age. Supplemental information was provided to participants in the form of a 144-page resource book. Additional information and resources in the book included chapters on college savings, budgeting, credit, debt, fraud, investments, military/veteran specific services, senior services, resources, and a glossary of financial terms.

In summary, as Chair of the College Savings Board of Nevada, Treasurer Dan Schwartz is committed to helping Nevada families navigate complex personal financial matters. This is imperative given that Nevada was recently ranked 49th in Financial Literacy by Wallet Hub*. Other facts noted in the report were that Nevadan's consistently spend more than they make, utilize payday loans at higher rates than many other states, have fewer 'emergency saving' funds, among other startling facts necessitating the need to teach basic personal financial concepts to adults in this state, in order to make headway on a larger State Treasurer goal of 'creating a college going culture' in the great state of Nevada.

**2016's Most and Least Financially Literate States. By John S Kiernan March 30, 2016.*

GOV. GUINN MILLENNIUM SCHOLARSHIP

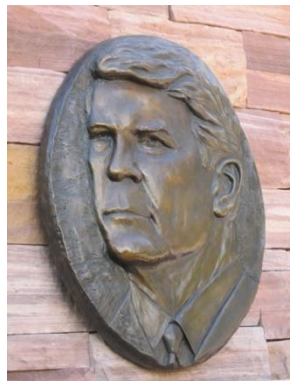
In 1999, the Legislature unanimously approved the dedication of 40 percent of Nevada's Tobacco Master Settlement Agreement payments to fund the Millennium Scholarship Program, which by legislative decree during the 2005 session was renamed after former Gov. Kenny Guinn. Graduates of the class of 2000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

The program provides scholarship funding toward attendance at any eligible college or university located in the state to Nevada high school students who, as of July 2015:

- Graduate with a minimum GPA of 3.25 or achieve a qualified test score on a college entrance examination if the student is part of the class of 2016 and beyond;
 - Students who take the SAT test before March, 2016 must obtain a combined reading and math SAT score of 990 or higher. Students who take the SAT test on or after March, 2016: must obtain a combined reading, writing and math SAT score of 1070 or higher
 - Students must obtain a composite score of 21 or higher on the ACT Exam. The ACT composite score is the average of the student's scores on the four subject tests, as computed by ACT.
- Have been a resident and attended a high school in Nevada for at least two years;
- Graduate with a diploma from a public or private Nevada high school;
- Complete a core curriculum consisting of 4 units of math (including Algebra II or higher), 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 2016, more than 157,848 high school seniors have been deemed eligible to receive the Millennium Scholarship. The average utilization rate is 63% percent since the program was established. By the end of the spring 2016 school term, more than \$377.7 million had been distributed to 99,023 Millennium Scholars, who collectively earned more than 38,272 associate, bachelor, and other certificates and degrees.

Governor Guinn Memorial Wall



Now in its 16th year, the Gov. Guinn Millennium Scholarship Program (GGMS) continues to encourage and support students in their pursuit of higher education in Nevada. The State Treasurer's Office partners and collaborates with the Nevada System of Higher Education and the Nevada Department of Education to facilitate the payment of scholarship awards which support Millennium Scholars.

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

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

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

The following table identifies the number of Millennium Scholars enrolled in a community college, state college, or university during FY 15 and FY 16.

| Enrollment by Institution by Semester | | | | | | |
|--|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| Institution Name | Summer 2014 | Fall 2014 | Spring 2015 | Summer 2015 | Fall 2015 | Spring 2016 |
| College of Southern Nevada | 670 | 2,704 | 2,418 | 708 | 2,324 | 2,075 |
| Great Basin College | 25 | 210 | 195 | 20 | 197 | 193 |
| Nevada State College | 101 | 321 | 273 | 115 | 353 | 302 |
| Roseman University | - | 5 | - | 3 | 6 | 7 |
| Sierra Nevada College | 2 | 12 | 12 | 1 | 12 | 11 |
| Truckee Meadows Community College | 207 | 934 | 785 | 242 | 916 | 727 |
| University of Nevada, Las Vegas | 1,782 | 6,132 | 4,659 | 1,833 | 6,513 | 5,183 |
| University of Nevada, Reno | 1,419 | 5,394 | 4,417 | 1,556 | 5,894 | 4,817 |
| Western Nevada College | 18 | 266 | 233 | 25 | 238 | 195 |
| Totals | 4,224 | 15,978 | 12,992 | 4,503 | 16,453 | 13,510 |

According to data from NSHE and the Treasurer's Office, the program appears viable through FY17. Revenues, expenses, and fund balance for the Millennium Scholarship Fund for FY16 includes donations received by the Kenny C. Guinn Memorial Millennium Scholarship Trust Fund:

| | |
|----------------------------------|---------------------|
| Beginning Balance | \$24,105,750 |
| Tobacco Settlement | \$15,496,417 |
| Interest Revenue | \$68,299 |
| Transfer from Unclaimed Property | \$ 7,600,000 |
| | 47,270,466 |
| | |
| Tuition Payments (with refunds) | (\$30,373,218) |
| | (\$30,373,218) |
| | |
| Ending Balance | \$16,897,248 |

KENNY C. GUINN MEMORIAL MILLENNIUM SCHOLARSHIP

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

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

Eligibility

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

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

Award

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

The Kenny C. Guinn Memorial Millennium Trust Fund continues to have a strong financial position with a balance of more than \$176,000. It is anticipated that the annual maximum award of \$4,500 will be available to pay recipients for many years to come.

2016 Award Winners

In 2016, University of Nevada, Las Vegas student Karina Lopez and Great Basin College student Jessica Johnston were recognized as the recipients of FY17 Kenny C. Guinn Memorial Millennium Scholarship. Both recipients showed a strong commitment to remaining in Nevada after graduation and working in education.



**Karina Lopez, Southern Nevada
2016 Kenny C. Guinn Memorial Millennium Scholarship**



**Jessica Johnston, Northern Nevada
2016 Kenny C. Guinn Memorial Millennium Scholarship**

UNCLAIMED PROPERTY DIVISION

The State of Nevada's Unclaimed Property Division currently safeguards more than \$822 million in unclaimed property, believed to belong to individuals and businesses who have, at some point, resided in the Silver State.

Each year businesses and government agencies turn over millions of dollars worth of abandoned property to the State, where it remains in perpetuity until claimed by its rightful owner. This property may include securities, payroll checks, utility deposits, insurance proceeds, refunds, and physical property.

Nevada Unclaimed Property advertises a list of presumed property owners annually in a major newspaper in each of Nevada's counties, and holds an annual auction for physical property.



Unclaimed Property Owner Claims

The Unclaimed Property Division approved 18,627 claims in FY16, an increase of 15% from FY15. Unclaimed Property returned \$29.5 million to rightful owners. In FY16, 36% of all claims were paid via our online approval system, Fast Track, which is an increase of 13% over FY15. This continues an upward trend which demonstrates that more claimants are able to easily file their claims online for property each year. While Nevada Revised Statutes require all claims to be reviewed within 90 days of receipt, in May the Unclaimed Property Division was able to reduce an 86-day claims processing time to a 1-day processing time - which continued through the end of FY16.

Unclaimed Property Owner Outreach

At the conclusion of FY16, the state was holding approximately \$822 million in unclaimed property. The State Treasurer's Office, Nevada Unclaimed Property Division, continues to utilize many methods to reunite rightful owners with their unclaimed property:

- 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.
- In FY16, the Division made a concerted effort to locate and return FDIC funds to rightful owners, including locating, contacting, and assisting rightful owners with claim forms. The effort enabled the office to return \$759,815 in bank funds – a 26% increase over FY15.
- A revised holder outreach program (Voluntary Disclosure Agreement) that increased the number of companies registered with the state by 24% in FY16, to 47,062.
- A user-friendly website (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.

Annual Unclaimed Property Advertisement

For FY16, the annual unclaimed property advertisement was published in three parts, with staggered dates for rural counties, Washoe County, and Clark County. In addition to this change, Treasurer Dan Schwartz and the Unclaimed Property Division worked with local media in Washoe and Clark Counties to help spread the word. This resulted in numerous TV news segments and newspaper articles, in both English and Spanish, and generated enormous attention via social media. As a result of these efforts, the total number of claims filed during the FY16 ad period was 205% higher than in FY15. This influx of claims set a new Division record for claims filed during an ad period eclipsing the previous record set in FY14 by 54%, or more than 10,000 claims.

Unclaimed Property Collections

Almost \$77 million was collected from holders in FY16, bringing the total of property safeguarded by the Nevada Unclaimed Property Division to nearly \$822 million. A transfer of \$38.9 million was provided to the General Fund, an increase of 60% over FY15.

