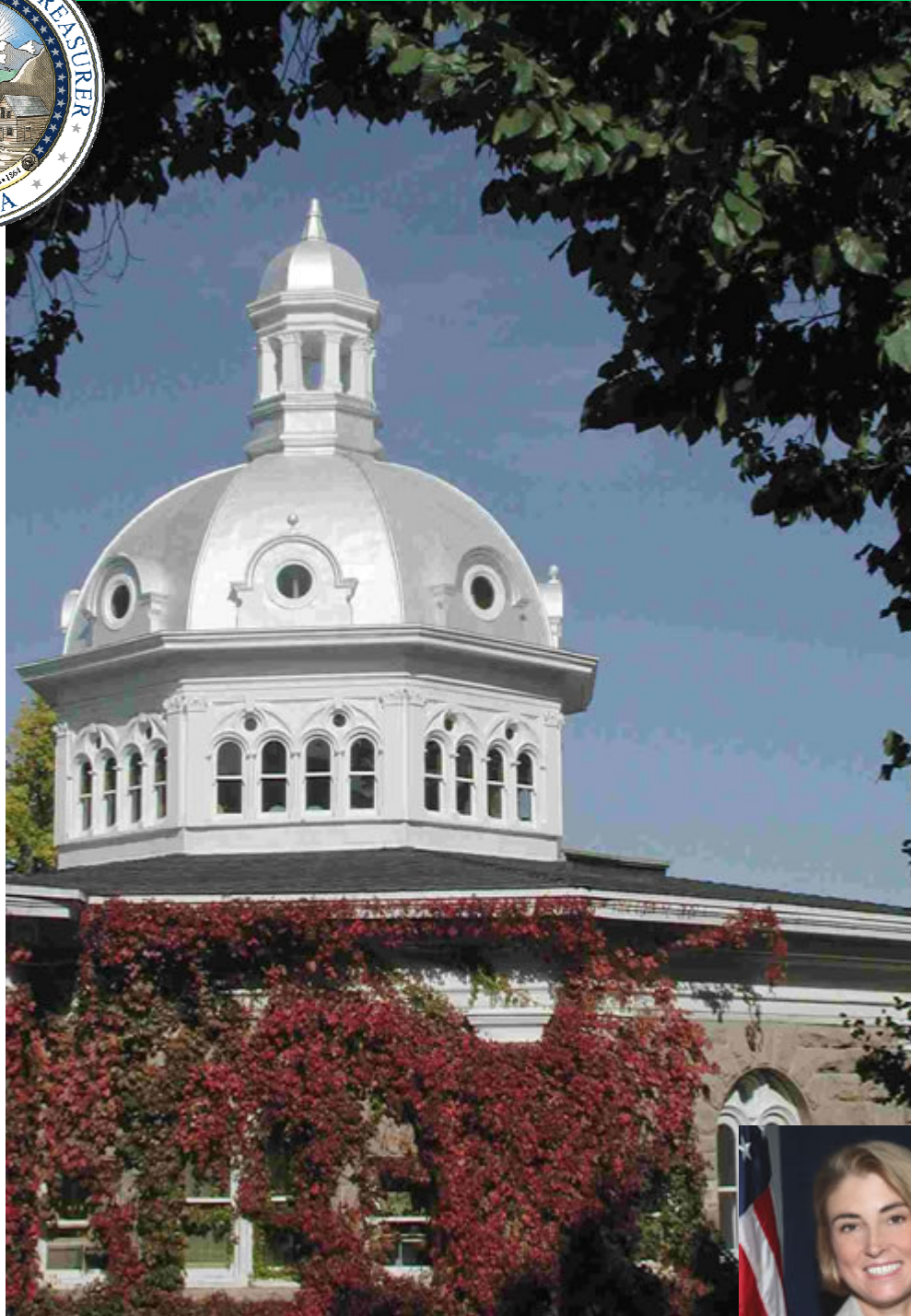
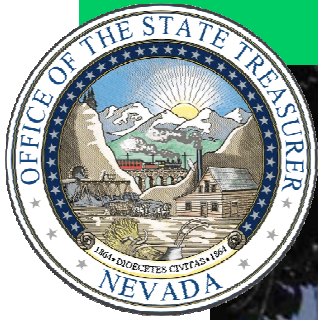


Annual Report Fiscal Year 2011 July 1, 2010 to June 30, 2011



State of Nevada
Office of State Treasurer
Kate Marshall





OFFICE OF THE STATE TREASURER

October 1, 2011

Dear Gov. Sandoval and Members of the Legislature:

As required by NRS 226.120, it is my pleasure to present you with the State Treasurer's Office Annual Report for Fiscal Year 2011 (FY11), an account of the operations of the Treasurer's Office over the past fiscal year.

For FY11, investment interest earnings on the state's General Portfolio came in at \$3.4 million. As of June 30, 2011, total assets under management carried a fair value of \$2.99 billion. Our debt service payment reserves increased to 11 months, well above the standard "best practice" of six months of reserve.



For FY11, the State Treasurer's Office had an approved budget over all functional areas of \$7,067,525; however, only \$5,852,550 was expended, saving more than \$1.2 million in taxpayer dollars. Further, only 18% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers, a further savings of taxpayer money.

The Unclaimed Property Division had another banner year in FY11, with \$114.5 million in collections and nearly \$33 million returned to owners. In fact: collections from holders in FY11 were almost 290% above collections in 2005; individual claims paid have increased by 166% since 2005; and the dollar amount returned to rightful owners has increased by 300%. Further, as a direct result of expanded outreach and the adoption of "Best Practices," the State Treasurer's Office was able to transfer more than \$83 million to the state General Fund to be used to support critical programs in the state at a time when budget restraints are extraordinary tight, the highest amount in the state's history. This amount shattered last year's record total of \$66 million.

Other noteworthy accomplishments achieved during FY11: maintaining the state's good credit rating during the continuing economic pressures facing the state through prudent fiscal administration and debt management; the Nevada Prepaid Tuition program achieving a funded status above 100% and new contracts sold increasing for the third year in a row; successfully concluding negotiations with Putnam Investments to become a member of the state's College Savings Plans program; the addition of the Nevada Distinguished Valor Matching Grant program for our military veterans; the Unclaimed Property Division's Fast Track Claims process proving to be a huge success; and achieving the last of my seven "Marshall Plan" points with the passage of Senate Bill 75, which established the state's first private equity investment fund.

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

Respectfully submitted,

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

Kate Marshall
State Treasurer

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Picture Credits

Cover	Former Nevada State Photographer Rich Johnston
Inside	State Photographer Julie Duewel State Treasurer’s Office staff

OVERVIEW

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

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

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

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

Statutory responsibilities of the State Treasurer:

- Member of the State Board of Finance;
- Ex-Officio State Disbursing Office for the federal government;
- Administrator of the Municipal Bond Bank;
- Chairman of the Board of Trustees of the College Savings Plans of Nevada;

- Administrator of the 529 College Savings Plan and Trust Fund;
- Administrator of the Nevada Prepaid Tuition Program and Trust Fund;
- Administrator of the Fund for a Healthy Nevada and the Trust Fund for Public Health;
- Member of the Executive Branch Audit Committee;
- President of the Nevada Real Property Corporation; and
- Administrator of the Nevada Unclaimed Property Division.
- Chair, Nevada Capital Investment Corporation

For FY11, the State Treasurer's Office had an approved budget, over all functional areas, of \$7,067,525 but expended only \$5,852,550. Only 18% of the total expenditures were paid for with General Fund appropriation, with the balance being funded by assessments and trust fund transfers.



State Treasurer Kate Marshall with executive staff members Mark Mathers, Steve George, Karen Duddleston, and Mark Winebarger.

MISSION STATEMENT

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



Office of the State Treasurer
ORGANIZATION
JUNE 2011

Kate Marshall
 TREASURER
 1080 – PCN 001

Sandy Dombrowski
 EXECUTIVE ASSISTANT
 1080 – PCN 0012

Mark Winebarger
 CHIEF DEPUTY
 1080 – PCN 0002

Steve George
 CHIEF of STAFF
 1080 – PCN 0021

Mark Mathers
 SR DEPUTY (NORTH)
 1080 – PCN 0024

Vacant
 SR DEPUTY (SOUTH)
 1082 – PCN 0001

Steve Martin
 INFORMATION TECH
 1080 – PCN 0026

Amber Law
 MANAGEMENT ANALYST IV
 1080 – PCN 0023

Richard Foreman
 IT PROFESSIONAL II
 1080 – PCN 0004

Kim Arnett
 CASH MANAGEMENT
 1080 – PCN 0019

Ray Remigio
 INVESTMENTS
 1080 – PCN 0009

Lori Chatwood
 DEBT MANAGEMENT
 1080 – PCN 0010

Reba Coombs
 GGMS
 1088 – PCN 0001

Mary McElhone
 UNCLAIMED PROPERTY
 3815 – PCN 0001

Larry Warren
 MANAGEMENT ANALYST III
 1080 – PCN 0011

Vacant (Collateral Pool)
 MANAGEMENT ANALYST III
 1080 – PCN 0020

Diana Vansickle
 INVESTMENT ANALYST
 1080 – PCN 0026

Christina Hadwick
 MANAGEMENT ANALYST III
 1080 – PCN 0003

Troy Watts
 HIGHER ED / 529
 1092 – PCN 0002

Jack Christopher
 MANAGEMENT ANALYST IV
 3815 – PCN 0002

Virgilio Longakit
 AUDITOR III
 3815 – PCN 0005

Lisa Cole
 PROGRAM OFFICER I
 3815 – PCN 0011

Jason Cooper
 ACCOUNTANT TECH II
 1080 – PCN 0007

Vacant
 MANAGEMENT ANALYST II
 1080 – PCN 0013

Stacey Green
 MANAGEMENT ANALYST III
 1080 – PCN 0006

Christy Thurston
 PROGRAM OFFICER I
 1088 – PCN 0002

Blanca Platt
 PROGRAM OFFICER III
 1081 – PCN 0004

Linda Lamm
 MANAGEMENT ANALYST I
 3815 – PCN 0004

Cecilia Thomas-West
 AUDITOR II
 3815 – PCN 0005

Jacinta Weaver
 ACCOUNTING TECH I
 3815 – PCN 0007

Buddy Milazzo
 ACCOUNTANT TECH I
 1080 – PCN 0014

Nanci Karl
 ACCOUNTING ASST III
 1080 – PCN 0015

Terry Evans-Sample
 ADMIN ASST II
 1088 – PCN 0006

Cathy Vasquez
 ADMIN ASST II
 1081 – PCN 0003

Siovhon Goldstein
 ADMIN ASST III
 3815 – PCN 0003

Sheri Hudder
 AUDITOR II
 3815 – PCN 0008

Heather Hood
 ACCOUNTING ASST III
 1080 – PCN 0006

Dave Aurand
 ACCOUNTING ASST I
 1080 – PCN 0016

Vacant
 ADMIN AIDE
 1088 – PCN 0003

Jen Beasley
 ADMIN ASST II
 1081 – PCN 0005

Barbara Streets
 ADMIN ASST II
 3815 – PCN 0009

Anne Alipon
 AUDITOR II
 3815 – PCN 0010

Mikie Ovid
 ACCOUNTING ASST II
 1080 – PCN 0018

NEVADA COLLEGE SAVINGS PLANS; NEVADA PREPAID TUITION

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

NEVADA 529 COLLEGE SAVINGS PLANS

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

The Nevada 529 College Savings Plans consist of three direct sold programs managed by Upromise Investments: Upromise College Fund 529 Plan, Vanguard 529 College Savings Plan, and USAA College Savings Plan; and one advisor-sold plan, Putnam 529 for America. As of June 30, 2011, there were 495,368 accounts actively managed across all four of these plans, with \$8,169,675,448 in assets under management.

