

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, 2022**

Table of Contents

Award for Outstanding Achievement in Popular Annual Financial Reporting.....1
Administrative Personnel.....2
Mission Statement.....3
Message from Executive Officer.....3
Financial Summary.....4
Financial Highlights.....6
Investments.....7
Actuarial.....9
Membership.....10
Statistics.....11
Participating Employers.....13
Reporting Standards.....14
Contact Information.....14



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Public Employees' Retirement System of Nevada

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ADMINISTRATIVE PERSONNEL
As of June 30, 2022

PUBLIC EMPLOYEES' RETIREMENT BOARD

Timothy Ross	Chair	2022
Yolanda T. King*	Vice Chair	2025
Dawn E. Huckaby	Member	2026
Todd H. Ingalsbee	Member	2023
Norma Santoyo	Member	2025
Mark Stevens	Member	2023
Brian A. Wallace	Member	2025

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
Christopher Nielsen	General Counsel
Teresa Chalmers	Administrative Analyst

DIVISION SUPERVISORS

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

MEDICAL ADVISORS

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

POLICE AND FIREFIGHTERS' RETIREMENT FUND ADVISORY COMMITTEE

Scott Vivier	Chair	2023
Cameron Wagner	Vice Chair	2024
Jennifer Wyatt	Member	2023
Scott Nicholas	Member	2022
Bill Gardner	Member	2024
Vacant – New Position	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 positions have since terminated their employment/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, 2022.

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 financial position of the System at June 30, 2022, 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 2022, the System had 221 participating employers, 108,635 active members, and 79,049 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 2022 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, 2022, the System’s net position was \$54.5 billion, a decrease of \$4.0 billion from 2021. The fiscal year 2022 return was a negative 5.1%, which reduced \$15.5 billion in investment income. Investment performance was primarily driven by negative returns from U.S. Stocks, International Stocks, and U.S. Bonds. The funded ratio calculated as smoothed actuarial value of assets as a percentage of total actuarial accrued liability decreased to 75.1% from 75.4% in 2021.

Detailed information on the financial position of the System can be found in the June 30, 2022 ACFR at <https://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.

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 June 30, 2022</u>	<u>As of June 30, 2021</u>	<u>Increase/ (Decrease) from 2021 to 2022</u>
Cash and cash equivalents	\$ 510,980,898	\$ 705,534,396	\$ (194,553,498)
Contributions receivable	213,753,422	190,228,841	23,524,581
Accrued investment income	171,044,397	156,089,781	14,954,616
Pending trades receivable	45,076,880	719,321,012	(674,244,132)
Investments, at fair value	53,701,215,314	57,468,665,112	(3,767,449,798)
Collateral on loaned securities, at fair value	248,941,553	174,487,304	74,454,249
Property and equipment, net	8,081,697	5,148,672	2,933,025
Other assets	5,107,408	4,769,353	338,055
Total assets	<u>54,904,201,569</u>	<u>59,424,244,471</u>	<u>(4,520,042,902)</u>
Accounts payable and accrued expenses	33,742,762	39,503,999	(5,761,237)
Pending trades payable	107,505,246	751,768,813	(644,263,567)
Obligations under securities lending activities	248,941,553	174,487,304	74,454,249
Total liabilities	<u>390,189,561</u>	<u>965,760,116</u>	<u>(575,570,555)</u>
Net position restricted for pension benefits	<u>\$ 54,514,012,008</u>	<u>\$58,458,484,355</u>	<u>\$ (3,944,472,347)</u>

Significant Changes from 2021 to 2022

Contributions receivable increased 12.4%, \$23.5 million, between 2021 and 2022 due to an increase in reportable wages of \$209.3 million and a decrease of \$6.8 million in contribution underpayments.

Pending trades receivable and payable decreased 93.7% and 85.7%, respectively, between 2021 and 2022. Pending trades fluctuate from year to year and are unpredictable.

Investments at fair value decreased \$3.8 billion from 2021 to 2022 primarily due to the negative 5.1% (time-weighted, gross of fees) total return generated by the System’s investments in 2022. The investment performance was primarily driven by negative returns from U.S. Stocks, International Stocks, and U.S. Bonds.

Property and equipment, net, increased by \$2.9 million from 2021 to 2022 primarily due to costs incurred and capitalized for the new pension administrative system, PERIS.

Accounts payable and accrued expenses decreased by \$5.8 million between 2021 and 2022 primarily due to a decrease in contribution overpayments of \$5.0 million.

