

Comprehensive Annual Financial Report

For The Fiscal Year Ended
June 30, 1998

Darrel R. Daines,
State Controller

Darrel Daines, State Controller

The State Controller is a constitutional officer elected for a four year term by the general electorate. The Controller is the ex-officio chief fiscal officer of the State and is empowered to represent the State in fiscal matters with the Federal Government. The Controller is charged with the responsibility of paying State obligations, paying employee salaries and maintaining the official accounting records of the State. He is responsible for demonstrating accountability to the public by preparing the Comprehensive Annual Financial Report.

The State Controller serves as member of both the State Board of Finance and the State Transportation Board.

Mr. Daines retired on January 4, 1999, after serving 16 years as the Elected State Controller.



STATE OF NEVADA

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DARREL DAINES
State Controller

STATE OF NEVADA

OFFICE OF

STATE CONTROLLER

STATE CAPITOL BUILDING

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KEN WEST

Chief Deputy Controller

December 11, 1998

**To the Citizens,
Governor and
Legislators of the
State of Nevada:**

I present the comprehensive annual financial report for the fiscal year ended June 30, 1998. This report will be my last, after having served sixteen years as the State Controller. Over this period, there have been many changes. The State population has more than doubled since 1982. More recently, from 1997 to 1998, the State population increased by 8%. We have also seen unheralded economic growth, since 1982 General Government Revenues have increased by over 300%. However, events this past year along with the financial condition of the State indicate a deceleration in the rate of our economic growth. The resulting reduction in the revenue growth has prompted the outgoing governor to implement a hiring freeze and require certain reservations of spending authority by all agencies. These corrective actions are anticipated to offset the expected revenue shortfall in fiscal year 1999.

Responsibility for the accuracy, completeness and fairness of this financial presentation rests with my office as State Controller. I am confident that the information reported is accurate in all material respects, is reported in a manner which fairly presents the financial position and results of operations of the State, and includes all disclosures necessary to enable the reader to gain an understanding of the State's financial activities.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this letter, organization chart, major initiatives, a report on the economic outlook and a special feature from the Nevada Film Office. The financial section includes the independent auditor's reports, the general purpose financial statements, and the combining, individual fund and account group statements and schedules. Trend information on fiscal, social and demographic measures on a multi-year basis is included in the statistical section.

This report has been prepared in accordance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). The independent accounting firm of Kafoury, Armstrong & Co. has audited the accompanying financial statements. The audit was conducted in accordance with generally accepted governmental auditing standards and the auditor's opinion appears first in the financial section. This year we received a qualified opinion on the general-purpose financial statements. New disclosures for the year 2000 are required this year by generally accepted accounting principles. The American Institute of Certified Public Accountants (AICPA) has expressed concern that the year 2000 disclosures are neither assertable by management, nor verifiable by auditors. The AICPA has advised auditors to be cautious when being associated with the disclosures required. Therefore, auditors have to consider whether or not to issue a qualified opinion. Our auditors have decided to qualify their opinion based on the new disclosures. (See Note 14H to the financial statements for more information.)

In addition, as described in Note 10 to the financial statements, the auditors were not able to satisfy themselves as to the claims expense and the reserve for incurred but not reported claims in the Self Insurance Fund. Except for these two items, the auditors' opinion states that the general-purpose financial statements present fairly, in all material respects, the financial position of the State as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types, and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The State of Nevada has received a Certificate of Achievement for the last ten consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Reporting Entity - Nevada, named the "Silver State" due to the vast quantities of silver mined from the Comstock Lode in the 1800s, is bordered by California, Oregon, Idaho, Utah and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where the average annual rainfall is less than ten inches. Approximately 87.6 percent of the 110,000 square miles of valleys and north-south mountain ranges is under federal ownership.

The economy and the tax base of the State are dependent upon the interrelated gaming and tourism industries, as well as upon federal activities, mining, warehousing, manufacturing, and agriculture. Nevada has experienced one of the fastest rates of population growth in the nation. The 1990 census showed a 55% increase over 1980 and the 1998 forecast of 1.9 million people indicates that Nevada's population has grown over 50% since 1990.

The State has operated under a constitution approved in 1864 and provides for a full range of services. These services include education, health and social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation, and resource development. State agencies and entities included in this report are those for which the State is considered to be financially accountable. There are several occupational licensing boards where the State's accountability is limited to State officials making appointments to the boards. The State does not exercise financial or administrative control over these boards and thus they are excluded from this report.

The following State agencies issue independent financial reports:

- Colorado River Commission
- Department of Museums, Library and Arts' Museums and History Fund
- Housing Division
- Legislative Counsel Bureau's Legislative and Contingency Funds
- Legislators' Retirement System
- Public Employees' Retirement System
- Risk Management's Self Insurance and Insurance Premiums Funds
- Employers Insurance Company of Nevada
- University and Community College System of Nevada

Copies of these independently audited reports are available upon request.

Internal Controls - State management is responsible for designing and encouraging adherence to policies and controls that safeguard resources. Internal controls are designed to provide reasonable, but not absolute assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of the financial records for preparing financial statements and maintaining accountability of assets.

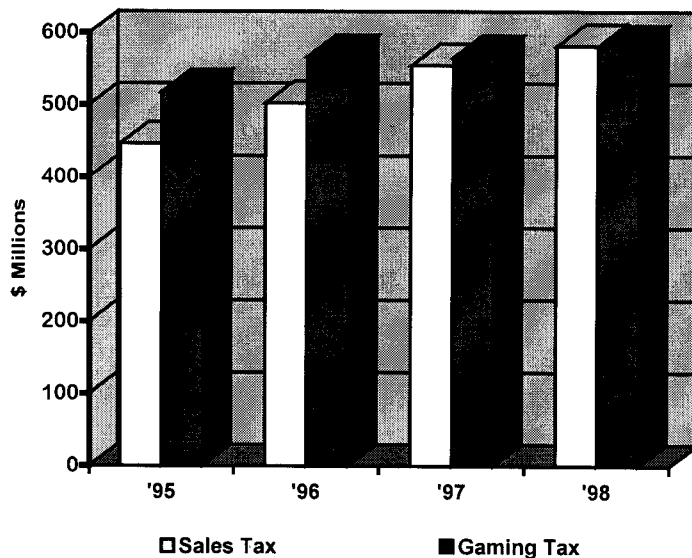
Such controls require judgment by management that the costs of controls should not exceed the benefits derived.

In addition to internal controls, the State also maintains budgetary controls to ensure compliance with the biennial financial plan as enacted by the Legislature through the appropriation and authorized expenditure acts. Budgetary controls also contain a system of encumbering purchase orders to ensure that appropriations are not exceeded.

General Government Functions - The following schedule presents a summary of revenues and other financing sources for the fiscal years ended June 30, 1998 and 1997, of the general fund, special revenue funds, debt service funds, capital projects funds, and expendable trust funds. Net transfers from/to other funds are included as other financing sources.

	1998		1997		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	1,983,447	57.2%	\$ 1,893,533	50.6%	\$ 89,914	4.7%
Intergovernmental	950,533	27.4	908,806	24.3	41,727	4.6
Licenses, fees and permits	204,653	5.9	198,622	5.3	6,031	3.0
Sales and charges for services	50,427	1.5	44,885	1.2	5,542	12.3
Interest	164,843	4.8	113,061	3.0	51,782	45.8
Other revenues	47,932	1.4	52,396	1.4	(4,464)	-8.5
Other financing sources	63,684	1.8	529,460	14.2	(465,776)	-88.0
	<u>\$ 3,465,519</u>	<u>100.0%</u>	<u>\$ 3,740,763</u>	<u>100.0%</u>	<u>\$ (275,244)</u>	<u>-7.4</u>

The increase in taxes was due to growth in the economy and population rather than new taxes or increased tax rates. However, the increase was less than what was anticipated in the budget. Taxes represent more than 50% of the resources available to the State for general government functions with sales taxes and gaming taxes representing approximately 60% of total taxes. The following chart depicts graphically sales and gaming taxes over the past four years.



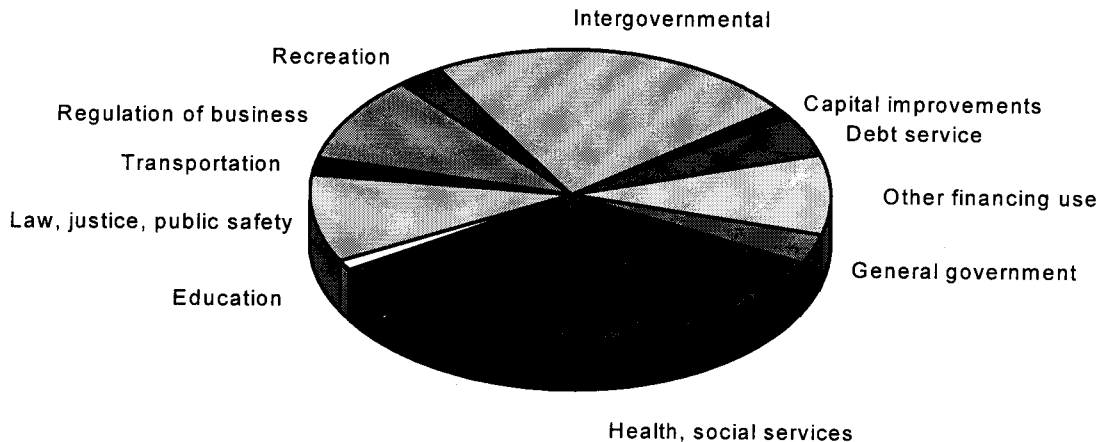
The chart shows that sales taxes have increased 30% over the four years, and gaming taxes have increased 12%. Sales tax growth slowed down in 1998 to 5%, while gaming tax growth increased to 3%.

Intergovernmental revenues, the next largest source, are predominantly federal. Interest derived from the investment of idle cash increased substantially. This increase was due to increased earnings rates as well as to the increase of cash and investment balances due to the improved fiscal health of the State. Other financing sources show a substantial decrease, due primarily to a decrease in proceeds from bonds. This was anticipated because debt financing does not occur on a uniform basis. Table II in the statistical section shows a ten-year time profile of resources for general government.

The following schedule presents a summary of general fund, special revenue funds, debt service funds, capital projects funds, and expendable trust funds expenditures and other financing uses for the fiscal years ended June 30, 1998 and 1997. Net transfers to/from the university system are the other financing use.

Expenditures and Other Financing Use
(Expressed in thousands)

	1998		1997		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 114,531	3.4%	\$ 101,565	3.2%	\$ 12,966	12.8%
Health, social services	1,162,628	34.0	1,090,069	34.2	72,559	6.7
Education	30,476	0.9	26,460	0.8	4,016	15.2
Law, justice, public safety	341,970	10.0	276,275	8.7	65,695	23.8
Regulation of business	67,816	2.0	63,730	2.0	4,086	6.4
Transportation	331,302	9.7	312,592	9.8	18,710	6.0
Recreation	91,436	2.7	89,011	2.8	2,425	2.7
Intergovernmental	767,476	22.5	672,812	21.1	94,664	14.1
Capital improvements	46,849	1.4	49,298	1.5	(2,449)	-5.0
Debt service	157,868	4.6	151,422	4.8	6,446	4.3
Other financing uses	302,878	8.9	350,404	11.0	(47,526)	-13.6
	<u>\$ 3,415,230</u>	<u>100.0%</u>	<u>\$ 3,183,638</u>	<u>100.0%</u>	<u>\$ 231,592</u>	<u>7.3</u>



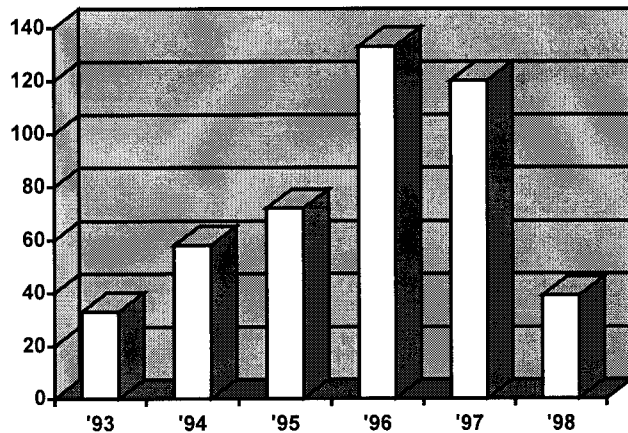
Expenditures for general governmental functions increased by approximately 13% over 1997 as shown in the preceding table. This was due primarily to costs incurred of over \$20 million for the securities lending program. Expenditures for transportation increased by \$19 million primarily due to additional construction projects in 1998.

