

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL
STATEMENTS

Third Quarter
ENDED March 31, 2023
(Unaudited)



Andy Matthews
STATE CONTROLLER

CARSON CITY, NV

Andy Matthews
Controller

STATE OF NEVADA

James Smack
Chief Deputy Controller



**OFFICE OF THE
STATE CONTROLLER**

September 26, 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 March 31, 2023.

Sincerely,

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

Andy Matthews
State Controller

AM: 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
June 30, 2023
(Unaudited)

| Assets | <u>6/30/23</u> |
|--|------------------------------|
| Cash and cash equivalents | \$ 115,967,507 |
| Accrued interest | |
| Investments | 1,445,300 |
| Treasurer's Interest Distribution | 493,054 |
| Total accrued interest | <u>1,938,354</u> |
| Receivables | |
| Land sales | 3,280,455 |
| Fines and penalties | 591,518 |
| Purchased interest | 3,299 |
| Total receivables | <u>3,875,272</u> |
| Investments | |
| Fixed income securities | 166,938,320 |
| Equity securities | 224,354,865 |
| Total investments | <u>391,293,185</u> |
| Other Assets | |
| Due from component unit (NCIC) | 18,964,197 |
| Total Assets | <u><u>\$ 532,038,515</u></u> |
| Liabilities | |
| Due to the State Education Fund | \$ 39,892,302 |
| Due to heirs | 3,118,233 |
| Vouchers payable | 71,640 |
| Total liabilities | <u>43,082,175</u> |
| Fund Balances | |
| Nonspendable: permanent fund principal | <u>488,956,340</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 532,038,515</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 June 30, 2023
(Unaudited)

| Revenues | <u>Quarter Ended</u> | <u>Fiscal Year to Date</u> |
|---|------------------------------|--------------------------------|
| Fines - State Penal Laws | | |
| Justice Courts | 1,491,373 | 5,742,676 |
| District Courts | 168,044 | 497,522 |
| Municipal Courts | 264,361 | 988,710 |
| Total fines | <u>1,923,778</u> | <u>7,228,908</u> |
| Interest and Investment Income (loss) | 17,003,009 | 41,542,044 |
| Land sales | 1,420,288 | 7,695,285 |
| Escheated estates | (83,994) | (105,833) |
| Miscellaneous | 750 | 7,055 |
| Total revenues | <u>20,263,831</u> | <u>56,367,459</u> |
| Other Financing Sources (Uses) | | |
| Transfer to State Education Fund | <u>(17,005,506)</u> | <u>(41,396,155)</u> |
| Total transfers | <u>(17,005,506)</u> | <u>(41,396,155)</u> |
| Net change in fund balances | <u>3,258,325</u> | <u>14,971,304</u> |
| Fund balances, beginning of period | <u>485,698,015</u> | <u>473,985,036</u> |
| Fund balances, end of period | <u><u>\$ 488,956,340</u></u> | <u><u>\$ 488,956,340</u></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 MARCH 31, 2023**

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 March 31, 2023, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$45,551,448.85 and funds held by the State Treasurer earned interest at an effective rate of 3.15 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 MARCH 31, 2023**

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 March 31, 2023, 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 | 2,552,900 |
| 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>\$142,832,900</u> |

