

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Fourth Quarter
ENDED June 30, 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**

October 10, 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 June 30, 2023.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andy 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 June 30, 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 June 30, 2023, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$53,489,937 and funds held by the State Treasurer earned interest at an effective rate of 3.65 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 June 30, 2023**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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)

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