The increase in intergovernmental expenditures is primarily due to:

- \$53 million increase in payments to local school districts driven by a 5% increase in public school enrollment,
- \$10 million increase in payments to local school districts for class size reduction, and
- \$7 million of additional special appropriations to various cities and counties throughout Nevada for programs and projects

Swings in capital improvement expenditures occur due to the biennial cycle of the Legislature and their authorization of projects. The 4% increase in debt service was anticipated. The other financing uses consist of net transfers to the University System (a component unit). Enrollment at the University System increased by 7% in the last year.

Unallocated Reserves



An important indicator of fiscal health is "unallocated reserves" which include the undesignated fund balance in the General Fund and the "rainy day" fund balance. The accompanying chart depicts those balances. Table III in the statistical section provides a ten year comparison. The "rainy-day" fund balance remained at \$128.8 million while the General Fund's undesignated fund balance decreased by \$80 million, resulting in a combined balance of \$39 million in 1998. This was another fiscal indicator that prompted the Governor to implement corrective fiscal measures.

Proprietary Operations - Internal Service Funds - The internal service funds charge and recover costs from State agencies for services such as building maintenance, printing, insurance, data processing, motor pool and others. Rates charged to State agencies for the operations of the internal service funds are adjusted in following years to offset gains and losses. In 1998, these funds showed a net loss of \$28.8 million. The Self Insurance Fund incurred a net loss of \$26 million for the year. Management has used surplus earnings accumulated from prior years to offset the loss. They also plan to assess participating entities an additional amount to cover the excess of health insurance costs over the premiums levied for fiscal year 1999. In addition, beginning January 1, 1999, certain benefits of the plan will be changed to decrease costs, as well as increase revenues.

As noted earlier, the auditors of the Self Insurance Fund have disclaimed their opinion. That disclaimed opinion centered over the accuracy of the claims expense. Management is addressing this problem with a new contract with our third-party administrator. This contract starting January 1, 1999 will have increased penalties to insure financial accuracy and timely processing of claims. Also, provisions have been made for increased auditing external to the third-party administrator. Management believes that the above actions will mitigate the problems by the close of fiscal year 1999.

Proprietary Operations - Enterprise Funds - The enterprise funds primarily reflect the activities of:

- The Colorado River Commission (CRC), which has two funds. The Power Marketing Fund provides for the purchasing and selling of electrical power from Nevada's share of the generating facilities at Hoover Dam and other power marketing related activities. The Power Delivery Fund provides for the construction and operation of certain electric power transmission and distribution facilities to initially serve the planned expansion of the Southern Nevada Water System.
- The Housing Division, which provides low interest loans to low and moderate income households.
- The Employers Insurance Company of Nevada, which provides benefits of medical care, disability compensation and rehabilitation services to Nevada workers who are injured or contract a disease in the course of their employment.

Combined assets of enterprise funds increased by \$558 million in 1998 and combined liabilities increased by \$287 million, resulting in a net reduction to fund deficit of \$271 million. These improvements over 1997 were primarily due to improvements realized by the Employers Insurance Company of Nevada. The Employers Insurance Company of Nevada reported net income of \$254 million and a fund deficit decrease from \$856 million in 1997 to \$603 million in 1998. The laws enacted by the 1993 Legislature and management efficiencies are proving effective in reducing the Nevada State Insurance Fund deficit which peaked at \$2,159 million at June 30, 1993.

Pension Trust Operations - The Public Employees' Retirement System (PERS) covers most public employees of the State and its political subdivisions, as well as other public employees. PERS net assets held in trust for pension benefits increased \$1,641million in 1998; however, PERS unfunded accrued liability, using the entry age normal cost method, decreased \$14 million to \$2,674 million at June 30, 1998. The funded ratio increased from 75.6% in 1997 to 78.2% in 1998. Under the present plan and actuarial method the unfunded liability will be fully amortized over a period of 26 years from July 1, 1997. Additional information is available in the Actuarial Section of PERS separately issued financial statements.

Debt Administration - The bond ratings from Moody's Investor Service and Standard and Poor's remained at Aa and AA respectively. These ratings reflect a good economic base and sound financial management. On June 30, 1998, outstanding bonded debt was (*expressed in thousands*):

General Obligation Bonds	\$ 1,748,836
Highway Revenue Bonds	17,700
Mortgage Revenue Bonds	915,053
	<u>\$ 2,681,589</u>

Only \$499 million of the \$1,748 million general obligation bonds are paid through a tax levy on property. The remaining \$1,249 million are serviced through user fees from enterprise fund operations, slot machine taxes, and revenues from local governments for the municipal bond bank and the water pollution control bonds.

The Constitution of the State limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State. As of June 30, 1998, the debt limit and remaining capacity were as follows (*expressed in millions*):

Debt limit (2% of assessed value)	\$ 831.7
Less: Bonds and leases payable	476.0
Remaining debt capacity	<u>\$ 355.7</u>

Exempt from this limit are debts incurred for the protection, preservation and development of natural resources.

New bonds sold during the 1998 fiscal year were (*expressed in thousands*):

General Obligation Refunding	7/15/97A-1	\$ 68,805
General Obligation Refunding	7/15/97A-2	12,285
Colorado River Commission - Power Delivery	9/15/97A	49,270
Water Refunding Bonds	9/15/97B	5,545
Municipal Bond Bank 65 & R-6	4/1/98	242,355
Housing Single Family	7/1/97	30,000
Housing Single Family	2/1/98	30,000
Housing Single Family	3/1/98	30,000
Housing Multi-family Austin Crest	11/1/97	15,750
Housing Multi-family Rancho Mesa	11/1/97	13,095
Housing Multi-family Maryland Villas	12/2/97	4,900
Housing Multi-family Judith Villas	12/2/97	6,500
Housing Multi-family Joshua Villas	12/2/97	8,000
Housing Multi-family Cheyenne Point	3/1/98	10,300

Capital Projects - To keep pace with demands of the growing population and economy, the State has a substantial capital project program. The following is a summary of major projects during 1998.

<i>(Expressed in millions)</i>	<i>Expended by June 30, 1998</i>	<i>Total Budget</i>
Clark County Armory	\$12.6	\$15.0
Juvenile Treatment Facility – Las Vegas	8.7	8.8
Construction of a 125-bed Housing Unit, Prisons-Carson City	7.3	7.4
Integrated Financial System	5.3	30.1
Construction of a 3,000 bed Prison, Indian Springs	.2	90.1

Not shown in the capital projects funds nor in the general fixed assets account group are the efforts of the Department of Transportation in improving and maintaining our highway infrastructure. During fiscal year 1998, the Nevada Department of Transportation contracted \$97 million in work to increase highway capacity, reconstruct the Interstate, build or rehabilitate 21 bridges, and increase safety. In addition, \$61 million of state-funded overlay and reconstruction work was contracted. A total of 532 miles of overlay and reconstruction work was advertised for construction.

University and Community College System of Nevada Funds (University System) - An elected eleven-member Board of Regents supervises the operation of the University System, comprising two universities, four community colleges and a research institute. Revenues in the current operating funds increased by \$16 million to \$349 million. Expenditures of current operating funds were recorded at \$583 million, an increase of \$53 million. State support increased \$55 million to \$298 million. Enrollment data are available in Table XVII of the statistical section.

Cash Management - Cash temporarily idle is invested by the State Treasurer. All cash except for monies in pension trust funds, Unemployment Compensation Fund, Nevada State Insurance Fund, and the University System are combined in the State Treasurer's investment pool. Uncommitted balances are invested in collateralized repurchase agreements, bankers acceptances (only those eligible for discount with the Federal Reserve), commercial paper issued by U.S. corporations (rated A-1, P-1 or better), corporate bonds issued by U.S. corporations (rated A or better), and securities of the U.S. government with typical maturities ranging from one day to five years.

The State Treasurer also operates a separate investment pool for local governments to take advantage of the greater interest earnings through pooled investments. The type of securities purchased and the investment policies are similar but somewhat more restrictive than those of the State pool.

Risk Management - The State is self-financed against certain property and liability claims. The Risk Management Division manages the Self Insurance Fund for group health insurance. Revenues are generated through charges to employees and departments to pay for contracted insurance and self-funded plans. The Division also manages the Insurance Premiums Trust Fund to provide fidelity, property and workers' compensation coverages. The Insurance Premiums Trust Fund is fully self-insured for general, civil and vehicle liability.

Conclusion - This report continues my commitment to inform and clearly demonstrate the financial condition of the State to the citizenry and the financial community. Considerable effort and cooperation has been exhibited by all of the State agencies, the Legislature and the Judiciary. Without their efforts, this financial report could not have been produced. I extend my sincere appreciation to the management and the leaders of State government for their stewardship. I especially thank John P. Comeaux and William D. Anderson for their contributions of the major initiatives and economic outlook sections. Our pictorial theme highlights feature films made in Nevada. I appreciate and thank the Nevada Film Office for their outstanding efforts in this feature. I commend the efforts of the accounting firm of Kafoury, Armstrong & Co.

In conclusion, my legacy to the State is leaving behind a staff that is both dedicated and technically proficient.

Respectfully submitted,

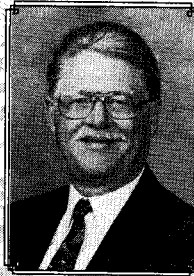


Darrel R. Daines
Nevada State Controller

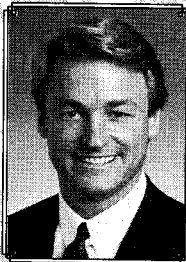
**STATE OF NEVADA
CONSTITUTIONAL OFFICERS**