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



Nevada College Savings/ Prepaid Tuition Staff
Celebrate National 529 College Savings Day

Five-year performance ranking

Updated June 30, 2011

Five-year performance ranking

Rank	State	Plan	Percentile
1	Kansas	<u>Schwab 529 College Savings Plan</u>	30.43
2	Michigan	<u>Michigan Education Savings Program</u>	34.66
3	Alaska	<u>University of Alaska College Savings Plan</u>	35.74
4	Maryland	<u>College Savings Plans of Maryland -- College Investment Plan</u>	35.81
5	Nevada	<u>The Vanguard 529 Savings Plan</u>	36.82
6	Wisconsin	<u>EdVest (Direct-sold)</u>	37.17
7	Alaska	<u>T. Rowe Price College Savings Plan</u>	38.39
8	Utah	<u>Utah Educational Savings Plan (UESP) Trust</u>	38.73
9	Virginia	<u>Virginia Education Savings Trust (VEST)</u>	38.97
10	Ohio	<u>Ohio College Advantage 529 Savings Plan</u>	39.51

The college savings programs offer a variety of market-based savings options. Each portfolio has a different allocation of stock, bond, and money market funds. The investor selects a portfolio depending on his/her own risk tolerance and the amount of time until the child enters college. Any person may open a 529 college savings account by contributing as little as \$15 per pay period or by making a minimum one-time investment of \$250. The maximum that can be saved in a 529 plan is \$370,000 per beneficiary. These accounts may be used for any qualified education expenses at any eligible post-secondary school in the world, including two and four year colleges, technical and trade schools, and graduate school.

Ugift Program

In collaboration with Upromise Investments, Nevada launched the *Ugift* program in November 2007—a first of its kind—which invites friends and families to give the gift of college savings, in lieu of traditional gifts. Three of Nevada’s plans—Upromise College Fund, USAA College Savings, and Vanguard 529 Savings Plan—offer the *Ugift* option. By the end of FY 2011, *Ugift* accounts had accumulated over \$11 million in gift contributions since inception, more than doubling contributions through *Ugift* in one year.

Silver State Matching Grant

The *Silver State Matching Grant* allows qualifying Nevada families whose net incomes are less than \$61,000 and who are Upromise College Fund 529 Plan account owners to be considered for a matching grant of up to \$300 in extra college savings per calendar year, with a lifetime maximum grant of \$1,500. The program, which began March 1, 2010, received 83 qualified applications in 2011, more than double last year’s number of applicants.



Marketing has played a key role in increased participation in Nevada's College Savings Plans and Nevada Prepaid Tuition programs.

USAA Distinguished Valor Matching Grant Program

The Nevada State Treasurer's Office, working in conjunction with the USAA 529 College Savings Plan, established the USAA Distinguished Valor Matching Grant Program in January 2011 as a pilot program to allow families of Purple Heart recipients the opportunity to receive up to \$1,500 in matching funds to their USAA 529 College Savings Plan contributions. This exclusive matching grant program is currently available to Nevada residents (or those stationed in Nevada) if he or she is a child of a Purple Heart recipient from Operation Enduring Freedom or Iraqi Freedom. The pilot program has been recently featured on the Nevada Office of Veterans Services website and in statewide publications such as the Nevada Women Veterans Magazine. Details of the program can be found at NevadaTreasurer.gov.

Increase Nevada Participation

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

- Dedicated in-state field representative to work with local businesses and organizations to increase awareness of college savings, the Upromise College Fund, and to provide assistance to Nevada families in establishing accounts for their children.

- In collaboration with the Nevada Bankers Association, sponsoring the Nevada \$529 College Savings Day Contest, which in FY11 awarded five \$529 college savings accounts to elementary school students selected from throughout the state. More than 1,100 Kindergarten through fifth grade students entered the contest.
- Participated in more than 175 local community events, such as Parent Teacher Association Conventions, local parent meetings, college and career day activities, Boy Scout Expos, The Aviation Nation, and other events and expos throughout the State.

In fact, despite Nevada’s continuing economic struggles, the Treasurer’s Office in-state marketing efforts resulted in Nevada’s distinction of being one of only a handful of states which expanded the number of new contracts sold during FY11.

2011 Nevada \$529 College Savings Day Contest Winners:



Angel Gonzales



Rivaldo Chavez



Shayla Embriz



Lila Humlick



Lonnie Billoups

Number of National Accounts:

Year	Upromise College Fund	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2006	151,384	88,552	8,176	41,505	N/A	289,617
2007	157,307	115,055	8,455	58,596	N/A	339,413
2008	166,569	141,601	8,516	76,168	N/A	392,854
2009	166,790	155,281	9,169	87,441	N/A	418,681
2010	164,341	170,649	7,751	102,190	N/A	444,904
2011	161,611	190,729	N/A	130,448	12,580	495,368

Assets:

Year	Upromise College Fund	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2006	\$383,842,469	\$1,871,984,679	\$98,035,268	\$246,846,481	N/A	\$2,600,708,897
2007	\$564,881,385	\$2,972,622,759	\$125,472,185	\$400,566,218	N/A	\$4,063,542,547
2008	\$630,076,335	\$3,493,167,241	\$122,811,600	\$490,988,322	N/A	\$4,737,043,498
2009	\$608,228,558	\$3,343,224,153	\$97,637,879	\$519,141,031	N/A	\$4,568,231,621
2010	\$738,274,807	\$4,303,662,470	\$108,432,416	\$738,227,830	N/A	\$5,888,597,523
2011	\$923,243,928	\$5,899,169,097	N/A	\$1,121,433,138	\$225,829,285	\$8,169,675,448

Number of Nevada Accounts:

Year	Upromise College Fund	Vanguard 529 Plan	Columbia 529 Plan	USAA 529 Plan	Putnam 529 Plan	Total
2007	2,824	1,460	NA	660	N/A	5,043
2008	3,305	1,923	118	826	N/A	6,172
2009	3,238	2,089	146	958	N/A	6,431
2010	3,346	2,355	153	1,125	N/A	6,979
2011	3,480	2,645	N/A	1,440	212	7,777

Financial Management of College Savings

The Board of Trustees of the College Savings Plans of Nevada, which is chaired by Treasurer Marshall, provides financial oversight for the investment managers, program managers, and account holders in the College Savings Program. In order to perform a higher level of investment stability within the College Savings Programs, new policies and long-term partnerships were developed in FY11.

- Two firms were contracted with to provide investment consulting services for the College Savings Plans and for the Nevada Prepaid Tuition Program. In addition, the Board adopted comprehensive investment policies to provide performance monitoring to ensure investment objectives and goals are achieved.
- In October 2010, the Nevada College Savings Plans Board selected Putnam Investments to serve as the state's exclusive advisor-sold 529 college savings plan. This new plan contains a mix of diversified and competitively priced investment choices designed to provide a range of offerings based on risk tolerance, time horizon, and desired investment approach.

NEVADA PREPAID TUITION PROGRAM

The Nevada Prepaid Tuition Program, which began in 1998, continues to offer a smart savings option to Nevada residents or graduates of the Nevada System of Higher Education looking to begin a college savings program for their newborn to ninth grade child. The program provides parents, grandparents, family members, and friends a variety of options to make participation in the program easy and convenient. Nevada Prepaid Tuition contracts can be satisfied with a lump sum payment, payments spread out evenly over sixty months, or from time of enrollment until the child is ready to start college. At the conclusion of FY11, 14,120 children had enrolled in the program, and the Nevada Higher Education Tuition Trust Fund had assets of \$130.8 million.

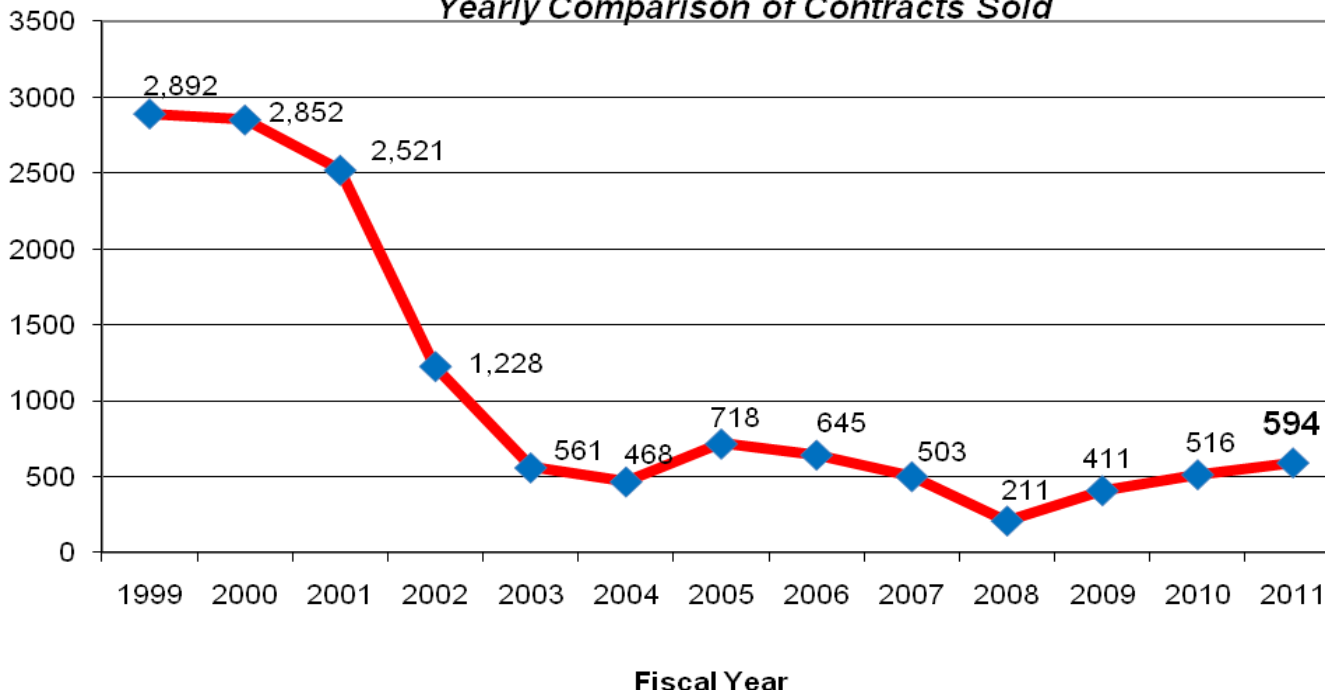


The Nevada Prepaid Tuition program is transferrable to private or public out-of-state colleges and universities, and can be transferred to another family member, including a first cousin. As of June 30, 2011, there were more than 1,955 students using their benefits and the program had paid out over \$5.4 million in tuition benefits on behalf of these students, an increase of slightly over \$751,000 from FY10.

Due primarily to the continuing grassroots marketing plan employed by the State Treasurer's Office, the Nevada Prepaid Tuition Program enjoyed robust growth in new enrollments in FY11, marking the third year in a row of sustained growth. In all, 594 new enrollees were added, a 15% increase from the previous year.

As part of the long-term planning for the Nevada Prepaid Tuition Program, a contract was entered into with a software company to develop a new database, which will greatly enhance the ability of contract holders to interact with the web-based features, allow staff to receive contract payments and pay school tuition more efficiently, and most importantly, allow electronic communication between the state's accounting system and the program's database. A launch date is expected prior to the next open enrollment period, which is currently scheduled for December 1, 2011.

Nevada Prepaid Tuition Yearly Comparison of Contracts Sold



Nevada Prepaid Tuition Enrollment Comparison by County

County	2010	2011	Improvement	Percentage Increase
Clark	265	295	30	11.32%
Washoe	171	190	19	11.11%
Other Nevada Counties	75	96	21	28.00%
Out of State Counties	5	13	8	160.00%
Total	516	594	78	UP 15.12%

GOV. GUINN MILLENNIUM SCHOLARSHIP

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

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

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

There is no application process for the student to complete. Nevada high schools electronically submit the names of eligible students to the Millennium Scholarship Program in the Treasurer's Office. Including the graduating class of 2011, more than 102,000 high school seniors have been eligible for the Millennium Scholarship, with an average utilization rate of over 71 percent since the program was established. By the end of the spring 2011 school term, more than \$253 million had been distributed to 65,998 Millennium Scholars, who collectively earned more than 23,700 associate, bachelor, and other certificates and degrees.



Millennium Scholarship Executive Director Reba Coombs

Now in its 11th year, the Gov. Guinn Millennium Scholarship Program (GGMS) has continued to recognize, make contact with, and support students in their pursuit of higher education. The

State Treasurer's Office partners and collaborates with the Nevada System of Higher Education and the Nevada Department of Education to enhance and support Millennium Scholars.

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

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

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

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

- Operate the program's database (MiSL: Millennium Scholarship Ledger), which collects, stores, and maintains data on Millennium Scholars.
- Collect data from high schools on eligible high school seniors in a fully automated and secure method so they can be provided award packets with the scholarship information.
- Conduct outreach efforts throughout the state at college fairs, schools, private companies, PTA groups, and other venues to provide the latest information about the Millennium Scholarship Program.
- Cooperate with representatives of each NSHE institution, NSHE System Administration, System Computing Services, Millennium Scholarship Advisory Committee, Nevada Association of School Superintendents, Leadership Forum of High School Counselors, and the Nevada Department of Education to enhance outreach efforts.
- Collect eligibility data from 17 county school districts, 50 private high schools, adult education, GED, and home school applicants.
- Disseminate information to Nevada high school students, high school counselors, NSHE institutions, and the general public.
- Work with the Millennium Scholarship Advisory Committee and NSHE System Computing Services on a system-wide review process to reconcile financial management of the program.

