

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
of NEVADA**

*A Component Unit of the State of Nevada*

**POPULAR ANNUAL FINANCIAL REPORT**



**For the Fiscal Year Ended  
June 30, 2023**

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**Public Employees' Retirement System of Nevada**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*  
Executive Director/CEO

# POPULAR ANNUAL FINANCIAL REPORT- 2023

## ADMINISTRATIVE PERSONNEL As of June 30, 2023

### PUBLIC EMPLOYEES' RETIREMENT BOARD

Mark Stevens	Chair	2027
Brian A. Wallace	Vice Chair	2025
Jessica Colvin	Member	2025
Dawn E. Huckaby	Member	2026
Todd H. Ingalsbee	Member	2027
Norma Santoyo	Member	2025
Cameron Wagner	Member	2026

Terms expire on June 30 of year noted

### RETIREMENT STAFF

Tina Leiss	Executive Officer
Steve Edmundson	Chief Investment Officer
Lauren Larson	Deputy Investment Officer
Kabrina Feser	Operations Officer
John Van Horn	Chief Financial Officer
Ian Carr	General Counsel
Teresa Chalmers	Administrative Analyst

### DIVISION SUPERVISORS

Ramon Chavez	Accounting
Charyl Lacombe	Employers, Production & Pension Services
Charlie Park	Information Technology
Julie Spaletta*	Internal Audit
Felicia King	Member & Retiree Services
Walter Zeron	Support Services

### MEDICAL ADVISORS

G. Bruce Nickles, M.D., Carson City, Nevada  
Terry Long, RN, Carson City, Nevada

### POLICE AND FIREFIGHTERS' RETIREMENT FUND ADVISORY COMMITTEE

Scott Vivier	Chair	2027
Scott Nicholas	Vice Chair	2024
Jennifer Wyatt*	Member	2023
Troyce Krumme	Member	2026
Bill Gardner	Member	2024
Vacant	Member	

Terms expire on June 30 of year noted

### THE SYSTEM'S ADVISORS

Consulting Actuary – Segal, San Francisco, California  
Independent Auditors – Plante & Moran, PLLC, Cleveland, Ohio  
Investment Consultants – Callan Associates, San Francisco, California  
Jobs Peak Advisors, Minden, Nevada

\* These people have since terminated their employment or contract with PERS.

**MISSION STATEMENT**

It is the mission of the Public Employees' Retirement System to:

- ❖ Provide public workers and their dependents with a retirement program that provides a reasonable base income for retirement or for periods where a disability has removed a worker's earning capacity.
- ❖ Encourage those workers to enter into and remain in government service for such periods of time to give public employers and the people of the State of Nevada the full benefit of their training and experience.
- ❖ Provide an orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure available to employees at retirement or upon becoming disabled.

**MESSAGE FROM TINA LEISS, EXECUTIVE OFFICER**

It is a pleasure to present the Popular Annual Financial Report (PAFR) of the Public Employees' Retirement System of Nevada (System or PERS), a component unit of the State of Nevada, for the fiscal year ended June 30, 2023.

The financial statements included in this report are the responsibility of the System's management and have been prepared in accordance with generally accepted accounting principles as promulgated or adopted by the Governmental Accounting Standards Board (GASB). In management's opinion, the financial statements present fairly the fiduciary net position of the System at June 30, 2023, and changes in fiduciary net position for the year then ended.

PERS administers a cost-sharing, multiple-employer defined benefit public employees' retirement system. The System was established by the Nevada Legislature in 1947. At the end of fiscal year 2023, the System had 227 participating employers, 112,019 active members, and 81,861 benefit recipients. The System is comprised of two sub-funds, Regular and Police/Fire.

One of the principal goals of the Public Employees' Retirement Board (Board) has been to stabilize contribution rates during volatile investment market cycles and demographic changes and to ensure cost predictability to employers and members. The 2023 actuarial valuation shows that the tools the Board has put in place to meet these objectives are working, while maintaining the retirement security of all public employees.

The System is funded by contributions calculated as a percentage of employee salary. Although the System receives an actuarial valuation annually, the Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year.