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 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 FY16, more than \$1 million was reported as a result of the VDA program.

Annual Safe Deposit Box Content Auction

Each year, the Unclaimed Property Division attempts to locate lost owners of Safe Deposit Boxes. Following a two-year period of remaining unclaimed, the contents are auctioned. The auction occurs annually, and in FY16 the Division held its auction completely online for the first time. The proceeds of the auction are transferred to the state General Fund, though the rightful owner retains the ability to claim the proceeds from the sale indefinitely.

CASH MANAGEMENT DIVISION

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

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



Cash Management Division staff in Carson City

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

During FY16, the Treasurer's Office created a new online check special handling request process that will be implemented in FY17. State agencies can request special handling of checks, attach backup documentation for printing, or request address changes in a matter of minutes.

As of June 30, 2016 the Treasurer's office had successfully established over 150 merchant accounts. With the transition to Wells Fargo, agencies are now receiving next day funding. In addition, the Treasurer's Office established a website for electronic payment acceptance featuring information and forms for assisting agencies through the merchant services process.

The Treasurer's Office also maintains three depository accounts with other financial institutions, offering State agencies in geographically remote areas the ability to more timely deposit funds.

Cash Management personnel are responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement (MSA). State law requires 40% of the funds be allocated to the Gov. Guinn Millennium Scholarship Fund and 60% to the Fund for a Healthy Nevada. Nevada received approximately \$38.7 million in MSA funds in FY16. Estimates by a potential trajectory predict the State will receive about \$38 million in FY17.

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.

By encouraging the use of items such as cash vaults, remote deposit, positive pay, and ACH blocks and filters, the Treasurer's Office continues to seek more efficient and safe means by which State agencies carry out their financial transactions.

INVESTMENT DIVISION

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

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



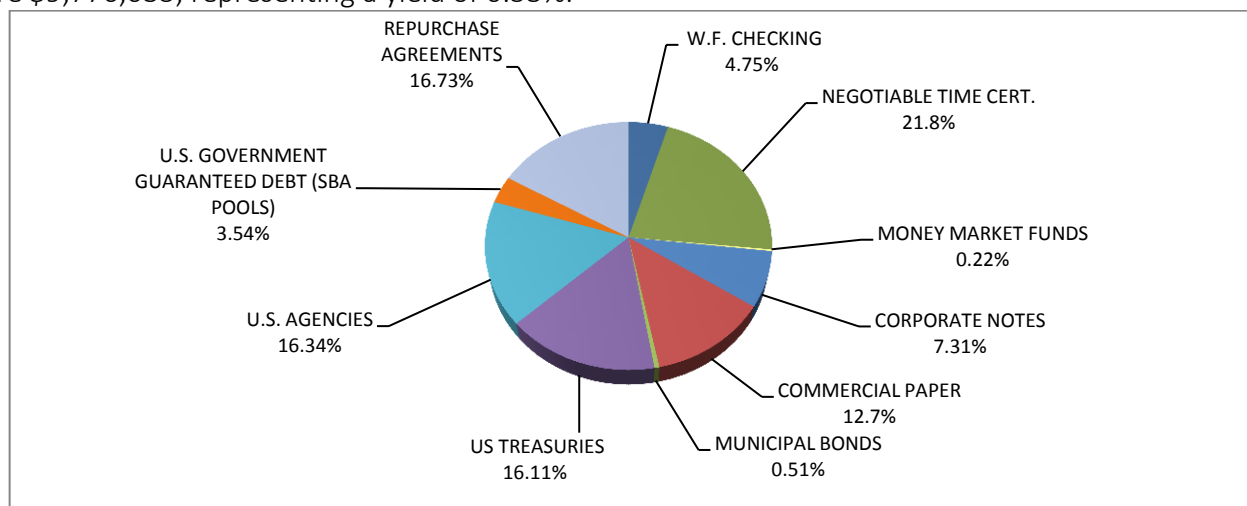
Investment Division staff in Carson City

General Portfolio

The State's General Portfolio is invested in U.S. Treasury and Agency securities, high quality corporate notes, commercial paper, negotiable and time certificates of deposit, municipal bonds, money-market funds, and securities guaranteed 100% by the US government such as Small Business Administration (SBA) pools. Securities holdings are diversified to prevent over-concentration by maturity, issuer, or security class. The State Treasurer maintains a conservative, moderately active investment strategy, which provides the ability to take advantage of market opportunities as they occur by analyzing projected cash flow needs. Portfolio maturities are structured to reduce the likelihood of a forced sale of securities in any but the most severe circumstances.

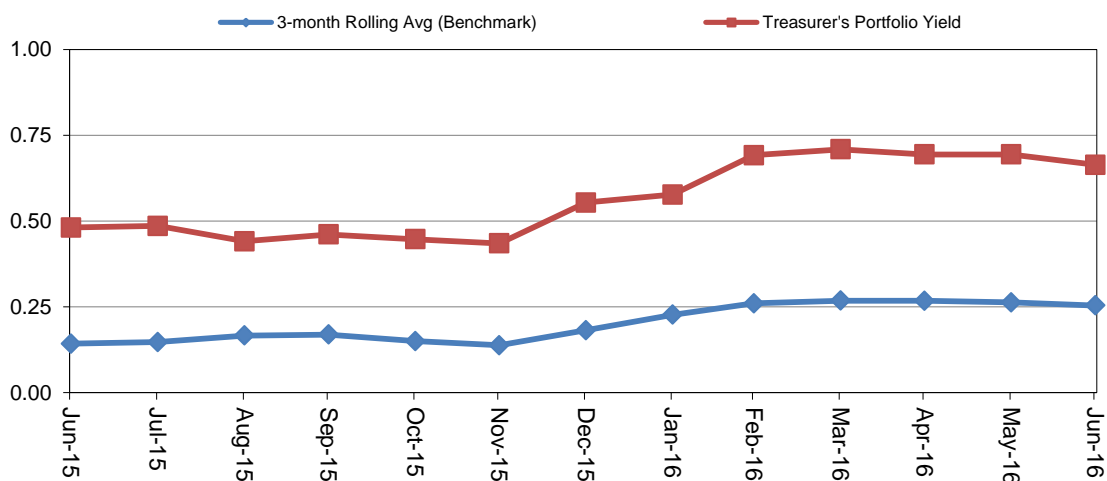
In FY16, the State's investment policies were amended to accommodate the use of registered investment advisors to manage a portion of the State's General Portfolio. The State Treasurer manages the portion of the Portfolio utilized for operating funding, while the portion of the Portfolio not needed for immediate expenses is managed by two registered investment advisers, Chicago Equity Partners and MacKay Shields. The managers utilize longer-term fixed income investments which have increased the overall returns to the General Portfolio.

The FY16 General Portfolio's book value as of June 30, 2016 was \$2.100 billion. The following chart provides a breakdown of total investments held as of the end of FY16. Total realized earnings for FY16 were \$9,776,035, representing a yield of 0.53%.



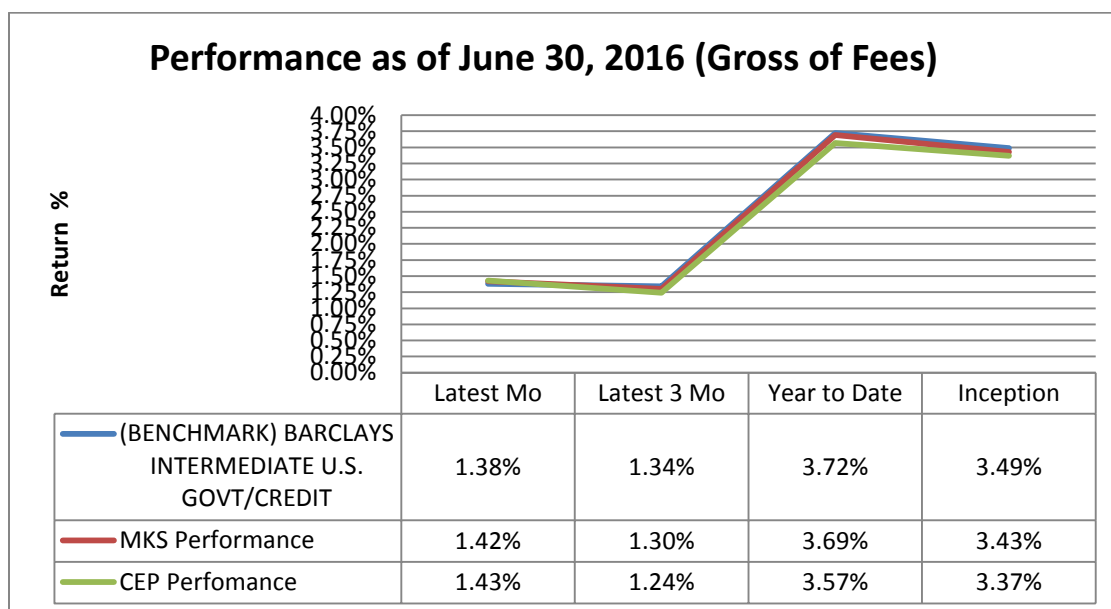
Performance of Operating Portion of General Portfolio vs. Benchmark

As of June 30, 2016, the yield on the portion of the General Portfolio used for operating expenses was .664%. A new customized benchmark has been created using a combination of the three month T-bill and two year treasury notes. A three month rolling average of this benchmark for this period was .25% with a duration of 218 days. The duration of the State's operating portfolio was .53 years or 191 days.



