

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Third Quarter
ENDED March 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**

September 20, 2021

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 March 31, 2021.

Sincerely,


Catherine Byrne, CPA
State Controller

CB: rm

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 (12)

STATE OF NEVADA
PERMANENT SCHOOL FUND

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STATE OF NEVADA
PERMANENT SCHOOL FUND

BALANCE SHEET

March 31, 2021

(Unaudited)

Assets	<u>3/31/2021</u>
Cash and cash equivalents	\$ 31,497,722
Accrued interest	
Investments	450,056
Treasurer's Interest Distribution	<u>49,427</u>
Total accrued interest	<u>499,483</u>
Receivables	
Land sales	691,531
Fines and penalties	750,789
Escheated estates receivable	-
Purchased interest	14,628
Other receivables	<u>-</u>
Total receivables	<u>1,456,948</u>
Investments	
Fixed income securities	202,533,132
Equity securities	<u>214,373,363</u>
Total investments	<u>416,906,495</u>
Other Assets	
Due from component unit (NCIC)	<u>23,339,718</u>
Total Assets	<u>\$ 473,700,366</u>
Liabilities	
Due to (from) the Distributive School Account	\$ 77,417,313
Due to heirs	<u>2,757,512</u>
Total liabilities	<u>80,174,825</u>
Fund Balances	
Nonspendable: permanent fund principal	<u>393,525,541</u>
Total Liabilities and Fund Balances	<u>\$ 473,700,366</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 March 31, 2021
(Unaudited)

Revenues	Quarter Ended	Fiscal Year to Date
Fines - State Penal Laws		
Justice Courts	\$ 1,298,540	\$ 3,360,747
District Courts	148,063	383,282
Municipal Courts	289,141	756,060
	<u>1,735,743</u>	<u>-</u>
Total fines	1,735,743	4,500,088
		-
Investment income (loss)	16,469,238	57,932,763
Land sales	1,922,160	4,922,210
Escheated estates	114,820	665,223
Gifts and donations	-	-
Miscellaneous	-	4,556
	<u>20,241,961</u>	<u>68,024,840</u>
Total revenues		-
		-
Other Financing Sources (Uses)		-
		-
Transfer (to) from Distributive School Account	<u>(16,469,238)</u>	<u>(57,932,763)</u>
		-
		-
		-
Net change in fund balances	3,772,723	10,092,077
		-
Fund balances, beginning of period	389,752,818	382,918,704
Fund balance restatement	-	514,760
Fund balances, beginning of period (as restated)	<u>389,752,818</u>	<u>383,433,464</u>
Fund balances, end of period	<u>\$ 393,525,541</u>	<u>\$ 393,525,541</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, 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 Distributive School Account of the General Fund that apportions it among the several school districts 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, 2021, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$28,512,314.79 and funds held by the State Treasurer earned interest at an effective rate of .73 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 MARCH 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. 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, 2021 were:

<u>School District</u>	<u>Original Amount</u>	<u>Balance</u>
Carson City	\$19,560,000	\$8,740,000
Churchill	36,315,000	27,130,000
Douglas	17,500,000	14,860,000
Lincoln	5,759,300	3,240,800
Lyon	32,255,000	27,665,000
Nye	37,220,000	29,410,000
Storey	4,720,000	2,745,000
Washoe	40,000,000	36,475,000
White Pine	<u>7,000,000</u>	<u>6,285,000</u>
Total	<u>\$200,329,300</u>	<u>\$156,550,800</u>

Note 3 – ACCOUNTING CHANGES AND RESTATEMENTS:

The July 1, 2020 beginning fund balance was restated by \$514,760 to record an auditor adjustment to the Nevada Capital Investment Corporation and to recognize revenues deposited in the fourth quarter of fiscal year 2020 that were not recorded.