As of June 30, 2023, the System's net position was \$58.3 billion, an increase of \$3.8 billion from 2022. The fiscal year 2023 time-weighted return (gross of fees) was 9.3%, which added \$7.9 billion in investment income. Investment performance was primarily driven by strong returns from U.S. stocks and international stocks. The funded ratio calculated as smoothed actuarial value of assets as a percentage of total actuarial accrued liability increased to 75.4% from 74.7% in 2022.

Detailed information on the financial position of the System and other financial information can be found in the June 30, 2023, Annual Comprehensive Financial Report (ACFR) at [www.nvpers.org/publications/reports](http://www.nvpers.org/publications/reports).

Respectfully submitted,



Tina Leiss  
Executive Officer

**FINANCIAL SUMMARY**

The System undergoes a financial audit by an independent auditor each fiscal year. Plante Moran, PLLC was the independent auditor for fiscal year 2023.

**Condensed Statement of Fiduciary Net Position**

The Condensed Statement of Fiduciary Net Position includes all of the System's pension trust fund assets, liabilities, and the net position at the end of the fiscal year.

	<u>As of</u> <u>June 30, 2023</u>	<u>As of</u> <u>June 30, 2022</u>	<u>Increase/ (Decrease)</u> <u>from 2022 to 2023</u>
Cash and cash equivalents	\$ 761,924,201	\$ 510,980,898	\$ 250,943,303
Contributions receivable	208,013,711	213,753,422	(5,739,711)
Accrued investment income	223,716,471	171,044,397	52,672,074
Pending trades receivable	68,032,701	45,076,880	22,955,821
Investments, at fair value	57,187,487,744	53,701,215,314	3,486,272,430
Collateral on loaned securities, at fair value	-	248,941,553	(248,941,553)
Property and equipment, net	12,956,878	8,081,697	4,875,181
Other assets	3,962,814	5,107,408	(1,144,594)
Total assets	<u>58,466,094,520</u>	<u>54,904,201,569</u>	<u>3,561,892,951</u>
Accounts payable and accrued expenses	10,033,522	33,742,762	(23,709,240)
Pending trades payable	140,954,221	107,505,246	33,448,975
Obligations under securities lending activities	-	248,941,553	(248,941,553)
Total liabilities	<u>150,987,743</u>	<u>390,189,561</u>	<u>(239,201,818)</u>
Net position restricted for pension benefits	<u>\$ 58,315,106,777</u>	<u>\$54,514,012,008</u>	<u>\$ 3,801,094,769</u>

**Significant Changes from 2022 to 2023**

Cash and cash equivalents increased by 49.1%, accrued investment income increased by 30.8%, and pending trades receivable and payable increased 50.9% and 31.1%, respectively, between 2022 and 2023. These categories fluctuate from year to year and are unpredictable.

Investments at fair value increased \$3.5 billion from 2022 to 2023 primarily due to the 9.3% (time-weighted, gross of fees) total return generated by the System's investments in 2023. The investment performance was primarily driven by strong returns from both U.S. and international stocks.

Collateral on loaned securities, at fair value, and obligations under securities lending activities both decreased 100% due to the termination of the securities lending program in May 2023.

Property and equipment, net, increased by \$4.9 million from 2022 to 2023 primarily due to costs incurred and capitalized for the new pension administrative system, PERIS.

Accounts payable and accrued expenses decreased by \$23.7 million between 2022 and 2023 primarily due to a reclassification of the contribution overpayments to contributions.

**FINANCIAL SUMMARY (CONTINUED)**

**Condensed Statement of Changes in Fiduciary Net Position**

The Condensed Statement of Changes in Fiduciary Net Position shows additions to and deductions from the pension trust fund during the fiscal year presented. Over time the increase or decrease in net position serves as a useful indicator of the health of the System's financial position.

