

STATE OF NEVADA
PERMANENT SCHOOL FUND
INTERIM FINANCIAL STATEMENTS

Second Quarter
ENDED December 31, 2020
(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**

March 30, 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 December 31, 2020.

Sincerely,


Catherine Byrne, CPA
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 (12)

STATE OF NEVADA
PERMANENT SCHOOL FUND

Table of Contents

	<u>Page</u>
Balance Sheet	1
Statement of Revenues, Expenditures, and Changes in Fund Balances	2
Notes to the Financial Statements	3
Schedule of Cash and Investments	6
Schedule of Justice Court Fines by County	7
Schedule of District Court Fines by County	8

STATE OF NEVADA
PERMANENT SCHOOL FUND

BALANCE SHEET
December 31, 2020
(Unaudited)

Assets	<u>12/31/2020</u>
Cash and cash equivalents	\$ 47,936,455
Accrued interest	
Investments	376,175
Treasurer's Interest Distribution	<u>13,259</u>
Total accrued interest	<u>389,434</u>
Receivables	
Fines and penalties	<u>438,296</u>
Total receivables	<u>438,296</u>
Investments	
Fixed income securities	185,929,251
Equity securities	<u>200,127,834</u>
Total investments	<u>386,057,085</u>
Other Assets	
Due from component unit (NCIC)	<u>23,439,046</u>
Total Assets	<u><u>\$ 458,260,316</u></u>
 Liabilities	
Due to (from) the Distributive School Account	\$ 66,134,382
Due to heirs	<u>2,373,116</u>
Total liabilities	<u>68,507,498</u>
 Fund Balances	
Nonspendable: permanent fund principal	<u>389,752,818</u>
Total Liabilities and Fund Balances	<u><u>\$ 458,260,316</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
BALANCES**

For the Quarter Ended and Fiscal Year to Date as of December 31, 2020
(Unaudited)

Revenues	Quarter Ended	Fiscal Year to Date
	<u> </u>	<u> </u>
Fines - State Penal Laws		
Justice Courts	\$ 999,252	\$ 2,062,207
District Courts	109,825	235,219
Municipal Courts	206,756	466,919
	<u> </u>	<u> </u>
Total fines	1,315,833	2,764,345
Investment income (loss)	27,871,717	41,463,525
Land sales	-	3,000,050
Escheated estates	9,174	550,403
Miscellaneous	-	4,556
	<u> </u>	<u> </u>
Total revenues	29,196,724	47,782,879
	<u> </u>	<u> </u>
Other Financing Sources (Uses)		
Transfer (to) from Distributive School Account	<u>(27,871,717)</u>	<u>(41,463,525)</u>
Net change in fund balances	<u>1,325,007</u>	<u>6,319,354</u>
Fund balances, beginning of period	388,427,811	382,918,704
Fund balance restatement	-	514,760
Fund balances, beginning of period (as restated)	<u>388,427,811</u>	<u>383,433,464</u>
Fund balances, end of period	<u>\$ 389,752,818</u>	<u>\$ 389,752,818</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, 2020**

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 December 31, 2020, the Permanent School Fund's average balance in the State Treasurer's investment pool was \$25,057,737 and funds held by the State Treasurer earned interest at an effective rate of .21 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, 2020**

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 December 31, 2020 were:

<u>School District</u>	<u>Original Amount</u>	<u>Balance</u>
Carson City	\$19,560,000	\$8,740,000
Churchill	32,835,000	21,575,000
Douglas	17,500,000	14,860,000
Lincoln	5,759,300	3,340,800
Lyon	37,255,000	30,055,000
Nye	37,220,000	29,410,000
Storey	4,720,000	3,320,000
Washoe	40,000,000	36,475,000
White Pine	<u>7,000,000</u>	<u>6,285,000</u>
 Total	 <u>\$201,849,300</u>	 <u>\$154,060,800</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
December 31, 2020