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

Enrollment by Institution by Semester				
Institution Name	Spring 2010	Summer 2010	Fall 2010	Spring 2011
College of Southern Nevada	2,612	747	2,803	2,464
Great Basin College	223	23	221	191
Nevada State College	240	117	302	254
Roseman University of Health Sciences	5	8	10	11
Sierra Nevada College	21	5	24	22
Truckee Meadows Community College	1,013	255	1,020	881
University of Nevada, Las Vegas	4,924	2,193	5,909	4,554
University of Nevada, Reno	4,226	1,440	5,190	4,032
Western Nevada College	369	77	398	327
Totals	13,633	4,865	15,877	12,736

Revenues, expenses, and fund balance for the Millennium Scholarship Fund for FY 2011 include the appropriation of \$10 million from the 2011 Legislative Session as well as the donations received by the Kenny C. Guinn Memorial Millennium Scholarship Trust Fund:

Beginning Balance	12,193,882
Appropriation	10,000,000
Tobacco Settlement	15,542,056
Prior Year Refund	4,250
Gifts and Donations	124,994
Transfer from College Savings	2,276,514
	40,141,696
Administrative Costs	377,883
Tuition Payments	24,206,668
Transfer to General Fund	5,000,000
	29,584,551
Ending Balance	10,557,414

KENNY C. GUINN MEMORIAL MILLENNIUM SCHOLARSHIP

Senate Bill 220, establishing the Kenny C. Guinn Memorial Millennium Scholarship, was unanimously passed during the 2011 Legislative Session.

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

Eligibility

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

1. Must be an eligible Millennium Scholar with no strikes against his/her scholarship at the time of application;
2. Must be entering his/her senior or last year of college with 90 or more credits at an eligible institution (eligible institutions are the University of Nevada, Reno; University of Nevada Las Vegas; Great Basin College; Nevada State College; and Sierra Nevada College);
3. Be enrolled in and remain enrolled in a course of study leading to licensure in elementary or secondary education;
4. Maintain a college grade point average of not less than 3.5 on a 4.0 grading scale;
5. State a commitment to teaching in Nevada upon graduation; and
6. Have a commendable record of community service.

Award

The maximum annual award to the selected applicant, to the extent of available funding, will be in an amount not to exceed \$4,500 to help pay the educational expenses of the recipient for the next school year which are not already met by the student's GGMS scholarship funding, including registration fees, laboratory fees and expenses, and to purchase required textbooks and course materials.

UNCLAIMED PROPERTY DIVISION

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

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

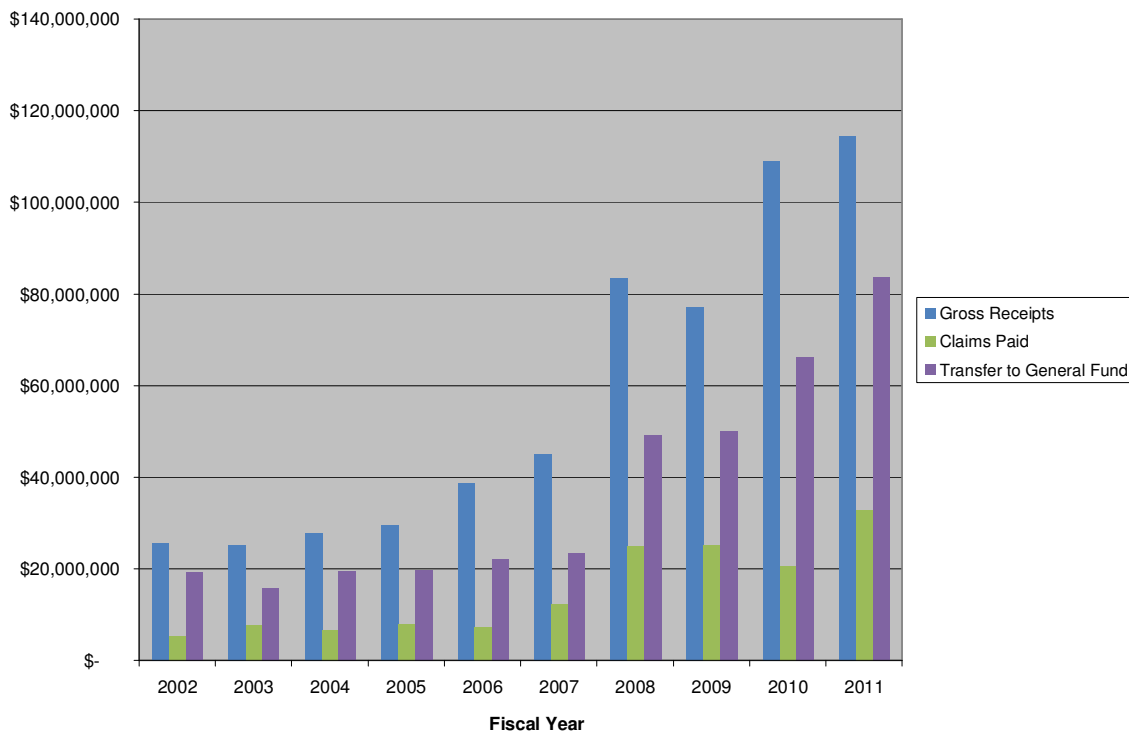
The Unclaimed Property Division recently completed its most successful year ever in both collections and returns to rightful owners, with \$32.8 million returned to rightful owners, shattering the old mark by more than \$7.4 million, and more than \$83.7 million transferred to the state General Fund, the largest such transfer in the state's history. The transfer to the state General Fund was 26.6% more than last year, which at the time was the all-time record.

There were 19,758 claims paid in FY11, an increase of 36.7% from the previous fiscal year (14,449 paid FY10). The new Fast Track Claims process adopted by the Treasurer's Office, which allows a claim to be paid through an automated process, has played a substantial role in the increase in paid claims. In FY11, the limit for a claim to be approved through the Fast Track process was increased from \$1,500 to \$2,500. In FY11, 32% of all claims were paid via Fast Track, as compared to 28% in FY10.

At the conclusion of FY11, the state was holding approximately \$490 million in unclaimed property. The State Treasurer's Office, Nevada Unclaimed Property Division, continues to utilize many methods adopted since Treasurer Marshall took office to reunite rightful owners with their unclaimed property:

- 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.
- A revised holder outreach program that has dramatically increased the number of companies reporting to the state. The number of holder reports reported in FY11 was 9,585 (FY10 7,702) an increase of over 24%.
- 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.

Unclaimed Property



As part of the Division’s continuing efforts to assist holders, a Voluntary Disclosure Agreement program was established in FY10 to encourage non-compliant businesses to conform to Nevada’s unclaimed property laws without penalties and interest being added. The VDA program provides an avenue for businesses which may not have realized they were out of compliance with an opportunity to work with the Unclaimed Property Division to submit past due reports. In FY11 more than \$ 21 million was reported as a result of the VDA program.



The Unclaimed Property Division conducts an auction in Las Vegas once a year of property held by the state that has passed the statutorily-mandated abandonment period.



**Nevada Unclaimed Property
Division staff located in the Las Vegas Office.**

CASH MANAGEMENT DIVISION

The primary duty of the Cash Management Division is to manage the state's banking relationships, assist state agencies with banking needs, and operate the state's Collateral Pool Program. The Division is also responsible for the Treasurer's Office administrative and accounting functions.

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



**State Treasurer's Office Staff in Carson City:
Amber, Heather, Mark, Budd, and Jason**

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

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

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

Cash Management personnel are responsible for the accounting and distribution of funds relating to the Tobacco Master Settlement Agreement (MSA). State law requires 40% of the funds be allocated to the Gov. Guinn Millennium Scholarship Fund, 50% to the Fund for a Healthy Nevada, and 10% to the Trust Fund for Public Health. Nevada received approximately \$39.5 million in MSA funds in FY11 and expects to receive slightly more than \$38 million in FY12. Senate Bill 421 of the 2011 Legislature eliminated the Trust Fund for Public Health, effective July 1, 2011, allocating its 10% share of the MSA revenues to the Fund for a Healthy Nevada.

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

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

At the conclusion of FY11, there were 230 public entities throughout the state participating in the Pooled Collateral program, with deposits in 13 financial institutions and a daily average balance of \$2.28 billion. Accounts in the program averaged a weekly balance of \$1.051 million, of which \$831,000 was protected by collateral held in the Pool. The balance of the deposits are insured by the FDIC or NCUA. The average weekly collateral pledged for the uninsured deposits was \$1.007 million, of which \$159,000 was excess collateral.

The Cash Management Division is also responsible for the allocation of revenues from the lease of federal lands in Nevada. Under NRS 328, these revenues are shared between the Department of Education's Distributive School Account, county treasurers, and school districts based on the percentage of revenues collected in those various jurisdictions. Division personnel draw over \$2 billion in federal funds each year for state agencies, distributing more than 234,000 checks and direct deposit advices to vendors and employees. By encouraging the use of items such as

cash vaults, remote deposit, positive pay, and ACH blocks and filters, the Treasurer's Office continues to seek more efficient and safe means by which state agencies carry out their financial transactions.

INVESTMENTS

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

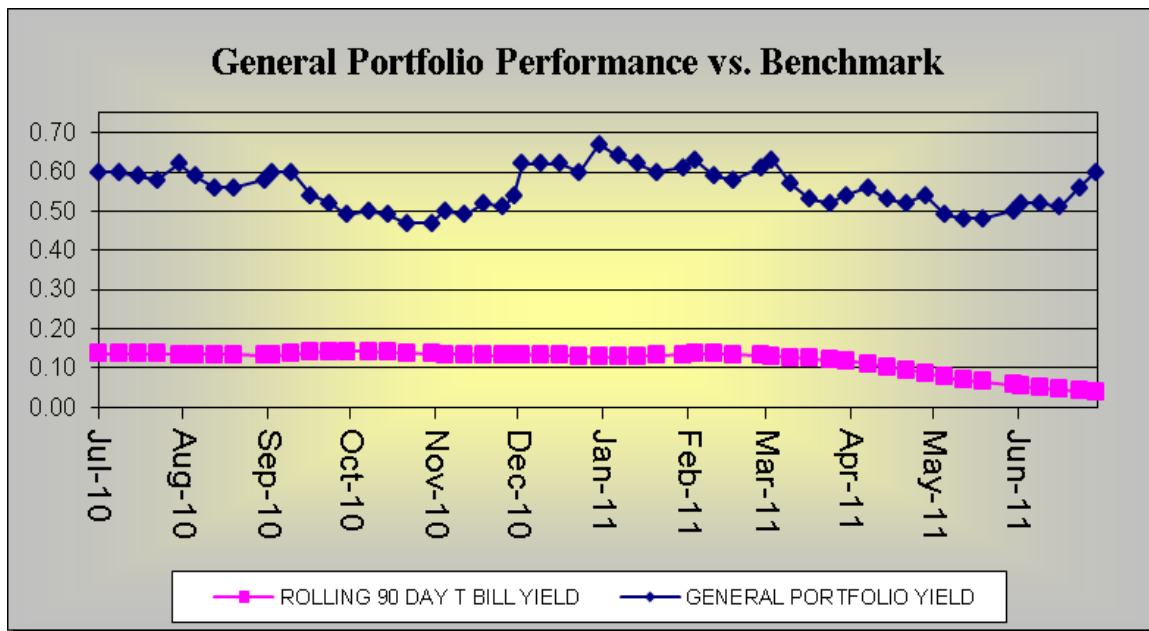
The Investment Division has four staff members—Deputy Treasurer of Investments, Investment Analyst, Management Analyst III, and an Accountant Technician II (whose time is divided between the Investment and Cash Management divisions). Staff responsibilities include investment and observation activities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