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease) from 2022 to 2023</u>
Contributions	\$ 2,390,600,366	\$ 2,290,391,496	\$ 100,208,870
Net investment income (loss)	4,951,276,088	(2,944,139,128)	7,895,415,216
Net securities lending income	2,122,178	6,193,380	(4,071,202)
Other income	1,470,742	3,703,489	(2,232,747)
Total additions	<u>7,345,469,374</u>	<u>(643,850,763)</u>	<u>7,989,320,137</u>
Benefit payments	3,477,751,067	3,231,941,306	245,809,761
Refunds of contributions	51,102,915	53,537,925	(2,435,010)
Transfers of contributions to JRS*	1,407,857	1,689,041	(281,184)
Administrative expenses	14,093,101	13,453,262	639,839
Other expenses	19,665	50	19,615
Total deductions	<u>3,544,374,605</u>	<u>3,300,621,584</u>	<u>243,753,021</u>
Change in net position	3,801,094,769	(3,944,472,347)	7,745,567,116
Net position, beginning of year	54,514,012,008	58,458,484,355	(3,944,472,347)
Net position, end of year	<u>\$ 58,315,106,777</u>	<u>\$54,514,012,008</u>	<u>\$ 3,801,094,769</u>

\* Judicial Retirement System

**Significant Changes from 2022 to 2023**

Net investment income increased \$7.9 billion from 2022 to 2023 because the time-weighted investment return (gross of fees) of 9.3% in 2023 was greater than the negative 5.1% returned in 2022.

Net security lending income decreased \$4.1 million from 2022 to 2023. The security lending program was terminated this fiscal year.

Other income decreased 60.3% from 2022 to 2023 primarily due to employer penalties written off in fiscal year 2023.

Benefit payments increased 7.6% in 2023 primarily due to the number of beneficiaries increasing from 79,049 in 2022 to 81,861 in 2023 and the average monthly benefit increasing from \$3,499 in 2022 to \$3,630 in 2023.

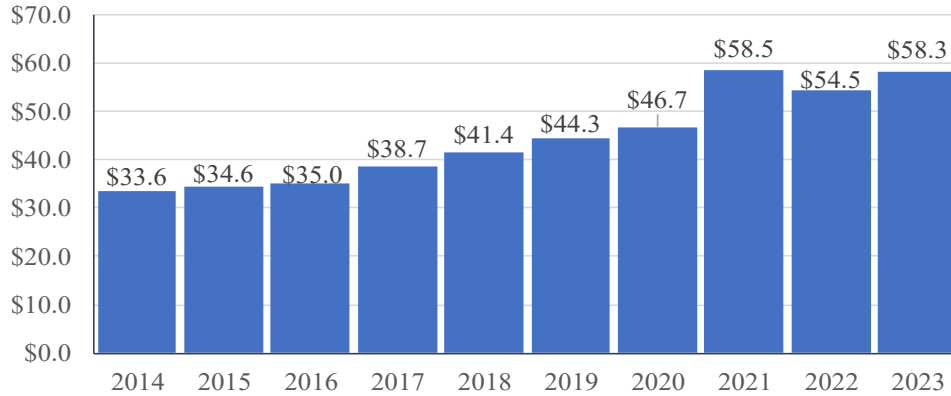
Transfers of contributions to JRS decreased \$0.3 million in 2023. These amounts are unpredictable each year and depend on individual elections made by active and inactive members.

**FINANCIAL HIGHLIGHTS**

**Net Position**

Net position represents total assets less total liabilities. In fiscal year 2023, the net position increased to \$58.3 billion.

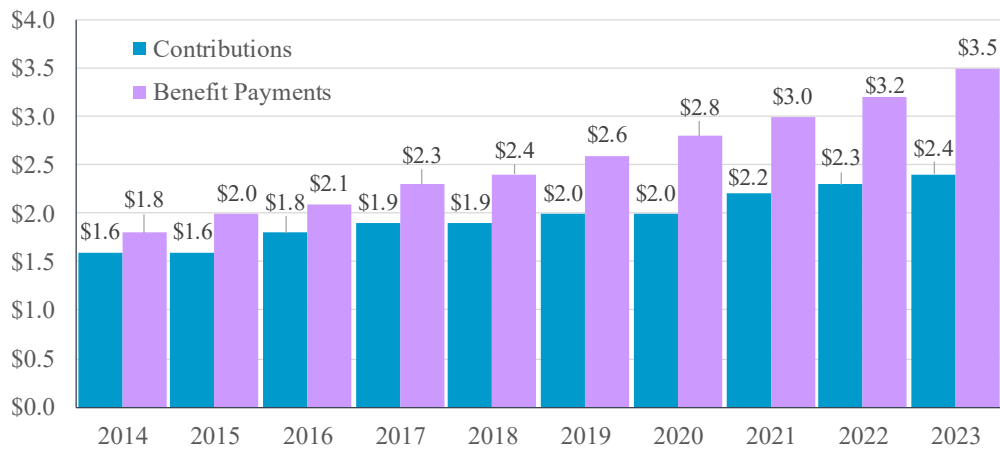
**Net Position (in billions) over Fiscal Years**



**Contributions and Benefit Payments**

Benefit payments and contributions received by the System have increased over time. Benefit payments are paid from both incoming contributions as well as investment income.