Performance of Outside Managers' Performance vs. Benchmark

The period ending June 30, 2016 was Chicago Equity Partners (CEP) third full quarter managing the longer-term portion of the General Portfolio. The year to date return was 3.57%. The period ending June 30, 2016 marked MacKay Shields (MKS) second full quarter managing monies for the Portfolio. MKS year to date return was 3.69%. Both returns are based on a time-weighted rate of return which is defined as the compounded growth rate of \$1 over the period being measured. These funds have been assigned the Barclays Intermediate Government Credit benchmark. The benchmark as of June 30, 2016 was 3.72%. The Nevada statutory requirements prevent managers from investing in certain securities and fewer corporate notes which is the cause of the difference in manager performance versus the benchmark.

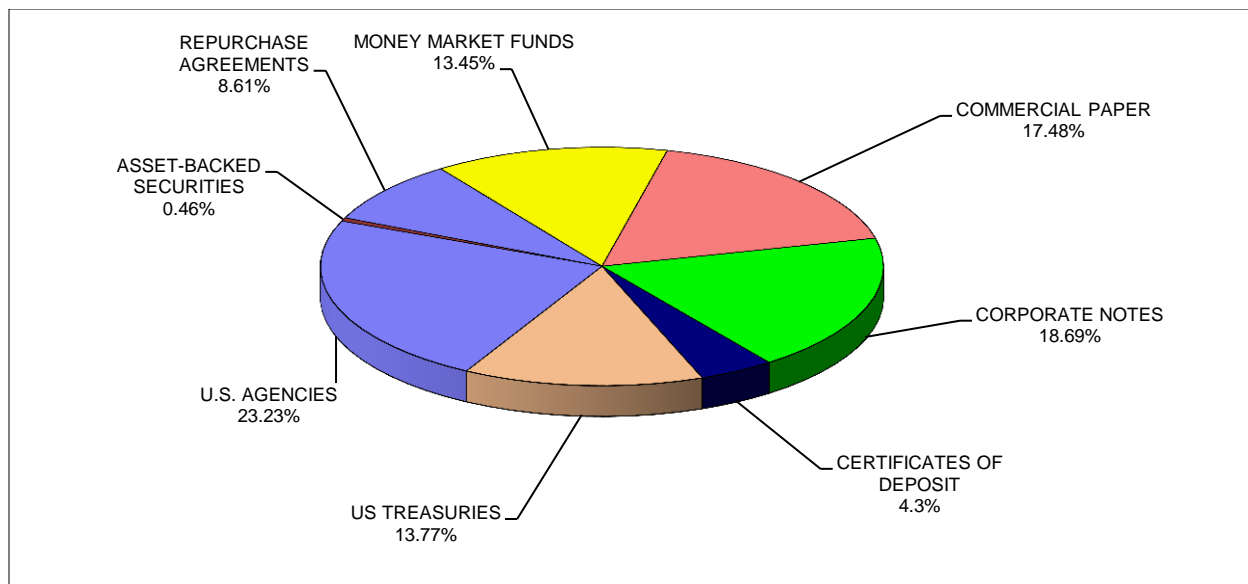


Local Government Investment Pool

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

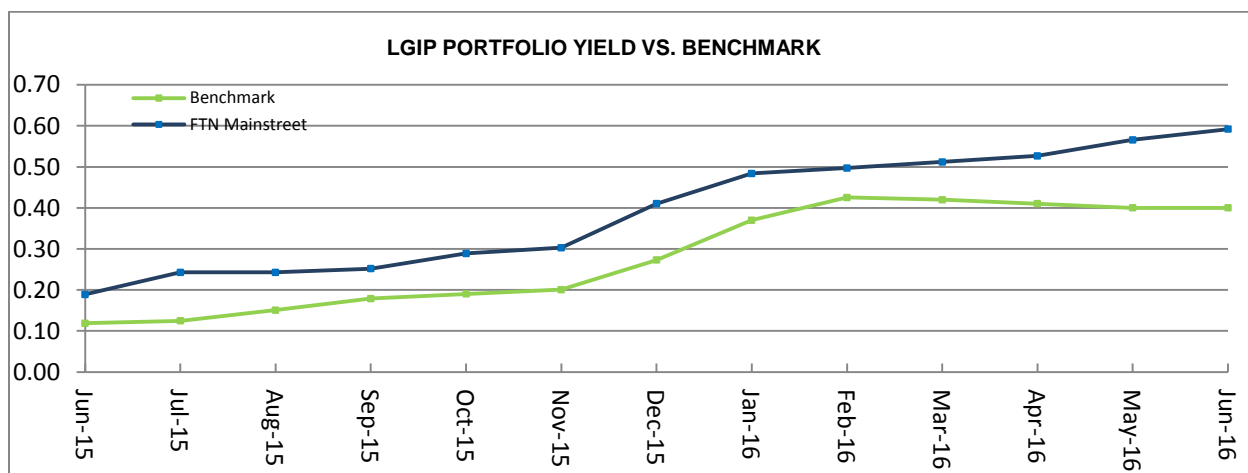
- Multiple accounts may be maintained for accounting purposes;
- No minimum or maximum size of accounts;
- No limit on transaction size for deposits or withdrawals of funds; and
- No restriction on length of time proceeds can be invested.

The LGIP investment strategy incorporates the matching of maturing securities to the anticipated cash needs of the participants. Approximately 20% 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.



Performance vs. Benchmark

As of July 1, 2015, registered investment advisor FTN Financial Services: Mainstreet Capital Advisors (FTN), began managing the LGIP Portfolio and as a result we've seen an increase in the overall returns of the LGIP. FTN created a custom blended benchmark to assess performance in the LGIP. As of the end of FY16, the LGIP was outperforming this benchmark by 19.2 basis points. There were 87 LGIP members at the close of FY16, comprised of cities, counties, school districts, and various special districts across the State. The LGIP's book value on June 30, 2016 was \$580,964,435. 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 142 days.



NVEST

NVEST is an alternative investment program for local governments, the objective of which is to provide higher returns than the LGIP. The minimum account size is \$3 million. NVEST participants, working with one of three registered investment advisors, can customize their portfolios based on their risk

tolerances and other factors. During late FY 2015, an RFP was issued to select managers for the NVEST program. The firms chosen were Atlanta Capital, Government Portfolio Advisors and Chicago Equity Partners. As of June 30, 2016, the NVEST portfolios had a total book value of \$132,381,302.97 and consisted of 4 participants.

| <u>Entity</u> | <u>Manager</u> | <u>Book Value</u> |
|--------------------------|-------------------------------|-------------------|
| Clark Co School District | Atlanta Capital | \$ 96,840,010.21 |
| City of Elko | Government Portfolio Advisors | \$ 4,831,138.06 |
| Eureka County | Government Portfolio Advisors | \$ 16,488,604.38 |
| City of Fernley | Atlanta Capital | \$ 14,221,550.32 |
| | | <hr/> |
| | | \$ 132,381,302.97 |

Collateral Pool Program

Under Nevada Revised Statute (NRS) 356.350, the State Treasurer is required to establish a program for “the monitoring of collateral of public funds.” The Nevada Pooled Collateral Program offers state and local government agencies an efficient, cost effective, and safe alternative method for securing public funds. The primary objective is to reduce risk while, at the same time, decrease the overall collateral requirement for depositories. By centralizing the administration and reporting functions through the Investment Division, government agencies and depositories recognize cost savings in terms of operational support and collateral efficiency.

Each financial institution is required to maintain as collateral (at a third party repository) acceptable securities having a fair market value that is at least 102% of the amount of the aggregate uninsured ledger balances of the public money held by the depository. Participating financial institutions must report each day the amount of deposits held and the value of the corresponding pledged collateral. Any under collateralization must be rectified by the financial institution by the close of business on the day the under collateralized deposits are reported.

