

**STATE OF NEVADA**  
**PERMANENT SCHOOL FUND**  
**INTERIM FINANCIAL STATEMENTS**

**Fourth Quarter**  
**ENDED June 30, 2022**  
**(Unaudited)**



**Andy Matthews**  
**STATE CONTROLLER**

**CARSON CITY, NV**

**Andy Matthews**  
*Controller*

**STATE OF NEVADA**

**James Smack**  
*Chief Deputy Controller*



**OFFICE OF THE  
STATE CONTROLLER**

February 6, 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, 2022.

Sincerely,

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

Andy Matthews  
State Controller

CB: 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, 2022  
(Unaudited)

<b>Assets</b>	<u><b>6/30/22</b></u>
Cash and cash equivalents	\$ 138,167,345
Accrued interest	
Investments	301,101
Treasurer's Interest Distribution	104,061
Total accrued interest	<u>405,162</u>
Receivables	
Land sales	1,860,167
Fines and penalties	668,810
Purchased interest	7,226
Total receivables	<u>2,536,203</u>
Investments	
Fixed income securities	130,441,960
Equity securities	194,888,883
Private Equity securities	-
Total investments	<u>325,330,843</u>
Other Assets	
Due from component unit (NCIC)	21,605,943
<b>Total Assets</b>	<u><b>\$ 488,045,496</b></u>
<b>Liabilities</b>	
Due to the State Education Fund	\$ 10,881,468
Due to heirs	3,107,353
Vouchers payable	71,639
Total liabilities	<u>14,060,460</u>
<b>Fund Balances</b>	
Nonspendable: permanent fund principal	<u>473,985,036</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 488,045,496</b></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 June 30, 2022  
(Unaudited)

<b>Revenues</b>	<b>Quarter Ended</b>	<b>Fiscal Year to Date</b>
Fines - State Penal Laws		
Justice Courts	1,616,126	5,562,162
District Courts	157,250	552,068
Municipal Courts	294,859	1,094,179
	<hr/>	<hr/>
Total fines	2,068,235	7,208,409
Interest and Investment Income (loss)	(37,710,008)	(31,015,451)
Land sales	2,641,188	22,598,797
Escheated estates	246,434	303,816
Miscellaneous	1,537	6,592
	<hr/>	<hr/>
Total revenues	(32,752,614)	(897,837)
<b>Other Financing Sources (Uses)</b>		
Transfer from General Fund	89,850,529	89,850,529
Transfer to State Education Fund	(5,247,964)	(11,942,520)
	<hr/>	<hr/>
Total transfers	84,602,565	77,908,009
Net change in fund balances	<hr/>	<hr/>
	51,849,951	77,010,172
Fund balances, beginning of period	422,135,085	396,814,686
Fund balance restatement	-	160,178
	<hr/>	<hr/>
Fund balances, beginning of period (as restated)	422,135,085	396,974,864
Fund balances, end of period	<u>\$ 473,985,036</u>	<u>\$ 473,985,036</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, 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 June 30, 2022, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$47,432,627.87 and funds held by the State Treasurer earned interest at an effective rate of 0.87 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:

**STATE OF NEVADA  
PERMANENT SCHOOL FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED June 30, 2022**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues: (continued)

- 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)

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 81<sup>st</sup> 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 June 30, 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	24,175,000
Douglas	17,500,000	6,820,000
Lincoln	5,759,300	2,903,000
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>\$143,183,000</u>

**STATE OF NEVADA  
PERMANENT SCHOOL FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED June 30, 2022**

**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.

Beginning in fiscal year 2022, the Permanent School Fund investment earnings are transferred to the newly created State Education Fund, and the Distributive School Account (DSA) in the State's General Fund ceased to exist. Historically, the realized investment earnings were transferred to the DSA, and an accrual to the General Fund was recorded for the unrealized earnings. The State Controller's Office implemented an accounting change in fiscal year 2022 to transfer to the new State Education Fund only the realized investment earnings, with the unrealized investment earnings remaining in the Permanent School Fund. This change will more accurately reflect in the State Education Fund the investment earnings available for expenditure. As a result, a one time entry was recorded in fiscal year 2022 to transfer back to the Permanent School Fund \$89.8 million unrealized investment earnings originally transferred to the General Fund.