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>2022</u>	<u>2021</u>	<u>Increase/ (Decrease) from 2021 to 2022</u>
Contributions	\$ 2,290,391,496	\$ 2,173,834,096	\$ 116,557,400
Net investment income (loss)	(2,944,139,128)	12,598,906,795	15,543,045,923)
Net securities lending income	6,193,380	3,183,489	3,009,891
Other income	3,703,489	3,262,309	441,180
Total additions	<u>(643,850,763)</u>	<u>14,779,186,689</u>	<u>15,423,037,452)</u>
Benefit payments	3,231,941,306	3,008,567,031	223,374,275
Refunds of contributions	53,537,925	30,272,862	23,265,063
Transfers of contributions to JRS	1,689,041	4,424,263	(2,735,222)
Administrative expenses	13,453,262	12,530,326	922,936
Other expenses	50	25,208	(25,158)
Total deductions	<u>3,300,621,584</u>	<u>3,055,819,690</u>	<u>244,801,894</u>
Change in net position	(3,944,472,347)	11,723,366,999	15,667,839,346)
Net position, beginning of year	<u>58,458,484,355</u>	<u>46,735,117,356</u>	<u>11,723,366,999</u>
Net position, end of year	<u>\$ 54,514,012,008</u>	<u>\$58,458,484,355</u>	<u>\$ (3,944,472,347)</u>

Significant Changes 2021 to 2022

Net investment income decreased \$15.5 billion from 2021 to 2022 because the time-weighted investment return (gross of fees) of a negative 5.1% in 2022 was lower than the 27.3% returned in 2021.

Benefit payments increased 7.4% in 2022 primarily due to the number of beneficiaries increasing from 75,955 in 2021 to 79,049 in 2022 and the average monthly benefit increasing from \$3,377 in 2021 to \$3,499 in 2022.

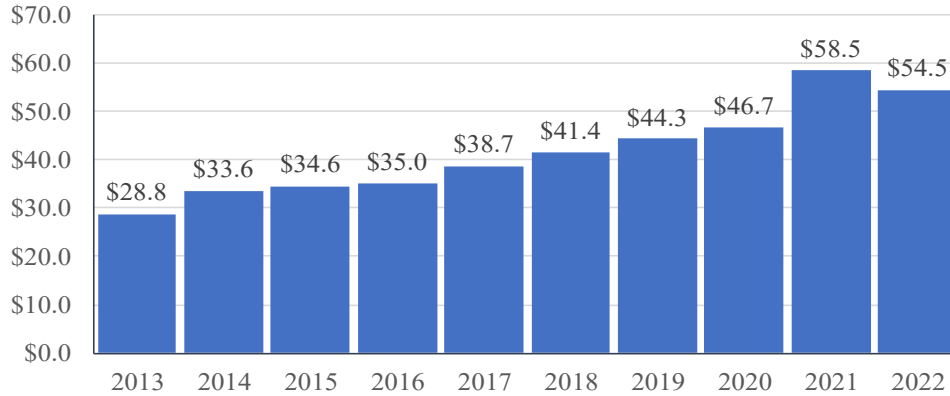
Refunds of contributions increased 76.9% and transfers of contributions to JRS decreased \$2.7 million in 2022. These amounts are unpredictable each year and depend on individual elections made by active and inactive members.

FINANCIAL HIGHLIGHTS

Net Position

Net position represents total assets less total liabilities. In fiscal year 2022, the net position decreased to \$54.5 billion.

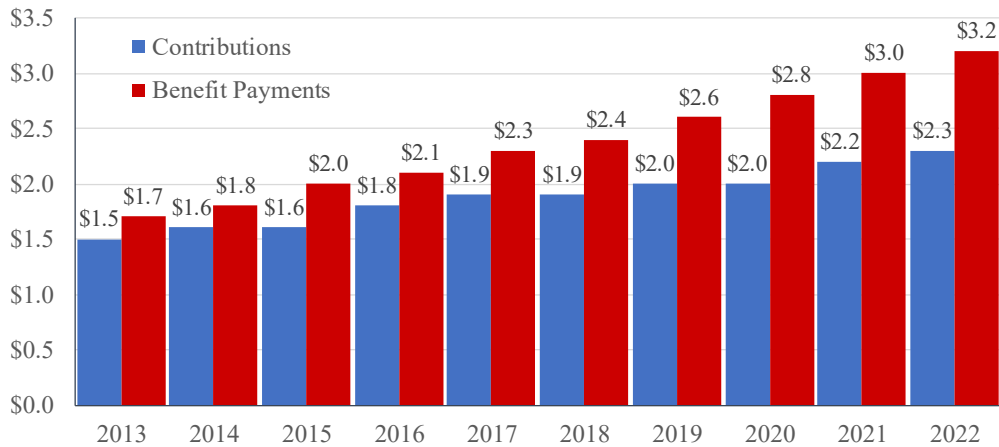
Net Position (in billions) over Fiscal Years