	Interest Rate %	Maturity Date	Face Amount	Amortized Cost*	Fair Value
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	0.21			\$ 27,466,853	\$ 27,466,853
Dreyfus Inst Pref Gove MM	0.03			20,469,602	20,469,602
Total Cash and Cash Equivalents				<u>\$ 47,936,455</u>	<u>\$ 47,936,455</u>
Fixed Income Securities					
Federal Farm Credit Bank	0.16	08/12/2021	\$ 10,000,000	\$ 9,999,451	\$ 10,004,600
Federal Farm Credit Bank	0.10	10/08/2021	10,000,000	9,999,233	9,998,700
Federal Farm Credit Bank	0.13	11/02/2021	10,000,000	9,999,582	10,001,800
Federal Farm Credit Bank	0.15	05/16/2022	10,000,000	9,997,257	10,005,600
Federal Farm Credit Bank	0.09	03/22/2022	10,000,000	9,999,511	9,999,700
Federal Farm Credit Bank	0.18	03/03/2021	10,000,000	9,996,950	9,998,600
Federal Farm Credit Bank	0.20	01/27/2022	15,000,000	15,000,000	14,999,700
Federal Farm Credit Bank	0.17	10/21/2022	10,000,000	10,000,000	10,000,600
Federal Home Loan Bank	2.25	06/11/2021	11,000,000	11,026,281	11,100,430
Federal Home Loan Bank	1.88	07/07/2021	13,220,000	13,335,194	13,339,641
Federal Home Loan Bank	2.63	12/10/2021	10,000,000	10,228,215	10,234,300
Federal Home Loan Bank	2.38	09/10/2021	10,000,000	10,204,056	10,152,100
Federal Home Loan Mtg Corp	0.42	10/28/2022	15,000,000	15,000,000	15,001,200
Federal Home Loan Mtg Corp	0.34	11/21/2022	10,000,000	10,000,000	10,001,200
Federal Home Loan Mtg Corp	0.32	10/20/2022	10,000,000	10,000,000	10,008,500
Federal National Mtg Assn	2.50	04/13/2021	10,000,000	10,064,973	10,066,300
US Treasury Notes	1.13	02/28/2021	11,000,000	10,989,306	11,016,280
Total Fixed Income Securities			<u>\$ 185,220,000</u>	<u>\$ 185,840,009</u>	<u>\$ 185,929,251</u>
Equity Securities					
Vanguard Inst Index Fund Inst Plus				\$ 103,113,066	\$ 153,257,272
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	29,759,310
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	17,111,252
Total Equity Securities				<u>\$ 139,269,000</u>	<u>\$ 200,127,834</u>
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				<u>\$ 23,439,046</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, 2020

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 12,248	\$ 30,097
Churchill	8,092	18,978
Clark	624,762	1,249,645
Douglas	18,872	43,069
Elko	35,477	112,286
Esmeralda	1,712	5,427
Eureka	3,197	5,773
Lander	200	608
Lincoln	3,450	9,145
Lyon	20,613	37,839
Mineral	208	681
Nye	54,478	92,897
Pershing	100	1,540
Storey	3,990	7,003
Washoe	207,469	415,498
White Pine	4,384	31,721
Total	<u>\$ 999,252</u>	<u>\$ 2,062,207</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 December 31, 2020

County	Quarter Ended	Fiscal Year to Date
Carson City	\$ 7,624	\$ 13,152
Churchill	3,960	6,423
Clark	34,599	96,199
Douglas	7,073	11,609
Elko	10,329	15,203
Humboldt	2,641	2,986
Lander	-	941
Lincoln	375	625
Lyon	1,565	3,964
Mineral	1,700	5,425
Nye	1,325	3,825
Pershing	1,950	3,950
Washoe	34,384	64,712
White Pine	2,300	6,205
Total	<u>\$ 109,825</u>	<u>\$ 235,219</u>