

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Third Quarter
ENDED March 31, 2022
(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 1, 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 March 31, 2022..

Sincerely,

A handwritten signature in cursive script that reads "Catherine E 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
March 31, 2022
(Unaudited)

Assets	<u>3/31/22</u>
Cash and cash equivalents	<u>\$ 117,049,312</u>
Accrued interest	
Investments	233,500
Treasurer's Interest Distribution	<u>78,596</u>
Total accrued interest	<u>312,096</u>
Receivables	
Land sales	7,618,435
Fines and penalties	772,277
Purchased interest	<u>7,226</u>
Total receivables	<u>8,397,938</u>
Investments	
Fixed income securities	141,969,663
Equity securities	<u>232,421,225</u>
Total investments	<u>374,390,888</u>
Other Assets	
Due from component unit (NCIC)	<u>21,503,508</u>
Total Assets	<u>\$ 521,653,742</u>
 Liabilities	
Due to (from) the State Education Fund	<u>\$ 96,545,085</u>
Due to heirs	2,937,654
Vouchers payable	<u>35,918</u>
Total liabilities	<u>99,518,657</u>
 Fund Balances	
Nonspendable: permanent fund principal	<u>422,135,085</u>
Total Liabilities and Fund Balances	<u>\$ 521,653,742</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 March 31, 2022
(Unaudited)

Revenues	<u>Quarter Ended</u>	<u>Fiscal Year to Date</u>
Fines - State Penal Laws		
Justice Courts	\$ 1,528,526	\$ 3,946,036
District Courts	129,707	394,818
Municipal Courts	<u>296,821</u>	<u>799,320</u>
Total fines	1,955,054	5,140,174
Investment income (loss)	(15,643,589)	6,694,557
Land sales	7,621,618	19,957,610
Escheated estates	13,852	57,383
Miscellaneous	<u>250</u>	<u>5,054</u>
Total revenues	<u>(6,052,815)</u>	<u>31,854,778</u>
 Other Financing Sources (Uses)		
Transfer (to) from State Education Fund	<u>15,643,589</u>	<u>(6,694,557)</u>
 Net change in fund balances	<u>9,590,774</u>	<u>25,160,221</u>
Fund balances, beginning of period	412,544,311	396,814,686
Fund balance restatement		160,178
Fund balances, beginning of period (as restated)	<u>412,544,311</u>	<u>396,974,864</u>
 Fund balances, end of period	<u>\$ 422,135,085</u>	<u>\$ 422,135,085</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, 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 March 31, 2022, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$32,118,387.11 and funds held by the State Treasurer earned interest at an effective rate of 0.91 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, 2022**

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 March 31, 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	25,950,000
Douglas	17,500,000	7,305,000
Lincoln	5,759,300	2,903,000
Lyon	51,960,000	49,820,000
Nye	39,450,000	29,685,000
Washoe	40,000,000	30,100,000
White Pine	<u>7,000,000</u>	<u>5,915,000</u>
 Total	 <u>\$200,544,300</u>	 <u>\$159,903,000</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
March 31, 2022

	Interest Rate %	Maturity Date	Face Amount	Amortized Cost*	Fair Value
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	0.91			\$ 35,990,564	\$ 35,990,564
Federated Short Term Investment	0.03			81,058,748	81,058,748
Total Cash and Cash Equivalents				<u>\$ 117,049,312</u>	<u>\$ 117,049,312</u>
Fixed Income Securities					
Federal Farm Credit Bank	0.15	05/16/2022	\$ 10,000,000	\$ 9,999,753	\$ 9,994,400
Federal Farm Credit Bank	0.12	01/12/2023	9,000,000	8,997,958	8,908,380
Federal Farm Credit Bank	0.20	02/12/2024	5,000,000	4,999,689	4,826,350
Federal Farm Credit Bank	0.43	03/03/2025	10,000,000	9,978,090	9,427,400
Federal Home Loan Bank	1.88	12/09/2022	10,000,000	10,121,100	10,033,600
Federal Home Loan Bank	0.38	09/04/2025	4,380,000	4,368,858	4,075,283
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000	9,974,127	9,293,600
Federal National Mtg Assn	0.38	08/25/2025	10,000,000	9,997,511	9,318,400
US Treasury Notes	0.50	02/28/2026	10,000,000	9,885,139	9,255,900
US Treasury Notes	0.75	03/31/2026	10,000,000	9,976,277	9,336,300
US Treasury Notes	0.75	04/30/2026	5,000,000	4,970,161	4,662,700
US Treasury Notes	1.63	05/15/2026	5,000,000	5,151,896	4,830,300
US Treasury Notes	2.13	05/31/2026	5,000,000	5,264,655	4,928,150
US Treasury Notes	1.88	07/31/2026	5,000,000	5,217,433	4,878,900
US Treasury Notes	1.88	06/30/2026	5,000,000	5,216,232	4,879,700
US Treasury Notes	1.38	08/31/2026	10,000,000	10,209,915	9,544,900
US Treasury Notes	0.25	05/15/2024	10,000,000	9,975,501	9,565,200
US Treasury Notes	0.25	05/31/2025	5,000,000	4,947,500	4,658,200
US Treasury Notes	0.38	07/15/2024	10,000,000	10,000,000	9,552,000
Total Fixed Income Securities			<u>\$ 148,380,000</u>	<u>\$ 149,251,795</u>	<u>\$ 141,969,663</u>
Equity Securities					
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 177,428,535
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	34,783,161
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	20,209,529
Total Equity Securities				<u>\$ 139,269,000</u>	<u>\$ 232,421,225</u>
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				<u>\$ 21,503,508</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, 2022

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 27,600	\$ 81,368
Churchill	31,462	55,563
Clark	1,006,782	2,411,502
Douglas	16,383	53,389
Elko	31,141	98,666
Esmeralda	-	750
Eureka	2,830	11,308
Humboldt	400	3,675
Lander	2,232	3,177
Lincoln	9,390	20,782
Lyon	15,202	55,379
Mineral	-	348
Nye	35,229	175,037
Pershing	-	1,010
Washoe	341,830	954,541
White Pine	8,045	19,541
Total	<u>\$ 1,528,526</u>	<u>\$ 3,946,036</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, 2022

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 8,089	\$ 14,311
Churchill	2,862	9,461
Clark	36,200	141,679
Douglas	7,349	24,691
Elko	18,133	33,009
Humboldt	5,732	10,200
Lander	40	100
Lincoln	398	948
Lyon	532	2,691
Nye	570	3,048
Pershing	-	2,000
Washoe	45,427	140,354
White Pine	4,375	12,326
Total	\$ 129,707	\$ 394,818