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

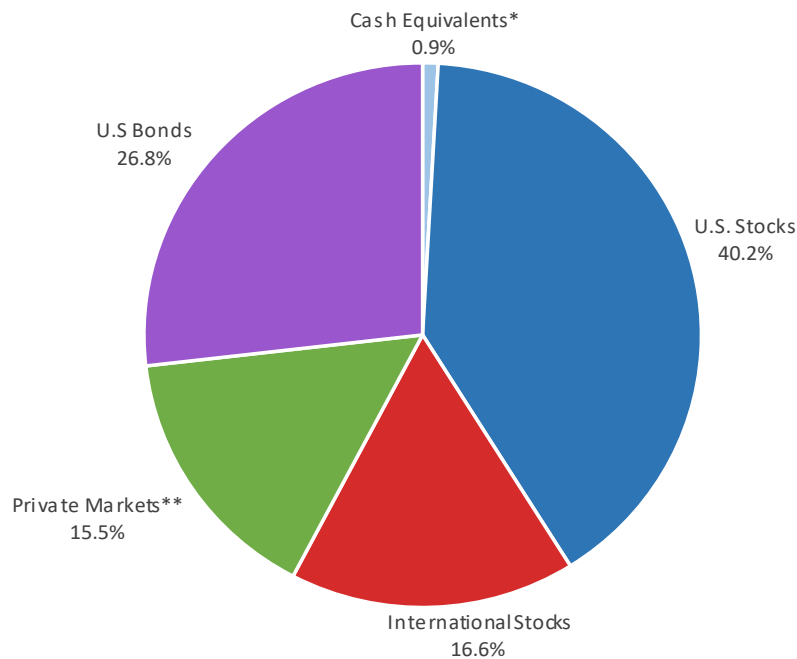
The investment program is designed to generate a long-term return that meets the System’s objectives while minimizing risk.

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 1-3 Year Index. The Private Markets investments are made up of actively managed private equity and real estate portfolios.

Asset Allocation at June 30, 2022



*Includes cash held by investment managers.

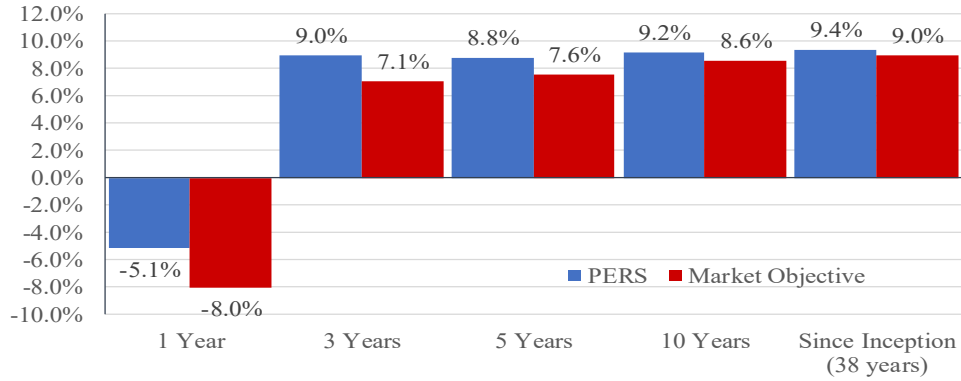
**Includes 9.1% Private Equity and 6.4% Private Real Estate.

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 (38 years) versus the long-term actuarial objective of 7.25%.

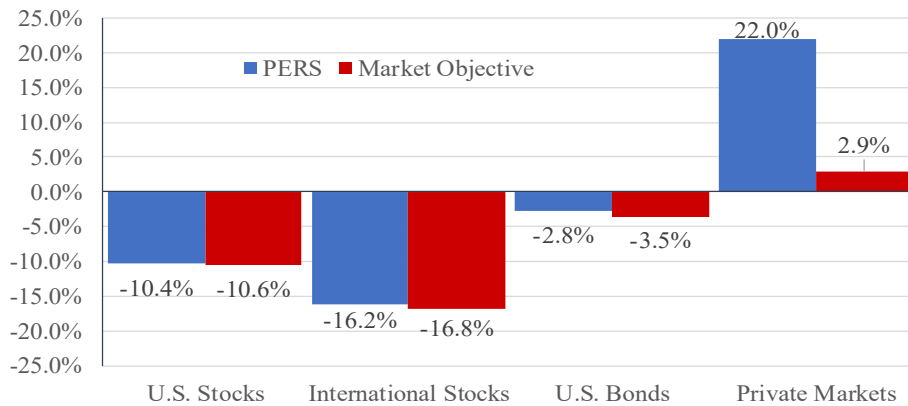
**PERS Annualized Total Returns vs. Market Objective
As of June 30, 2022**



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, 2022**



The System’s complete Investment Objectives and Policies may be found on the PERS website www.nvpers.org.