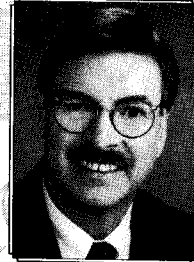
Robert J. Miller
Governor



Lonnie L. Hammargren, M.D.
Lieutenant Governor



Dean Heller
Secretary of State



Robert Seale
Treasurer

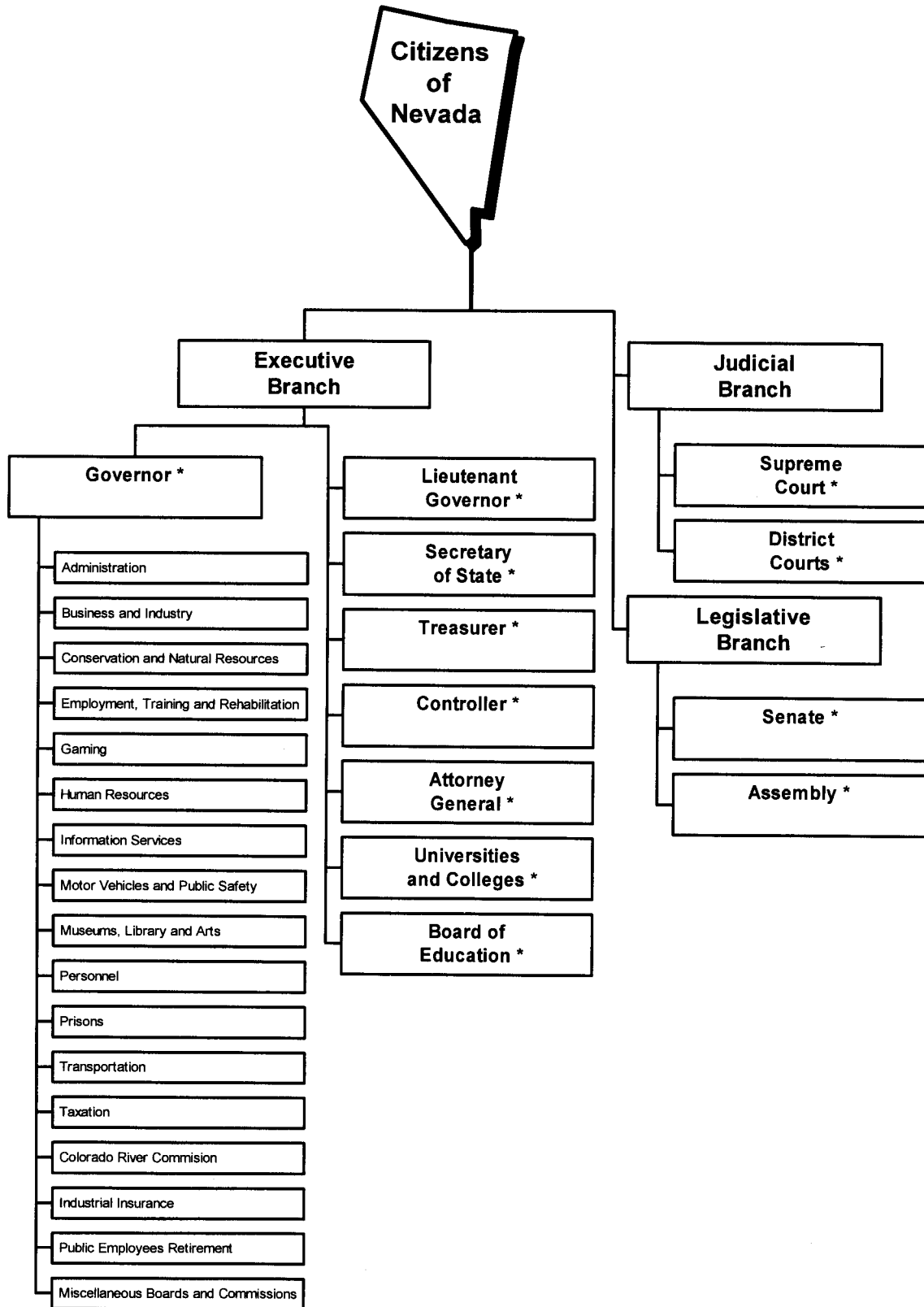


Darrel R. Daines
Controller



Frankie Sue Del Papa
Attorney General

NEVADA STATE GOVERNMENT



* Elected Officials or Bodies

Major Initiatives

John P. Comeaux
Director, Department of Administration

Integrated Financial System

The Integrated Financial System (IFS) will integrate accounting, purchasing, and personnel systems and provide state financial managers with accurate, consistent and timely data. It will also meet the internal accounting, administrative and state/federal reporting requirements for the Department of Transportation. The IFS will reduce duplicate data entry and manual record-keeping, ease federal grants and projects reporting, and make the state's accounting process less labor intensive, less paper intensive, and less costly. The initial users will be the Controller's Office and the Departments of Administration, Personnel and Transportation. Eventually all Nevada departments will be users. The core of the system will be up and running in fiscal 1999.

Year 2000

The Department of Information Technology (DoIT) has worked aggressively on the state's Year 2000 effort and project plan. However, the complexity of the coordination of all aspects of the project: diverse applications and solutions, interfaces, and independent agencies pose a significant challenge. To accurately determine the project's scope and complexity, DoIT's Y2K project plan was broken into six major phases: Awareness, Assessment, Strategic Planning, Conversion, Integrated Testing and Implementation.

During the project's assessment phase, data was collected from 24 departments and 86 agencies totaling 160 applications and 20,048,944 lines of code. Initial efforts and focus concentrated on the state's critical applications and core operations. DoIT's project plan also addressed the following areas: mainframe hardware and software (including licenses), interfaces, both internal and external; personal computer; local area network; wide area network hardware and software; phones; PBX; telecommunications; embedded systems; contingency plans for critical functions; and guidelines and certification policies. Currently, we are on schedule with our plan for code renovation to be completed by December 31, 1998. This will allow a full year of testing, implementation and any necessary remedial action.

DoIT also entered into an innovative beta test partnership with the private sector, which resulted in savings of \$9 million to the state in vendor contract costs. Additionally, Nevada was the first state to pass legislation addressing the legal liability issue (SB 180).

Because we are acutely aware that the Year 2000 has always been much more than a technical problem, the department has taken a proactive leadership role to increase awareness among the public, government and private sector entities:

- Assist state regulatory agencies to conduct public hearings to determine Year 2000 compliancy within their respective regulated industries
- Develop State Interface registry
- Chair the State Coordinating Council for State Emergency Contingency Plan
- Appointed member of national and federal year 2000 Committees
- Dedicated full time Quality Assurance position to validate certification

Nevada Check Up

Nevada Check Up provides health insurance to uninsured children of low-income families who are ineligible for Medicaid. The federal government approved Nevada's children's health insurance program in August of 1998. As of November 1, 1998, 2,500 children were enrolled. Health care services are delivered through health maintenance organizations in Clark and Washoe counties, and by Medicaid providers through fee for service in rural areas.

Workers' Compensation

In 1993, 1995 and again in 1997, the Legislature adopted laws which enabled significant reform to occur in the workers' compensation system in Nevada. The more prominent reforms include reductions in overall medical costs through various cost containment strategies, downward adjustment to benefit levels and changes in the financial administration of the State Insurance Fund. On July 1, 1997, the Nevada Legislature enacted Assembly Bill 609 (AB 609), which was designed to make various changes to the provisions governing industrial insurance. Under AB 609, State Industrial Insurance System business was divided into two separate accounts: (1) the "Account for Extended Claims" and (2) the "Account for Current Claims."

Business underwritten and claims incurred prior to July 1, 1995 have been allocated to and are now the sole responsibility of the "Account for Extended Claims." New business and existing claims liabilities on business written on or after July 1, 1995 are recorded as the "Account for Current Claims." Effective July 1, 1998, the State of Nevada dropped the name State Industrial Insurance System, and formally changed the name of the "Account for Current Claims" to Employers Insurance Company of Nevada.

Electric Restructuring

Electric restructuring is the term applied to the changes being made in the way customers purchase power. Currently, electric power is supplied by one utility company that has the exclusive right to provide all power within a specific geographic area. In the future, many different companies will compete to provide electricity to customers.

The Public Utilities Commission of Nevada is developing regulations for competitive electric service in Nevada. The Commission will determine which components of electric service are suitable for competition, complete consumer protection provisions and establish licensing requirements for all alternative sellers. At a minimum, the procedures and conditions for licensing will assure: 1) safety and reliability of service, 2) financial and operational fitness, and 3) adequate billing practices and customer service practices to assure good behavior in the marketplace. Alternative sellers who are licensed by the Commission will be able to offer electric services and consumers will be able to choose who provides them power on or before December 31, 1999, barring any unforeseen circumstances.

The purpose of electric restructuring in Nevada is to improve efficiency, encourage innovation, and lower costs.

Welfare Reform

Nevada's Temporary Assistance for Needy Families (TANF) caseload dropped 42% between March 1995 and October 1998. The Welfare Division assesses individual clients' strengths for entering the work force. Beginning in fiscal 1998, individuals and the division mutually agree on a Personal Responsibility Plan to enable the family to become economically independent of taxpayer assistance. The division also opened a training center for clients, and currently helps non-custodial parents find work. Working with county district attorneys, child support collections increased 80% in the past six years.

Hiring Freeze

In the spring of 1997, the Economic Forum forecasted fiscal 1999 certain general fund revenue at \$1,542,428,610. The Legislature passed appropriations using the Forum's forecast. By December 1998, revenue collections for fiscal 1999 were significantly below the forecasts used to construct the budget. On December 1, the Economic Forum dropped their forecast by \$69,469,812, or 4.5%, to \$1,472,958,798. In addition, the state faced a one-time expense to restore the Benefits Services Trust Fund, which was depleted by costs associated with the failure of the contracted third party claim administrator, and faced supplemental appropriations for certain key programs. In anticipation, Governor Bob Miller ordered a hiring freeze. The Budget office set minimum projected reversions for state agencies. As this goes to press, it appears the hiring freeze and required reversions should cover the revenue shortfall. The Governor and the Budget Director will continue watching revenues and expenditures carefully, and may need to make further budget adjustments in fiscal 1999.

ECONOMIC REVIEW AND OUTLOOK

William D. Anderson
Economist, State of Nevada Budget and Planning Division

INTRODUCTION

Unfolding events over the past year point to a deceleration in the pace of economic growth, both nationally and in Nevada. Nonetheless, the economy continues to grow and talk of recession appears, at this stage, to be premature.

The U.S. economy emerged from the early-1990s recession in March 1991. The current upturn is fast-approaching the expansion of the 1960s (106 months) as the longest on record. In Nevada, the economic expansion has resulted in average annual job growth of 6.3% since fiscal year 1992. Over the same time, real personal income growth has averaged 6.7% per year. Population growth has averaged 5.8% annually over the course of the past five years.

On the fiscal side, the State's two largest revenue sources, sales and gaming taxes, surged during the mid-1990s. Double-digit sales tax increases were recorded each year between fiscal years 1994 and 1997. Percentage fee collections, the State's largest source of gaming revenue, turned in gains of at least 6% every year between fiscal years 1993 and 1996. Over the course of the past year or two, however, revenue growth has subsided. Trends of late point to underlying General Fund revenue growth in the mid-single digits.

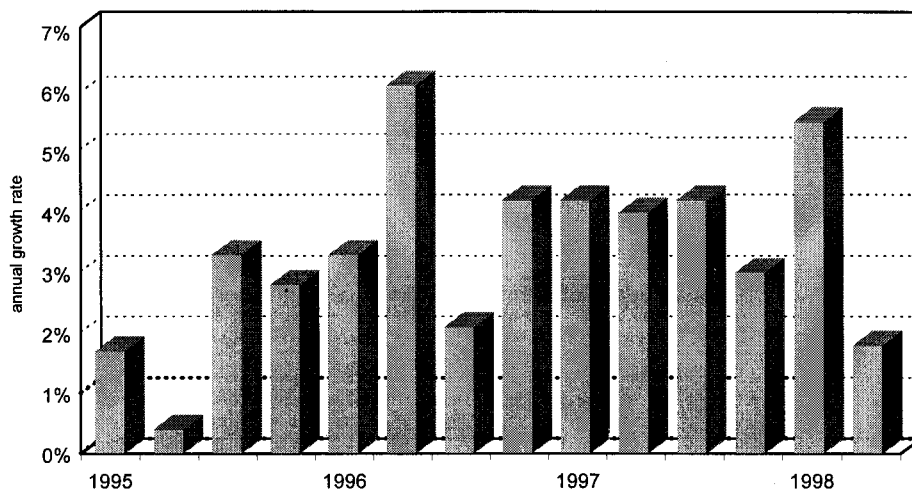
While most other states strive for the economic growth that Nevada achieves year after year, constrained revenue growth will challenge the State's fiscal policymakers in the years ahead as they utilize these scarce resources to meet the ever-growing demands resulting from the State's unprecedented growth.

REVIEW

The news of late has been dominated by concerns over the potential impacts of Asian-based problems on the U.S. economy. Some forecasters suggested that these problems represented the catalyst for a full-blown recession in the U.S. The financial markets reacted with alarm, as evidenced by slumping U.S. stock markets over the summer.

However, as the year draws to a close, it appears that the concerns of many were arguably overblown. Although the pace of the economic expansion is showing signs of slowing (Chart 1), a recession does not appear to be on the horizon and stock markets show signs of turning bullish.

Chart 1
U.S. Real GDP Growth



In Nevada, the economy remains strong. Essentially every measure of economic performance is encouraging. Since 1992, the rate of personal income growth in Nevada has been double the growth turned in nationwide (Chart 2). Nevada job growth has been about triple the pace of job creation in the U.S. (Chart 3).

