

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Fourth Quarter
ENDED June 30, 2021
(Unaudited)



CATHERINE BYRNE, CPA
STATE CONTROLLER

CARSON CITY, NV

CATHERINE BYRNE, CPA
Controller

STATE OF NEVADA

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Chief Deputy Controller



**OFFICE OF THE
STATE CONTROLLER**

September 29, 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 June 30, 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

June 30, 2021
(Unaudited)

Assets	6/30/2021
Cash and cash equivalents	\$ 20,604,135
Accrued interest	
Investments	370,272
Treasurer's Interest Distribution	5,526
Total accrued interest	375,798
Receivables	
Land sales	1,592,156
Fines and penalties	719,063
Escheated estates receivable	-
Purchased interest	80,547
Other receivables	-
Total receivables	2,391,766
Investments	
Fixed income securities	217,572,295
Equity securities	229,532,949
Total investments	447,105,244
Other Assets	
Due from component unit (NCIC)	23,028,276
Total Assets	\$ 493,505,219
Liabilities	
Due to (from) the Distributive School Account	\$ 93,944,988
Due to heirs	2,745,545
Total liabilities	96,690,533
Fund Balances	
Nonspendable: permanent fund principal	396,814,686
Total Liabilities and Fund Balances	\$ 493,505,219

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, 2021
(Unaudited)

Revenues	Quarter Ended	Fiscal Year to Date
	<hr/>	<hr/>
Fines - State Penal Laws		
Justice Courts	\$ 1,505,171	\$ 4,865,918
District Courts	145,732	529,014
Municipal Courts	311,782	1,067,842
	<hr/>	<hr/>
Total fines	1,962,685	6,462,773
Investment income (loss)	16,262,032	74,194,795
Land sales	1,592,156	6,514,366
Escheated estates	(554)	664,669
Gifts and donations	-	-
Miscellaneous	500	5,056
	<hr/>	<hr/>
Total revenues	19,816,819	87,857,542
		<hr/>
 Other Financing Sources (Uses)		
Transfer (to) from Distributive School Account	<hr/> (16,527,674)	<hr/> (74,460,437)
Net change in fund balances	<hr/> 3,289,145	<hr/> 13,381,222
Fund balances, beginning of period	393,525,541	382,918,704
Fund balance restatement		514,760
Fund balances, beginning of period (as restated)	<hr/> 393,525,541	<hr/> 383,433,464
Fund balances, end of period	<hr/> \$ 396,814,686	<hr/> \$ 396,814,686

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, 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 June 30, 2021, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$20,776,712.79 and funds held by the State Treasurer earned interest at an effective rate of .18 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 JUNE 30, 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 June 30, 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	14,435,000
Lincoln	5,759,300	3,240,800
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>\$139,030,800</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
June 30, 2021

		<u>Interest Rate %</u>	<u>Maturity Date</u>		<u>Face Amount</u>	<u>Amortized Cost*</u>	<u>Fair Value</u>
Cash and Cash Equivalents							
Pooled Cash with State Treasurer	10.2.4	0.20				\$ 17,333,613	\$ 17,333,613
Federated Short Term	14.1.1	0.00				3,270,522	3,270,522
Total Cash and Cash Equivalents						<u>\$ 20,604,135</u>	<u>\$ 20,604,135</u>
Fixed Income Securities							
Federal Farm Credit Bank		0.20	05/22/2020	\$	10,000,000	\$ 9,999,897	\$ 10,001,300
Federal Farm Credit Bank		0.10	10/08/2020		10,000,000	9,999,729	10,000,900
Federal Farm Credit Bank		0.10	11/02/2020		10,000,000	9,999,830	10,001,200
Federal Farm Credit Bank		0.20	11/16/2020		10,000,000	9,998,250	10,004,300
Federal Farm Credit Bank		0.10	12/22/2020		10,000,000	9,999,710	9,999,300
Federal Farm Credit Bank		0.10	01/12/2021		9,000,000	8,996,003	8,994,240
Federal Farm Credit Bank		0.20	02/12/2021		5,000,000	4,999,563	4,974,750
Federal Farm Credit Bank		0.40	03/03/2021		10,000,000	9,972,464	9,934,400
Federal Home Loan Bank		1.90	07/07/2021		13,220,000	13,223,696	13,224,495
Federal Home Loan Bank		2.60	12/10/2021		10,000,000	10,107,787	10,112,800
Federal Home Loan Bank		2.40	09/10/2021		10,000,000	10,057,492	10,044,200
Federal Home Loan Bank		1.90	12/09/2022		10,000,000	10,252,772	10,243,800
Federal Home Loan Bank		0.40	09/04/2025		4,380,000	4,366,420	4,328,360
Federal Home Loan Mtg Corp		0.40	09/23/2025		10,000,000	9,968,550	9,847,400
Federal National Mtg Assn		0.40	08/25/2025		10,000,000	9,996,962	9,855,800
US Treasury Notes		0.50	02/28/2026		10,000,000	9,863,115	9,852,700
US Treasury Notes		0.80	03/31/2026		10,000,000	9,971,824	9,959,800
US Treasury Notes		0.80	04/30/2026		5,000,000	4,964,673	4,977,350
US Treasury Notes		1.60	05/15/2026		5,000,000	5,179,550	5,184,550
US Treasury Notes		2.10	05/31/2026		5,000,000	5,312,331	5,305,100
US Treasury Notes		1.90	07/31/2026		5,000,000	5,255,093	5,247,850
US Treasury Notes		1.90	06/30/2026		5,000,000	5,254,431	5,245,100
US Treasury Notes		1.40	08/31/2026		10,000,000	10,245,573	10,242,200
Federal Home Loan MTG Corp		0.30	10/20/2022		10,000,000	10,000,000	10,000,000
Federal Farm Credit Bank		0.17	10/21/2022		10,000,000	10,000,000	9,990,400
Total Fixed Income Securities					<u>\$ 216,600,000</u>	<u>\$ 217,985,715</u>	<u>\$ 217,572,295</u>
Equity Securities						14.4e	14.4a
Vanguard Inst Index Fund Inst Plus						\$ 103,113,066	\$ 173,563,352
Vanguard S&P Mid-Cap 400 Index Ist						22,951,467	34,829,216
Vanguard S&P Small-Cap 600 Index Ist						13,204,467	21,140,381
Total Equity Securities						<u>\$ 139,269,000</u>	<u>\$ 229,532,949</u>
Private Equity Investments (Due from Component Unit)							
Nevada Capital Investment Corporation						\$ 23,028,276	

* 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, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 30,503	\$ 83,375
Churchill	18,148	61,084
Clark	891,304	2,917,118
Douglas	27,134	92,465
Elko	41,022	196,675
Esmeralda	3	6,530
Eureka	5,720	15,468
Lander	298	1,636
Lincoln	7,772	23,832
Lyon	30,565	88,742
Mineral	276	957
Nye	89,967	272,197
Pershing	450	4,300
Storey	-	7,003
Washoe	346,814	1,037,751
White Pine	15,195	56,785
Total	<u>\$ 1,505,171</u>	<u>\$ 4,865,918</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, 2021

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 3,473	\$ 23,206
Churchill	7,518	18,723
Clark	56,343	226,893
Douglas	7,300	22,951
Elko	5,319	26,246
Humboldt	1,038	4,822
Lander	180	1,161
Lincoln	200	1,200
Lyon	6,714	15,973
Mineral	880	6,327
Nye	3,192	12,624
Pershing	-	4,450
Washoe	52,230	152,564
White Pine	1,345	11,874
Total	<u>\$ 145,732</u>	<u>\$ 529,014</u>