

STATE OF NEVADA
PERMANENT SCHOOL FUND

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2009
(Unaudited)

KIM R. WALLIN
STATE CONTROLLER
CARSON CITY, NEVADA

KIM R. WALLIN,
CMA, CFM, CPA
State Controller

MARK TAYLOR
Assistant Controller

STATE OF NEVADA



KAREN HOPPE
Acting Chief Deputy Controller

ALEX ECHO
Data Processing Manager

**OFFICE OF THE
STATE CONTROLLER**

May 28, 2009

The Honorable Jim Gibbons
Chairman, State Board of Finance
101 N. Carson Street, Suite 1
Carson City, NV 89701-4786

Dear Governor Gibbons:

Pursuant to NRS 387.013, I am pleased to provide you with the financial statements of the Permanent School Fund for the quarter ending March 31, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Kim R. Wallin".

Kim R. Wallin
State Controller

KRW:dt

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State Board of Education	(2)
Department of Administration	(2)
Department of Conservation	(2)
Department of Education	(1)
Office of the State Treasurer	(2)
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STATE OF NEVADA
PERMANENT SCHOOL FUND

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STATE OF NEVADA
PERMANENT SCHOOL FUND

BALANCE SHEETS
 March 31, 2009 and 2008
 (Unaudited)

Exhibit A

Assets	<u>3/31/09</u>	<u>3/31/08</u>
Cash and cash equivalents	\$ 8,640,938	\$ 29,070,505
Accrued interest		
Investments	2,596,301	2,473,136
Treasurer	<u>101,607</u>	<u>361,616</u>
Total accrued interest	<u>2,697,908</u>	<u>2,834,752</u>
Receivables		
Land sales	100,564	550,665
Fines and penalties	237,688	501,801
Purchased interest	<u>250,605</u>	<u>-</u>
Total receivables	<u>588,857</u>	<u>1,052,466</u>
Investments		
U.S. Government securities	<u>287,902,174</u>	<u>261,037,713</u>
Total Assets	<u><u>\$ 299,829,877</u></u>	<u><u>\$ 293,995,436</u></u>
 Liabilities		
Due to (from) the Distributive School Account	\$ 9,579,991	\$ 10,705,326
Due to heirs	558,710	946,905
Deferred revenue	<u>-</u>	<u>26,850</u>
Total liabilities	<u>10,138,701</u>	<u>11,679,081</u>
 Fund balances		
Reserved: Permanent Fund Principal	<u>289,691,176</u>	<u>282,316,355</u>
Total Liabilities and Fund Balances	<u><u>\$ 299,829,877</u></u>	<u><u>\$ 293,995,436</u></u>

The notes to the financial statements and schedules are an integral part of this statement.

STATE OF NEVADA
PERMANENT SCHOOL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Quarter and nine months ended March 31, 2009

(Unaudited)

	<u>Quarter Ended 3/31/2009</u>	<u>Exhibit B Nine Months Ended 3/31/2009</u>
Revenues		
Fines - State Penal Laws		
Justice Courts	\$ 1,089,816	\$ 3,651,493
District Courts	509,268	807,735
Other Fines and Penalties	<u>-</u>	<u>71,100</u>
Total fines	1,599,084	4,530,328
Investment income (loss)	1,255,890	13,651,003
Land sales	100,563	621,092
Escheated estates	(41,891)	(95,915)
Miscellaneous	<u>1,146</u>	<u>84,978</u>
Total revenues	<u>2,914,792</u>	<u>18,791,486</u>
 Other Financing Sources (Uses)		
Transfer (to) from Distributive School Account	<u>(1,255,890)</u>	<u>(13,651,003)</u>
Net change in fund balances	1,658,902	5,140,483
Fund balances, beginning of period	<u>288,032,274</u>	<u>284,550,693</u>
Fund balances, March 31, 2009	<u><u>\$ 289,691,176</u></u>	<u><u>\$ 289,691,176</u></u>

The notes to the financial statements and schedules are an integral part of this statement.

STATE OF NEVADA

PERMANENT SCHOOL FUND

GENERAL

Article 11, Section 3 of the Constitution of the State of Nevada provides that all estates that escheat to the state; proceeds from the sale of lands given or bequeathed under this section; and fines collected under the penal laws of the state shall be pledged for educational purposes only, and shall not be transferred to any other funds for other uses. The 1956 special session of the Legislature enacted Chapter 32, which provided for the creation of the State Permanent School Fund to account for the money accruing to the State of Nevada under Article 11, Section 3 of the State Constitution.

The Permanent School Fund is classified as a permanent fund in accordance with Governmental Accounting Standards Board Statement No. 34. This designation ensures that the corpus of the Fund will be preserved. All earnings on the Fund's assets are transferred to the Distributive School Account of the General Fund that apportions it among the several school districts of the state, in accordance with State Statutes.