Chart 2
U.S. and Nevada Personal Income

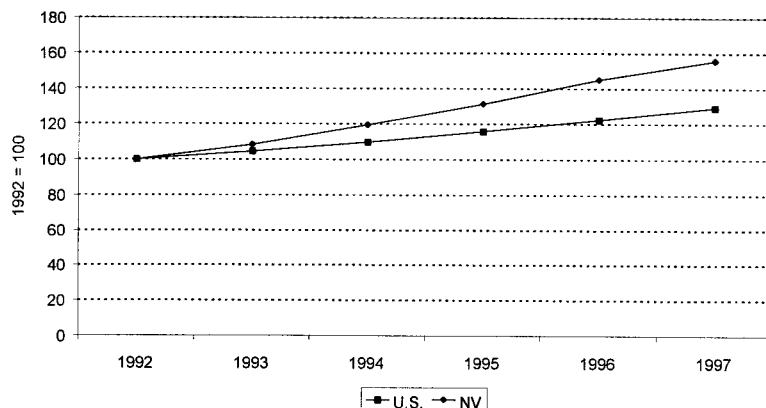


Chart 3
U.S. and Nevada Nonagricultural Jobs

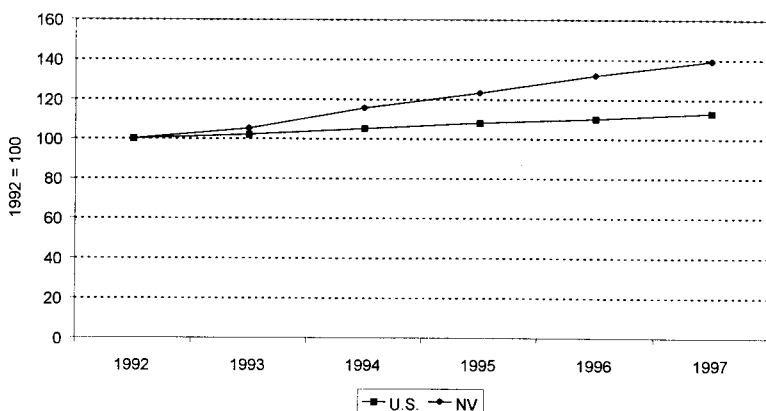
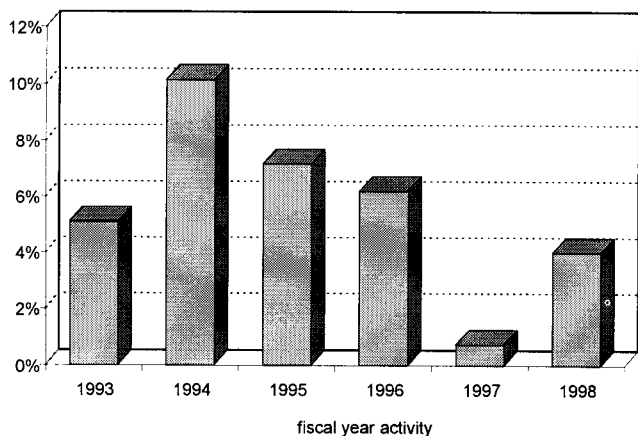


Chart 4
Nevada Winning Game Growth



Still, signs of deceleration are evident. At 7.5% in 1997, Nevada personal income growth eased from three consecutive years of double-digit gains. Job growth, at a solid 4.4% in FY 1998, was below the pace of previous years. Taxable sales growth eased considerably in fiscal year 1998, cutting sales tax growth in half. Although inherently volatile, growth in gaming win has eased from the pace of the mid-1990s (Chart 4). Over the course of the past year, the State's mining industry has retrenched in the face of weak gold prices. The end result is stagnant or declining job rolls and significant reductions in the level of taxable sales in many of the State's mining-based rural communities. Other anecdotal evidence of the impacts of mining's difficulties can be found in school enrollment declines in some of the State's rural counties.

The construction sector, however, remains vibrant in Nevada. Job growth remains in the high single-digits. Existing single-family home sales are up by nearly one-fourth in the second quarter of 1998. Housing permit issuance is up 7%, through August, on a year-to-date basis. Housing starts during the second quarter stand 10.2% higher than a year ago. The value of nonresidential permits is up 11.8% in the second quarter. In addition, the Las Vegas Strip is in the process of another major round of mega-resort expansion projects.

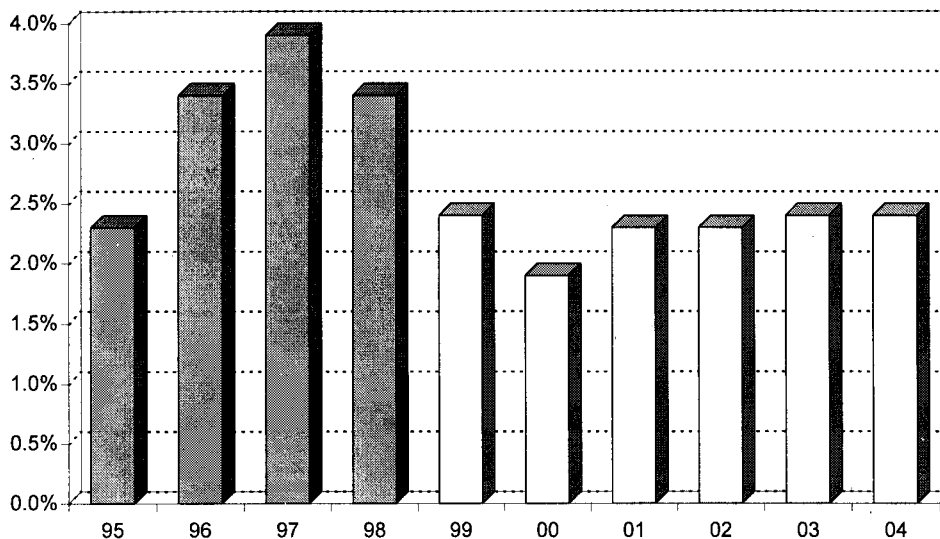
All things considered, the Nevada economy remains on solid ground. Although driven by the service sector, the State's goods-producing industries, with the exception of mining, are thriving and prospering in Nevada's hospitable business climate. However, an encouraging past does not guarantee a promising future. As outlined below, there are some outstanding issues which have the potential to adversely impact Nevada's impressive economic showing.

OUTLOOK

The business cycle is not dead. The current expansion in the national economy will eventually end. While there are problems to be addressed, on both the domestic and international fronts, the current outlook favors a continuation of the economy's recent positive performance.

WEFA, Inc., a well-respected economic forecasting firm, is predicting that economic growth will hover around 2% to 2.5% over the next six years (Chart 5). Perhaps most importantly for Nevada, WEFA expects similar growth in the level of "real" consumer expenditures, after adjusting for inflation. The odds of a near-term recession, according to WEFA, are about one-third. While a recession cannot be ruled out at this time, the positives clearly outweigh the negatives.

Chart 5
U.S. Real GDP Growth: History and Forecast



This moderate growth scenario will not threaten continued brisk expansion in the Nevada economy. Job opportunities will continue to expand in Nevada (Chart 6). Current Budget Office expectations are for growth to increase slightly to roughly 5.5% in the near-term, fueled mostly by expansion projects on the Las Vegas Strip. Following that initial burst, growth should ease to near 4%, an underlying rate of job growth which would represent a boom in most states. Personal income growth will follow the same underlying trend (Chart 7).

Chart 6
Nevada Nonagricultural Job Growth: History and Forecast

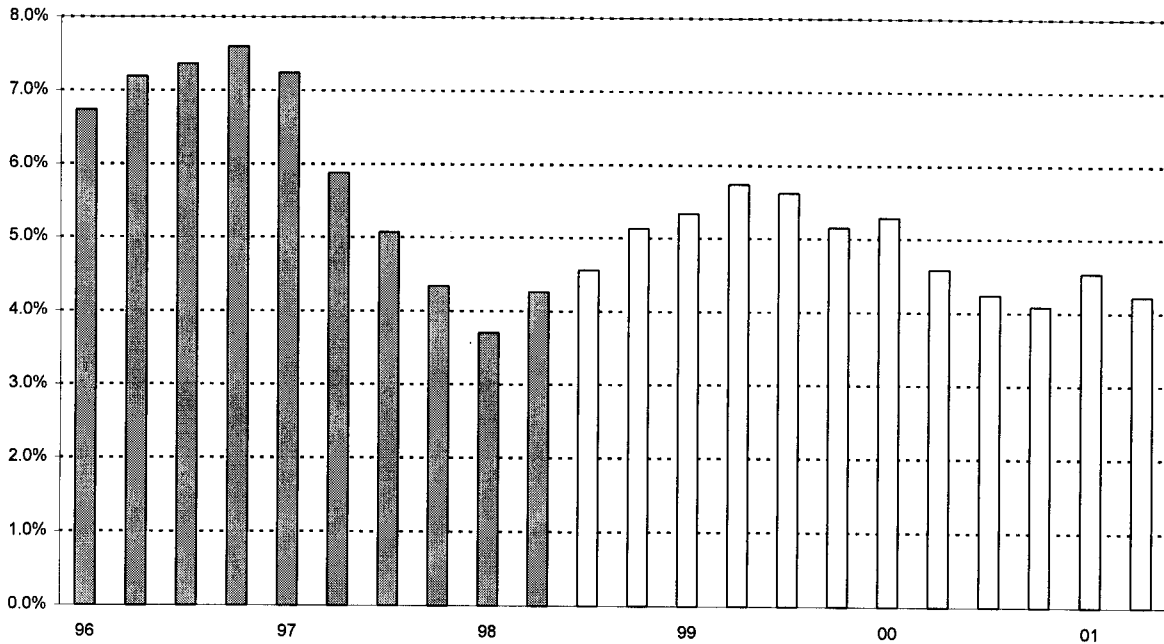
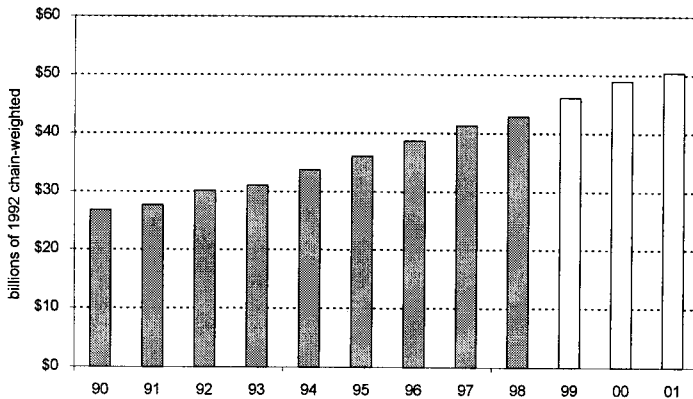


Chart 7
Real Nevada Personal Income



There are several issues, which will drive the short- and long-term economic and fiscal outlook in Nevada. The most pressing short-term issue revolves around the ability of the Las Vegas Strip to absorb the current round of supply-side expansions in a profitable manner. For this to occur, the demand-side of the market must keep pace. If it does not, the new properties will simply redirect business from existing establishments.

A factor impacting both short- and long-term prospects revolves around unprecedented growth in gaming outlets throughout the nation, especially in neighboring California, and its impact on Nevada casinos. Some argue that the availability of gaming elsewhere hurts Nevada. Others view gaming's proliferation more positively, arguing that it helps "grow" the potential market.

On a similar note, the ability of the major gaming centers in Nevada to diversify and offer consumers leisure and entertainment options not available elsewhere will surely impact the State's long-term economic health. Consumers can spend their gaming dollars elsewhere, but no comprehensive gaming, entertainment, and leisure center has yet evolved to compete with Nevada, and especially Las Vegas, on all fronts.

Another issue impacting the future pace of State economic activity concerns the ability of the business community to hire workers with necessary skills and expertise. If the healthy job growth experienced in the State of late is to continue beyond the end of this century, Nevada's labor markets must provide employers with the resources necessary for them to thrive in an increasingly-competitive marketplace.

In sum, the Nevada economy continues to lead the nation. Even in the face of several important issues, near-term expectations are for the State economy to continue performing at a very respectable clip.

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Douglas R. Ellsworth
President

Jeffrey L. Essler
Executive Director

This year's special feature section presents an overview of the Nevada Film Office and its part in bringing movies to the state as part of a broader economic development program.



CON AIR (1997)

took Actor Nicolas Cage to both ends of the state. The crew stayed in West Wendover during the filming of high-powered action scenes at the Wendover Air Base. The team then moved to Las Vegas for a finale that included the actual implosion of a major casino.