**Contributions & Benefit Payments (in billions) over Fiscal Years**



## INVESTMENTS

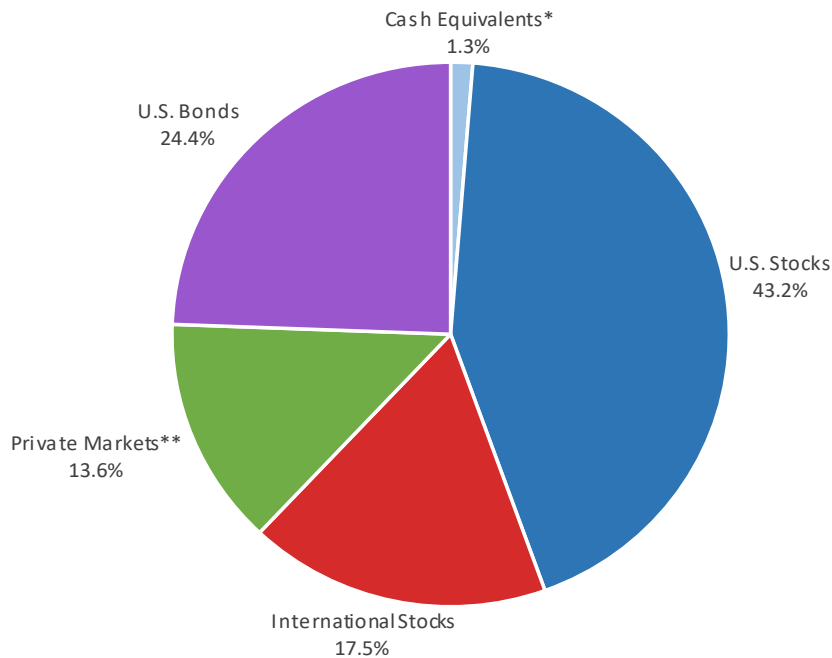
The investment program is designed to generate a long-term return that meets the System’s objectives while minimizing risk.

The investment objective of the System is to:

- ❖ Generate a 7.25% long-term investment return which exceeds the rate of inflation (CPI) by 4.75% by capturing market returns within each asset class.
- ❖ Invest so that short-term volatility of returns will not cause the System to alter its long-term strategy.
- ❖ Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

Asset allocation is the most significant factor influencing the risk and return of the investment program. The System uses an entirely indexed structure for U.S. stocks, international stocks, and U.S. bonds. U.S. stocks are indexed to the S&P 500 Index, international stocks are indexed to the MSCI World ex USA Index, and U.S. bonds are indexed to the Bloomberg Barclays U.S. Treasury Index. The Private Markets investments are made up of actively managed private equity and real estate portfolios.

### Asset Allocation at June 30, 2023



\*Includes cash held by investment managers.

\*\*Includes 8.3% Private Equity and 5.3% Private Real Estate.

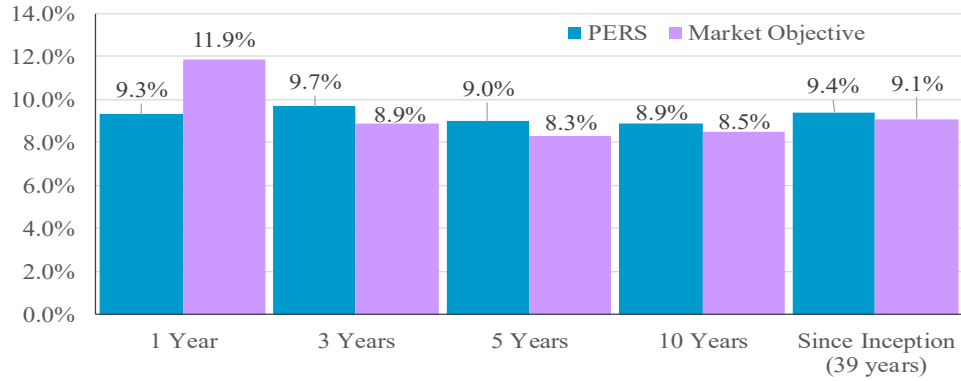


**INVESTMENTS (CONTINUED)**

**Total Fund Performance**

The chart below illustrates PERS’ portfolio performance over a variety of time periods. The fund’s annualized rate of return is 9.4% since inception (39 years) versus the long-term actuarial objective of 7.25%.