General Portfolio Overview

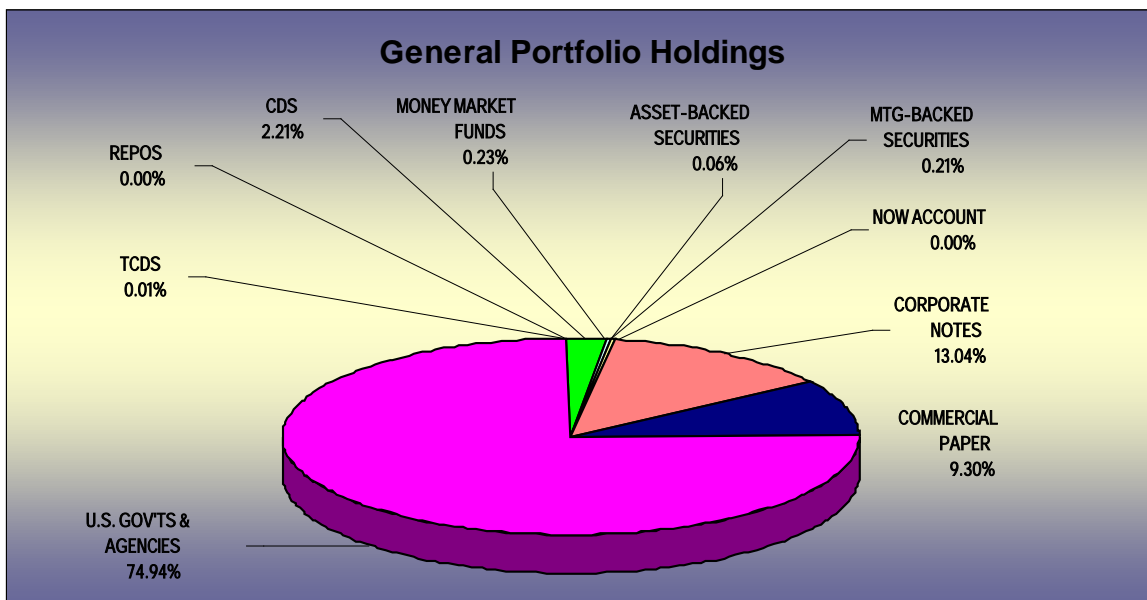
Permissible investments of the General Portfolio include U.S. Treasury and agency securities, repurchase agreements backed by high quality collateral, high quality corporate notes, negotiable certificates of deposit, and commercial paper, AAA rated asset-backed debt, and banker's acceptances. Securities holdings are diversified to prevent over-concentration by maturity, issuer, or security class. The State Treasurer maintains a conservative, moderately active investment strategy, which provides the ability to take advantage of market opportunities as they occur by analyzing projected cash flow needs. Portfolio maturities are structured to reduce the likelihood of a forced sale of securities in any but the most severe circumstances; during FY11, no securities were sold prior to their maturity at a loss.

In FY11, the Investment Division completed a number of major initiatives in order to enhance the portfolio management process and risk management of the portfolio: the General Investment Policy was reviewed and updated to address changes in the investment landscape; enhanced credit analysis procedures were adopted; and credit issuers in the corporate note and commercial paper sectors are rigorously analyzed for inclusion on our approved credit issuer list. Additionally, the Division strengthened cash flow analyses and forecasting to effectively manage our investments to meet short and long-term funding needs.

The benchmark used to assess performance in the General Portfolio is the three-month moving average of the three-month Treasury bill. As of the end of FY11, the General Portfolio was outperforming this benchmark by 56 basis points.

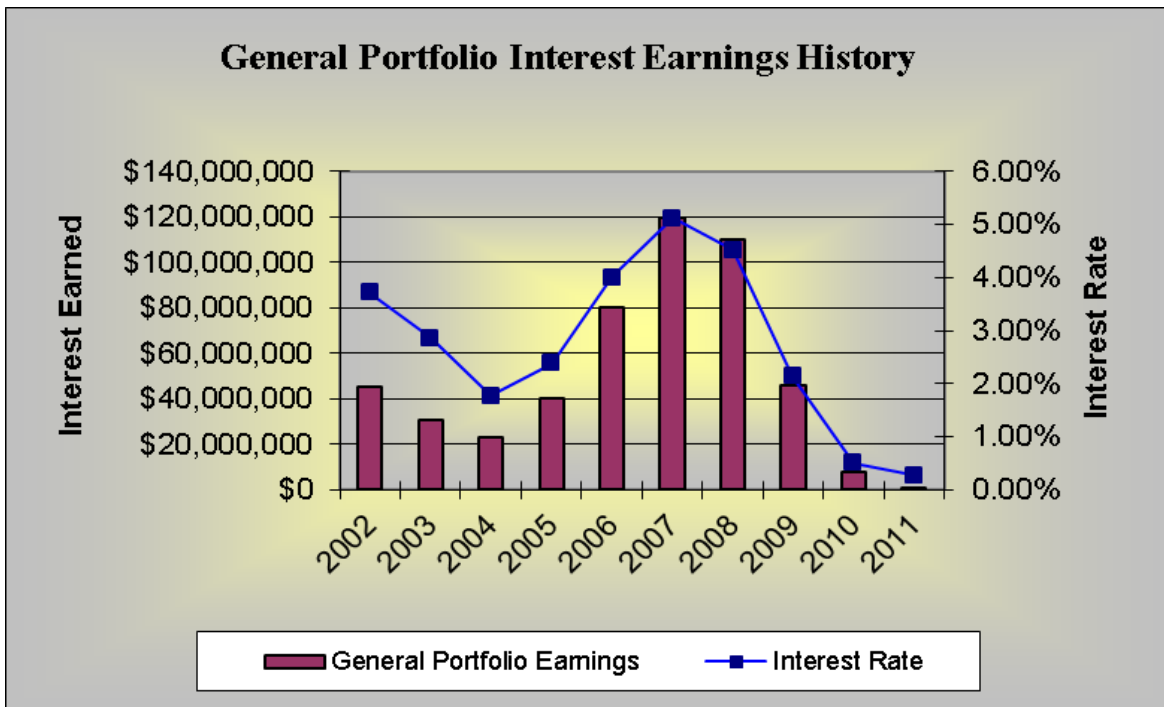


The portfolio continued to be conservatively managed, with holdings contained to U.S. Treasury and Agency securities and only top-tier, high-quality corporate securities.



The FY11 General Portfolio ending balance was \$1.58 billion. The average maturity of the portfolio at fiscal year end is 355 days.

Throughout FY11, the investment portfolio conformed to the terror-free investment and divestiture policies adopted by the State Treasurer’s Office in 2008, and approved by the State Board of Finance. Due to the decision of the federal government to lower the Fed Funds rate to between 0.00% to 0.25%, coupled with a continuing decline in bond yields across the yield curve, the return on the portfolio declined in response to macroeconomic trends. Total earnings for FY11 were \$9,943,083.10, representing a yield of 0.66%.



Local Government Investment Pool

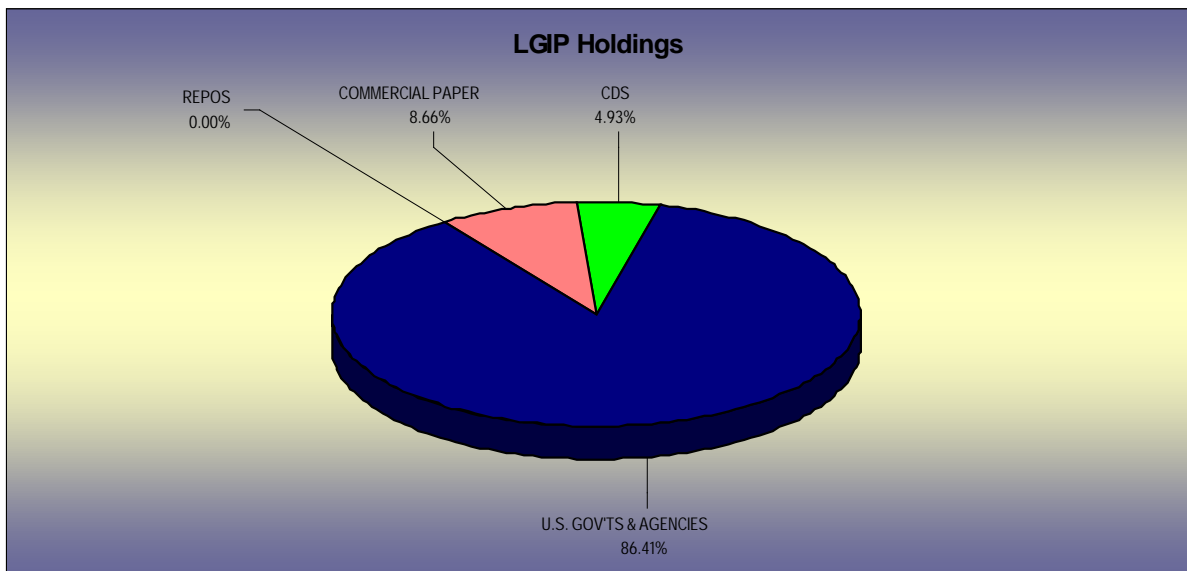
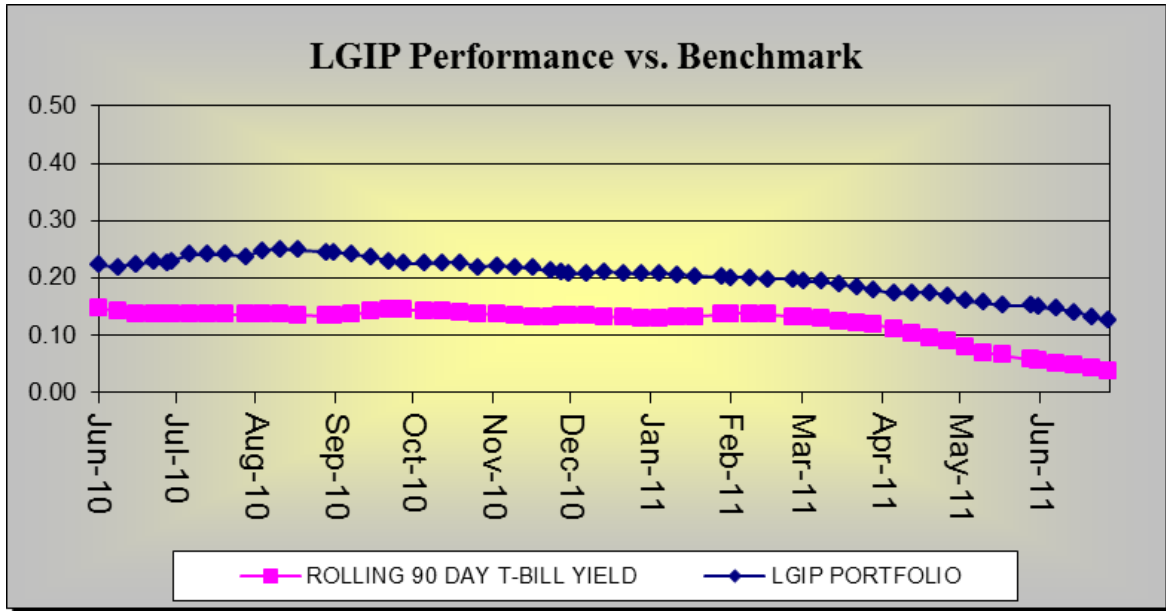
The LGIP was established as an alternative program to be utilized by local governments on a voluntary basis for their investable cash, with the advantage being economies of scale. The State Treasurer administers the LGIP in a conservative manner, consistent with the prudent guidelines outlined in a LGIP-specific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

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

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

average of the three-month Treasury bill, consistent with the management of the General Portfolio. As of the end of FY 2011, the LGIP was outperforming this benchmark by nine basis points.

There were 85 LGIP members at the close of FY 2011, comprised of cities, counties, school districts, and various special districts across the state. The LGIP's book value on June 30, 2011 is \$608,468,403. The LGIP's investment objectives include safety of principal, portfolio liquidity, and market return, consistent with a conservative, short duration portfolio. The average maturity of the portfolio at fiscal year end is 69 days.



NVEST

NVEST is an alternative investment program for local governments, the objective of which is to provide higher returns than the LGIP. The minimum account size is \$3 million. NVEST participants are offered three non-commingled investment options, differentiated by duration and security selection. Three registered investment advisors have been selected to provide investment management services. As of June 30, 2011, the NVEST portfolios had a consolidated market value of \$403,170,562.

Portfolio flows over FY11 can be summarized as follows:

	<u>LGIP</u>	<u>NVEST</u>
June 30, 2010 Market Value	\$586,817,182	\$353,531,289
Deposits from members	816,155,219	52,001,719
Portfolio Interest Earnings and Market Value Change	1,072,828	6,267,168
Less Withdrawals and Expenses	<u>(795,399,037)</u>	<u>(8,629,614)</u>
June 30, 2011 Market Value	\$608,646,192	\$403,170,562

Permanent School Fund

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

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

As of June 30, 2011, the market value of the Permanent School Fund was \$309,294,190.