Movies are fun, glamorous, exciting—and big business for Nevada. That's why the state has devoted an entire division of the Commission on Economic Development to the fostering of film projects within our borders. Movies mean jobs for locals and revenue for vendors in amounts that total millions of dollars annually. The Nevada Film Office is here to help those resources thrive.

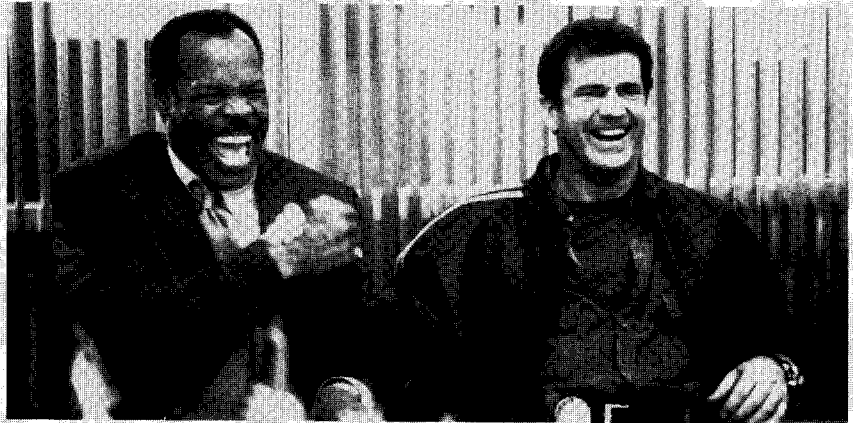
The jobs may or may not be glamorous, and they apply to the production of commercials, television shows and segments, music videos and still shoots as well as the more high-profile feature films. Local jobs range from residents getting their faces up on the big screen as extras to the unseen carpenter nailing together boards for a set. Locals work on movies in such capacities as accounting, camera operation, make up artistry, production coordination, location management, script supervision, security and stunts.

Similarly, the kinds of services provided to the industry cross many boundaries, from accommodations at hotels to catering meals on set. Even government agencies get involved when a production company contracts with off-duty peace officers to work on set.

Equipment vendors also cover a broad spectrum, from automobiles to honeywagons. Air conditioning units, period vehicles and video equipment may all be rented by production companies. The power it takes to run equipment may come from generators rented locally.

Expenditures aren't always predictable. In one project, money was paid to collect hundreds of cockroaches – a horror story, of course! In another, crew members were working late and needed a snack, so on a whim, about 100 pizzas were ordered and delivered on set. Then there's one project locals still talk about: hundreds of people were paid as "extras" to spend 16 hours a day being part of a movie audience watching a topless review patterned after those in many Nevada showrooms.

From animal trainers to musicians, stage operators to telephone companies, the impact of filmmaking in Nevada is far-reaching and vital to the state's economic development.



LETHAL WEAPON FOUR (1998)
brought actors Danny Glover and Mel Gibson to Henderson, Nevada, for a high-speed car chase on the city's busiest freeway.



CITY OF ANGELS (1998)
meant a return to Nevada for Nicolas Cage as an angel in love with a heart surgeon played by Meg Ryan. Ryan also worked in the state on *Promised Land*, with scenes in Reno and Wendover.



Just because a project is set in the Silver State doesn't mean it will shoot here. This is just one of the reasons the Nevada Film Office exists. Some people think *Sister Act* just dropped into the state because Reno is one of the settings. However, the original script was written for Atlantic City. The Nevada Film Office staff came up with a package of locations, services, equipment and crew members that showed why filming here would be more effective.

Or take one of the state's most visible production associations: *Bonanza*. Back in the 1960s, most of the long-running series were shot on sound stages in Los Angeles, though producers came to Incline Village and the Ponderosa Ranch to film some interiors and important establishing shots.



HIGH MOUNTAIN RANGERS (1986) had Robert Conrad on a weekly rescue mission for television while *BONANZA: THE NEXT GENERATION* (1986) ushered in a resurgence of the classic television series at the real-life Ponderosa Ranch in Incline Village.

REMINGTON STEELE (1985), also known as a pre-James Bond Pierce Brosnan, paid a visit to Las Vegas for an episode of the popular television program. Episodic television programs are frequent visitors to the city.



When a small revival began in the 1980s, producers felt they needed a more isolated, rugged look than Los Angeles offered at the time. Yet, their immediate thought was not Nevada's Lake Tahoe, but Canada with its favorable exchange rate. Once again, it took Nevada Film Office staff to show how area locations were a better deal.

One way of selling the area is to point out that Nevada doesn't necessarily have to play Nevada. For instance, the Arizona you see in much of the Oscar winning *Rainman* is in fact Nevada. The movie is one of Pahrump's claims to fame—that's where an important diner scene takes place. More recently, the Arizona you see in *Breakdown* is also Nevada. The community of Nelson fit the bill for that one.

From Old West (Gold Hill in *Dead Man*) to Outer Space (Valley of Fire in *Star Trek: Generations*) Nevada plays a wide variety of locations. Like a seasoned performer, it has many faces and moods to offer.

Another renowned organization has already taken the motto "Be Prepared," but it's one that works for the Nevada Film Office. The office organization is designed to provide a 24-hour turnaround of information and material to lure production companies into taking that second, third or more detailed look at the region.

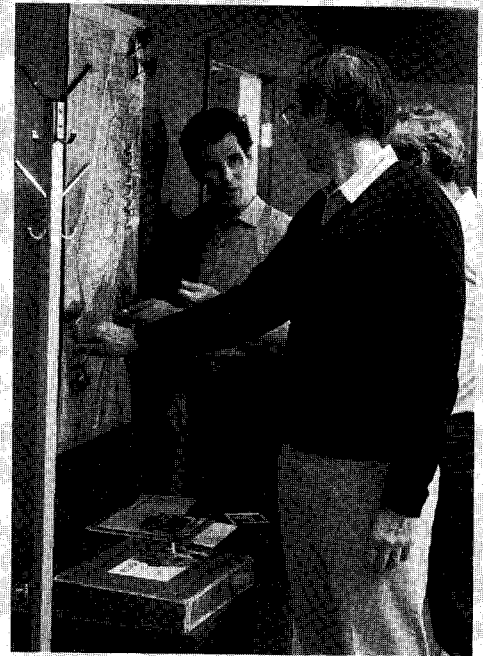
Staff first assesses what locations will work for the project's needs. Casinos and deserts aren't a big stretch but neither are civic centers, ghost towns, freeways nor lonely stretches of highway. The office files contain thousands of panoramic photos of frequently requested sites which can be pulled, express mailed, and in a production executive's hands the next day.

In some cases, a location must be photographed at a certain angle or under specific weather conditions. So a scout will go to the site, take pictures in the expected format, use one-hour processing and get a package delivered the next day.

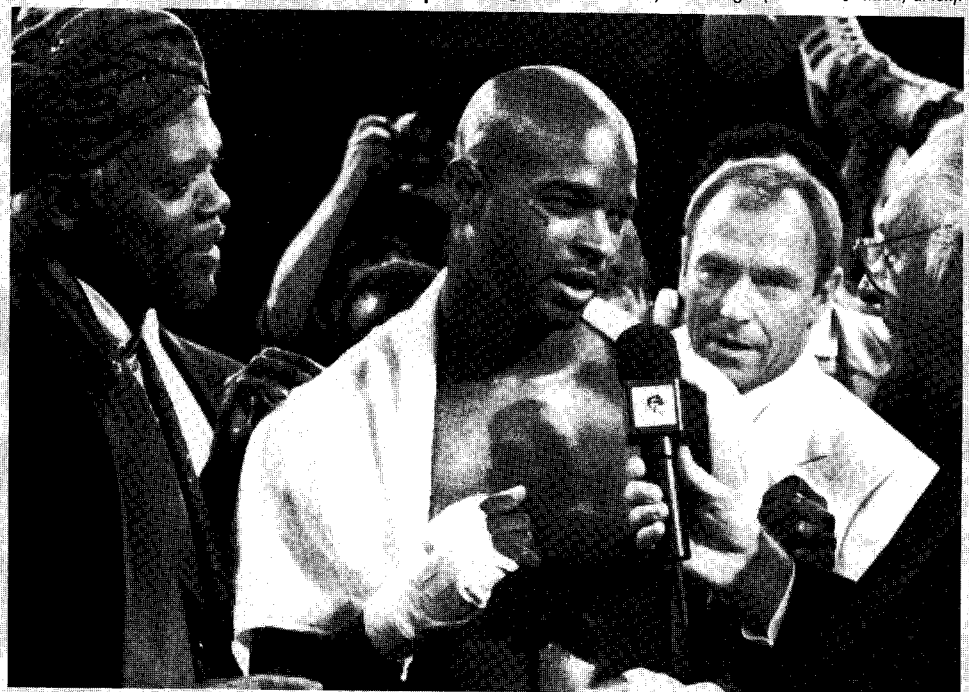
Other times, a producer requests something not in the files—say railroad tracks running parallel to a highway in an isolated area. Research is conducted, phone calls made and likely sites determined. Then the scouting and photography process gets underway.

Not surprising with Nevada's tremendous growth, files must be constantly updated as some buildings disappear, others come back with an entirely new look and interior decorators frequently change the look within casinos. On top

of that, Nevada Film Office staff is happy to follow up on leads from locals who suggest their own properties might be ideal for film projects. Office photo files contain many private homes, ranches and business enterprises whose owners look forward to seeing their locations on the big screen. Both private and public locations are highlighted in several Nevada Film Office publications: *A Filmmakers Guide to Southern Nevada*, *A Filmmakers Guide to Reno-Tahoe* and *A Filmmakers Guide to Rural Nevada*.



STEEL THE SKY (1988) tells the story of an Iraqi pilot, played by Ben Cross, who went over to the Israeli side. John Hancock directed the HBO movie, which used Russian MiGs and other aircraft available through Classics in Aviation at the Stead Airport.



THE GREAT WHITE HYPE (1996) promoted boxing in Las Vegas, with Daman Wayans as a fighter with a flamboyant manager (Samuel L. Jackson, at left).



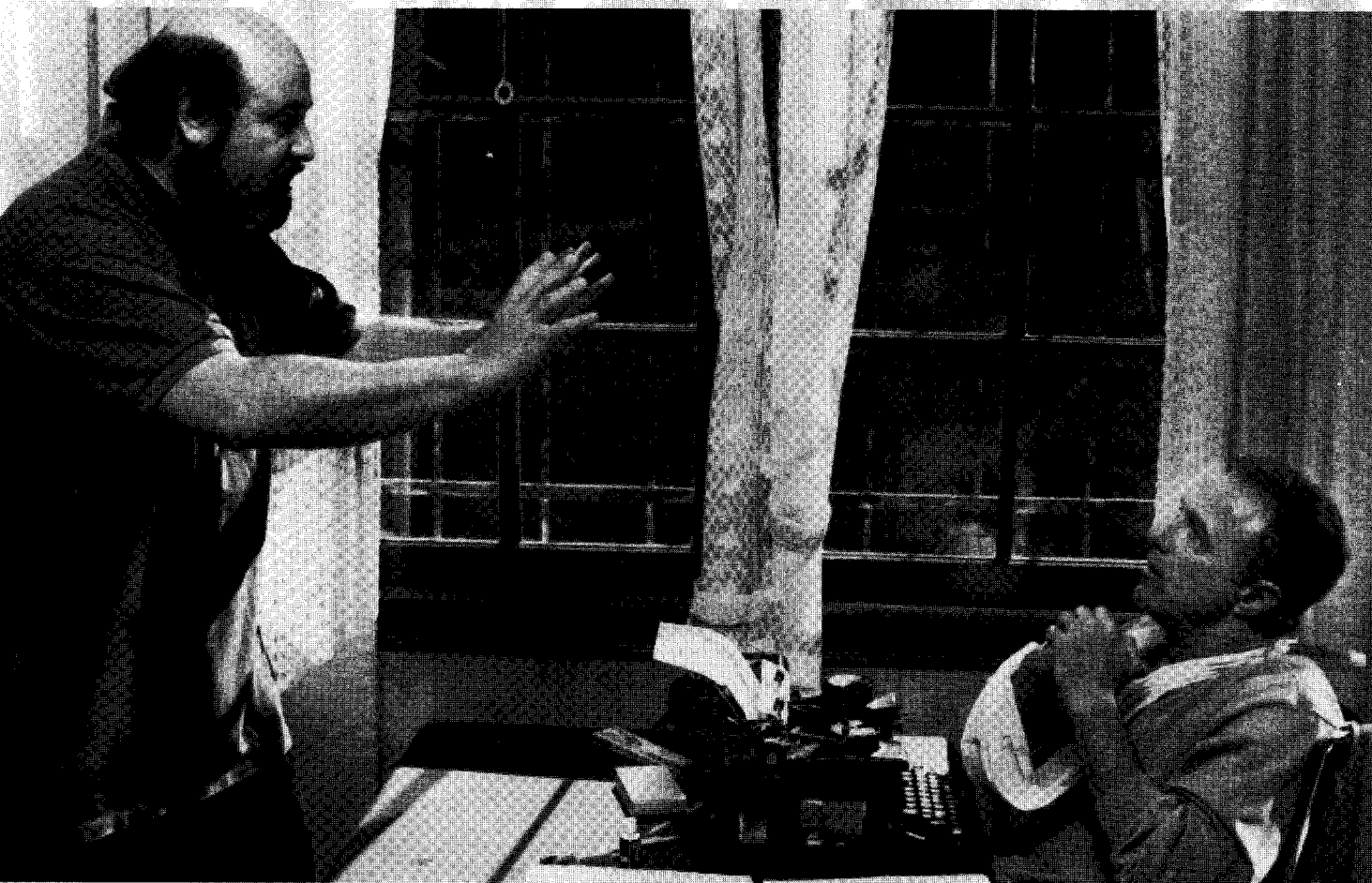
ASSASSINATION (1987)
gave actor Charles Bronson a chance to work in Lake Tahoe in the last film with his wife, Jill Ireland.