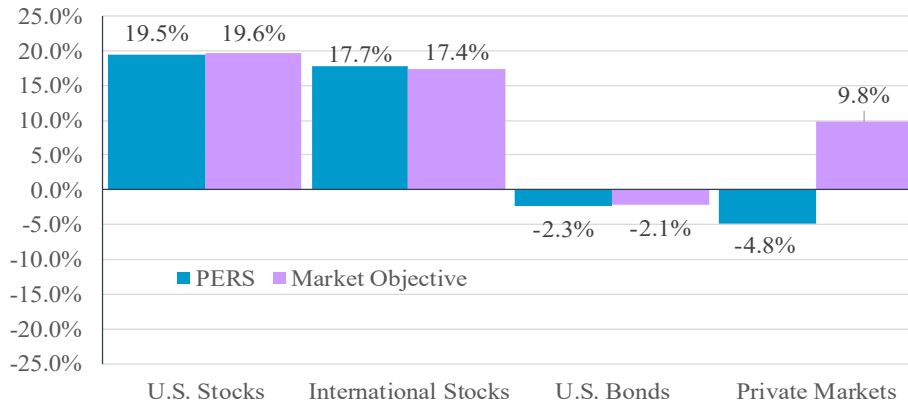
**PERS Annualized Total Returns vs. Market Objective  
As of June 30, 2023**



**Asset Class Performance**

The chart below shows PERS’ Fiscal Year performance by asset class.

**One-Year Asset Class Returns vs. Market Objective  
As of June 30, 2023**



The System’s complete Investment Objectives and Policies may be found on the PERS website, [www.nvpers.org](http://www.nvpers.org).

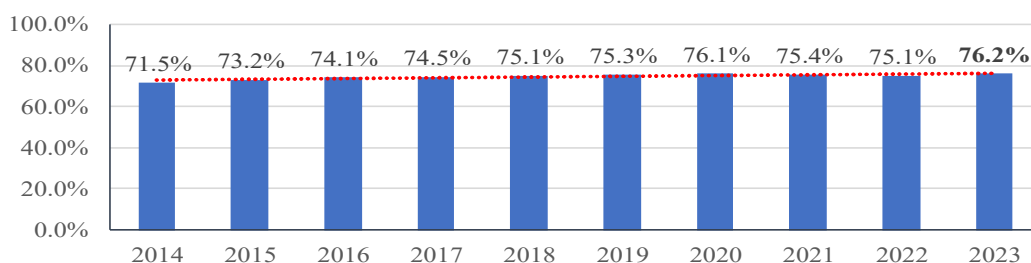
## ACTUARIAL

The System’s funding objective is to pay long-term benefits through contributions (and investment returns on such contributions) that remain relatively level from year to year. The amount contributed is a percentage of the salaries earned by members. Using this methodology, members and employers each pay equally for retirement service accrued by active members in any given year. While the System receives an actuarial valuation annually, contribution rates are adjusted on July 1 of each odd-numbered year, based on the actuarially determined rates in the actuarial valuation for the immediately preceding year.

### Funded Ratio

One measure of a pension fund’s health is its funded status. One factor to keep in mind is that all benefits the System is obligated to pay are not due and payable immediately. The funded ratio compares the actuarial value of assets to the actuarial accrued liability. Below is a chart showing the funding levels of PERS over the last 10 years.

**PERS Funded Ratio by Fiscal Year**



### Net Pension Liability

The net pension liability is determined using actuarial methods required by the Governmental Accounting Standards Board (GASB) and is used for financial reporting purposes. The net pension liability uses the plan fiduciary net position in the calculation rather than the actuarial value of assets used in the funded ratio calculation above.