At the conclusion of FY16, there were 303 public entities throughout the State participating in the Collateral Pool Program, with deposits in 15 financial institutions and a daily balance on June 30, 2016 of \$1.946 billion with pledged collateral of \$2.323 billion, which calculates to \$377 million in excess collateral.

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. In August 2015, the Treasurer chose to phase in public equity investments through an external manager, Vanguard.

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

As of June 30, 2016, fixed-income assets of the Permanent School Fund totaled \$273,048,109 and public entity investments totaled \$10 million.

Nevada Capital Investment Corporation

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

In FY15, the State Treasurer evaluated the Silver State Opportunities Fund and its underlying investment overseen by the NCIC Board and its fund-of-funds manager, Hamilton Lane. Hamilton Lane has worked with the Treasurer to pivot the investments to ensure all investments have a Nevada-focus. As a result the Fund has substantially increased its co-investments with Nevada-based business over the past two years. As of June 30, 2016, the co-investments represent nearly 60% of the total investments in the Fund. The co-investments in the Fund are listed below.

- Headquartered in Henderson, NV, Rural Physicians Group (RPG) provides rotating hospitalists to critical access and rural hospitals in the US. The Company grew from serving 3 hospitals in 2010 to 22 hospitals with a Western U.S. focus as of September 2014.
- West Dermatology, headquartered in Las Vegas, possesses an estimated 50% market share in Las Vegas. It is one of the largest dermatology practices in the United States and it currently employs 49 clinicians across its locations. West Dermatology offers physicians the opportunity to solely focus on practicing medicine because it will take control of the back-office functions.
- Software Capital Partners International is a combination of two high quality, global outsourced IT services providers: Software Paradigms International (SPI) and Softvision. The office in Nevada is the U.S. headquarters of Softvision. The Nevada office has grown to 11 employees from 5 in 2015 with plans to continue increasing the headcount. The Nevada employees are high-end software developers and are paid ~\$9,000 per month.
- Miller Heiman, Inc. is headquartered in Reno, NV, Miller Heiman is a leading provider of sales training solutions to companies, serving 35% of the Fortune 500. The Company's customer-

centric sales strategy, grounded in 35 years of experience and cutting-edge research in sales techniques, brings game-changing insight to the entire sales organization.

- Kareo, Inc., with over 100 of its 470 current employees based in Nevada, has established itself as the #1 cloud-based medical software platform for small physician practices. Kareo has built a robust, single platform solution for practice management and revenue cycle management with ancillary services in order to provide a complete experience for small physician practices. The company has a national footprint in all 50 states, and serves over 26,500 physicians, 30 million patients, and processes over \$12 billion per year in billing claims.
- Based in Las Vegas, Marshall Retail Group (MRG) is America's largest, independent specialty retailer in the casino-resort and airport marketplace. For 60 years, MRG has provided clients with a portfolio of attractive, successful brands that turn pedestrians into window shoppers, window shoppers into buyers, and buyers into loyal, repeat customers. The premiere retail development company currently operates more than 160 stores across the United States and Canada.
- Super Color Digital is a turn-key provider of large-format graphics for trade shows, conferences, slot-machine toppers, event structures, etc. and offers industry-leading turnaround times (3-5 days). The company has nearly half of its employee base in Las Vegas and will consolidate out of state facilities into Las Vegas and hire additional local employees with the additional capital from the Fund.

As of June 30, 2016, the NCIC's commitments have reached the maximum of \$50 million with approximately \$35 million invested. Hamilton Lane sourced many deals which enabled the firm to reach the maximum commitment amount in four years rather than the potential five years, pursuant to the contract. Many Nevada-based businesses have benefited from the private-equity eco-system the Fund has started to create in Nevada.

DEBT MANAGEMENT DIVISION

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



Debt Management Division staff in Carson City.

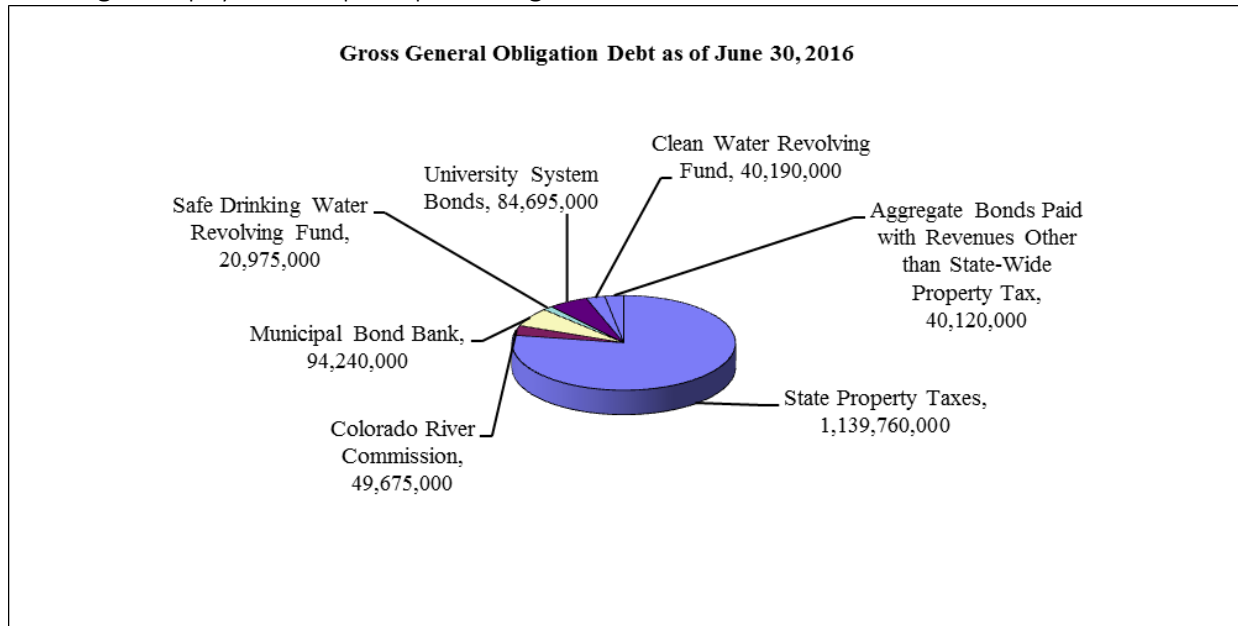
In FY16, the State Treasurer's Office successfully conducted three bond sales comprised of seven series of bonds:

| BONDS ISSUED IN FY2016 | | | | | | |
|--|--------|-----------------|----------------|---------------|-------|--------|
| | Series | Original Amount | New Money | PV Savings | TIC | Term |
| Capital Improvement and RFDG Bonds | 2015D | \$ 248,935,000 | \$ 56,960,000 | \$ 19,707,018 | 2.43% | 20 |
| Natural Resources and RFDG Bonds | 2015E | \$ 22,595,000 | \$ 870,000 | \$ 2,036,433 | 1.95% | 13 |
| * Municipal Bond Bank Projects 87, 88, and 89 | 2015F | \$ 47,305,000 | \$ 44,950,000 | \$ 3,888,474 | 3.17% | 23 |
| Open Space, Parks, Natural Resources and RFDG Bonds | 2015G | \$ 9,350,000 | \$ 1,805,000 | \$ 811,336 | 2.22% | 15 |
| * Safe Drinking Water Revolving Fund Matching and RFDG Bonds | 2015H | \$ 10,845,000 | \$ 6,675,000 | \$ 285,336 | 2.30% | 16 |
| * Highway Revenue (Motor Vehicle Fuel Tax) and RFDG Bonds | 2016 | \$ 292,600,000 | \$ 167,485,000 | \$ 14,567,725 | 2.20% | 14 |
| * Water Pollution Control Revolving Fund Matching Bonds | 2016A | \$ 4,042,042 | \$ 4,042,042 | \$ - | 3.12% | 1 week |
| | | \$ 635,672,042 | \$ 282,787,042 | \$ 41,296,322 | | |

The combined principal (or par) amount of the bonds was \$635,672,042. The terms of the bonds ranged from 1 week to 23 years and the true interest cost (TIC) ranged from 1.95% to 3.17%, which represented historically low rates. The refunding bonds produced just over \$41 million in present value savings to the State and its municipalities.

General Obligation Debt

The State Treasurer is responsible for the issuance and maintenance of the following types of general obligation (GO) debt: Capital Improvement Bonds, Municipal Bond Bank Bonds, State Revolving Fund Bonds, Cultural Centers Bonds, Natural Resources Bonds, and other miscellaneous GO bonds and securities. The state requires GO bonds to be legislatively authorized and secured by the ad valorem tax portion dedicated to the payment of GO debt to the extent other monies are not available. The state's gross GO debt decreased from \$1.73 billion as of June 30, 2015 to \$1.47 billion as of June 30, 2016 due to refundings and payment of principal during FY16.