MISERY (1988)
meant good things for Director Rob Reiner and performers James Caan and Kathy Bates. Bates won an Oscar for her role as a demented "fan" who traps her favorite author in the wilds of Colorado—portrayed to dramatic effect by Nevada's Clear Creek Meadows and the town of Genoa.

In addition to locations, Nevada needs to show off its vendors, which consist of crews, equipment suppliers and other service providers that show production companies how easy it is to film in the state. This is done in the state's *Production Directory*, a 100-page publication that lists vendors by region and category. This directory also includes information about permits, tax incentives and important government contacts.

As a key marketing tool, the *Production Directory* is distributed on request and at the industry's annual convention, "Locations," in Los Angeles. The Nevada Film Office staff participates in such other events as Showbiz West and Showbiz East, plus makes client calls to production executives in key markets. An advertising program in trade journals helps round out the Nevada Film Office marketing program.

Be it through providing custom location file photos or making a presence in widely circulated publications, the Nevada Film Office shows members of the production industry what Nevada has to offer.



Although Nevada's production industry goes back more than a century, its impressive growth began only after the Nevada Film Office was formed in 1983.

No one kept track of revenues generated by filming Nevada's first project, *The Corbett-Fitzsimmons World Champion Fight* (1897) in Carson City. But for its time, the film was a blockbuster requiring three cameras, and showing for years in Nickelodeons across the country.

Boxing brought filmmakers back to the region in 1906 for the famous *Johnson-Jeffreys* fight (which was later dramatized in *The Great White Hope*). Thereafter, the fist fights became more Western in nature—James Cruze brought his massive production, *The Covered Wagon*, to White Pine County for his 1923 release. The great John Ford followed with 1924's *The Iron Horse* outside Reno in Wadsworth. Then Henry King took over Winnemucca for *The Winning of Barbara Worth* in 1926.

As the industry moved into Talkies and color, Nevada kept a presence with titles reflecting locations like *Boulder Dam* or *The Merry Wives of Reno*.

The 1940s brought a flourish of films, especially when the Ivy League appearance of the University of Nevada, Reno played so well for scenes in *Andy Hardy's Blonde Trouble*, *Margie*, *Apartment for Peggy*, *Mr. Belvedere Goes to College* and *Mother is a Freshman*.

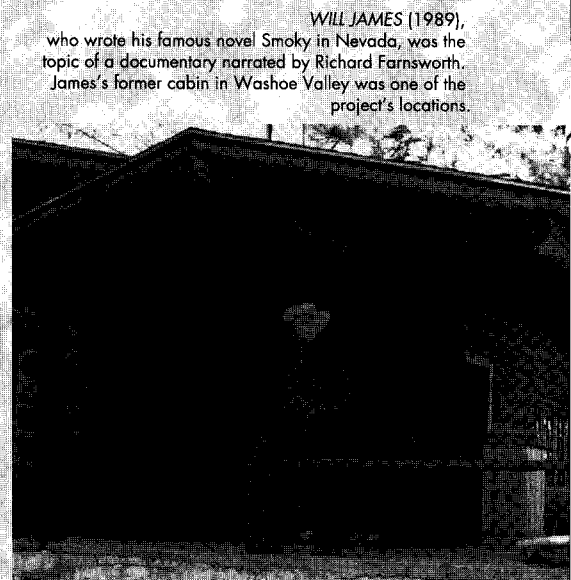
Las Vegas enjoyed its own surge of activity over the period with *One Million B.C.* at the Valley of Fire, Roy Rogers' *Heldorado* and many others including *The Lady Gambles*.

Similar themes appear in movies of the fifties, sixties and seventies. From *The Groom Wore Spurs* in Las Vegas to *Five Against the House* in Reno and *The Godfather, Part II* at Lake Tahoe, "G" words emerge: girls, glitz, glamour, guns, gangsters and gambling. These "Gs" also played part in a popular series from the seventies, *Vega\$*. Nevada's iconoclastic spirit lends itself to these elements along with one other—the road. As the seventh largest state in the union, Nevada contains miles of highway. From *Vanishing Point* to *Melvin and Howard*, these vast stretches inspire filmmakers.

These pre-eighties projects enjoyed little official help from Nevada itself. Research from that time period showed the state generated some \$5 million a year from the production industry. In 1983, the Nevada Motion Picture Division (later re-named the Nevada Film Office) was established as part of the Commission on Economic Development. From that point on, the state's economy saw motion picture revenues jump into eight-digit ranges.

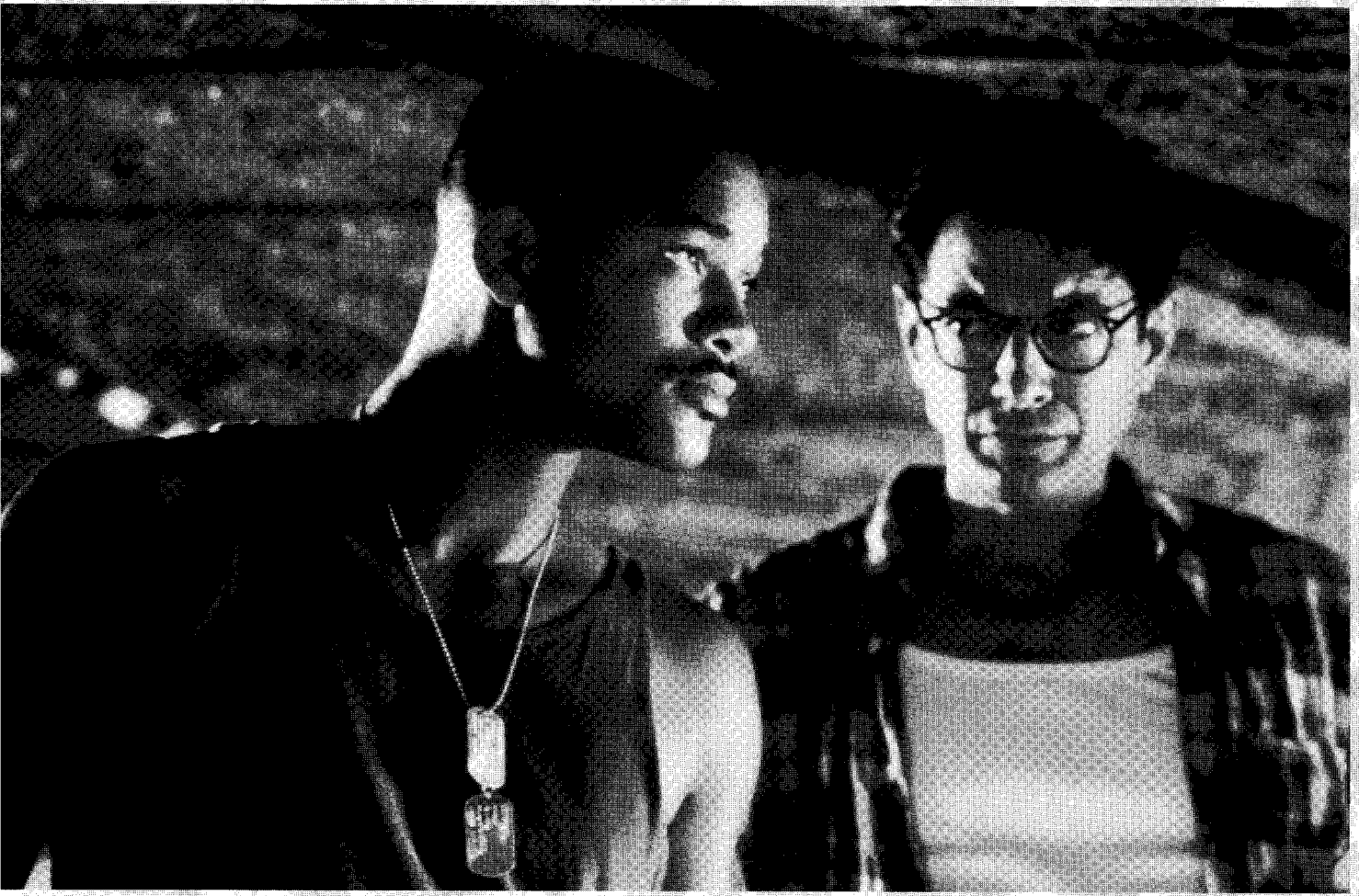


THE COVERED WAGON (1923), shot around Baker at the Nevada-Utah border, is considered by historians to be the first of the great "spectacle" Westerns. It is listed as one of the silent screen's classics and opened the trails for other Nevada Westerns like *The Iron Horse*.



WILL JAMES (1989), who wrote his famous novel *Smoky* in Nevada, was the topic of a documentary narrated by Richard Farnsworth. James's former cabin in Washoe Valley was one of the project's locations.

Nevada's filmmaking star remains as bright as the neon on the Las Vegas Strip. That location alone is enough to inspire filmmakers worldwide. Just add Las Vegas to these titles: *Honeymoon in...*; *...Vacation*; *Leaving...*; *Fear and Loathing in...* and of course, *Viva...*! The sheer scope of Las Vegas, with its New York skyscrapers and sinking treasure ships, makes it unique despite the rise of gaming in other regions. The active promotion of Nevada's other location opportunities, from mountains and deserts to lakes and red rocks, continues to draw producers to the state. For example, you can watch a project like *Lethal Weapon 4* without even realizing its high-power freeway scene was shot in Henderson. As community cooperation skyrockets, as the pool of local crew members is fostered and as related businesses like sound stages begin, Nevada's connection with the film industry is only getting stronger.



INDEPENDENCE DAY (1996)
is one of the biggest hits to emerge with a Nevada setting. The production team, including Will Smith and Jeff Goldblum, stayed in West Wendover to shoot sequences depicting the state's famous Area 51. Later, key players from the film returned to Nevada to dedicate State Route 375 as the Extra-Terrestrial Highway.

Las Vegas is one of the most popular cities to add to a film's title. Whether it's Elvis Presley celebrating the city with *Viva Las Vegas* or Nicolas Cage winning an Oscar for *Leaving Las Vegas*, the city evokes images of excitement, mystery and chance, a place where an unusual story is bound to play.

There's a lot to be found around Las Vegas as well, from the engineering wonder of Hoover Dam to the high cliffs of Red Rock Canyon and nature's wondrous sculpting at the Valley of Fire.