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

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

Under SB75, up to \$50 million non-tax dollars in the Permanent School Fund may be invested in new businesses in Nevada, in existing businesses that are expanding, or in businesses which agree to relocate to this state.

SB75 creates a nonprofit public entity, the Nevada Capital Investment Corporation (NCIC), and a board that includes appointees by the Governor and Legislative Leadership based on a minimum of ten years of experience in the investment, finance, or banking fields. The State Treasurer, whose duties include the investment of state money, is also a member.

The NCIC Board of Directors will determine how to proceed in the hiring of a professional private equity fund manager(s). These professionals, not elected officials, will select companies and innovative businesses that will assist in the state's efforts to increase Nevada K-12 investment earnings and to grow and diversify its economic base, leading to increased employment. The Board will issue a Request for Proposal (RFP) and then will be tasked with reviewing responses and ultimately selecting a fund manager(s). The fund manager(s) would then begin the process of assessing investment opportunities.

DEBT MANAGEMENT DIVISION

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

In FY11, the State Treasurer’s Office successfully sold five series of general obligation bonds, which closed on December 21, 2010. The combined principal (or par) amount of the bonds was \$161,210,000 and the average true interest cost (TIC) was just under 3.75%, which was one of the lowest rates achieved for this term of debt during the last 30 years. The bonds consisted of approximately \$125,355,000 in refunding bonds and approximately \$35,855,000 to provide funding for new capital projects.

The refunding component of the bond series enabled the state to partially restructure the state’s debt portfolio to more closely align with projected property tax revenues at no additional cost to the state on a present value basis. This helped the state to continue to be able to afford its debt and allow modest room for capital project financing in future years, if needed.

BONDS ISSUED FY11

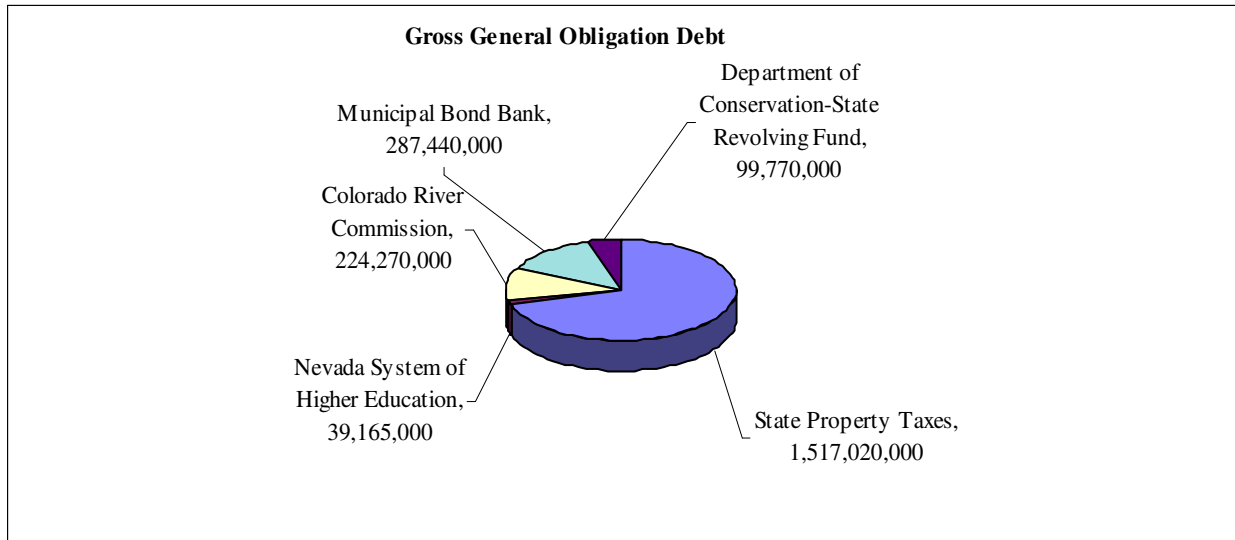
	Series	Original Amount	New Money
Capital Improvement and RFDG Bonds	2010C	\$ 121,920,000	\$ 23,100,000
Natural Resources and RFDG Bonds	2010D	\$ 20,170,000	\$ 2,255,000
Water Pollution Control Revolving Fund Matching Bonds	2010G	\$ 4,535,000	\$ 5,000,000
Water Pollution Control Revolving Fund Leveraged RFDG Bonds Sub 1	2010H1	\$ 4,625,000	\$ -
Water Pollution Control Revolving Fund Leveraged RFDG Bonds Sub 2	2010H2	\$ 3,725,000	\$ -
Safe Drinking Water Act Revolving Fund Matching and RFDG Bonds	2010I	\$ 6,235,000	\$ 5,500,000
Total Par		\$ 161,210,000	\$ 35,855,000

General Obligation Debt

The State Treasurer is responsible for the issuance and maintenance of the following types of general obligation debt: Capital Improvement Bonds, Municipal Bond Bank Bonds, State Revolving Fund Bonds, Cultural Affairs Bonds, Highway Improvement Revenue Bonds, Natural Resources Bonds, and other miscellaneous general obligation bonds and securities. The state requires general obligation bonds to be legislatively authorized and secured by the ad valorem tax portion dedicated to the payment of general obligation debt to the extent other monies are not

available. The state’s gross general obligation debt decreased from \$2.28 billion as of June 30, 2010 to \$2.17 billion as of June 30, 2011 due to the payment of principal during FY11.

The chart below summarizes the Nevada’s gross general obligation debt as of June 30, 2011.



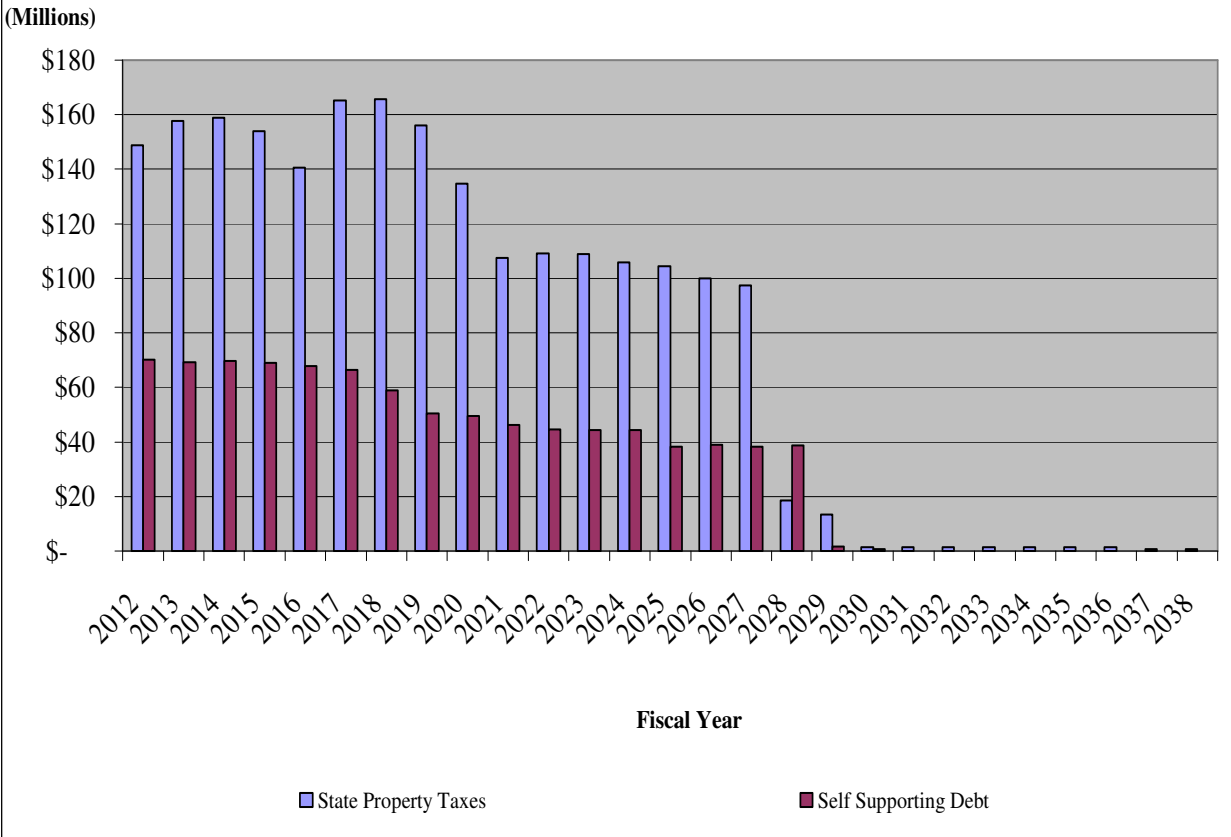
During FY11, the Debt Management Division processed debt service payments for existing general obligation debt totaling nearly \$245.8 million.

Gross General Obligation Debt FY2011 Debt Service Payments

	Principal	Interest	Total
State Property Taxes	\$100,155,000	\$77,907,386	\$178,062,386
Colorado River Commission	5,770,000	11,131,109	16,901,109
Municipal Bond Bank	15,670,000	14,682,717	30,352,717
Department of Conservation-State Revolving Fund	8,115,000	4,160,112	12,275,112
Nevada System of Higher Education	6,110,000	2,088,234	8,198,234
Total FY11 Debt Service	\$135,820,000	\$109,969,558	\$245,789,558

The profile of the state’s general obligation debt—which includes both self-supporting debt paid by fees and other revenue sources and debt paid by the statewide 17-cent property tax rate—is displayed in the chart below. The restructuring of the state’s debt, which was partially accomplished with the December 2010 bond sale, helped to better align debt service with projected statewide property taxes.

Gross General Obligation Debt Service to Maturity



The chart below details the state's annual general obligation debt service by fiscal year as of June 30, 2011.

Annual General Obligation Debt Service Requirements¹

(As of June 30, 2011)

Fiscal Year	General Obligation Bonds ²		Self-Supporting General Obligation Bonds		Grand Total
	Principal	Interest ³	Principal	Interest	
2012	\$74,900,000	\$73,949,380	\$39,405,000	\$30,792,567	\$219,046,947
2013	87,550,000	70,283,794	42,380,000	28,771,539	228,985,333
2014	92,935,000	66,031,937	42,980,000	26,758,972	228,705,909
2015	92,555,000	61,465,934	44,360,000	24,630,195	223,011,129
2016	83,730,000	56,939,551	45,540,000	22,444,186	208,653,738
2017	112,570,000	52,823,804	46,285,000	20,198,650	231,877,454
2018	118,320,000	47,307,983	40,850,000	18,051,225	224,529,208
2019	114,545,000	41,520,568	34,255,000	16,225,695	206,546,263
2020	98,725,000	35,997,387	35,090,000	14,553,669	184,366,055
2021	76,280,000	31,217,963	33,455,000	12,856,456	153,809,419
2022	81,870,000	27,277,437	33,315,000	11,210,641	153,673,078
2023	85,720,000	23,249,757	34,830,000	9,564,506	153,364,263
2024	87,120,000	18,873,903	36,430,000	7,829,584	150,253,488
2025	89,795,000	14,673,698	32,040,000	6,141,849	142,650,547
2026	89,940,000	10,031,601	34,445,000	4,506,328	138,922,928
2027	92,025,000	5,422,517	35,440,000	2,798,355	135,685,872
2028	16,475,000	2,026,995	37,180,000	1,555,800	57,237,795
2029	12,370,000	1,174,337	1,630,000	73,625	15,247,962
2030	1,030,000	480,543	735,000	17,456	2,262,999
2031	1,090,000	429,155			1,519,155
2032	1,140,000	374,560			1,514,560
2033	1,195,000	317,460			1,512,460
2034	1,260,000	257,605			1,517,605
2035	1,320,000	194,495			1,514,495
2036	1,385,000	128,380			1,513,380
2037	575,000	59,010			634,010
2038	600,000	30,130			630,130
Total	\$1,517,020,000	\$642,539,884	\$650,645,000	\$258,981,297	\$3,069,186,181