**STATE OF NEVADA**  
**PERMANENT SCHOOL FUND**  
**SCHEDULE OF CASH AND INVESTMENTS**  
June 30, 2022

	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Amortized Cost*</u>	<u>Fair Value</u>
<b>Cash and Cash Equivalents</b>					
Pooled Cash with State Treasurer	0.87			\$ 44,687,605	\$ 46,042,721
Federated Short Term Investment	0.03			92,124,624	92,124,624
<b>Total Cash and Cash Equivalents</b>				<u>\$ 136,812,229</u>	<u>\$ 138,167,345</u>
<b>Fixed Income Securities</b>					
Federal Farm Credit Bank	0.15	01/12/2023	9,000,000.00	8,998,608.02	8,885,070.00
Federal Farm Credit Bank	0.12	02/12/2024	5,000,000.00	4,999,730.14	4,795,300.00
Federal Farm Credit Bank	0.20	03/03/2025	10,000,000.00	9,979,958.95	9,333,800.00
Federal Home Loan Bank	0.43	12/09/2022	10,000,000.00	10,077,369.32	9,981,100.00
Federal Home Loan Bank	1.88	09/04/2025	4,380,000.00	4,369,668.05	4,026,490.20
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000.00	9,975,979.82	9,179,500.00
Federal National Mtg Assn	0.38	08/25/2025	10,000,000.00	9,997,693.26	9,193,700.00
US Treasury Notes	0.38	02/28/2026	10,000,000.00	9,892,453.12	9,125,800.00
US Treasury Notes	0.50	03/31/2026	10,000,000.00	9,977,755.20	9,196,500.00
US Treasury Notes	0.75	04/30/2026	5,000,000.00	4,971,982.97	4,589,450.00
US Treasury Notes	0.75	05/15/2026	5,000,000.00	5,142,711.56	4,744,350.00
US Treasury Notes	1.63	05/31/2026	5,000,000.00	5,248,820.89	4,836,550.00
US Treasury Notes	2.13	07/31/2026	5,000,000.00	5,204,926.21	4,782,600.00
US Treasury Notes	1.88	06/30/2026	5,000,000.00	5,203,545.15	4,788,300.00
US Treasury Notes	1.88	08/31/2026	10,000,000.00	10,198,072.42	9,358,600.00
US Treasury Notes	1.38	05/15/2024	10,000,000.00	9,978,377.91	9,512,100.00
US Treasury Notes	0.25	05/31/2025	5,000,000.00	4,951,633.20	4,618,950.00
US Treasury Notes	0.25	07/15/2024	10,000,000.00	9,999,999.62	9,493,800.00
<b>Total Fixed Income Securities</b>			<u>\$ 138,380,000</u>	<u>\$ 139,169,286</u>	<u>\$ 130,441,960</u>
<b>Equity Securities</b>					
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 148,226,986
Vanguard S&P Mid-Cap 400 Index 1st				22,951,467	29,309,313
Vanguard S&P Small-Cap 600 Index 1st				13,204,467	17,352,584
<b>Total Equity Securities</b>				<u>\$ 139,269,000</u>	<u>\$ 194,888,883</u>
<b>Private Equity Investments (Due from Component Unit)</b>					
Nevada Capital Investment Corporation				<u>\$ 21,605,943</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, 2022

<b>County</b>	<b>Quarter Ended</b>	<b>Fiscal Year to Date</b>
Carson City	\$ 28,549	\$ 109,917
Churchill	11,771	67,334
Clark	1,059,614	3,471,116
Douglas	23,919	77,308
Elko	20,045	118,711
Esmeralda	17	767
Eureka	2,591	13,899
Humboldt	2,425	6,100
Lander	3,335	6,512
Lincoln	5,595	26,377
Lyon	20,597	75,976
Mineral	-	348
Nye	109,746	284,783
Pershing	150	1,160
Washoe	321,837	1,276,378
White Pine	5,935	25,476
<b>Total</b>	<b>\$ 1,616,126</b>	<b>\$ 5,562,162</b>

**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, 2022

<b>County</b>	<b>Quarter Ended</b>	<b>Fiscal Year to Date</b>
Carson City	\$ 6,392	\$ 20,703
Churchill	15,444	24,905
Clark	57,084	198,763
Douglas	15,691	40,382
Elko	4,889	37,898
Esmeralda	30	30
Eureka	-	-
Humboldt	2,894	13,094
Lander	280	380
Lincoln	125	1,073
Lyon	4,426	7,117
Mineral	40	40
Nye	4,070	7,118
Pershing	-	2,000
Washoe	43,722	184,076
White Pine	2,163	14,489
<b>Total</b>	<b>\$ 157,250</b>	<b>\$ 552,068</b>