See for yourself in some of these projects:

GLAMOUR/GAMBLING

1960 *Oceans 11*
1964 *Viva Las Vegas*
1970 *The Only Game In Town*
1971 *Diamonds are Forever*
1974 *The Gambler*
1980 *Melvin & Howard*
1984 *Starman*
1985 *Lost in America*
1988 *Rainman*
1994 *Indecent Proposal*
1994 *Showgirls*
1997 *Vegas Vacation*

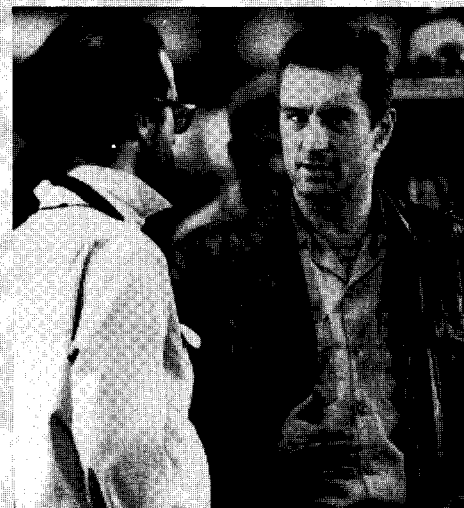
GUNPLAY

1967 *Hombre*
1968 *Stalking Moon*
1984 *Romancing the Stone*
1992 *Universal Soldier*
1997 *Breakdown*

GANGTERS

1972 *The Godfather*
1989 *Neon Empire*
1992 *Bugsy*
1995 *Casino*
1997 *The Last Don*

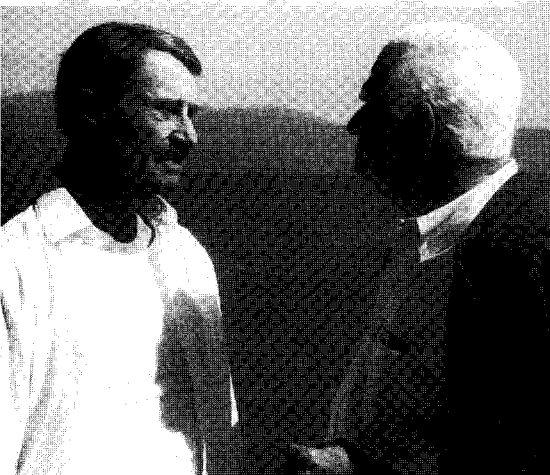
...also passing through: Julia Roberts in *I Love Trouble* (1994); Don Johnson in *Harley Davidson and the Marlboro Man* (1991); Mike Myers as *Austin Powers, International Man of Mystery* (1997); James Woods in *Salvador* (1986); Stephen King's creations in *The Stand* (1995); Matthew Perry in *Fools Rush In* (1997); Mel Gibson in *Lethal Weapon 4* (1998) and Nicolas Cage who had a *Honeymoon in Vegas* (1992), though he was *Leaving Las Vegas* (1996) but missed it terribly and came back for *Con Air* (1997).



MIDNIGHT RUN (1988), a comedy by Martin Brest, gave Robert DeNiro a chance to avoid flying at McCarran International Airport in Las Vegas. DeNiro later returned to the city for Martin Scorsese's *Casino* (1995).



FEAR AND LOATHING IN LAS VEGAS (1998) meant a return to Nevada for Johnny Depp, who played a would-be cowboy in *The Dead Man* (1996). Fear uses Las Vegas to surrealistic effect, with Depp playing a Gonzo journalist made famous by author Hunter S. Thompson.



THINGS CHANGE (1987)
used the magnificence of Lake Tahoe as a backdrop for Don Ameche and Robert Prosky in a whimsical piece written and directed by David Mamet.

Reno occasionally gets its name in the title of a movie, but more often, it's that arch that gets emblazoned across the big screen. You can see it in dozens of films: *Edie and Pen*, *Up Close and Personal*, *Blind Fury*, *Sister Act*, *Fathers' Day*, and for a twist, the 1960 sign in 1994's *Cobb*. For that period piece about the famous baseball player Ty Cobb, producers dredged the old sign out of a city dump yard and restored it to its former glory—so much so that city officials were inspired to find a new home for the arch by the National Auto Museum on Lake Street. There's more to Reno than its arch though, as a quick look at titles shows:

GLAMOUR/GAMBLING

- 1974 *California Split*
- 1981 *All the Marbles*
- 1989 *Pink Cadillac*
- 1989 *The Wizard*
- 1994 *Imaginary Crimes*
- 1995 *Showgirls*
- 1996 *Edie & Pen*
- 1996 *George B*
- 1996 *Hard Eight*

GUNPLAY

- 1993 *Bonanza: The Return*
- 1995 *Bushwacked*
- 1996 *Dead Man*
- 1996 *In Cold Blood*

GANGTERS

- 1974 *The Godfather, Part II*
- 1987 *Things Change*
- 1997 *The Last Don*
- 1998 *Mafia!*

AN INNOCENT MAN (1989)
brought Producer Robert Cort, Actor Tom Selleck and Director Peter Yates to the Nevada State Prison in Carson City for some gritty location filming.



And don't forget...Clark Gable and Marilyn Monroe made their last movie, *The Misfits*, here in 1960...it was a final stop for John Wayne in *The Shootist*; Tom Selleck was *An Innocent Man* at the state prison in Carson City; James Stewart shared billing with a collie for *The Magic of Lassie* at Boomtown in 1978; Kevin Costner made an early career effort at the Peppermill in 1984 with *Stacy's Knights*; Meg Ryan passed through in *Promised Land* (1988) and a pre-Batman Val Kilmer was here for *Kill Me Again* (1989). Oh yeah, and that Vegas guy Nicolas Cage was around for *City of Angels* (1998).

Nevada's biggest blockbusters come from the rural communities: *Top Gun* in the 1980s and *Independence Day* in the 1990s. Don't remember hearing Nevada mentioned in *Top Gun*? It wasn't—but some of those aerial games came out of Fallon's Naval Air Base, where the real *Top Gun* school has since moved. And while you may recall Area 51 from *Independence Day*, the real facility did not play itself. That production was shot at the old Wendover Air Base at the Nevada-Utah border, where much of the terrain you see is in the Silver State. Among Nevada's rural counties on the big screen:

CHURCHILL

1989 *Kill Me Again*

1994 *A Clear and Present Danger*

DOUGLAS

1987 *High Mountain Rangers*

1990 *Pretty Hattie's Baby*

ELKO

1992 *Roadside Prophets*

1997 *Con Air*

ESMERALDA

1988 *Cherry 2000*

1996 *The Stranger*

HUMBOLDT

1926 *The Winning of Barbara Worth*

LANDER

1971 *Vanishing Point*

LINCOLN

1926 *Runaway Express*

LYON

1993 *Apex*

MINERAL

1994 *His Story*

NYE

1988 *Midnight Run*

PERSHING

1989 *Far From Home*

STOREY

1998 *Mark Twain's America*

WHITE PINE

1988 *Once Upon a Texas Train*

If you watch any of these and other movies shot in rural communities (many are available on video), you'll see such famous faces as Will Smith, Willie Nelson, Whoopi Goldberg, Robert DiNiro, Meg Ryan, Melanie Griffith, Clint Eastwood, Drew Barrymore and that guy who seems to hang out around the state, Nicolas Cage.



FAR FROM HOME (1989) featured a young Drew Barrymore as a girl caught up in a small town mystery. Gerlach played the town, with other scenes shot on the Black Rock Desert and at American Flats in Storey County.



THE WIZARD (1989) gave Fred Savage and Christian Slater a chance to visit such Nevada regions as Fallon, Minden, Reno and Pyramid Lake.

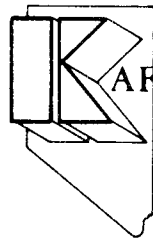
THE GREAT BAR 20 (1988) let Director Christopher Coppola (whose brother goes by the name of Nicolas Cage) get his shot working in Nevada. Coppola's film, shot in Elko and Pershing Counties, used the famous Hopalong Cassidy character.





THE SHOOTIST — Carson City





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INDEPENDENT AUDITOR'S REPORT

The Honorable Darrel R. Daines
State Controller

We have audited the accompanying general purpose financial statements of the State of Nevada as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the management of the State of Nevada. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Power Delivery Fund or Power Marketing Fund (collectively, the "Colorado River Commission"), the Housing Division Fund, or the Nevada State Insurance Fund which statements reflect 99.8 percent of the assets and 98.8 percent of the operating revenues of the Enterprise Funds. We also did not audit the University and Community College System, a discretely presented component unit. The statements not audited by us were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Enterprise Funds and the University and Community College System Funds is based solely on the reports of such other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As further described in Note 10 to the financial statements, we were unable to satisfy ourselves about claims expense and the reserve for incurred but not reported claims reported in the Internal Service Funds, (specifically the Self Insurance Trust Fund) due to the inadequacy of the accounting records supporting claims expense. We were also unable to satisfy ourselves about claims expense and the reserve for incurred but not reported claims by means of other auditing procedures. The Self Insurance Trust Fund is an Internal Service Fund and represents 14.1 percent and 56.4 percent of total assets and operating revenues, respectively, of the Internal Service Funds.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosure about Year 2000*, requires disclosure of certain matters regarding the Year 2000 issue. The State of Nevada has included such disclosures in Note 14. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the State of Nevada's disclosures with respect to the Year 2000 issue made in Note 14. Further, we do not provide assurance that the State of Nevada is or will be Year 2000 ready, that the State of Nevada's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Nevada does business will be Year 2000 ready.

In our opinion, except for the effects of the adjustments to the Internal Service Funds, if any, that might have been determined to be necessary had we been able to obtain sufficient evidential matter to support the claims expense in the Self Insurance Trust Fund, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, based on our audit and the reports of other auditors, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Nevada as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards we have also issued our report dated December 11, 1998 on our consideration of the State of Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The report of other auditors on the financial statements of the Nevada State Insurance Fund, which statements reflect 63.9 percent and 80 percent, respectively, of the assets and operating revenues of the Enterprise Funds, includes an explanatory paragraph emphasizing matters pertaining to the financial situation of the Nevada State Insurance Fund. Such auditor's report on the Nevada State Insurance Fund financial statements for the year ended June 30, 1998 states:

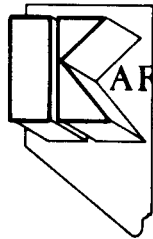
"The accompanying financial statements have been prepared assuming that the System will continue as a going concern. As discussed in Note 2 to the [Nevada State Insurance Fund] combined financial statements, [Notes 2B and 14A to the accompanying General Purpose Financial Statements of the State of Nevada], the Fund experienced income from underwriting activities and positive cash flows from operations in recent years. This income partially offsets cumulative losses incurred for years prior to 1994; however, the remaining accumulated deficit, aggregating \$602,552,000 at June 30, 1998, will need to be recovered from future revenues, operating efficiencies or from other sources to be provided to the Fund. Management has implemented an action plan and initiated changes to applicable law and believes such steps will continue to improve the financial condition of the Fund."

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Nevada. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of the adjustments to the Self Insurance Trust Fund, if any, which might have been determined to be necessary had we been able to obtain sufficient evidential matter to support the claims expense in the Self Insurance Trust Fund, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical data listed in the statistical section of the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the State of Nevada. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

Kafoury, Armstrong & Co.

Reno, Nevada
December 11, 1998



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Legislative Auditor
Legislative Counsel Bureau
Capitol Complex
Carson City, Nevada 89710

We have audited the general purpose financial statements of the State of Nevada (the State), as of and for the year ended June 30, 1998, and have issued our report thereon dated December 11, 1998, which was qualified because insufficient audit evidence exists to support the claims expense and the incurred but not reported liability reported in the Self Insurance Fund, and because insufficient audit evidence exists to support the State's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in our report dated December 11, 1998, portions of the audit of the general purpose financial statements were performed by other auditors, whose reports were furnished to us.