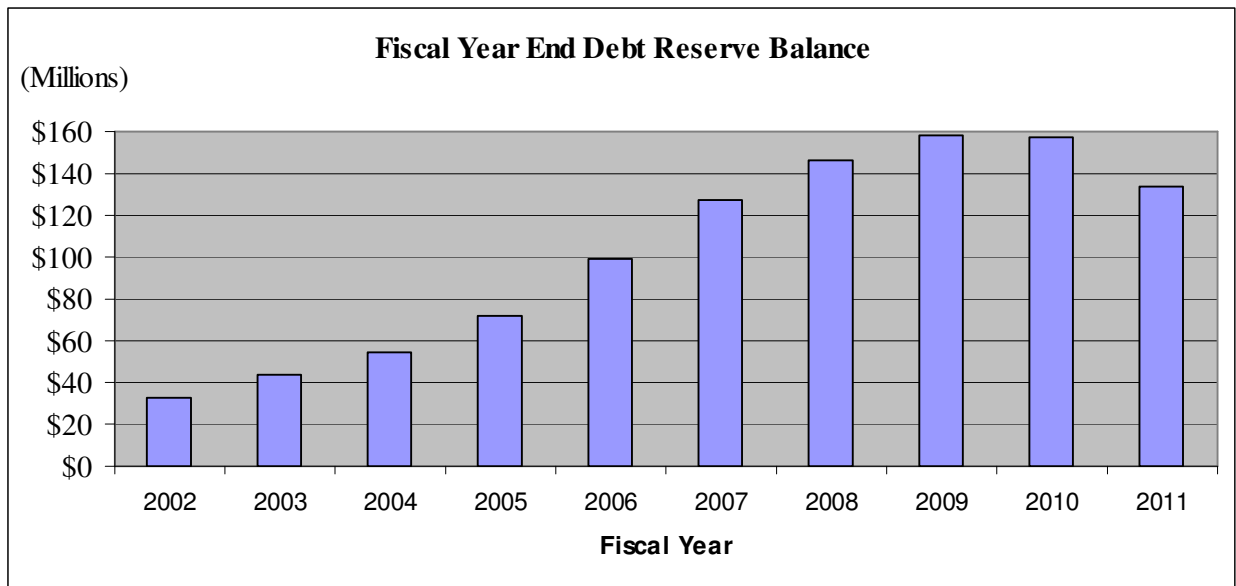
¹Table does not include revenue bonds, contingent liabilities, and lease purchase arrangements, the payments of which are subject to appropriation and terminable upon a nonappropriation of funds.

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

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

Debt Service Reserves

Nevada's Consolidated Bond Interest and Redemption Fund is used for the collection of revenue, payment of the principal and interest on the bonds, and to reserve monies for future debt service payments. This debt service reserve is funded from the excess of applicable revenues over the required debt service payments plus interest earnings on the fund. The Bond Interest and Redemption Fund is available to provide ready reserves to meet current debt service obligations to the extent monies are insufficient from current revenues. At the conclusion of FY11, the Bond Interest and Redemption Fund had an estimated ending balance of approximately \$134 million, which represents approximately eleven months of the state's FY12 general obligation debt paid with property taxes. The state's Debt Management Policy mandates that the state should strive to maintain an amount equal to the next six months of debt service expense. The current reserve well exceeds this benchmark by prefunding nearly the entire FY12 debt service requirements.



Debt Affordability Analysis

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

The General Obligation Debt Capacity and Affordability Report is utilized by the Governor in preparing his recommended budget and then also presented to the State Legislature for use in their decision making regarding the issuance of bonds during the following biennium, future

capacity and affordability for the next ten years, and the determination of the ad valorem levy for the next biennium.

The assumptions used in the General Obligation Debt Capacity and Affordability Report 2011-2013 Biennium were:

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

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

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

The ad valorem tax levy for the 2011-2013 Biennium remained at the prior levy of \$0.17 per \$100 of assessed valuation.

State Debt Capacity

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

For FY11, the constitutional debt limit stood at \$1.73 billion with the outstanding general obligation debt subject to this limit at \$1.31 billion.

Constitutional Debt Limitation and Capacity

June 30	Assessed Valuation	Debt Limitation	Outstanding GO Debt Subject to Limitation	Outstanding Leases and COPs	Remaining Constitutional Debt Capacity
2007	\$137,842,453,547	\$2,756,849,071	\$1,001,570,000	\$13,805,071	\$1,741,474,000
2008	148,156,208,281	2,963,124,166	1,202,660,000	12,331,166	1,748,133,000
2009	124,106,898,966	2,482,137,979	1,395,325,000	10,455,979	1,076,357,000
2010	95,018,324,064	1,900,366,481	1,383,690,000	26,521,481	490,155,000
2011	87,805,540,651	1,756,110,813	1,311,690,000	30,610,652 ⁽¹⁾	413,810,161 ⁽¹⁾

⁽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 FY11, the state's general obligation debt was rated AA+, Aa2, and AA respectively by the three major rating agencies: Fitch Ratings, Moody's Investors Service, and Standard & Poor's. Despite the national recession, which exacerbated Nevada's relatively cyclical and narrow economy that relies on sectors sensitive to changes in discretionary consumer spending (tourism and gaming) and those with volatile performance (construction and real estate), the state has been able to maintain a strong "AA" category rating, one step below the highest rating category of "AAA." Investors consider bonds with "AA" ratings to be of high quality by all standards with strong capacity to pay principal and interest.

Nevada is recognized by the rating agencies as having conservative and prudent fiscal management which reacts quickly to its budget needs.

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

Ratings

	Fitch	Moody's	Standard & Poor's
General Obligation	AA+	Aa2	AA
Certificates of Participation	AA	Aa3	AA-
Highway Revenue	AA+	Aa1	AA+
Permanent School Fund Guarantee	AAA	Aaa	AAA

Municipal Bond Bank

NRS 350A.140 designates the State Treasurer as administrator of the Nevada Municipal Bond Bank. In accordance with NRS 350A.150, the amount of state securities issued to acquire municipal securities may not exceed \$1.8 billion outstanding at any time. The state’s Municipal Bond Bank program was established in 1981 to assist municipalities in undertaking local projects which foster and promote the protection and preservation of the property and natural resources of the state. Without this fund, municipalities might otherwise face the prospect of prohibitive interest rates. The Board of Finance must approve the issuance of state general obligation and revenue securities under the Bond Bank Act. The outstanding amount of securities issued pursuant to this Act was \$287,440,000 as of June 30, 2011.

Permanent School Fund Guarantee

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

In collaboration with the 2007 State Legislature, Treasurer Marshall successfully sponsored Assembly Bill 554, which raised the Permanent School Fund Guarantee available for each school district from \$25 million to \$40 million, increasing the school districts’ ability to reduce borrowing costs. During the 2011 Legislative session, Treasurer Marshall sponsored Senate Bill 75, which allows up to \$50 million of the PSF portfolio to be invested in private equity investments, which will result in higher returns for the PSF and thus Nevada schools.

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

The PSF is funded primarily by escheated estates, gifts, and proceeds from the sale of federal lands. Interest on the Fund is used to support education in the state. As of June 30, 2011, the PSF had a balance of \$309,294,190 consisting of a proportionate share of the state of Nevada's general fund in the amount of \$8,077,697 (the "General Fund Investments") and \$300,122,432 invested in securities with maturities ranging from November 21, 2011 through October 26, 2017, with an average maturity of 2 years (the "SPSF Investments").

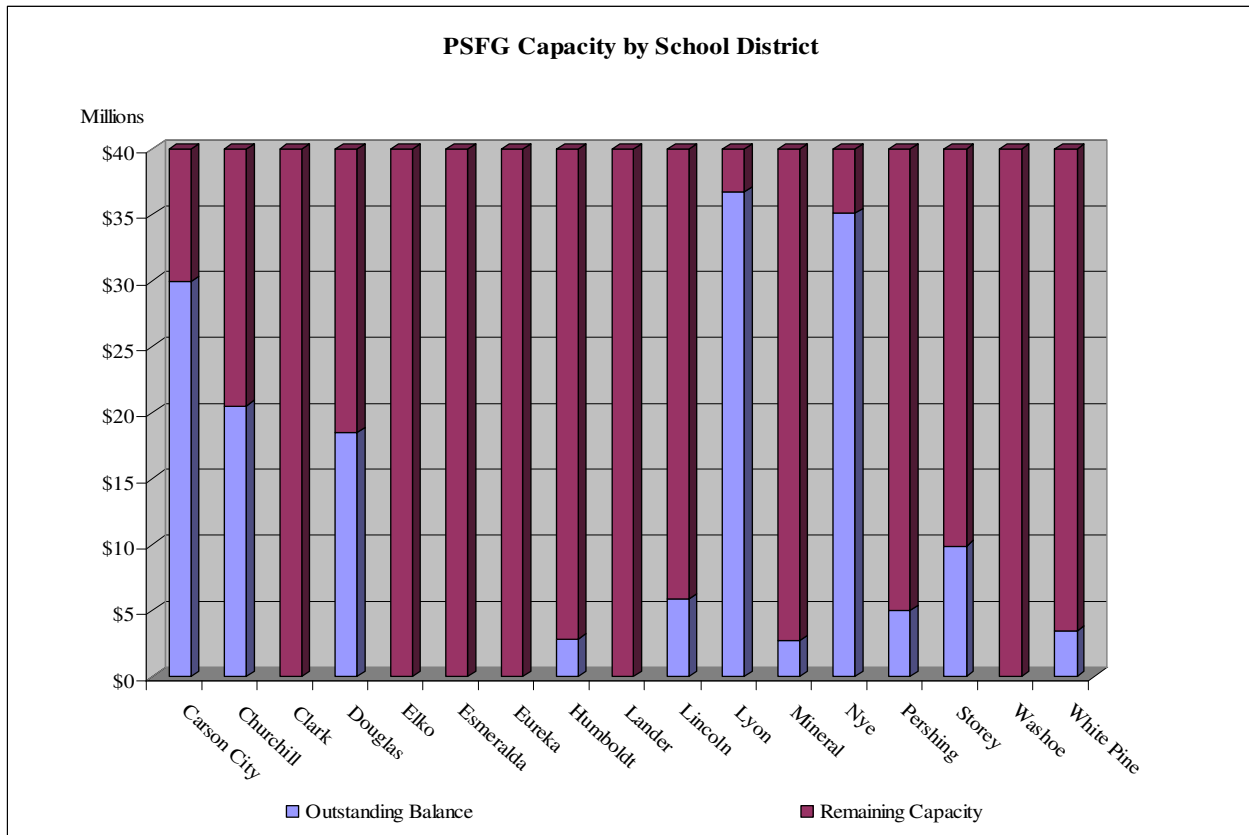
Pursuant to the provisions of the PSF Guarantee Act, the maximum amount of principal that can be guaranteed by the state for any school district is limited to \$40,000,000. Further, the total amount of bonds that can be guaranteed by the state is limited to 250% of the balance in the PSF. Based on the June 30, 2011 balance of \$308,200,129, the maximum principal that can be guaranteed is approximately \$759,051,743. As of June 30, 2011, \$766,875,023 in bonds had been guaranteed or authorized by the State Board of Finance.

To date, thirteen of Nevada's seventeen school districts have taken advantage of the PSFG. Since the implementation of the 2007 legislation, taxpayers have saved approximately \$6.1 million in borrowing costs by school districts utilizing the PSFG.