During FY16, the Debt Management Division processed debt service payments for existing GO debt totaling approximately \$183.24 million.

| Gross General Obligation Debt FY16 Debt Service Payments | | | |
|---|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| State Property Taxes | \$85,408,000 | \$55,415,908 | \$135,441,845 |
| Aggregate Bonds Paid with Revenues Other Than Property Tax | \$2,247,000 | \$1,256,202 | \$3,503,202 |
| Clean Water Revolving Fund | 11,177,042 | 1,883,294 | 13,060,336 |
| Safe Drinking Water Revolving Fund | 3,235,000 | 542,939 | 3,777,939 |
| Municipal Bond Bank | 4,825,000 | 2,262,428 | 7,087,428 |
| Nevada System of Higher Education | 6,050,000 | 3,352,855 | 9,402,855 |
| Colorado River Commission | 5,805,000 | 5,163,469 | 10,968,469 |
| Total FY16 Debt Service | \$118,747,042 | \$69,877,095 | \$183,242,074 |

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

The chart below details the state's annual GO debt service by fiscal year as of June 30, 2016.

| Future Annual General Obligation Debt Service Requirements⁽¹⁾ | | | | | |
|---|---|-------------------------------|---|-----------------------|-------------------------|
| (As of June 30, 2016) | | | | | |
| | General Obligation Bonds⁽³⁾ (Not Self-Supporting) | | General Obligation Bonds⁽³⁾ (Self-Supporting) | | |
| Fiscal Year | Principal | Interest⁽²⁾ | Principal | Interest | Grand Total |
| 2017 | \$91,901,500 | \$53,976,064 | \$34,302,000 | \$12,613,334 | \$192,792,897 |
| 2018 | 95,222,000 | 50,341,328 | 27,043,000 | 11,310,231 | 183,916,560 |
| 2019 | 93,823,000 | 46,110,422 | 20,542,000 | 10,279,035 | 170,754,457 |
| 2020 | 100,996,000 | 41,818,054 | 21,374,000 | 9,418,326 | 173,606,380 |
| 2021 | 106,048,000 | 36,583,930 | 19,797,000 | 8,503,230 | 170,932,160 |
| 2022 | 104,413,000 | 31,274,854 | 14,432,000 | 7,708,488 | 157,828,342 |
| 2023 | 97,839,000 | 26,013,281 | 15,806,000 | 7,051,303 | 146,709,583 |
| 2024 | 88,219,000 | 21,057,763 | 11,646,000 | 6,427,454 | 127,350,217 |
| 2025 | 91,652,000 | 16,582,677 | 11,723,000 | 5,919,966 | 125,877,643 |
| 2026 | 93,047,000 | 11,660,367 | 11,478,000 | 5,406,750 | 121,592,117 |
| 2027 | 93,770,000 | 6,950,227 | 14,025,000 | 4,916,448 | 119,661,675 |
| 2028 | 23,298,000 | 3,512,962 | 33,947,000 | 4,051,191 | 64,809,153 |
| 2029 | 19,560,000 | 2,428,688 | 12,725,000 | 3,240,373 | 37,954,060 |
| 2030 | 8,070,000 | 1,478,281 | 13,165,000 | 2,773,158 | 25,486,439 |
| 2031 | 9,420,000 | 1,166,188 | 13,560,000 | 2,354,419 | 26,500,606 |
| 2032 | 6,665,000 | 872,738 | 13,975,000 | 1,916,635 | 23,429,373 |
| 2033 | 6,900,000 | 638,963 | 11,285,000 | 1,471,179 | 20,295,141 |
| 2034 | 4,515,000 | 368,853 | 5,055,000 | 1,173,824 | 11,112,677 |
| 2035 | 4,685,000 | 194,022 | 5,260,000 | 964,689 | 11,103,711 |
| 2036 | 740,000 | 12,025 | 3,270,000 | 747,043 | 4,769,068 |
| 2037 | - | - | 3,415,000 | 617,985 | 4,032,985 |
| 2038 | - | - | 3,540,000 | 478,530 | 4,018,530 |
| 2039 | - | - | 1,280,000 | 335,325 | 1,615,325 |
| 2040 | - | - | 1,330,000 | 279,863 | 1,609,863 |
| 2041 | - | - | 1,390,000 | 222,063 | 1,612,063 |
| 2042 | - | - | 1,450,000 | 161,713 | 1,611,713 |
| 2043 | - | - | 1,510,000 | 98,813 | 1,608,813 |
| 2044 | - | - | 1,570,000 | 33,363 | 1,603,363 |
| Total | \$ 1,140,783,500 | \$ 353,041,685 | \$ 329,895,000 | \$ 110,474,724 | \$ 1,934,194,910 |

(1) Table does not include revenue bonds and contingent liabilities and does not include lease purchase arrangements, the payments of which are subject to appropriation and that are terminable upon a nonappropriation of funds described in Note 9 to the 2015 State CAFR. Numbers may not add due to rounding.

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

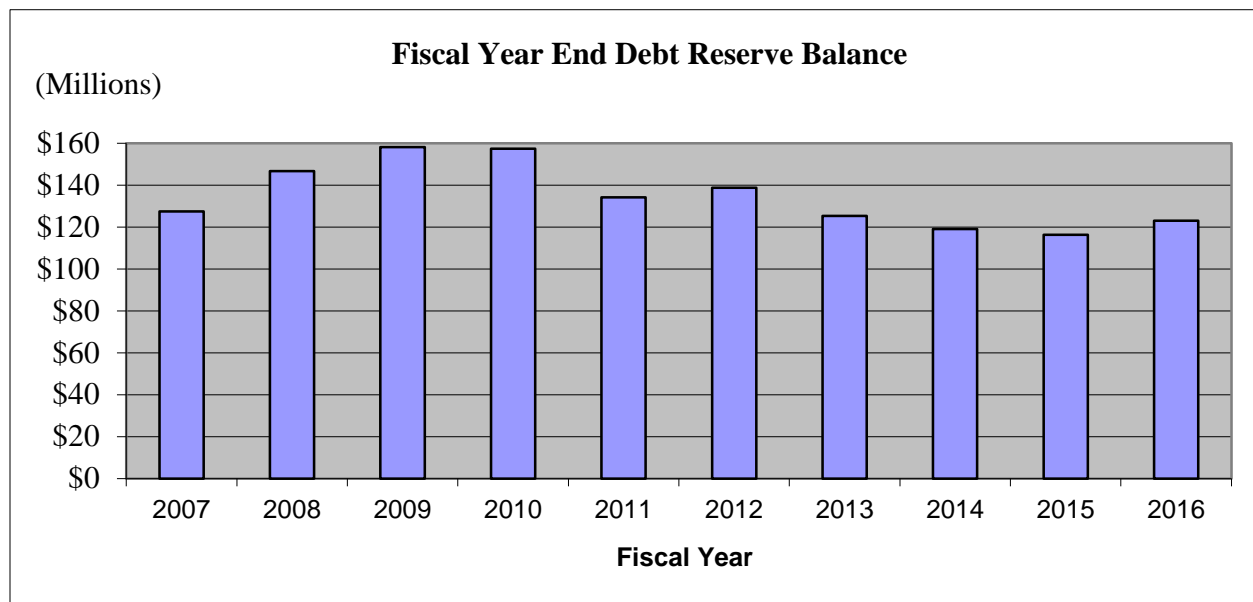
(3) Prior to October 1, 2015 the State treated bonds expected to be payable partially from state-wide property taxes and partially from revenues other than state-wide property taxes as not being self-supporting. Beginning on October 1, 2015 the State began treating such bonds as self-supporting with respect to that portion of the payments expected to be made from revenues that are not state-wide property taxes.

Municipal Bond Bank

NRS 350A.140 designates the State Treasurer as administrator of the Nevada Municipal Bond Bank. In accordance with NRS 350A.150, the amount of state securities issued to acquire municipal securities may not exceed \$1.8 billion outstanding at any time. The state's Municipal Bond Bank program was established in 1981 to assist municipalities in undertaking local projects which foster and promote the protection and preservation of the property and natural resources of the state. Without this fund, municipalities might otherwise face the prospect of prohibitive interest rates. The Board of Finance must approve the issuance of state GO and revenue securities under the Bond Bank Act. The outstanding amount of securities issued pursuant to this Act was \$94,240,000 as of June 30, 2016.

