

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL
STATEMENTS

First Quarter
ENDED September 30, 2022

(Unaudited)



Andy Matthews
STATE CONTROLLER

CARSON CITY, NV

Andy Matthews
Controller

STATE OF NEVADA

James Smack
Chief Deputy Controller



**OFFICE OF THE
STATE CONTROLLER**

May 30, 2023

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

Dear Governor Lombardo:

Pursuant to NRS 387.013, I am pleased to provide you with the financial statements of the Permanent School Fund for the quarter ended September 30, 2022.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Matthews".

Andy Matthews
State Controller

CB: ss

Office of the Governor (1)
Governor's Office of Finance (2)
Nevada State Treasurer (1)
Nevada Tax Commission (1)
Division of State Lands (1)
Department of Conservation (1)
State Library and Archives e-file

STATE OF NEVADA
PERMANENT SCHOOL FUND

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STATE OF NEVADA
PERMANENT SCHOOL FUND

BALANCE SHEET
September 30, 2022
(Unaudited)

Assets	<u>9/30/22</u>
Cash and cash equivalents	\$ 133,798,737
Accrued interest	
Investments	421,827
Treasurer's Interest Distribution	125,767
Total accrued interest	<u>547,594</u>
Receivables	
Land sales	2,077,037
Fines and penalties	561,831
Total receivables	<u>2,638,868</u>
Investments	
Fixed income securities	127,314,255
Equity securities	185,228,710
Total investments	<u>312,542,965</u>
Other Assets	
Due from component unit (NCIC)	19,691,734
Total Assets	<u><u>\$ 469,219,898</u></u>
 Liabilities	
Due to the State Education Fund	\$ 71,640
Due to heirs	(9,931,321)
Vouchers payable	3,038,524
Total liabilities	<u>(6,821,157)</u>
 Fund Balances	
Nonspendable: permanent fund principal	<u>476,040,055</u>
Total Liabilities and Fund Balances	<u><u>\$ 469,218,898</u></u>

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

STATE OF NEVADA
PERMANENT SCHOOL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES**

For the Quarter Ended and Fiscal Year to Date as of September 30, 2022
(Unaudited)

Revenues	Quarter Ended	Fiscal Year to Date
	<u> </u>	<u> </u>
Fines - State Penal Laws		
Justice Courts	1,496,207	1,496,207
District Courts	128,542	128,542
Municipal Courts	228,356	228,356
	<u> </u>	<u> </u>
Total fines	1,853,105	1,853,105
Interest and Investment Income (loss)	(11,200,359)	(11,200,359)
Land sales	216,870	216,870
Escheated estates	(20,261)	(19,533)
Miscellaneous	5,305	5,305
	<u> </u>	<u> </u>
Total revenues	(9,145,340)	(9,144,612)
Other Financing Sources (Uses)		
Transfer from General Fund	11,200,359	11,200,359
Transfer to State Education Fund	-	-
	<u> </u>	<u> </u>
Total transfers	11,200,359	11,200,359
Net change in fund balances	2,055,019	2,055,747
	<u> </u>	<u> </u>
Fund balances, beginning of period	473,985,036	473,985,036
	<u> </u>	<u> </u>
Fund balances, end of period	<u>\$ 476,040,055</u>	<u>\$ 476,040,783</u>

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

**STATE OF NEVADA
PERMANENT SCHOOL FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED September 30, 2022**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

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

Financial Statement Presentation:

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 State Education Fund that apportions it among the several school districts and charter schools of the state, in accordance with State Statutes.

Cash and Cash Equivalents:

Cash and Cash Equivalents consist of cash with treasurer and investments that mature within three months of acquisition and are readily convertible to known amounts of cash.

Treasurer's Interest Accrual:

Accrued earnings from the investment pool are transferred quarterly to the Permanent School Fund based on its pro rata share of average daily cash balances. For the quarter ended September 30, 2022, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$22,152,426.10 and funds held by the State Treasurer earned interest at an effective rate of 1.15 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.

Fund Balance:

Non-spendable fund balance cannot be spent, and represents the permanent fund principal which must remain in the fund in perpetuity under the State Constitution.

Revenues:

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.