Permanent School Fund Guaranteed Bonds by School District¹

School District	Outstanding Balance
Carson City	\$29,942,000
Churchill	20,525,000
Clark	0
Douglas	18,500,000
Elko	0
Esmeralda	0
Eureka	0
Humboldt	2,845,000
Lander	0
Lincoln	5,879,000
Lyon	36,715,000
Mineral	2,715,000
Nye	35,120,000
Pershing	5,000,000
Storey	9,910,000
Washoe	0
White Pine	3,455,000
	\$170,606,000

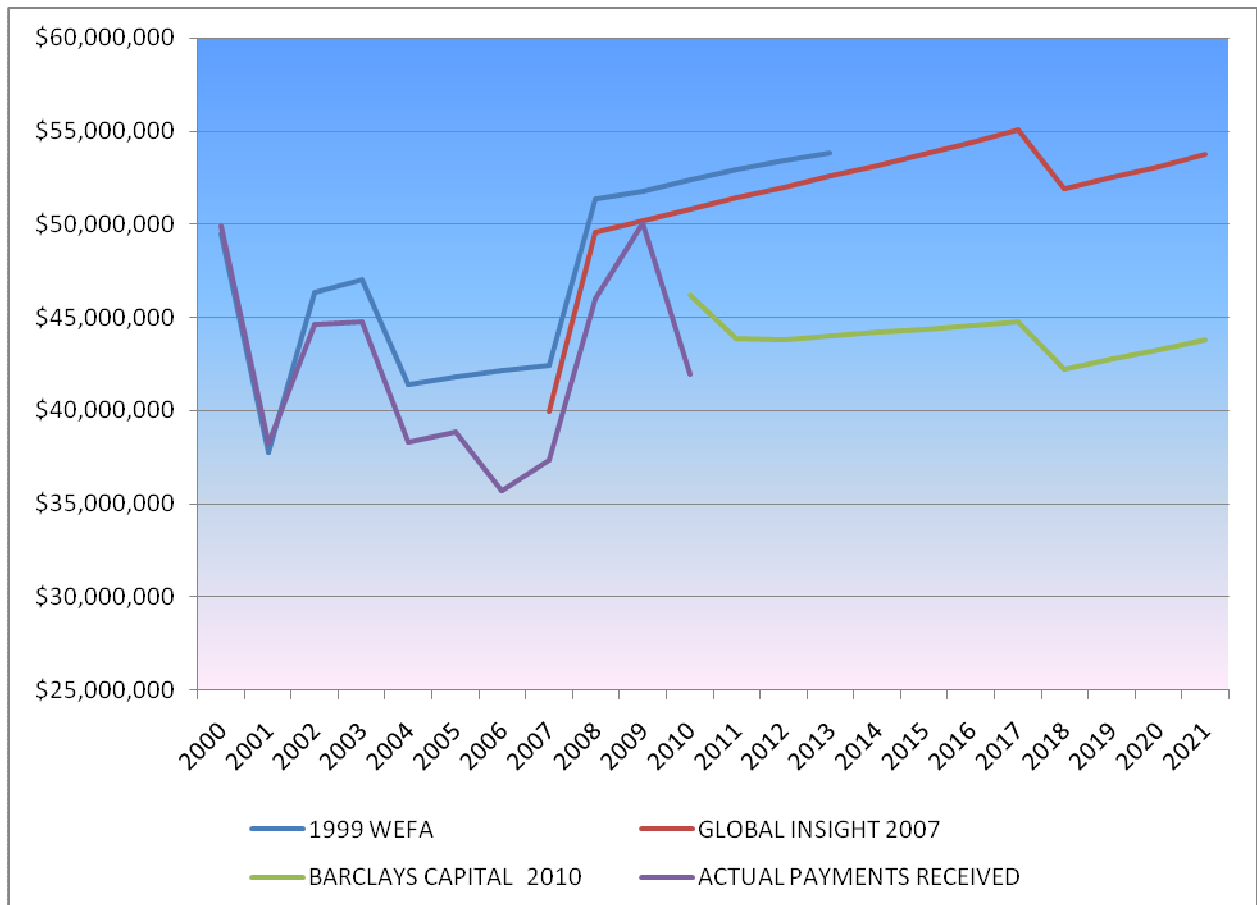
¹As of June 30, 2011



FUND FOR A HEALTHY NEVADA; TRUST FUND FOR PUBLIC HEALTH

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

In FY11, Nevada received a total of \$39.5 million as its share of the MSA, 1.3% greater than projected. The following chart provides a view of total tobacco revenues projected by WEFA (now Global Insight) and Barclays Capital through FY21. The chart also shows actual tobacco revenues received through FY11.



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

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

For FY11, NRS 439.630 limits the amount of funds allocated for direct expenditure of the Fund for a Healthy Nevada as follows: not more than 15% for programs that prevent, reduce, or treat the use of tobacco and the consequences of the use of tobacco; not more than 10% for programs that improve health services for children; not more than 10% for programs that improve the health and well-being of persons with disabilities; not more than 30% for the Senior Rx program; not more than 5% for prescription drugs, pharmaceutical and other services for persons with disabilities; and not more than 30% to assist senior citizens with independent living.

NRS 439.610 created a Board of Trustees as the oversight entity for the Trust Fund for Public Health. Although NRS 439.605(6) allows the earnings of the Fund to be expended to support health related projects, no expenditures were incurred in FY11.

Senate Bill 430 of the 2009 Legislative Session required the transfer of more than \$60 million from the Fund for a Healthy Nevada and the Trust Fund for Public Health to the General Fund due to severe revenue shortfalls suffered by the State. Additionally, Assembly Bill 3 of the 26th Special Session (2010) required these two funds to transfer \$27.2 million in FY10 and \$13.7 million in FY11 to the General Fund. The following statement identifies the revenues, disbursements, transfers and fund balance of the health funds for FY11:

	<u>Fund for a Healthy Nevada</u>	<u>Trust Fund for Public Health</u>
July 1, 2010 fund balance	\$ 13,615,830	\$ 0
Tobacco settlement revenues	20,089,576	3,885,514
Return of unused grant/loan funds	2,180	0
Transfer to the General Fund	8,828,165	3,885,514
Disbursements	<u>10,259,686</u>	<u>0</u>
June 30, 2011 fund balance	\$ 14,619,735	\$ 0

INFORMATION TECHNOLOGY GROUP

The mission of the Information Technology department is to build, maintain, and enhance a technology infrastructure that will facilitate and enhance the mission and goals of the State Treasurer and her staff.”

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

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

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

FY11 cost-saving improvement projects included a new online reporting system for the Unclaimed Property Division and a new lower-cost, more effective contract management system for the Nevada Prepaid Tuition program.

Staff Profiles

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



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

Steve lives with his two children in Dayton.



Mark Winebarger was promoted to Chief Deputy Treasurer in October 2008 after previously serving as the agency's Senior Deputy Treasurer. He joined the Treasurer's Office in 2001 as the agency's Deputy Treasurer for Cash Management. Mark oversees the Cash Management Divisions and serves as the secretary for the Board of Finance.

Mark began his state government career in 1994 in the Controller's Office, eventually ascending the position of Chief

Deputy Controller.

A Certified Public Accountant, Mark and his wife, Anji, reside in Dayton with their three boys. The family is very involved in youth sports programs in Lyon County.

Karen Duddleston is the State Treasurer's Office Senior Deputy Treasurer for Las Vegas. She joined the office in January 2009. Karen's responsibilities include overseeing the Nevada College Savings Plans and the Nevada Prepaid Tuition programs, as well as the Unclaimed Property Division.



Karen previously served 14 years as an administrator in the Clark County Manager's Office, including three as Director of Administrative Services. She also spent two years in Oregon state government. She holds a Bachelor of Arts degree in Political Science from the University of Idaho and a Master of Public Administration degree from the University of Nevada-Las Vegas.

She lives with her husband, James, and their two children in Las Vegas. Karen has been an active member of the Las Vegas community for over 20 years, participating in local charity, school, and youth programs benefiting the children of our state.



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

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

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

Kim Arnett serves as the agency’s Deputy Treasurer for Cash Management. The cash section of the Treasurer's Office is responsible for monitoring the banking services of the state, and acts as a liaison between banks and agencies.

Before joining the Treasurer’s Office in May 2008, Kim worked six years for the Legislative Counsel Bureau’s Audit Division. 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.



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.

Lori, who has resided in Carson City since she was just a year old, considers herself a native Nevadan.

Mary McElhone became the agency's Deputy Treasurer for Unclaimed Property in October 2007. She oversees a staff of four auditors and six office members. The Division is responsible for finding owners of unclaimed property, processing claims, ensuring holder compliance, securities management, and enforcing the Unclaimed Property Nevada Revised Statute 120A.



Mary holds a Bachelors of Science degree in Business Administration from University of Nevada, Las Vegas. She is also a Certified Public Accountant and a Certified Public Manager.

A state employee for more than 13 years, Mary previously worked for the Gaming Control Board as an Audit Supervisor and Senior IT Auditor. She has resided in Las Vegas for over 20 years with her husband and family.



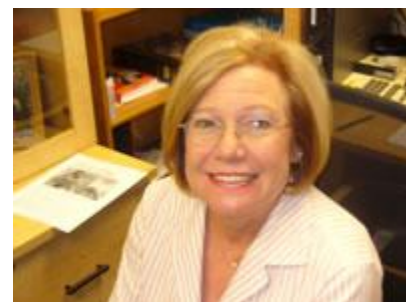
Raymond Remigio joined the State Treasurer's Office in April 2007 as Administrator of the Nevada Collateral Pool Program before taking over as Deputy Treasurer for Investments in April 2011.

Ray is responsible for daily investment activities conducted through the Treasurer's Office, including the state's \$1.5 billion General Portfolio, \$583 million Local Government Investment Pool, and the \$296 million Permanent School Fund, among others. He has over ten years of experience in financial and investment analysis in both the state and private sectors.

He holds a bachelor's degree in Finance from DePaul University in Chicago and is a 2011 MBA candidate from Kelley School of Business at Indiana University in Bloomington.

Ray lives in North Las Vegas with his wife and two kids.

Reba Coombs has been the Executive Director of the Governor Guinn Millennium Scholarship program since June 2007. She manages all aspects of the program and acts as a spokesperson to inform and motivate people about the scholarship benefits.



During her 17 years of state service, Reba has worked in all three branches of state government—executive, legislative, and judicial—most recently as an Executive Assistant to Gov. Guinn's Chief of Staff. She is a Certified Public Manager.

Reba and her husband reside in Carson City.



In April 2007, **Steve Martin** became Director of Information Technology for the State Treasurer's Office. He is responsible for overseeing all IT-related aspects of the agency, including overseeing system development, support, planning, budgeting, and contracts.

Steve has over twenty years of experience in the IT field, having served in both the state and private sector during his career. He holds a master's degree in Information Technology from Regis University, and is a Certified Public Manager.

Steve, an active and decorated volunteer with Boy Scouts of America, lives with his wife and children in Las Vegas.

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

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

Sandy lives in Gardnerville with her husband, who shares the joy of having a perfect son.





KATE MARSHALL Nevada State Treasurer



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

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

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

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

Previously, the state had done little to find the rightful owners of unclaimed property. As of 2011, the amount of unclaimed property returned to rightful owners has tripled, from \$7.2 million in 2006 to nearly \$21 million in 2010. In fact, collections from holders in 2010 (\$88.7 million) were approximately 200% above collections in 2005, individual claims paid have increased by 94.7% since 2005, and the dollar amount returned has increased by 218%. As a direct result of expanded outreach and the adoption of "Best Practices," the State Treasurer's Office was able to transfer more than \$66 million to the state General Fund to be used to support critical programs in the state at a time when budget restraints are extraordinary tight, the highest amount in the state's history.

Further, a new Fast Track Claims process created by the Unclaimed Property Division allows rightful owners with claims under \$2,500 to file those claims electronically and to receive their money in one quarter the time. To help business owners in Nevada, the Unclaimed Property Division also created a Voluntary Disclosure Agreement program which provides a mechanism for companies to come into compliance with state law with a waiver of penalty and interest.

With two young daughters of her own and as someone who benefitted from a college education herself, Kate is committed to providing parents, other caregivers, and friends with greater resources for saving for a college education for their children. In collaboration with Upromise, she initiated the *Ugift* and *Silver State Matching Grant* programs, which provide a greater opportunity for family members and friends to contribute to a child's college savings plan. Further, a pilot program designed to assist Nevada military families was launched in 2011. The *Distinguished Valor Matching Grant* program provides up to \$1,500 in matching grant college savings money to eligible families.

As an additional method for helping parents, in May 2008, the State Treasurer's Office initiated an automatic payroll deduction option as part of the college saving plan, providing employees in the state system an easier way to save for their children's college education. An expansion of the program to the private sector is in the works.

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

A bill sponsored by the State Treasurer's Office during the 2007 Legislative Session raised the Permanent School Fund Guarantee from \$25 million to \$40 million, providing public schools with easier access to public credit markets and reducing their borrowing costs. This move has saved taxpayers nearly \$6.1 million in reduced borrowing costs.

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

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

Personal Biography

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

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

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

After returning from East Africa, Kate was accepted and graduated with a jurist doctorate degree from the Boalt Hall School of Law, UC Berkeley, spending her summers interning with law firms, most notably United States Senator Paul Laxalt's law firm, Laxalt, Washington, Perito & Debus, in Washington, DC.



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

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

In 1997, Nevada Attorney General Frankie Sue Del Papa asked Kate to move to Nevada to create Nevada’s Antitrust Unit.

As Senior Deputy Attorney General and the creator of Nevada’s Antitrust Unit, Kate successfully streamlined and modernized Nevada’s antitrust statutes, facilitating greater access for all Nevadans. She also fostered the expansion of Nevada’s “Toys for Tots” program into rural Nevada.