Debt Service Reserves

Nevada's Consolidated Bond Interest and Redemption Fund (the "Bond Fund") is used for the collection of the 17-cent property tax revenue dedicated to pay GO bonds, payment of the principal and interest on non-self-supporting GO bonds, and to reserve monies for future GO bond debt service payments. This debt service reserve is funded from the excess of applicable property tax revenues over the required debt service payments plus interest earnings on the Bond Fund. The Bond Fund is available to provide ready reserves to meet current debt service obligations to the extent monies are insufficient from current property tax revenues. The State's current debt management policy has as an objective to have a reserve within the Bond Fund balance at the end of each fiscal year equal to at least 50% of the next fiscal year's debt service payments on its general obligation bonds (exclusive of those bonds considered to be self-supporting and paid by other available revenues) after deducting amounts within the fund that are set aside for purposes other than payment of debt service. Estimated for June 30, 2016 (FY2016 ending balance), the reserve amount in the Bond Fund was approximately \$123 million, which amount is equal to approximately 86% of the debt service payments that are scheduled to be made on all general obligation bonds (and portions thereof) that are payable from property taxes during FY 2017.



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 2015-2017 Biennium were:

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

In January 2015, the Debt Management Division presented the General Obligation Debt Capacity and Affordability Report 2015-2017 Biennium to the Legislature. This report, utilizing the above assumptions, determined the state could issue up to \$105 million of additional GO bonds for capital programs paid with property tax.

The ad valorem tax levy for the 2015-2017 Biennium remained at the prior levy rate of \$0.17 per \$100 of assessed valuation.

State Debt Capacity

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

For FY16, the constitutional debt limit stood at \$2.17 billion with the outstanding GO debt subject to this limit at \$1.08 billion.

| Constitutional Debt Limitation and Capacity⁽¹⁾ | | | | |
|--|---------------------------|------------------------|--|---|
| June 30 | Assessed Valuation | Debt Limitation | Outstanding GO Debt Subject to Limitation | Remaining Constitutional Debt Capacity |
| 2012 | \$83,575,629,078 | \$1,671,512,582 | \$1,260,065,000 | \$411,447,582 |
| 2013 | \$85,058,177,087 | \$1,701,163,542 | \$1,178,185,000 | \$522,978,542 |
| 2014 | \$92,727,490,889 | \$1,854,549,818 | \$1,151,010,000 | \$703,539,818 |
| 2015 | \$101,414,649,154 | \$2,028,292,983 | \$1,127,220,000 | \$901,072,983 |
| 2016 | \$108,331,564,829 | \$2,166,631,297 | \$1,082,845,000 | \$1,083,786,297 |
| ⁽¹⁾ 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 FY16, the state's GO debt was rated AA+, Aa2, and AA respectively by the three major rating agencies: Fitch Ratings, Moody's Investors Service, and S & P Global.

| Ratings | | | |
|------------------------------------|--------------|----------------|----------------|
| | Fitch | Moody's | S&P |
| General Obligation | AA+ | Aa2 | AA |
| Safe Drinking Water Revolving Fund | AA+ | Aa2 | AAA |
| Certificates of Participation | AA | Aa3 | AA- |
| Highway Revenue | AA+ | Aa2 | AAA |
| Unemployment Compensation Revenue | AA+ | Aaa | AAA |
| Permanent School Fund Guarantee | N/A | Aaa | AAA |

The State's strong "AA" category rating is 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 S & P Global considers Nevada to have low total debt relative to the state's economy and a low debt burden as a portion of the state's budget.

Permanent School Fund Guarantee Program

The Permanent School Fund Guarantee Program (PSFG), established under NRS 387.519, provides a mechanism for school districts to enter into agreements with the state whereby the money in the Permanent School Fund (PSF) is used to guarantee the debt service payments on certain bonds issued by school districts. The PSFG secured bonds carry the highest possible rating of "AAA" by Moody's and S & P Global—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 the 2007 State Legislature, Assembly Bill 554 raised the Permanent School Fund Guarantee available for each school district from \$25 million to \$40 million, increasing the school districts' ability to reduce borrowing costs.

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

The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of March 31, 2016, the State Controller reported that the value of the total assets of the PSF, including all investments reported at fair value, was \$339,734,444.

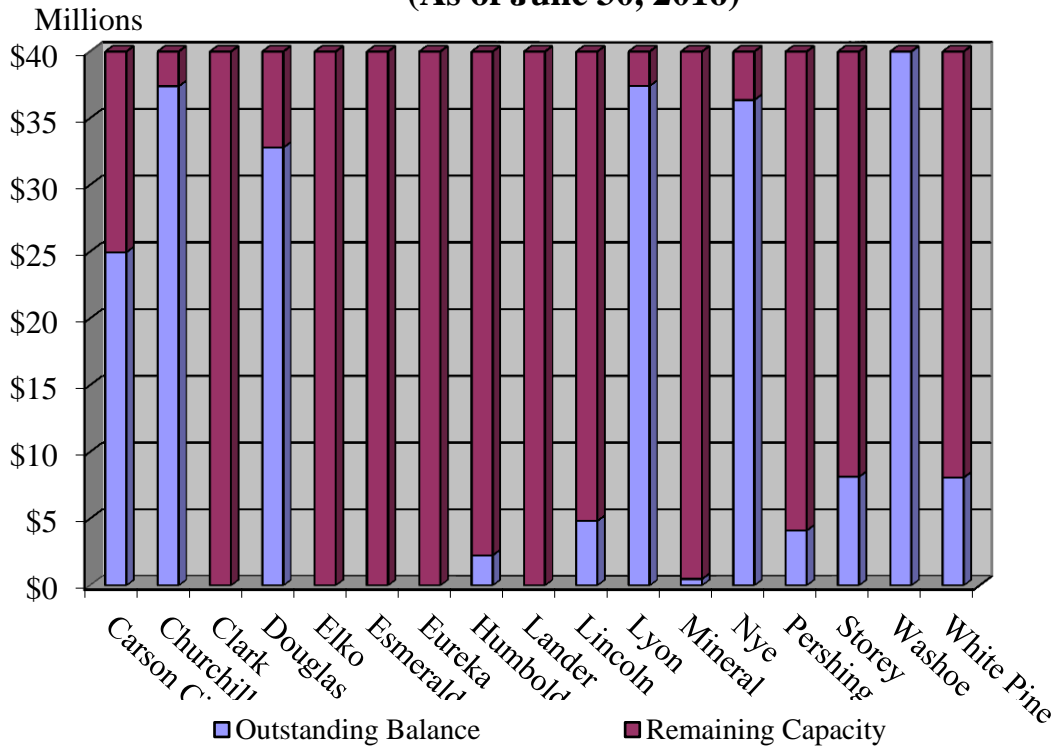
Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years but as of March 31, 2016, the fund has made \$27.84 million in private equity investments, received \$2.2 million in distributions and has committed \$40.5 million to private equity investments. In addition, the State Treasurer made an initial investment of \$10 million in domestic public equities (institutional mutual funds) in August 2015. The market value of these investments as of March 31, 2016 was \$10,266,948. As of March 31, 2016, the distributions received from public equity investment dividends was \$163,278.

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, 2016 \$236,979,800 in bonds had been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF.

To date, twelve of Nevada's seventeen school districts are taking advantage of the PSFG. Since the implementation of the 2007 legislation, taxpayers have saved over \$10 million in borrowing costs from school districts utilizing the PSFG.

| Permanent School Fund Guaranteed Bonds by School District¹ | |
|--|----------------------------|
| School District | Outstanding Balance |
| Carson City | \$24,975,000 |
| Churchill | 37,405,000 |
| Clark | 0 |
| Douglas | 32,810,000 |
| Elko | 0 |
| Esmeralda | 0 |
| Eureka | 0 |
| Humboldt | 2,270,000 |
| Lander | 0 |
| Lincoln | 4,846,200 |
| Lyon | 37,430,000 |
| Mineral | 495,000 |
| Nye | 36,380,000 |
| Pershing | 4,125,000 |
| Storey | 8,148,600 |
| Washoe | 40,000,000 |
| White Pine | 8,095,000 |
| Total | \$236,979,800 |
| ¹ As of June 30, 2016 | |

PSFG Capacity by School District (As of June 30, 2016)



Remaining Capacity by County (in millions)

| | |
|-----------------------|----------------------|
| Carson City: \$15,025 | Lincoln: \$35,154 |
| Churchill: \$2,595 | Lyon: \$2,570 |
| Clark: \$40 | Mineral: \$39,505 |
| Douglas: \$7,190 | Nye: \$3,620 |
| Elko: \$40 | Pershing: \$35,875 |
| Esmeralda: \$40 | Storey: \$31,851 |
| Eureka: \$40 | Washoe: \$0 |
| Humboldt: \$37,730 | White Pine: \$31,905 |
| Lander: \$40 | |

Staff Profiles



Grant Hewitt was named Chief of Staff for the Nevada State Treasurer's office in January 2015. As Chief of Staff, Grant serves as the office's liaison with other government officials and dignitaries, oversees all internal and external communication, as well as the coordination of special projects, and supervises the office's personnel. Prior to joining the Treasurer's office, Grant served as President of Red Point Strategies; a Southern Nevada based consulting firm specializing in strategic counsel to 501c3 and 501c4 organizations. Grant holds a Bachelor of Science degree in Political Science from Texas Christian University.