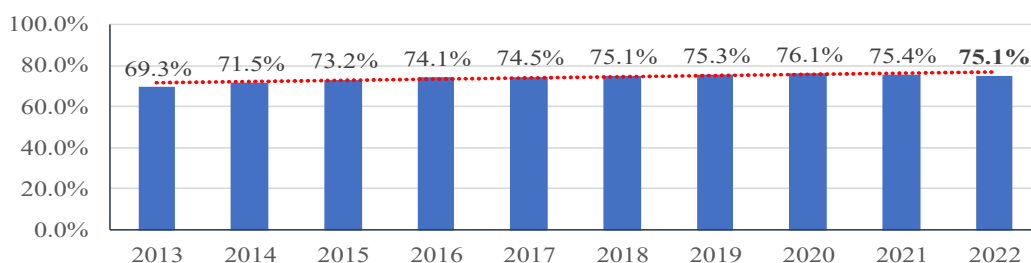
ACTUARIAL

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, 2022, were as follows:

Total pension liability	\$ 72,568,906,707
Plan fiduciary net position	54,514,012,008
Net pension liability	<u><u>\$ 18,054,894,699</u></u>

Plan fiduciary net position as a percentage of the total pension liability	75.1%
--	-------

MEMBERSHIP

**Retirement System Membership
2013 to 2022**

<u>June 30</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired & Disabled Members</u>	<u>Beneficiaries & Survivors</u>	<u>Total Membership</u>
2013	99,038	13,739	46,653	5,777	165,207
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

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>
2013	87,193	11,845	40,854	5,799	2.1	2.0
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

*Excludes survivors and beneficiaries

*Information provided by Segal, the System's actuary

2022- POPULAR ANNUAL FINANCIAL REPORT

STATISTICS

Average Age and Service Statistics for Members*

As of June 30	Regular		Police/Fire	
	Average Age	Average Years of Service	Average Age	Average Years of Service
2013	46.5	10.1	40.6	11.3
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

Average Salaries for Members*

As of June 30	Regular	Increase (Decrease)	Police/Fire	Increase (Decrease)
2013	\$ 48,626		\$ 72,637	
2014	48,057	(1.2)%	71,990	(0.9)%
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
Average annual increase				
2013 - 2022		1.4 %	1.6 %	

*Excludes survivors and beneficiaries

*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>
2013	\$2,654	40,854	19.05	65	\$5,024
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

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>
2013	\$4,637	5,799	22.33	59	\$7,623
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

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

2022- POPULAR ANNUAL FINANCIAL REPORT

PARTICIPATING EMPLOYERS

Participating Agencies	2013		
	Covered Employees	Rank	Percentage of Total System
Clark County School District	30,249	1	30.5 %
State of Nevada	16,893	2	17.1
Washoe County School District	7,274	3	7.3
Clark County	6,975	4	7.0
Las Vegas Metropolitan Police Department	4,688	5	4.7
University Medical Center of S. Nevada	3,417	6	3.5
City of Las Vegas	2,436	7	2.5
Washoe County	2,327	8	2.4
City of Henderson	2,021	9	2.0
University of Nevada, Reno	1,786	10	1.8
Subtotal	78,066		78.8
All other	20,972		21.2
Total 2013 (190 Agencies)	99,038		100.0 %

Participating Agencies	2022		
	Covered Employees	Rank	Percentage of Total System
Clark County School District	32,572	1	30.0 %
State of Nevada	17,069	2	15.7
Clark County	7,241	3	6.7
Washoe County School District	7,008	4	6.5
Las Vegas Metropolitan Police Department	5,686	5	5.2
Nevada System of Higher Education (NSHE)	3,529	6	3.2
University Medical Center of S. Nevada	3,350	7	3.1
Washoe County	2,643	8	2.4
City of Las Vegas	2,580	9	2.4
City of Henderson	2,383	10	2.2
Subtotal	84,061		77.4
All other*	24,574		22.6
Total 2022 (221 Agencies)	108,635		100.0 %

*In 2022 "All other" consisted off:		
Agency Type	Number of Agencies	Covered Employees
State of Nevada and Related Agencies	23	586
Schools	69	11,005
Counties	14	2,985
Cities	17	4,711
Hospitals	7	885
Utility, Irrigation, and Sanitation Districts	17	875
Special Districts and Agencies	64	3,527
Subtotal	211	24,574
Largest Ten Participating Employers	10	84,061
Total	221	108,635

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.

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

Business Hours

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