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

	Interest Rate %	Maturity Date	Face Amount	Amortized Cost*	Fair Value
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	10.2.4	0.73		\$ 25,836,991	\$ 25,836,991
Federated Short Term	14.1.1	0.04		5,660,731	5,660,731
Total Cash and Cash Equivalents				<u>\$ 31,497,722</u>	<u>\$ 31,497,722</u>
Fixed Income Securities					
Federal Farm Credit Bank	0.16	08/12/2021	\$ 10,000,000	\$ 9,999,673	\$ 10,004,600
Federal Farm Credit Bank	0.10	10/08/2021	10,000,000	9,999,479	10,002,100
Federal Farm Credit Bank	0.13	11/02/2021	10,000,000	9,999,705	10,003,700
Federal Farm Credit Bank	0.15	05/16/2022	10,000,000	9,997,751	10,004,700
Federal Farm Credit Bank	0.09	03/22/2022	10,000,000	9,999,610	9,997,300
Federal Farm Credit Bank	0.12	01/12/2023	9,000,000	8,995,353	8,991,990
Federal Farm Credit Bank	0.20	02/12/2024	5,000,000	4,999,522	4,968,850
Federal Farm Credit Bank	0.43	03/03/2025	10,000,000	9,970,595	9,937,200
Federal Home Loan Bank	2.25	06/11/2021	11,000,000	11,011,590	11,046,750
Federal Home Loan Bank	1.88	07/07/2021	13,220,000	13,279,753	13,284,117
Federal Home Loan Bank	2.63	12/10/2021	10,000,000	10,168,334	10,176,600
Federal Home Loan Bank	2.38	09/10/2021	10,000,000	10,131,179	10,101,700
Federal Home Loan Bank	1.88	12/09/2022	10,000,000	10,296,502	10,286,400
Federal Home Loan Bank	0.38	09/04/2025	4,380,000	4,365,610	4,297,525
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000	9,966,697	9,811,000
Federal National Mtg Assn	2.50	04/13/2021	10,000,000	10,007,644	10,008,200
Federal National Mtg Assn	0.38	08/25/2025	10,000,000	9,996,779	9,815,800
US Treasury Notes	0.50	02/28/2026	10,000,000	9,855,800	9,799,200
Federal Home Loan MTG Corp	0.34	11/21/2022	10,000,000	10,000,000	10,002,000
Federal Home Loan MTG Corp	0.32	10/20/2022	10,000,000	10,000,000	10,003,300
Federal Farm Credit Bank	0.17	10/21/2022	10,000,000	10,000,000	9,990,100
Total Fixed Income Securities			<u>\$ 202,600,000</u>	<u>\$ 203,041,576</u>	<u>\$ 202,533,132</u>
Equity Securities				14.4e	14.4a
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 160,442,074
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	33,698,945
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	20,232,344
Total Equity Securities				<u>\$ 139,269,000</u>	<u>\$ 214,373,363</u>
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				<u>\$ 23,339,718</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 March 31, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 22,775	\$ 52,872
Churchill	23,958	42,936
Clark	776,169	2,025,814
Douglas	22,262	65,331
Elko	43,367	155,653
Esmeralda	1,100	6,527
Eureka	3,975	9,748
Lander	730	1,338
Lincoln	6,915	16,060
Lyon	20,338	58,177
Mineral	-	681
Nye	89,333	182,230
Pershing	2,310	3,850
Storey	-	7,003
Washoe	275,439	690,937
White Pine	9,869	41,590
Total	<u>\$ 1,298,540</u>	<u>\$ 3,360,747</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 March 31, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 6,581	\$ 19,733
Churchill	4,782	11,205
Clark	74,351	170,550
Douglas	4,042	15,651
Elko	5,724	20,927
Humboldt	798	3,784
Lander	40	981
Lincoln	375	1,000
Lyon	5,295	9,259
Mineral	22	5,447
Nye	5,607	9,432
Pershing	500	4,450
Washoe	35,622	100,334
White Pine	4,324	10,529
Total	<u>\$ 148,063</u>	<u>\$ 383,282</u>