Chief Deputy Treasurer **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, serving as the point person for the Nevada Capital Investment Corporation. Tara previously served nearly five years as the Executive Director of the Nevada Deferred Compensation Program, where she was responsible for managing the daily operations. Prior to this position, Tara was the Regional Manager for ING Financial Services where she was responsible for the relationship management of several government defined contribution plans in California and Nevada. Tara holds a Bachelor of Arts degree in journalism and political science from the University of Iowa.



Vincent "Budd" Milazzo serves as the Senior Deputy Treasurer for Northern Nevada. He rejoined the Treasurer's Office in February 2016, having previously worked as the Deputy Treasurer for Cash Management in 2014. His duties include overseeing the Cash Management, Debt Management and Investments Divisions and working with the Chief Deputy Treasurer and the Chief of Staff on special projects. Prior to rejoining the Treasurer's Office, Budd worked at the Department of Business and Industry - Director's Office in the finance section and the Nevada Public and Behavioral Health Division, managing the Accounting and auditing units. Originally from New Jersey, Budd remembers exactly where he was on the night of October 25, 1986.



Linda English, Deputy Treasurer for Southern Nevada, was appointed in September 2012. She manages all aspects of the State of Nevada's College Savings Programs, including serving as a spokesperson at public events to inform people about the benefits of all programs for Nevada families. Before joining the Treasurer's staff, Linda served over 15 years at the University of Alaska as the Executive Director of Alaska's 529 Program, as well as the UA Scholars Program, Alaska's largest scholarship program. Prior to this position, Linda owned and operated a successful reservation service for the Denali National Park area of Alaska. Linda holds a Bachelor of Business Administration from the University of Alaska Fairbanks.

Sheila Salehian, Executive Director of the Governor Guinn Millennium Scholarship program and Deputy Treasurer for College Savings joined the Treasurer's Office in January 2012. Sheila's responsibilities include oversight of the first 529 College Savings Program in Nevada and The Nevada Prepaid Tuition Program. She is also responsible for outreach and administration of the office's many Financial Literacy programs. Prior to joining the Treasurer's office, Sheila worked in the Financial Services Industry for over 22 years, holding a variety of Relationship Manager, Area Director, & Information Technology liaison roles for a Fortune 100 company. Sheila holds a Bachelor of Business Administration degree from the University of Iowa.



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.

Mark Ciavola, Deputy Treasurer for Unclaimed Property, oversees a staff of four auditors and six other office members. The Division is responsible for finding owners of unclaimed property, processing claims, ensuring holder compliance, securities management, and enforcing the Unclaimed Property Nevada Revised Statute 120A. Prior to joining the Treasurer's Office in May 2016, Mark spent 23 years in restaurant, sales, and political management – most recently working for Nevada Congressman Joe Heck. Mark holds a Bachelor of Political Science from the University of Nevada, Las Vegas.





Amber Law accepted the position of Deputy Treasurer of Cash Management in March 2016. Amber has served in governmental finance and accounting since 2005, and previously worked for the State Treasurer's Office from 2007 to 2012. She will graduate in the spring of 2017 from the Nevada Certified Public Manager Program. Amber's duties include managing the Cash Management Division which oversees the State's banking relationships, the reconciliation of bank transactions with state accounting records, the e-payment merchant services program, and administers the state's check distribution program. She also oversees the day to day budget process, biennial budget request, purchasing, contract management, revenue forecasts, reports and financial statements for the Treasurer's Office.

Kimberly Arnett serves as the agency's Deputy Treasurer for Investments. Kim is responsible for management of the investment activities conducted through and for the Treasurer's Office, including the state's \$2.1 billion General Portfolio, \$581 million Local Government Investment Pool, and the \$308 million Permanent School Fund, among others. Before joining the Treasurer's Office in March 2016, Kim has worked for the Controller's Office, the Legislative Counsel Bureau's Audit Division and the Treasurer's Office as the Deputy Treasurer for Cash Management. Kim received her Bachelors of Science degree in 1998 from Sonoma State University. Prior to working for the State, Kim was employed by a public accounting firm in Reno. She is a Certified Public Accountant. Kim lives in Dayton with her husband, Rick, and her two sons.



Sandy Dombrowski serves as Executive Assistant to State Treasurer Dan Swartz. 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.

Financial Section

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

UNCLAIMED PROPERTY

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| Revenues | 2016 | 2015 |
|--|---------------------|---------------------|
| Unclaimed Property Receipts | | |
| Utility Companies | \$ 1,523,947 | \$ 846,519 |
| Insurance Companies | 9,348,607 | 11,071,641 |
| Financial Institutions | 26,589,100 | 17,034,762 |
| Security Sales & Dividends | 9,250,098 | 9,960,135 |
| Local Governments | 7,803,295 | 4,320,674 |
| Other State Governments | 1,363,710 | 653,671 |
| Other Businesses | 20,331,735 | 19,865,052 |
| Audit Proceeds | 101,675 | 1,075,039 |
| Direct Payment From FDIC | 27,726 | 320,876 |
| Penalties, Interest and Other | 689,362 | 437,028 |
| Total Revenues | <u>77,029,253</u> | <u>65,585,397</u> |
| Expenditures | | |
| Payments to Claimants | 28,513,821 | 31,315,893 |
| Payments FDIC Claimants | 759,815 | (3,708,164) |
| Personnel Costs | 636,395 | 591,105 |
| Contractual Services | 1,135,841 | 966,771 |
| Operating Costs | 147,377 | 262,800 |
| Advertising and Public Relations | 7,304 | 32,852 |
| Total Expenditures | <u>31,200,552</u> | <u>29,461,256</u> |
| Other Financing Sources (Uses) | | |
| Transfer to General Fund | (38,960,791) | (24,301,834) |
| Transfer to Educational Trust Fund | 0 | (193,332) |
| Transfer to Gov. Guinn Scholarship Fund | (7,600,000) | (7,600,000) |
| Total Other Financing Sources (Uses) | <u>(46,560,791)</u> | <u>(32,095,166)</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (732,089) | 4,028,975 |
| Beginning Balance, July 1 | 13,625,867 | 9,596,892 |
| Ending Balance, June 30 | <u>\$12,893,778</u> | <u>\$13,625,867</u> |

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

MILLENNIUM SCHOLARSHIP TRUST FUND Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| Revenues | 2016 | 2015 |
|--|----------------------|----------------------|
| Tobacco Settlement Income | \$ 15,496,417 | \$ 15,662,758 |
| Appropriation | - | - |
| Interest Income | 68,299 | 49,676 |
| Prior Year Correction | - | - |
| Refunds | 8,608 | 4,045 |
| Total Revenues | <u>15,573,324</u> | <u>15,716,478</u> |
| Expenditures | | |
| Scholarship Payments | 30,381,826 | 24,662,556 |
| Personnel | 206,286 | 213,707 |
| Travel | 2,672 | 3,117 |
| Administrative | 115,847 | 120,974 |
| Total Expenditures | <u>30,706,630</u> | <u>25,000,354</u> |
| Other Financing Sources (Uses) | | |
| Transfer from College Savings Endowment Account | - | - |
| Transfer from Treasurer | 324,804 | 337,799 |
| Transfer from Unclaimed Property | 7,600,000 | 7,600,000 |
| Total Other Financing Sources (Uses) | <u>7,924,804</u> | <u>7,937,799</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (7,208,502) | (1,346,077) |
| Beginning Balance, July 1 | 24,105,750 | 25,451,827 |
| Ending Balance, June 30 | <u>\$ 16,897,248</u> | <u>\$ 24,105,750</u> |

