STATE OF NEVADA

PERMANENT SCHOOL FUND

INTERIM FINANCIAL STATEMENTS

First Quarter
ENDED September 30, 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

May 20, 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 September 30, 2021.

Sincerely,

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)
Department of Conservation	(1)
State Library and Archives	(12)

STATE OF NEVADA

PERMANENT SCHOOL FUND

Table of Contents

	Page
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
September 30, 2021
(Unaudited)

Assets	**9/30/2021**
Cash and cash equivalents	$ 39,973,887
Accrued interest	
Investments	328,146
Treasurer's Interest Distribution	25,092
Total accrued interest	353,238
Receivables	
Land sales	387,478
Fines and penalties	725,361
Purchased interest	7,226
Total receivables	1,120,065
Investments	
Fixed income securities	198,713,692
Equity securities	228,606,190
Total investments	427,319,882
Other Assets	
Due from component unit (NCIC)	22,808,080
Total Assets	$ 491,575,152
Liabilities	
Due to (from) the Distributive School Account	$ 89,650,868
Due to heirs	2,730,935
Total liabilities	92,381,803
Fund Balances	
Nonspendable: permanent fund principal	399,193,349
Total Liabilities and Fund Balances	$ 491,575,152

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 September 30, 2021

(Unaudited)

	Quarter Ended
Revenues	
Fines - State Penal Laws	
Justice Courts	$ 1,220,611
District Courts	160,122
Municipal Courts	392,782
Total fines	1,773,515
Investment income (loss)	(201,227)
Land sales	444,529
Escheated estates	(4,364)
Miscellaneous	4,805
Total revenues	2,017,258
Other Financing Sources (Uses)	
Transfer (to) from Distributive School Account	201,227
Net change in fund balances	2,218,485
Fund balances, beginning of period	396,814,686
Fund balance restatement	160,178
Fund balances, beginning of period (as restated)	396,974,864
Fund balances, end of period	$ 399,193,349

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 SEPTEMBER 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 September 30, 2021, the Permanent School Fund's average balance in the State Treasurer's investment pool was $17,713,664 and funds held by the State Treasurer earned interest at an effective rate of 0.18 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 SEPTEMBER 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. SB 68 81st 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 September 30, 2021 were:

School District	Original Amount	Balance
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	7,000,000	5,915,000
Total	$178,609,300	$139,030,800

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

September 30, 2021

	Interest Rate %	Maturity Date	Face Amount	Amortized Cost*	Fair Value
Cash and Cash Equivalents					
Pooled Cash with State Treasurer	0.18			$ 17,148,373	$ 17,148,373
Federated Short Term Investment	0.03			22,825,514	22,825,514
Total Cash and Cash Equivalents				$ 39,973,887	$ 39,973,887
Fixed Income Securities					
Federal Farm Credit Bank	0.10	10/08/2021	$ 10,000,000	$ 9,999,981	$ 10,000,000
Federal Farm Credit Bank	0.13	11/02/2021	10,000,000	9,999,956	10,000,400
Federal Farm Credit Bank	0.15	05/16/2022	10,000,000	9,998,755	10,005,000
Federal Farm Credit Bank	0.09	03/22/2022	10,000,000	9,999,811	10,001,900
Federal Farm Credit Bank	0.12	01/12/2023	9,000,000	8,996,659	8,996,850
Federal Farm Credit Bank	0.20	02/12/2024	5,000,000	4,999,605	4,973,650
Federal Farm Credit Bank	0.43	03/03/2025	10,000,000	9,974,353	9,911,700
Federal Home Loan Bank	2.63	12/10/2021	10,000,000	10,046,575	10,047,800
Federal Home Loan Bank	1.88	12/09/2022	10,000,000	10,208,561	10,204,700
Federal Home Loan Bank	0.38	09/04/2025	4,380,000	4,367,239	4,307,292
Federal Home Loan Mtg Corp	0.38	09/23/2025	10,000,000	9,970,423	9,833,500
Federal National Mtg Assn	0.38	08/25/2025	10,000,000	9,997,146	9,843,100
US Treasury Notes	0.50	02/28/2026	10,000,000	9,870,510	9,827,300
US Treasury Notes	0.75	03/31/2026	10,000,000	9,973,319	9,925,800
US Treasury Notes	0.75	04/30/2026	5,000,000	4,966,516	4,959,550
US Treasury Notes	1.63	05/15/2026	5,000,000	5,170,265	5,154,900
US Treasury Notes	2.13	05/31/2026	5,000,000	5,296,323	5,270,700
US Treasury Notes	1.88	07/31/2026	5,000,000	5,242,448	5,214,650
US Treasury Notes	1.88	06/30/2026	5,000,000	5,241,605	5,214,050
US Treasury Notes	1.38	08/31/2026	10,000,000	10,233,601	10,186,300
US Treasury Notes	0.25	05/15/2024	10,000,000	9,969,748	9,950,400
US Treasury Notes	0.25	05/31/2025	5,000,000	4,939,235	4,914,050
US Treasury Notes	0.38	07/15/2024	10,000,000	9,999,999	9,971,100
Federal Farm Credit Bank	0.17	10/21/2022	10,000,000	10,000,000	9,999,000
Total Fixed Income Securities			$ 198,380,000	$ 199,462,633	$ 198,713,692
Equity Securities					
Vanguard Inst Index Fund Inst Plus				$ 103,113,066	$ 173,984,084
Vanguard S&P Mid-Cap 400 Index Ist				22,951,467	34,086,576
Vanguard S&P Small-Cap 600 Index Ist				13,204,467	20,535,530
Total Equity Securities				$ 139,269,000	$ 228,606,190
Private Equity Investments (Due from Component Unit)					
Nevada Capital Investment Corporation				$ 22,808,080	

* 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 September 30, 2021

County	Quarter Ended
Carson City	$ 31,079
Churchill	11,357
Clark	679,381
Douglas	14,965
Elko	37,503
Esmeralda	750
Eureka	2,548
Humboldt	1,290
Lander	50
Lincoln	7,007
Lyon	23,576
Mineral	348
Nye	74,166
Pershing	565
Washoe	330,810
White Pine	5,216
Total	$ 1,220,611

STATE OF NEVADA

PERMANENT SCHOOL FUND

SCHEDULE OF DISTRICT COURT FINES BY COUNTY

For the Quarter Ended and Fiscal Year to Date as of September 30, 2021

County	Quarter Ended
Carson City	$ 3,975
Churchill	5,147
Clark	71,062
Douglas	13,002
Elko	9,164
Humboldt	3,029
Lincoln	275
Lyon	362
Nye	453
Pershing	2,000
Washoe	48,532
White Pine	3,121
Total	$ 160,122