**STATE OF NEVADA
PERMANENT SCHOOL FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED September 30, 2022**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues: (continued)

The following 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)

Note 2 – COMMITMENTS AND CONTINGENCIES:

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. SB 68 of the 81st Legislative Session (2021) increased the maximum amount of the guarantee for bonds of each school district outstanding at any one time to \$60 million. Bond guarantees at September 30, 2022 were:

<u>School District</u>	<u>Original Amount</u>	<u>Balance</u>
Carson City	\$9,560,000	\$8,225,000
Churchill	29,315,000	24,175,000
Douglas	17,500,000	6,820,000
Lincoln	5,759,300	2,903,000
Lyon	51,960,000	46,845,000
Nye	39,450,000	25,780,000
Washoe	40,000,000	22,895,000
White Pine	<u>7,000,000</u>	<u>5,540,000</u>
 Total	 <u>\$200,544,300</u>	 <u>\$143,183,000</u>

STATE OF NEVADA
PERMANENT SCHOOL FUND
SCHEDULE OF CASH AND INVESTMENTS
September 30, 2022

	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Amortized Cost*</u>	<u>Fair Value</u>
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	1.15			\$ 40,214,978	\$ 40,214,978
Federated Short Term Investment	0.01			93,583,759	93,583,759
Total Cash and Cash Equivalents				<u>\$ 133,798,737</u>	<u>\$ 133,798,737</u>
Fixed Income Securities					
Federal Farm Credit Bank	0.15	01/12/2023	9,000,000.00	8,999,264.75	8,918,640.00
Federal Farm Credit Bank	0.12	02/12/2024	5,000,000.00	4,999,772.15	4,732,650.00
Federal Farm Credit Bank	0.20	03/03/2025	10,000,000.00	9,981,848.07	9,126,000.00
Federal Home Loan Bank	0.43	12/09/2022	10,000,000.00	10,033,158.28	9,967,700.00
Federal Home Loan Bank	1.88	09/04/2025	4,380,000.00	4,370,486.77	3,928,115.40
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000.00	9,977,852.58	8,925,200.00
Federal National Mtg Assn	0.38	08/25/2025	10,000,000.00	9,997,877.64	8,943,000.00
US Treasury Notes	0.38	02/28/2026	10,000,000.00	9,899,847.97	8,825,400.00
US Treasury Notes	0.50	03/31/2026	10,000,000.00	9,979,250.11	8,880,900.00
US Treasury Notes	0.75	04/30/2026	5,000,000.00	4,973,825.40	4,429,500.00
US Treasury Notes	0.75	05/15/2026	5,000,000.00	5,133,426.23	4,571,500.00
US Treasury Notes	1.63	05/31/2026	5,000,000.00	5,232,812.83	4,650,800.00
US Treasury Notes	2.13	07/31/2026	5,000,000.00	5,192,281.53	4,597,850.00
US Treasury Notes	1.88	06/30/2026	5,000,000.00	5,190,719.02	4,606,050.00
US Treasury Notes	1.88	08/31/2026	10,000,000.00	10,186,099.57	9,002,300.00
US Treasury Notes	1.38	05/15/2024	10,000,000.00	9,981,286.15	9,370,700.00
US Treasury Notes	0.25	05/31/2025	5,000,000.00	4,955,811.37	4,498,450.00
US Treasury Notes	0.25	07/15/2024	10,000,000.00	9,999,999.67	9,339,500.00
Total Fixed Income Securities			<u>\$ 138,380,000</u>	<u>\$ 139,085,620</u>	<u>\$ 127,314,255</u>
Equity Securities					
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 140,357,918
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	28,423,710
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	16,447,082
Total Equity Securities				<u>\$ 139,269,000</u>	<u>\$ 185,228,710</u>
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				<u>\$ 19,691,734</u>	

* Values do not include purchased interest

STATE OF NEVADA
PERMANENT SCHOOL FUND

SCHEDULE OF JUSTICE COURT FINES BY COUNTY
For the Quarter Ended and Fiscal Year to Date as of September 30, 2022

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 34,267	\$ 34,267
Churchill	6,162	6,162
Clark	1,019,903	1,019,903
Douglas	11,717	11,717
Elko	33,389	33,389
Esmeralda	-	-
Eureka	2,316	2,316
Humboldt	5,100	5,100
Lander	907	907
Lincoln	5,907	5,907
Lyon	15,366	15,366
Mineral	-	-
Nye	81,659	81,659
Pershing	50	50
Washoe	275,035	275,035
White Pine	4,429	4,429
Total	<u>\$ 1,496,207</u>	<u>\$ 1,496,207</u>

STATE OF NEVADA
PERMANENT SCHOOL FUND

SCHEDULE OF DISTRICT COURT FINES BY COUNTY
For the Quarter Ended and Fiscal Year to Date as of September 30, 2022

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 4,187	\$ 4,187
Churchill	8,455	8,455
Clark	47,530	47,530
Douglas	2,095	2,095
Elko	3,276	3,276
Esmeralda	-	-
Eureka	-	-
Humboldt	2,794	2,794
Lander	-	-
Lincoln	225	225
Lyon	2,073	2,073
Mineral	5,000	5,000
Nye	1,206	1,206
Pershing	-	-
Washoe	49,995	49,995
White Pine	1,706	1,706
Total	<u>\$ 128,542</u>	<u>\$ 128,542</u>