

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Second Quarter
ENDED December 31, 2021
(Unaudited)



CATHERINE BYRNE, CPA
STATE CONTROLLER

CARSON CITY, NV

CATHERINE BYRNE, CPA
Controller

STATE OF NEVADA

LORI HOOVER, CPA
Chief Deputy Controller



**OFFICE OF THE
STATE CONTROLLER**

August 5, 2022

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

Dear Governor Sisolak:

Pursuant to NRS 387.013, I am pleased to provide you with the financial statements of the Permanent School Fund for the quarter ended December 31, 2021.

Sincerely,

A handwritten signature in blue ink that reads "C Byrne".

Catherine Byrne, CPA
State Controller

CB: hr

Office of the Governor (1)
Governor's Office of Finance (2)
Nevada State Treasurer (1)
Nevada Tax Commission (1)
Division of State Lands (1)
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STATE OF NEVADA
PERMANENT SCHOOL FUND

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STATE OF NEVADA
PERMANENT SCHOOL FUND

BALANCE SHEET
December 31, 2021
(Unaudited)

Assets	<u>12/31//21</u>
Cash and cash equivalents	<u>\$ 89,921,824</u>
Accrued interest	
Investments	231,912
Treasurer's Interest Distribution	<u>27,878</u>
Total accrued interest	<u>259,790</u>
Receivables	
Land sales	11,948,042
Fines and penalties	541,929
Purchased interest	<u>7,226</u>
Total receivables	<u>12,497,197</u>
Investments	
Fixed income securities	157,330,791
Equity securities	<u>245,688,668</u>
Total investments	<u>403,019,459</u>
Other Assets	
Due from component unit (NCIC)	<u>21,925,995</u>
Total Assets	<u><u>\$ 527,624,265</u></u>
Liabilities	
Due to (from) the State Education Fund	\$ 112,188,674
Due to heirs	<u>2,891,280</u>
Total liabilities	<u>115,079,954</u>
Fund Balances	
Nonspendable: permanent fund principal	<u>412,544,311</u>
Total Liabilities and Fund Balances	<u><u>\$ 527,624,265</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
For the Quarter Ended and Fiscal Year to Date as of December 31, 2021
(Unaudited)

Revenues	Quarter Ended	Fiscal Year to Date
	<u> </u>	<u> </u>
Fines - State Penal Laws		
Justice Courts	\$ 1,196,898	\$ 2,417,510
District Courts	104,990	265,111
Municipal Courts	109,717	502,499
	<u> </u>	<u> </u>
Total fines	1,411,605	3,185,120
Investment income (loss)	22,539,372	22,338,145
Land sales	11,891,462	12,335,992
Escheated estates	47,895	43,530
Miscellaneous	-	4,805
	<u> </u>	<u> </u>
Total revenues	35,890,334	37,907,592
Other Financing Sources (Uses)		
Transfer (to) from State Education Fund	<u>(22,539,372)</u>	<u>(22,338,145)</u>
Net change in fund balances	<u>13,350,962</u>	<u>15,569,447</u>
Fund balances, beginning of period	399,193,349	396,814,686
Fund balance restatement		160,178
Fund balances, beginning of period (as restated)	<u>399,193,349</u>	<u>396,974,864</u>
Fund balances, end of period	<u>\$ 412,544,311</u>	<u>\$ 412,544,311</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 DECEMBER 31, 2021**

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 December 31, 2021, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$36,232,881.25 and funds held by the State Treasurer earned interest at an effective rate of 0.32 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.

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)

**STATE OF NEVADA
PERMANENT SCHOOL FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED DECEMBER 31, 2021**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues: (continued)

- 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 December 31, 2021 were:

<u>School District</u>	<u>Original Amount</u>	<u>Balance</u>
Carson City	\$9,560,000	\$8,225,000
Churchill	29,315,000	25,950,000
Douglas	17,500,000	7,305,000
Lincoln	5,759,300	3,043,000
Lyon	32,255,000	25,540,000
Nye	37,220,000	25,625,000
Washoe	40,000,000	30,100,000
White Pine	<u>7,000,000</u>	<u>5,915,000</u>
Total	<u>\$178,609,300</u>	<u>\$131,703,000</u>

Note 3 – ACCOUNTING CHANGES AND RESTATEMENTS:

The July 1, 2021 beginning fund balance was restated by \$160,178 to record an auditor adjustment to the Nevada Capital Investment Corporation and to recognize revenues deposited in the fourth quarter of fiscal year 2021 that were not recorded.