The 1997 legislature added Nevada Revised Statutes 387.513 through 387.528. These statutes allow school districts to enter into guarantee agreements with the State Treasurer whereby the money in the Permanent School Fund is used to guarantee the debt service payments on certain bonds issued by the school districts. The amount of the guarantee for bonds of each school district outstanding, at any one time, must not exceed \$40 million. Bond guarantees at March 31, 2009 were:

<u>School District</u>		<u>Original Amount</u>		<u>Balance</u>
Carson City	\$	38,103,000.00	\$	33,192,000.00
Churchill		17,060,000.00		12,650,000.00
Douglas		17,960,000.00		8,910,000.00
Eureka		6,000,000.00		3,066,000.00
Humboldt		8,025,000.00		4,610,000.00
Lincoln		6,100,000.00		5,567,000.00
Lyon		23,330,000.00		18,455,000.00
Mineral		4,425,000.00		3,825,000.00
Nye		38,735,000.00		29,775,000.00
Pershing		8,135,000.00		5,100,000.00
Storey		10,950,000.00		10,610,000.00
White Pine		5,040,000.00		5,040,000.00

REVENUE SOURCES

The following schedule illustrates some of the potential revenue sources of the Permanent School Fund:

- Surplus on sale of unclaimed freight after charges of common carriers and warehousemen (NRS 108.430)
- Surplus on sale of property after charges of bailees for hire (NRS 108.460)
- Escheated estates (NRS 154.115)
- Fees of the State Land Registrar (NRS 321.065)
- All moneys accruing to the State of Nevada from sale of lands heretofore given or bequeathed, or that may hereafter be given or bequeathed, for public school purposes (Art. 11, Sec. 3)
- All fines collected under the penal laws of the state (Art. 11, Sec. 3)
- Fines imposed by courts-martial (NRS 412.086)
- Fines resulting from suits on excavations (NRS 455.050)
- All fines and penalties for violations of the criminal provisions of the Unemployment Compensation Act (NRS 612.585)
- Penalties imposed on banks for failure to make certain reports (NRS 665.115)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

Basis of Accounting:

Transactions are recorded on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

Treasurer's Interest Accrual:

For the quarter ended March 31, 2009, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$21,588,493. Accrued earnings from the investment pool are transferred quarterly to the Permanent School Fund based on its proratable share of average daily cash balances.

For the quarter ended March 31, 2009, funds held by the State Treasurer earned interest at an effective rate of 1.74 percent.

Investments:

Investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

STATE OF NEVADA
PERMANENT SCHOOL FUND
SCHEDULE OF INVESTMENTS
March 31, 2009

Schedule 1

Fixed Income Securities	Interest Rate	Maturity Date	Face Amount	Cost	Fair Value
Fed. Farm Credit Bank	4.875	02/18/11	\$ 7,000,000	\$ 6,986,210	\$ 7,446,250
Fed. Farm Credit Bank	5.250	06/19/09	10,000,000	9,921,800	10,103,100
Fed. Farm Credit Bank	4.200	02/19/15	10,000,000	9,995,000	10,143,800
Fed. Farm Credit Bank	3.750	01/24/11	15,000,000	15,213,000	15,126,600
Fed. Farm Credit Bank	3.980	04/03/13	20,000,000	19,990,000	20,006,200
Fed. Farm Credit Bank	3.980	04/23/10	13,000,000	13,000,000	13,345,280
Fed. Farm Credit Bank	5.250	08/03/09	15,000,000	15,448,050	15,243,750
Fed. Farm Credit Bank	4.900	07/08/13	15,000,000	14,996,250	15,389,100
Fed. Farm Credit Bank	4.750	08/13/13	10,000,000	10,000,000	10,121,900
Fed. Farm Credit Bank	5.875	10/03/16	8,000,000	8,456,160	9,207,520
Fed. Farm Credit Bank	4.250	10/15/13	7,000,000	7,000,000	7,190,330
Fed. Farm Credit Bank	2.500	01/14/13	5,000,000	5,000,000	5,017,200
Fed. Farm Credit Bank	2.850	02/11/13	10,000,000	9,960,000	9,965,600
Fed. Farm Credit Bank	3.000	02/25/13	7,500,000	7,500,000	7,511,700
Fed. Home Loan Bank Note	4.000	02/12/10	7,000,000	6,979,910	7,181,580
Fed. Home Loan Bank Note	3.660	09/30/10	5,500,000	5,386,755	5,697,670
Fed. Home Loan Bank Note	5.250	06/11/10	10,000,000	9,884,900	10,496,900
Fed. Home Loan Bank Note	4.550	06/22/10	10,000,000	9,638,900	10,421,900
Fed. Home Loan Bank Note	5.250	06/12/09	11,000,000	10,905,180	11,103,180
Fed. Home Loan Bank Note	4.150	01/29/13	10,000,000	10,000,000	10,240,600
Fed. Home Loan Bank Note	3.650	06/23/11	10,000,000	9,944,800	10,278,100
Fed. Home Loan Bank Note	4.750	12/12/14	7,000,000	7,107,100	7,595,000
Fed. Home Loan Bank Note	4.875	12/13/13	10,000,000	10,283,500	11,040,600
Fed. Home Loan Bank Note	2.625	01/22/13	9,200,000	9,135,600	9,208,648
Fed. Home Loan Bank Note	2.700	01/28/13	8,620,000	8,572,859	8,654,997
Fed. Home Loan Bank Note	4.875	12/14/12	13,850,000	15,131,125	15,178,769
Fed. Home Loan Bank Note	2.850	01/14/14	15,000,000	14,842,500	14,985,900
Total Investments			<u>\$ 279,670,000</u>	<u>\$ 281,279,599</u>	<u>\$ 287,902,174</u>