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

PREPAID TUITION TRUST FUND Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| Revenues | 2016 | 2015 |
|--|----------------|----------------|
| Participant Contributions | \$ 16,718,808 | \$ 16,760,697 |
| Application Fees | 96,600 | 101,000 |
| Administrative Charges | 29,198 | 28,100 |
| Interest Income | 14,313 | 10,021 |
| Investment Gain (Loss) | 12,218,317 | 5,485,185 |
| Total Revenues | 29,077,235 | 22,385,002 |
| Expenditures | | |
| Tuition Payments | 10,139,549 | 8,922,913 |
| Personnel Costs | 201,097 | 170,163 |
| Travel | 2,939 | 804 |
| Operating Costs | 413,285 | 332,175 |
| Contract Cancellation Refunds | 2,323,553 | 1,843,296 |
| Contract Rollover Payments | 102,092 | 102,295 |
| Total Expenditures | 13,182,516 | 11,371,646 |
| Other Financing Sources (Uses) | | |
| Transfer from College Savings Endowment Account | 1,820,000 | 1,820,000 |
| Transfer from College Savings to Pay Operating | 617,322 | 503,143 |
| Total Other Financing Sources (Uses) | 2,437,322 | 2,323,143 |
| Excess of revenues and other financing sources over expenditures and other financing uses | 18,332,041 | 13,336,499 |
| Beginning Balance, July 1 | 169,830,038 | 156,493,539 |
| Prior Period Adjustment | - | - |
| Ending Balance, June 30 | \$ 188,162,079 | \$ 169,830,038 |

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

COLLEGE SAVINGS

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| Revenues | 2016 | 2015 |
|--|---------------------|---------------------|
| Investment Management Fees | \$ 5,941,901 | \$ 5,590,819 |
| Gifts and Donations | - | 8,040 |
| Noncash Revenues | 536,202 | 455,576 |
| Settlement Income | - | - |
| Interest Income | 24,820 | 24,488 |
| Cost Allocation/Fund Transfers | 3,272,682 | 3,330,698 |
| Total Revenues | <u>9,775,605</u> | <u>9,409,620</u> |
| Expenditures | | |
| Personnel | 227,300 | 184,471 |
| Operating | 3,046,673 | 2,814,444 |
| In-Kind Marketing | 536,202 | 788,656 |
| Total Expenditures | <u>3,810,174</u> | <u>3,787,570</u> |
| Other Financing Sources (Uses) | | |
| Administrative Transfers | | |
| College Savings | 3,272,682 | 3,330,698 |
| Millennium Scholarship | 324,804 | 337,798 |
| Prepaid Tuition | 617,322 | 503,143 |
| Transfer to Prepaid Tuition Trust Fund | 1,820,000 | 1,820,000 |
| College Kick Start | - | 160 |
| Cost Allocation | 166 | 62 |
| Settlement Expenses | 2,040 | 1,240,406 |
| Total Other Financing Sources (Uses) | <u>6,037,014</u> | <u>7,232,267</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (71,583) | (1,610,217) |
| Beginning Balance, July 1 | 5,154,019 | 6,764,236 |
| Ending Balance, June 30 | <u>\$ 5,082,436</u> | <u>\$ 5,154,019</u> |

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

CONSOLIDATED BOND INTEREST & REDEMPTION FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| | | |
|--|-----------------------|-----------------------|
| Revenues | | |
| Taxes | 2016 | 2015 |
| Real Property | \$ 121,260,775 | \$ 117,022,840 |
| Personal Property | 14,519,193 | 12,853,352 |
| Centrally Assessed Property | 9,131,873 | 9,723,270 |
| | <u>144,911,842</u> | <u>139,599,461</u> |
| Other | | |
| Lease Purchase Building Rent | 4,326,113 | 2,983,456 |
| Interest Income | 681,489 | 430,498 |
| Excess Escrow Funds | 3 | 95 |
| | <u>5,007,606</u> | <u>3,414,050</u> |
| Total Revenues | <u>149,919,447</u> | <u>143,013,511</u> |
| Expenditures | | |
| Personnel | 185,128 | 203,020 |
| Operating | 4,046 | 63,420 |
| Trust Agent Fees | 19,360 | 17,592 |
| | <u>208,533</u> | <u>284,032</u> |
| Debt Service | | |
| Bond Principal Redemption | 97,518,000 | 97,150,000 |
| Bond Interest Expense | 66,047,460 | 71,167,793 |
| | <u>163,565,460</u> | <u>168,317,793</u> |
| Total Expenditures | <u>163,773,993</u> | <u>168,601,825</u> |
| Other Financing Sources (Uses) | | |
| Transfers from State Agencies | 19,295,378 | 20,880,378 |
| Dept of Cons. & Natural Res. - Arbitrage | | |
| US Treasury - Build America Bonds Subsidy | 1,236,082 | 1,229,451 |
| State Treasurer's Assessment | 493,030 | 292,625 |
| Transfers-out | | |
| Transfer to UCCSN | (172,250) | (170,000) |
| Transfer to Local Government | - | - |
| Transfer to Public Works Board | - | - |
| Net Proceeds from Refundings | - | - |
| Net Prior Year Refunds/Expenditures | (5,539) | (182,188) |
| Total Other Financing Sources (Uses) | <u>20,846,701</u> | <u>22,050,266</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | 6,992,156 | (3,538,048) |
| Beginning Balance, July 1 | 116,426,447 | 119,793,046 |
| Prior Period Adjustment | 656,593 | 171,449 |
| Ending Balance, June 30 | <u>\$ 124,075,196</u> | <u>\$ 116,426,447</u> |

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

MUNICIPAL BOND BANK BOND INTEREST & REDEMPTION FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| | 2016 | 2015 |
|--|--------------|---------------|
| Revenues | | |
| Receipts from municipalities-Interest | \$ 2,262,428 | \$ 10,835,400 |
| Receipts from municipalities-Principal | \$ 4,825,000 | \$ 4,925,000 |
| Other | | |
| Interest Income | 1,550 | 2,321 |
| Reimbursement of Expenses | 172,435 | 1,465 |
| Total Revenues | 7,261,413 | 15,764,186 |
| Expenditures | | |
| Administrative Costs | 170,995 | 330 |
| Trust Agent Fees | 1,788 | 1,300 |
| | 172,782 | 1,630 |
| Debt Service | | |
| Bond Principal Redemption | 4,825,000 | 4,925,000 |
| Bond Interest Expense | 2,262,428 | 10,835,400 |
| | 7,087,428 | 15,760,400 |
| Total Expenditures | 7,260,211 | 15,762,030 |
| Other Financing Sources (Uses) | | |
| Reversion to General Fund | - | 2,212 |
| Total Other Financing Sources (Uses) | - | 2,212 |
| Excess of revenues and other financing sources over expenditures and other financing uses | 1,202 | (56) |
| Beginning Balance, July 1 | - | 2,211 |
| Ending Balance, June 30 | \$ 1,202 | \$ 2,155 |

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

Cash Basis - Unaudited

2016 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

FUND FOR HEALTHY NEVADA Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Years Ended June 30, 2016 and June 30, 2015

| Revenues | 2016 | 2015 |
|--|----------------------|----------------------|
| Tobacco Settlement Income | \$ 23,244,626 | \$ 23,494,136 |
| Interest Income | 160,070.62 | 136,139.40 |
| Appropriations | - | - |
| Refund of Unused Grant Money | 778 | 7,775 |
| Total Revenues | <u>23,405,474</u> | <u>23,638,051</u> |
| Expenditures | | |
| Operating | <u>63,039</u> | <u>59,293</u> |
| Total Expenditures | <u>63,039</u> | <u>59,293</u> |
| Other Financing Sources (Uses) | | |
| Transfer to Department of Health and Human Services | | |
| Administrative Services | 889,203 | 782,390 |
| Senior RX Program | 2,506,289 | 2,542,884 |
| Children & Disabled Persons | 5,090,718 | 5,098,014 |
| Aging Services | 7,043,110 | 5,931,874 |
| Disability RX | 579,061 | 524,962 |
| Differential Response | 1,328,056 | 1,352,026 |
| Traumatic Brain Injury | 388,523 | 460,832 |
| Autism | 2,509,799 | 4,812,188 |
| Family Resource Center | 1,370,192 | 1,255,701 |
| Taskforce Support | 26,462 | 31,295 |
| Consumer Health Asst | 118,874 | 264,534 |
| Tobacco Cessation | 989,599 | 994,851 |
| Public and Behavioral Health | 5,234,974 | 5,265,803 |
| Transfer to Millennium Scholarship | - | - |
| Total Other Financing Sources (Uses) | <u>28,074,859</u> | <u>29,317,354</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses | (4,732,424) | (5,738,597) |
| Beginning Balance, July 1 | 38,767,206 | 44,505,803 |
| Prior Year Adjustment | | - |
| Ending Balance, June 30 | <u>\$ 34,034,782</u> | <u>\$ 38,767,206</u> |

Cash Basis - Unaudited