The components of the net pension liability at June 30, 2023, were as follows:

Total pension liability	\$ 76,568,012,068
Plan fiduciary net position	<u>58,315,106,777</u>
Net pension liability	<u><u>\$ 18,252,905,291</u></u>

Plan fiduciary net position as a percentage of the total pension liability	76.2%
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**MEMBERSHIP**

**Retirement System Membership  
2014 to 2023**

<u>June 30</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired &amp; Disabled Members</u>	<u>Beneficiaries &amp; Survivors</u>	<u>Total Membership</u>
2014	100,522	14,633	49,170	6,038	170,363
2015	103,108	15,032	51,853	6,306	176,299
2016	105,167	15,639	54,615	6,565	181,986
2017	105,801	16,668	57,199	6,931	186,599
2018	107,506	16,607	59,819	7,289	191,221
2019	109,167	17,341	62,466	7,590	196,564
2020	111,815	17,398	64,867	7,874	201,954
2021	106,930	18,871	67,755	8,200	201,756
2022	108,635	19,511	70,410	8,639	207,195
2023	112,019	20,090	72,878	8,983	213,970

**Number of Active Members Per Retiree\***

<u>June 30</u>	<u>Number of Active Members</u>		<u>Number of Retired Members**</u>		<u>Active Members per Retiree</u>	
	<u>Regular</u>	<u>Police/ Fire</u>	<u>Regular</u>	<u>Police/ Fire</u>	<u>Regular</u>	<u>Police/ Fire</u>
2014	88,709	11,813	43,136	6,034	2.1	2.0
2015	91,124	11,984	45,508	6,345	2.0	1.9
2016	93,030	12,137	47,899	6,716	1.9	1.8
2017	93,276	12,525	50,091	7,108	1.9	1.8
2018	94,615	12,891	52,377	7,442	1.8	1.7
2019	96,072	13,095	54,678	7,788	1.8	1.7
2020	98,228	13,587	56,733	8,134	1.7	1.7
2021	93,796	13,134	59,069	8,686	1.6	1.5
2022	95,785	12,850	61,268	9,142	1.6	1.4
2023	99,132	12,887	63,399	9,479	1.6	1.4

\*Information provided by Segal, the System's actuary

\*\*Excludes survivors and beneficiaries

**2023- POPULAR ANNUAL FINANCIAL REPORT**

**STATISTICS**

**Average Age and Service Statistics for Members\***

<u>As of June 30</u>	<b>Regular</b>		<b>Police/Fire</b>	
	<u>Average Age</u>	<u>Average Years of Service</u>	<u>Average Age</u>	<u>Average Years of Service</u>
2014	46.4	10.1	40.8	11.5
2015	46.2	10.0	40.8	11.6
2016	46.0	9.9	40.7	11.5
2017	45.9	9.8	40.2	11.2
2018	45.8	9.9	39.9	11.1
2019	45.7	9.7	39.8	11.0
2020	45.7	9.7	39.5	10.8
2021	45.8	10.0	39.3	10.8
2022	45.7	9.8	39.3	10.8
2023	45.5	9.6	39.2	10.8

**Average Salaries for Members\***

<u>As of June 30</u>	<u>Regular</u>	<u>Increase (Decrease)</u>	<u>Police/Fire</u>	<u>Increase (Decrease)</u>
2014	\$ 48,057		\$ 71,990	
2015	47,840	(0.5)%	72,417	0.6 %
2016	47,922	0.2	73,179	1.1
2017	49,502	3.3	73,841	0.9
2018	51,193	3.4	76,549	3.7
2019	52,007	1.6	79,586	4.0
2020	53,013	1.9	78,712	(1.1)
2021	54,572	2.9	81,303	3.3
2022	54,991	0.8	83,489	2.7
2023	57,108	3.8	87,255	4.5
Average annual increase 2014 - 2023		1.9 %		2.2 %