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

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

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



FINANCIAL SECTION

2011 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, 2011 and June 30, 2010

Revenues	2011	2010
Unclaimed Property Receipts		
Utility Companies	\$ 1,543,343	\$ 1,954,325
Insurance Companies	7,956,695	6,807,166
Financial Institutions	47,328,552	41,002,191
Security Sales & Dividends	10,710,800	12,390,532
Local Governments	1,325,561	2,875,522
Other State Governments	1,706,450	828,170
Other Businesses	22,454,602	22,496,088
Audit Proceeds	19,641,280	416,458
Direct Payment From FDIC	1,390,305	20,332,612
Penalties, Interest and Other	399,350	57,038
Total Revenues	<u>114,456,937</u>	<u>109,160,101</u>
Expenditures		
Payments to Claimants	27,058,873	20,683,676
Payments FDIC Claimants	5,745,108	32,223
Personnel Costs	750,812	754,154
Contractual Services	962,356	714,990
Operating Costs	324,602	288,459
Advertising and Public Relations	167,710	175,534
Total Expenditures	<u>35,009,461</u>	<u>22,649,037</u>
Other Financing Sources (Uses)		
Transfer to General Fund	(83,787,789)	(66,201,764)
Transfer to Educational Trust Fund	(14,491)	(8,911)
Transfer to Gov. Guinn Scholarship Fund	-	-
Total Other Financing Sources (Uses)	<u>(83,802,280)</u>	<u>(66,210,675)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(4,354,804)	20,300,389
Beginning Balance, July 1	20,300,389	-
Ending Balance, June 30	<u>\$ 15,945,585</u>	<u>\$ 20,300,389</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

Revenues	2011	2010
Tobacco Settlement Income	\$ 15,542,056	\$ 16,586,869
Gifts and Donations	124,994	
Interest Income	-	71,062
Refunds	4,520	-
Total Revenues	<u>15,671,570</u>	<u>16,657,931</u>
Expenditures		
Scholarship Payments	24,206,668	25,506,259
Personnel	275,945	272,710
Travel	5,933	3,209
Administrative	96,005	89,775
Total Expenditures	<u>24,584,551</u>	<u>25,871,953</u>
Other Financing Sources (Uses)		
General Fund Appropriation	10,000,000	
Transfer to General Fund	(5,000,000)	
Transfer from College Savings	2,276,514	2,654,442
Endowment Account		
Transfer from Unclaimed Property	-	-
Total Other Financing Sources (Uses)	<u>7,276,514</u>	<u>2,654,442</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(1,636,467)	(6,559,580)
Beginning Balance, July 1	<u>12,193,881</u>	<u>18,753,461</u>
Ending Balance, June 30	<u>\$ 10,557,414</u>	<u>\$ 12,193,881</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

Revenues	2011	2010
Participant Contributions	\$ 7,879,937	\$ 7,509,826
Application Fees	57,200	51,600
Administrative Charges	31,765	37,163
Interest Income	2,769	27,275
Investment Gain (Loss)	8,604,779	5,928,059
Total Revenues	<u>16,576,450</u>	<u>13,553,923</u>
Expenditures		
Tuition Payments	5,401,979	4,651,326
Personnel Costs	166,434	147,305
Travel	4,319	4,298
Operating Costs	404,924	276,310
Contract Cancellation Refunds	1,963,148	1,945,645
Contract Rollover Payments	28,815	18,033
Total Expenditures	<u>7,969,619</u>	<u>7,042,917</u>
Other Financing Sources (Uses)		
Transfer from College Savings	1,127,424	5,427,915
Endowment Account		
Total Other Financing Sources (Uses)	<u>1,127,424</u>	<u>5,427,915</u>
Excess of revenues and other financing sources over expenditures and other financing uses	9,734,255	11,938,921
Beginning Balance, July 1	112,656,797	100,717,876
Ending Balance, June 30	<u>\$ 122,391,052</u>	<u>\$ 112,656,797</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

Revenues	2011	2010
Investment Management Fees	\$ 3,656,935	\$ 3,193,638
Gifts and Donations	2,645	
Noncash Revenues	404,119	209,415
Interest Income	5,705	66,682
Total Revenues	<u>4,069,404</u>	<u>3,469,735</u>
Expenditures		
Personnel	187,961	160,946
Operating	282,073	206,472
In-Kind Marketing	404,119	209,415
Total Expenditures	<u>874,153</u>	<u>576,833</u>
Other Financing Sources (Uses)		
Administrative Transfers		
College Savings	(371,364)	(280,711)
Millennium Scholarship	(373,700)	(375,000)
Prepaid Tuition	(468,424)	(427,915)
Transfer to Prepaid Tuition Trust Fund	(659,000)	(5,000,000)
Transfer to Millennium Scholarship Trust Fund	(1,906,283)	(2,300,000)
Cost Allocations/Fund Transfers	465,315	366,336
Total Other Financing Sources (Uses)	<u>(3,313,456)</u>	<u>(8,017,291)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(118,206)	(5,124,389)
Beginning Balance, July 1	<u>713,562</u>	<u>5,837,951</u>
Ending Balance, June 30	<u>\$ 595,356</u>	<u>\$ 713,562</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

Revenues		
	2011	2010
Taxes		
Real Property	\$ 134,584,570	\$ 163,385,909
Personal Property	10,756,677	12,719,820
Centrally Assessed Property	12,831,024	10,608,551
	<u>158,172,271</u>	<u>186,714,280</u>
Other		
Lease Purchase Building Rent	2,830,163	2,757,166
Interest Income	40,111	943,412
	<u>2,870,274</u>	<u>3,700,579</u>
Total Revenues	<u>161,042,545</u>	<u>190,414,858</u>
Expenditures		
Personnel	249,552	232,944
Operating	8,479	16,066
Insurance	6,591	7,401
Trust Agent Fees	11,501	10,794
	<u>276,123</u>	<u>267,205</u>
Debt Service		
Bond Principal Redemption	108,900,000	117,880,000
Bond Interest Expense	90,697,228	93,117,208
	<u>199,597,228</u>	<u>210,997,208</u>
Total Expenditures	<u>199,873,351</u>	<u>211,264,413</u>
Other Financing Sources (Uses)		
Transfers from State Agencies	28,719,944	35,356,272
Dept of Cons. & Natural Res. - Arbitrage	-	22,551
US Treasury - Build America Bonds Subsidy	1,326,269	604,189
State Treasurer's Assessment	193,452	181,068
Transfers-out		
Transfer to UCCSN	(393,731)	(389,769)
Transfer to General Fund	(14,000,000)	(15,000,000)
Net Proceeds from Refundings	47,110	-
Net Prior Year Refunds/Expenditures	28,966	-
Total Other Financing Sources (Uses)	<u>15,922,010</u>	<u>20,774,311</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(22,908,796)	(75,244)
Beginning Balance, July 1	157,404,635	158,119,050
Prior Period Adjustment		(639,171)
Ending Balance, June 30	<u>\$ 134,495,839</u>	<u>\$ 157,404,635</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Receipts from municipalities	\$ 30,263,287	\$ 30,137,560
Other		
Interest Income	5,346	10,773
Reimbursement of Expenses	2,019	2,319
Total Revenues	<u>30,270,652</u>	<u>30,150,652</u>
Expenditures		
Administrative Costs	5,688	9,495
Trust Agent Fees	1,848	2,148
	<u>7,536</u>	<u>11,643</u>
Debt Service		
Bond Principal Redemption	15,670,000	14,760,000
Bond Interest Expense	14,593,287	15,377,560
	<u>30,263,287</u>	<u>30,137,560</u>
Total Expenditures	<u>30,270,823</u>	<u>30,149,203</u>
Other Financing Sources (Uses)		
Reversion to General Fund	(1,278)	-
Total Other Financing Sources (Uses)	<u>(1,278)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(1,449)	1,449
Beginning Balance, July 1	1,449	-
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 1,449</u>

Cash Basis - Unaudited

2011 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, 2011 and June 30, 2010

Revenues	2011	2010
Tobacco Settlement Income	\$ 20,089,576	\$ 21,229,362
Interest Income	-	199,152
Refund of Unused Grant Money	2,180	12,407
Total Revenues	<u>20,091,756</u>	<u>21,440,920</u>
Expenditures		
Operating	<u>83,260</u>	<u>96,669</u>
Total Expenditures	<u>83,260</u>	<u>96,669</u>
Other Financing Sources (Uses)		
Transfer to Department of Health and Human Services		
Administrative Services	(789,183)	(907,007)
Senior RX Program	(2,597,224)	(3,234,610)
Tobacco Reduction		(2,681,249)
Children & Disabled Persons	(2,410,718)	(3,774,319)
Aging Services	(3,350,910)	(5,300,833)
Disability RX	(366,385)	(398,954)
Transfer to General Fund	(8,828,165)	(21,300,000)
Transfer to Attorney General	(662,006)	(495,776)
Total Other Financing Sources (Uses)	<u>(19,004,591)</u>	<u>(38,092,748)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	1,003,905	(16,748,498)
Beginning Balance, July 1	13,615,830	30,364,328
Prior Period Adjustment		
Ending Balance, June 30	<u>\$ 14,619,735</u>	<u>\$ 13,615,830</u>

Cash Basis - Unaudited

2011 ANNUAL REPORT

STATE OF NEVADA OFFICE OF THE STATE TREASURER

TRUST FUND FOR PUBLIC HEALTH

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2011 and June 30, 2010

Revenues	2011	2010
Tobacco Settlement Income	\$ 3,885,514	\$ 4,146,717
Reimbursements	-	2,842
Interest Income	-	28
Total Revenues	<u>3,885,514</u>	<u>4,149,587</u>
Expenditures	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)		
Transfer to Department of Health and Human Services, Health Division	-	-
Transfer to General Fund	<u>(3,885,514)</u>	<u>(5,443,144)</u>
Total Other Financing Sources (Uses)	<u>(3,885,514)</u>	<u>(5,443,144)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	-	(1,293,557)
Beginning Balance, July 1	-	1,293,557
Prior Period Adjustment		
Ending Balance, June 30	<u>\$ -</u>	<u>\$ 0</u>

Cash Basis - Unaudited

BANK ACCOUNTS

	BANK STATEMENT BALANCES	
	June 30, 2011	June 30, 2010
Bank of America - Treasurer's Main Concentration Account	\$ 157,803,726	\$ 218,275,986
Bank of America - Treasurer's Controlled Disbursement Account	\$ -	\$ (4,041)
Bank of America - E-Payment Test Account	\$ 197	\$ 197
Bank of America - ACH Test Account	\$ 13	\$ 13
Bank of America - Gaming Control Board's Zero Balance Account	\$ -	\$ -
Bank of America - Gaming Control Board Investigations Zero Balance Account	\$ -	\$ -
Bank of America - Dept of Motor Vehicle's Credit Card Account	\$ -	\$ -
Bank of America - Dept. of Taxation Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Insurance Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Health Care Financing and Policy Zero Balance Account	\$ -	\$ -
Bank of America - Veteran's Services' Zero Balance Account	\$ -	\$ -
Bank of America - Nevada Veteran's Nursing Home Zero Balance Account	\$ -	\$ -
Bank of America - Public Employee Benefits Program Zero Balance Account	\$ -	\$ 157
Bank of America - Treasurer's Unclaimed Property Zero Balance Account	\$ -	\$ -
Bank of America - Treasurer's Prepaid Tuition Zero Balance Account	\$ -	\$ -
Bank of America - Treasurer's Credit Card Zero Balance Account	\$ -	\$ -
Bank of America - Div. of Industrial Relations Zero Balance Account	\$ -	\$ -
Bank of America - Public Employee Benefits Program Zero Balance Account	\$ -	n/a
Bank of America - PEBP HRA/HSA Zero Balance Account	\$ -	n/a
Bank of America - PEBP Exchange HRA Zero Balance Account	\$ -	n/a
Bank of America - Employment Security Division's Unemployment Compensation Benefits Account	\$ 1,752,559	\$ 1,734,001
Bank of America - Employment Security Division's Unemployment Compensation Clearing Account	\$ 265,798	\$ 1,129,003
Nevada State Bank - Treasurer's Branch Depository Account	\$ 351,946	\$ 170,595
Nevada Bank and Trust - Treasurer's Branch Depository Account	\$ 12,034	\$ 4,617
Wells Fargo Bank - Treasurer's Branch Depository Account	\$ 149,969	\$ 435,638
Wells Fargo Bank - Dept. of Motor Vehicles Cash Vault Pilot Account	\$ 3,482,324	\$ 9,785,179
Wells Fargo Bank - Investment Account	\$ 3	\$ 150,033,306
Wells Fargo Bank - Gov. Guinn Millennium Scholarship Donation Account	\$ 4,740	n/a
JP Morgan Chase - Lockbox Concentration Account	\$ 4,564,036	\$ 19,039,703