STATE OF NEVADA
PERMANENT SCHOOL FUND
SCHEDULE OF CASH AND INVESTMENTS
June 30, 2023

| | Interest Rate % | Maturity Date | Face Amount | Amortized Cost* | Fair Value |
|---|--------------------|------------------|-----------------------|------------------------|------------------------|
| Cash and Cash Equivalents | | | | | |
| Pooled Cash with State Treasurer | 3.65 | | | \$ 52,677,607 | \$ 52,677,607 |
| Federated Short Term Investment Cash Equivalent | 0.01 | | | 63,327,558 (37,658) | 63,327,558 (37,658) |
| Total Cash and Cash Equivalents | | | | <u>\$ 115,967,507</u> | <u>\$ 115,967,507</u> |
| Fixed Income Securities | | | | | |
| Federal Farm Credit Bank | 0.203 | 02/12/2024 | 5,000,000.00 | 4,999,896.81 | 4,845,050.00 |
| Federal Farm Credit Bank | 0.506 | 03/03/2025 | 10,000,000.00 | 9,987,453.83 | 9,253,000.00 |
| Federal Farm Credit Bank | 4.314 | 11/20/2024 | 5,000,000.00 | 4,994,503.00 | 4,929,600.00 |
| Federal Farm Credit Bank | 4.757 | 04/26/2024 | 5,000,000.00 | 4,999,967.11 | 4,968,500.00 |
| Federal Home Loan Bank | 0.450 | 09/04/2025 | 4,380,000.00 | 4,372,916.25 | 3,989,128.80 |
| Federal Home Loan Bank | 3.813 | 03/08/2024 | 5,000,000.00 | 4,999,516.15 | 4,975,550.00 |
| Federal Home Loan Bank | 4.810 | 11/24/2023 | 5,000,000.00 | 4,998,547.66 | 4,984,800.00 |
| Federal Home Loan Bank | 4.825 | 12/08/2023 | 5,000,000.00 | 4,969,427.74 | 4,958,600.00 |
| Federal Home Loan Bank | 4.750 | 08/30/2023 | 5,000,000.00 | 4,979,053.90 | 4,973,050.00 |
| Federal Home Loan Mtg Corp | 0.450 | 09/23/2025 | 10,000,000.00 | 9,983,409.79 | 9,071,600.00 |
| Federal National Mtg Assn | 0.420 | 08/25/2025 | 10,000,000.00 | 9,998,424.77 | 9,097,500.00 |
| US Treasury Notes | 0.800 | 02/28/2026 | 10,000,000.00 | 9,921,791.39 | 8,981,300.00 |
| US Treasury Notes | 0.811 | 03/31/2026 | 10,000,000.00 | 9,983,686.09 | 9,036,300.00 |
| US Treasury Notes | 0.900 | 04/30/2026 | 5,000,000.00 | 4,979,292.61 | 4,501,350.00 |
| US Treasury Notes | 0.870 | 05/15/2026 | 5,000,000.00 | 5,105,873.02 | 4,611,550.00 |
| US Treasury Notes | 0.825 | 05/31/2026 | 5,000,000.00 | 5,185,310.65 | 4,675,200.00 |
| US Treasury Notes | 0.847 | 07/31/2026 | 5,000,000.00 | 5,154,759.82 | 4,627,950.00 |
| US Treasury Notes | 0.833 | 06/30/2026 | 5,000,000.00 | 5,152,658.87 | 4,639,050.00 |
| US Treasury Notes | 0.887 | 08/31/2026 | 10,000,000.00 | 10,150,571.44 | 9,095,300.00 |
| US Treasury Notes | 0.366 | 05/15/2024 | 10,000,000.00 | 9,989,916.03 | 9,563,300.00 |
| US Treasury Notes | 0.586 | 05/31/2025 | 5,000,000.00 | 4,968,209.62 | 4,574,800.00 |
| US Treasury Notes | 0.375 | 07/15/2024 | 10,000,000.00 | 9,999,999.81 | 9,495,300.00 |
| Federal Home Loan Bank | 5.150 | 08/13/2027 | 2,415,000.00 | 2,412,787.95 | 2,380,441.35 |
| Federal Home Loan Bank | 5.257 | 06/14/2024 | 5,000,000.00 | 5,000,000.00 | 4,974,900.00 |
| Federal Home Loan Mtg Corp | 5.053 | 01/17/2025 | 5,000,000.00 | 4,996,128.60 | 4,948,500.00 |
| Federal Home Loan Mtg Corp | 5.050 | 01/26/2028 | 5,000,000.00 | 5,000,000.00 | 4,917,250.00 |
| Federal Home Loan Mtg Corp | 5.050 | 08/01/2024 | 5,000,000.00 | 5,000,000.00 | 4,961,400.00 |
| Federal Home Loan Mtg Corp | 5.000 | 02/24/2028 | 5,000,000.00 | 5,000,000.00 | 4,908,050.00 |
| Total Fixed Income Securities | | | <u>\$ 176,795,000</u> | <u>\$ 177,284,103</u> | <u>\$ 166,938,320</u> |
| Equity Securities | | | | | |
| Vanguard Inst Index Fund Inst Plus | | | | \$ 103,113,066 | \$ 171,727,853 |
| Vanguard S&P Mid-Cap 400 Index Ist | | | | 22,951,467 | 33,882,206 |
| Vanguard S&P Small-Cap 600 Index Ist | | | | 13,204,467 | 18,744,806 |
| Total Equity Securities | | | | <u>\$ 139,269,000</u> | <u>\$ 224,354,865</u> |
| Private Equity Investments (Due from Component Unit) | | | | | |
| Nevada Capital Investment Corporation | | | | <u>\$ 18,964,197</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 June 30, 2023

| County | Quarter Ended | Fiscal Year to Date |
|---------------|--------------------------|--------------------------------|
| Carson City | \$ 52,646 | \$ 168,718 |
| Churchill | 12,449 | 33,764 |
| Clark | 757,093 | 3,669,949 |
| Douglas | 35,662 | 100,690 |
| Elko | 29,524 | 145,137 |
| Esmeralda | - | - |
| Eureka | 5,190 | 14,783 |
| Humboldt | 4,880 | 19,125 |
| Lander | 4,810 | 10,702 |
| Lincoln | 2,947 | 24,232 |
| Lyon | 17,114 | 63,288 |
| Mineral | - | 358 |
| Nye | 84,354 | 369,354 |
| Pershing | - | 50 |
| Washoe | 480,717 | 1,103,881 |
| White Pine | 3,986 | 18,644 |
| Total | <u>\$ 1,491,372</u> | <u>\$ 5,742,675</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 June 30, 2023

| County | Quarter Ended | Fiscal Year to Date |
|---------------|--------------------------|--------------------------------|
| Carson City | \$ 3,247 | \$ 19,103 |
| Churchill | 9,047 | 26,322 |
| Clark | 58,187 | 173,222 |
| Douglas | 14,917 | 37,822 |
| Elko | 4,920 | 27,500 |
| Esmeralda | - | - |
| Eureka | - | - |
| Humboldt | 698 | 8,630 |
| Lander | 623 | 953 |
| Lincoln | 650 | 1,775 |
| Lyon | 2,364 | 8,312 |
| Mineral | - | 9,000 |
| Nye | 916 | 6,507 |
| Pershing | 778 | 1,900 |
| Washoe | 70,173 | 170,262 |
| White Pine | 1,524 | 6,214 |
| Total | \$ 168,044 | \$ 497,522 |