STATE OF NEVADA
PERMANENT SCHOOL FUND
SCHEDULE OF CASH AND INVESTMENTS
December 31, 2021

	Interest Rate %	Maturity Date	Face Amount	Amortized Cost*	Fair Value
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	0.32			\$ 20,697,544	\$ 20,697,544
Federated Short Term Investment	0.03			69,224,280	69,224,280
Total Cash and Cash Equivalents				<u>\$ 89,921,824</u>	<u>\$ 89,921,824</u>
Fixed Income Securities					
Federal Farm Credit Bank	0.15	05/16/2022	\$ 10,000,000	\$ 9,999,260	\$ 9,999,800
Federal Farm Credit Bank	0.09	03/22/2022	10,000,000	9,999,912	9,998,700
Federal Farm Credit Bank	0.12	01/12/2023	9,000,000	8,997,316	8,973,270
Federal Farm Credit Bank	0.20	02/12/2024	5,000,000	4,999,647	4,963,900
Federal Farm Credit Bank	0.43	03/03/2025	10,000,000	9,976,242	9,854,600
Federal Home Loan Bank	1.88	12/09/2022	10,000,000	10,164,350	10,136,300
Federal Home Loan Bank	0.38	09/04/2025	4,380,000	4,368,057	4,261,171
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000	9,972,295	9,731,500
Federal National Mtg Assn	0.38	08/25/2025	10,000,000	9,997,331	9,728,900
US Treasury Notes	0.50	02/28/2026	10,000,000	9,877,905	9,720,700
US Treasury Notes	0.75	03/31/2026	10,000,000	9,974,814	9,815,200
US Treasury Notes	0.75	04/30/2026	5,000,000	4,968,358	4,903,500
US Treasury Notes	1.63	05/15/2026	5,000,000	5,160,979	5,086,550
US Treasury Notes	2.13	05/31/2026	5,000,000	5,280,315	5,196,100
US Treasury Notes	1.88	07/31/2026	5,000,000	5,229,803	5,144,550
US Treasury Notes	1.88	06/30/2026	5,000,000	5,228,779	5,142,600
US Treasury Notes	1.38	08/31/2026	10,000,000	10,221,628	10,064,100
US Treasury Notes	0.25	05/15/2024	10,000,000	9,972,656	9,865,600
US Treasury Notes	0.25	05/31/2025	5,000,000	4,943,413	4,865,250
US Treasury Notes	0.38	07/15/2024	10,000,000	10,000,000	9,878,500
Total Fixed Income Securities			<u>\$ 158,380,000</u>	<u>\$ 159,333,060</u>	<u>\$ 157,330,791</u>
Equity Securities					
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 187,618,562
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	36,649,354
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	21,420,752
Total Equity Securities				<u>\$ 139,269,000</u>	<u>\$ 245,688,668</u>
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				<u>\$ 21,925,995</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 December 31, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 22,689	\$ 53,768
Churchill	12,744	24,101
Clark	725,338	1,404,720
Douglas	22,041	37,006
Elko	30,022	67,525
Esmeralda	-	750
Eureka	5,930	8,478
Humboldt	1,985	3,275
Lander	895	945
Lincoln	4,385	11,392
Lyon	16,601	40,177
Mineral	-	348
Nye	65,642	139,808
Pershing	445	1,010
Washoe	281,901	612,711
White Pine	6,280	11,496
Total	\$ 1,196,898	\$ 2,417,510

STATE OF NEVADA
PERMANENT SCHOOL FUND

SCHEDULE OF DISTRICT COURT FINES BY COUNTY
For the Quarter Ended and Fiscal Year to Date as of December 31, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 2,247	\$ 6,222
Churchill	1,452	6,599
Clark	34,417	105,479
Douglas	4,340	17,342
Elko	5,712	14,876
Humboldt	1,440	4,468
Lander	60	60
Lincoln	275	550
Lyon	1,797	2,159
Nye	2,025	2,478
Pershing	-	2,000
Washoe	46,395	94,927
White Pine	4,830	7,951
Total	\$ 104,990	\$ 265,111