STATE OF NEVADA
PERMANENT SCHOOL FUND

SCHEDULE OF JUSTICE COURT FINES BY COUNTY
For the Quarter and nine months ended March 31, 2009

County	<u>Schedule 2</u>	
	Quarter Ended 3/31/2009	Nine Months Ended 3/31/2009
Carson City	\$ 4,067	\$ 17,719
Churchill	13,593	35,269
Clark	484,572	1,819,552
Douglas	11,629	27,690
Elko	38,593	124,028
Esmeralda	20,038	74,330
Eureka	3,412	12,048
Humboldt	-	-
Lander	1,261	7,325
Lincoln	-	1,056
Lyon	33,643	94,997
Mineral	609	5,003
Nye	63,368	185,429
Pershing	167	695
Storey	-	-
Washoe	411,704	1,231,652
White Pine	3,160	14,700
Total	<u>\$ 1,089,816</u>	<u>\$ 3,651,493</u>

STATE OF NEVADA
PERMANENT SCHOOL FUND

SCHEDULE OF DISTRICT COURT FINES BY COUNTY
For the Quarter and nine months ended March 31, 2009

County	Quarter Ended 3/31/2009	Schedule 3 Nine Months Ended 3/31/2009
Carson City	\$ 3,247	\$ 11,848
Churchill	4,181	5,802
Clark	42,988	184,262
Douglas	3,759	15,979
Elko	5,727	34,826
Esmeralda	25	39
Eureka	-	3,930
Humboldt	4,518	6,947
Lander	610	3,244
Lincoln	2,725	11,090
Lyon	6,511	12,966
Mineral	335	590
Nye	388,587	391,512
Pershing	230	1,261
Storey	-	-
Washoe	41,985	111,400
White Pine	3,840	12,039
Total	\$ 509,268	\$ 807,735

STATE OF NEVADA
PERMANENT SCHOOL FUND
SCHEDULE OF INVESTMENT INCOME EARNED
For the Quarter Ended March 31, 2009

Schedule 4

Interest:

<u>Investments:</u>	<u>Rate of Interest</u>	<u>Face Amount</u>	<u>Investment Income</u>
Fed. Farm Credit Bank	3.850 %	\$ 7,675,000	\$ 37,100
Fed. Farm Credit Bank	4.875	7,000,000	85,312
Fed. Farm Credit Bank	5.250	10,000,000	131,250
Fed. Farm Credit Bank	4.200	10,000,000	105,000
Fed. Farm Credit Bank	3.750	15,000,000	140,625
Fed. Farm Credit Bank	3.980	20,000,000	199,000
Fed. Farm Credit Bank	3.980	13,000,000	129,350
Fed. Farm Credit Bank	5.250	15,000,000	196,875
Fed. Farm Credit Bank	4.900	15,000,000	183,750
Fed. Farm Credit Bank	4.750	10,000,000	118,750
Fed. Farm Credit Bank	5.875	8,000,000	110,972
Fed. Farm Credit Bank	4.250	7,000,000	74,375
Fed. Farm Credit Bank	2.500	5,000,000	26,042
Fed. Farm Credit Bank	2.850	10,000,000	30,875
Fed. Farm Credit Bank	3.000	7,500,000	18,750
Fed. Home Loan Bank Note	4.000	7,000,000	70,000
Fed. Home Loan Bank Note	3.660	5,500,000	50,325
Fed. Home Loan Bank Note	5.250	10,000,000	131,250
Fed. Home Loan Bank Note	4.550	10,000,000	113,750
Fed. Home Loan Bank Note	5.250	11,000,000	144,375
Fed. Home Loan Bank Note	5.330	19,640,000	174,629
Fed. Home Loan Bank Note	5.330	9,000,000	57,635
Fed. Home Loan Bank Note	4.150	10,000,000	103,750
Fed. Home Loan Bank Note	4.350	10,000,000	36,250
Fed. Home Loan Bank Note	3.650	10,000,000	91,250
Fed. Home Loan Bank Note	4.750	7,000,000	83,125
Fed. Home Loan Bank Note	4.875	10,000,000	121,875
Fed. Home Loan Bank Note	2.625	9,200,000	26,163
Fed. Home Loan Bank Note	2.700	8,620,000	29,093
Fed. Home Loan Bank Note	4.875	13,850,000	43,137
Fed. Home Loan Bank Note	2.850	15,000,000	27,312
Total interest on investments			2,891,945
Treasurer's interest distribution			101,607
Total interest			2,993,552
Change in fair value of investments			(1,737,662)
Total investment income for the quarter			\$ 1,255,890