\*Information provided by Segal, the System's actuary

**STATISTICS (CONTINUED)**

**Average Benefit Payments**

**Regular**

<u>June 30</u>	<u>Average Monthly Benefit*</u>	<u>Number of Retirees*</u>	<u>Average Years of Service</u>	<u>Average Age</u>	<u>Average Monthly Compensation</u>
2014	\$2,706	43,316	18.94	66	\$5,079
2015	2,764	45,508	18.87	66	5,129
2016	2,813	47,899	18.88	67	5,180
2017	2,859	50,091	18.88	67	5,228
2018	2,923	52,377	18.95	67	5,284
2019	3,004	54,678	19.00	68	5,349
2020	3,100	56,733	19.10	68	5,427
2021	3,183	59,069	19.17	69	5,499
2022	3,292	61,268	19.25	69	5,571
2023	3,412	63,399	19.30	70	5,645

**Police/Fire**

<u>June 30</u>	<u>Average Monthly Benefit*</u>	<u>Number of Retirees*</u>	<u>Average Years of Service</u>	<u>Average Age</u>	<u>Average Monthly Compensation</u>
2014	\$4,788	6,034	22.34	59	\$7,740
2015	4,961	6,345	22.39	60	7,862
2016	5,099	6,716	22.45	60	8,002
2017	5,236	7,108	22.46	60	8,144
2018	5,374	7,442	22.46	60	8,283
2019	5,554	7,788	22.52	61	8,434
2020	5,735	8,134	22.55	61	8,589
2021	5,915	8,686	22.59	61	8,769
2022	6,128	9,142	22.59	61	8,942
2023	6,355	9,479	22.58	62	9,090

\*Information provided by Segal, the System's actuary.

## 2023- POPULAR ANNUAL FINANCIAL REPORT

### PARTICIPATING EMPLOYERS

Participating Agencies	2014		
	Covered Employees	Rank	Percentage of Total System
Clark County School District	30,839	1	30.7 %
State of Nevada	17,350	2	17.3
Washoe County School District	7,363	3	7.3
Clark County	6,940	4	6.9
Las Vegas Metropolitan Police Department	4,739	5	4.7
University Medical Center of Southern Nevada	3,368	6	3.4
City of Las Vegas	2,483	7	2.5
Washoe County	2,363	8	2.4
City of Henderson	2,074	9	2.1
University of Nevada, Reno	1,826	10	1.8
Subtotal	79,345		79.1
All other	21,177		20.9
Total 2014 (190 Agencies)	100,522		100.0 %

Participating Agencies	2023		
	Covered Employees	Rank	Percentage of Total System
Clark County School District	33,319	1	29.7 %
State of Nevada	17,106	2	15.3
Clark County	7,042	3	6.3
Washoe County School District	6,957	4	6.2
Las Vegas Metropolitan Police Department	5,852	5	5.2
Nevada System of Higher Education (NSHE)	3,841	6	3.4
University Medical Center of Southern Nevada	3,611	7	3.2
Washoe County	2,756	8	2.5
City of Las Vegas	2,704	9	2.4
City of Henderson	2,432	10	2.2
Subtotal	85,620		76.4
All other*	26,399		23.6
Total 2023 (227 Agencies)	112,019		100.0 %

*In 2023 "All other" consisted off:		
Agency Type	Number of Agencies	Covered Employees
State of Nevada and Related Agencies	24	1,176
Schools	72	11,706
Counties	14	3,040
Cities	17	4,952
Hospitals	7	899
Utility, Irrigation, and Sanitation Districts	17	894
Special Districts and Agencies	66	3,732
Subtotal	217	26,399
Largest Ten Participating Employers	10	85,620
Total	227	112,019

## **REPORTING STANDARDS**

Financial data presented in this report is derived from the information contained in PERS' ACFR. However, it does not include all funds administered by PERS nor contain other information required to be in conformity with GAAP. PERS' ACFR is produced in conformity with GAAP. The ACFR and PAFR can be found on our website: [www.nvpers.org/publications/reports](http://www.nvpers.org/publications/reports).

## **CONTACT INFORMATION**

### **Office Locations:**

693 West Nye Lane  
Carson City, Nevada 89703  
(775) 687-4200  
Fax: (775) 687-5131

5740 South Eastern Avenue, Suite 120  
Las Vegas, Nevada 89119  
(702) 486-3900  
Fax: (702) 678-6934

Toll Free: 1-866-473-7768

Website: [www.nvpers.org](http://www.nvpers.org)

### **Business Hours**

8:00 a.m. – 5:00 p.m., Monday – Friday