Compliance

As part of obtaining reasonable assurance about whether the State's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. The State contracts with various health care providers to provide services to eligible participants. We tested in excess of 250 claims processed during the year ended June 30, 1998, and found numerous errors of both underpayment and overpayment, the frequency and magnitude of which constitute noncompliance with the contractual obligation to pay claims at agreed upon rates.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

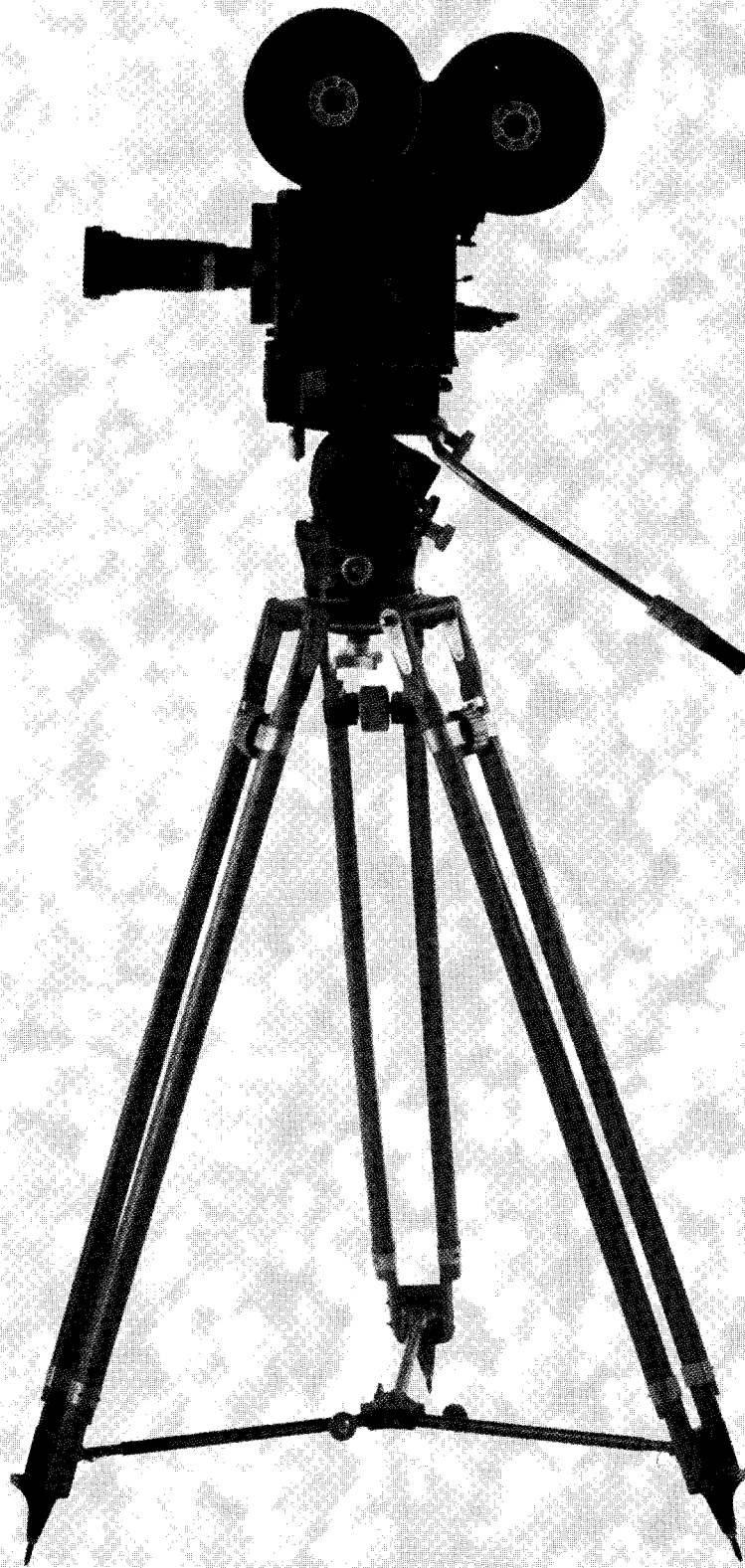
However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the State's ability to record, process, summarize and report financial data within the Internal Service Funds (specifically the Self Insurance Trust Fund) consistent with the assertions of management. The reportable condition we have identified is a failure in the operation of internal controls. We tested in excess of 250 claims processed during the year ended June 30, 1998, and found numerous errors of both overpayment and underpayment of claims subjected to standard internal control procedures. The frequency and magnitude of errors is evidence of a failure of identified controls in preventing or detecting misstatements of accounting information.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended for the information of the management of the State and the Nevada Legislature. However, this report is a matter of public record and its distribution is not limited.

Kafoury, Armstrong & Co.

Reno, Nevada
December 11, 1998



STATE OF NEVADA

Combined Balance Sheet

All Fund Types, Account Groups and Discretely Presented Component Unit

June 30, 1998 with Comparative Totals for 1997 (Expressed in Thousands)

	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and Other Debits					
Assets:					
Cash and pooled investments (Note 3)	\$ 276,455	\$ 488,903	\$ 37,211	\$ 132,694	\$ 294,767
Cash, pooled investments-nonexpendable trust (Note 3)	-0-	-0-	-0-	-0-	-0-
Investments (Note 3)	-0-	890,516	-0-	-0-	1,817,866
Collateral on loaned securities (Note 3)	198,603	123,392	19,345	7,380	586
Food stamp coupons	14,020	-0-	-0-	-0-	-0-
Receivables (Note 4)	392,146	54,730	397,656	71	156,037
Due from other funds (Note 5B)	26,882	62,329	9,626	6,916	1,926
Due from component unit (Note 5C)	74	-0-	-0-	-0-	593
Due from primary government (Note 5C)	-0-	-0-	-0-	-0-	-0-
Interfund receivables (Note 5A)	2,352	4	-0-	35,597	-0-
Inventory	-0-	11,581	-0-	-0-	1,689
Advances to other funds (Note 5A)	3,791	24	-0-	-0-	-0-
Restricted assets (Note 6):					
Cash	-0-	-0-	-0-	-0-	28,976
Non-cash	-0-	45,885	-0-	-0-	103,047
Loans receivable	-0-	-0-	-0-	-0-	712,207
Deferred charges and other assets	21,837	203	-0-	-0-	63,293
Land	-0-	-0-	-0-	-0-	3,004
Structures and improvements	-0-	-0-	-0-	-0-	13,430
Furniture and equipment	-0-	-0-	-0-	-0-	46,068
Accumulated depreciation	-0-	-0-	-0-	-0-	(28,168)
Construction in progress	-0-	-0-	-0-	-0-	53,807
Other debits:					
Amounts available in special revenue/debt service funds	-0-	-0-	-0-	-0-	-0-
Amount to be provided by other government	-0-	-0-	-0-	-0-	-0-
Amount to be provided for retirement of debt	-0-	-0-	-0-	-0-	-0-
Total assets and other debits	<u>\$ 936,160</u>	<u>\$ 1,677,567</u>	<u>\$ 463,838</u>	<u>\$ 182,658</u>	<u>\$ 3,269,128</u>
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable and accruals	\$ 146,604	\$ 40,500	\$ 6,880	\$ 122	\$ 2,615,954
Bank overdraft	-0-	-0-	-0-	-0-	-0-
Contracts payable	1,681	11,008	-0-	7,223	-0-
Obligations under securities lending (Note 3)	198,603	123,392	19,345	7,380	586
Due to other funds (Note 5B)	226,444	27,750	-0-	288	1,104
Due to component unit (Note 5C)	6,336	3,199	169	57,579	-0-
Due to primary government (Note 5C)	-0-	-0-	-0-	-0-	-0-
Interfund payables (Note 5A)	-0-	1,900	-0-	35,597	19
Compensated absences (Note 8)	-0-	-0-	-0-	-0-	3,585
Deferred revenues	115,848	12,459	399,493	-0-	7,516
Notes payable (Note 8)	-0-	-0-	-0-	-0-	-0-
Bonds payable, other obligations (Note 8)	-0-	-0-	6,985	-0-	1,023,345
Advances from other funds (Note 5A)	-0-	-0-	-0-	-0-	304
Obligations under capital leases (Note 8)	-0-	-0-	-0-	-0-	4,091
Claims and judgments (Note 8)	-0-	-0-	-0-	-0-	-0-
Arbitrage rebate liability (Note 8)	-0-	-0-	-0-	-0-	-0-
Other liabilities	8,006	45,886	-0-	-0-	101,006
Total liabilities	<u>703,522</u>	<u>266,094</u>	<u>432,872</u>	<u>108,189</u>	<u>3,757,510</u>
Equity and other credits:					
Investment in general fixed assets/plant	-0-	-0-	-0-	-0-	-0-
Contributed capital	-0-	-0-	-0-	-0-	5,201
Retained earnings (deficit):					
Reserved (Note 11)	-0-	-0-	-0-	-0-	106,743
Unreserved	-0-	-0-	-0-	-0-	(600,326)
Fund balances:					
Reserved:					
Encumbrances and contracts	4,115	194,771	-0-	10,651	-0-
Inventory	-0-	11,581	-0-	-0-	-0-
Advances	3,791	24	-0-	-0-	-0-
Balances forward	291,366	32,896	-0-	-0-	-0-
Other (Note 11)	22,875	1,069,306	30,966	-0-	-0-
Unreserved:					
Designated (Note 11)	-0-	-0-	-0-	63,818	-0-
Undesignated	(89,509)	102,895	-0-	-0-	-0-
Total equity and other credits	<u>232,638</u>	<u>1,411,473</u>	<u>30,966</u>	<u>74,469</u>	<u>(488,382)</u>
Total liabilities, equity and other credits	<u>\$ 936,160</u>	<u>\$ 1,677,567</u>	<u>\$ 463,838</u>	<u>\$ 182,658</u>	<u>\$ 3,269,128</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 1

Fund Types		Fiduciary Fund Types		Account Groups		Total - (Memorandum Only)		Component Unit		Totals - (Memorandum Only)	
Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	University System	1998	1997 (Restated)				
\$ 25,454	\$ 1,024,628	\$ -0-	\$ -0-	\$ 2,280,112	\$ 58,609	\$ 2,338,721	\$ 1,954,627				
-0-	8,978	-0-	-0-	8,978	-0-	8,978	9,468				
-0-	11,171,147	-0-	-0-	13,879,529	337,003	14,216,532	12,135,057				
1,627	1,424,107	-0-	-0-	1,775,040	-0-	1,775,040	1,527,081				
-0-	-0-	-0-	-0-	14,020	-0-	14,020	14,498				
2,645	175,184	-0-	-0-	1,178,469	30,968	1,209,437	1,236,823				
17,385	218,184	-0-	-0-	343,248	-0-	343,248	456,688				
448	-0-	-0-	-0-	1,115	-0-	1,115	341				
-0-	-0-	-0-	-0-	-0-	67,286	67,286	107,152				
-0-	-0-	-0-	-0-	37,953	-0-	37,953	438				
671	275	-0-	-0-	14,216	4,343	18,559	17,013				
-0-	-0-	-0-	-0-	3,815	-0-	3,815	3,649				
-0-	-0-	-0-	-0-	28,976	-0-	28,976	17,201				
-0-	-0-	-0-	-0-	148,932	-0-	148,932	119,443				
-0-	-0-	-0-	-0-	712,207	9,279	721,486	678,810				
15	943	-0-	-0-	86,291	55,484	141,775	129,236				
131	3	85,470	-0-	88,608	85,472	174,080	166,801				
6,605	-0-	624,236	-0-	644,271	635,958	1,280,229	1,204,235				
32,542	4,852	226,589	-0-	310,051	216,335	526,386	473,473				
(27,018)	(852)	-0-	-0-	(56,038)	(349,257)	(405,295)	(382,385)				
56	-0-	116,138	-0-	170,001	40,872	210,873	151,774				
-0-	-0-	-0-	921,481	921,481	-0-	921,481	886,864				
-0-	-0-	-0-	397,173	397,173	-0-	397,173	405,815				
-0-	-0-	-0-	594,467	594,467	-0-	594,467	615,386				
\$ 60,561	\$ 14,027,449	\$ 1,052,433	\$ 1,913,121	\$ 23,582,915	\$ 1,192,352	\$ 24,775,267	\$ 21,929,488				
\$ 39,680	\$ 653,449	\$ -0-	\$ -0-	\$ 3,503,189	\$ 25,914	\$ 3,529,103	\$ 2,968,007				
6,362	-0-	-0-	-0-	6,362	-0-	6,362	-0-				
-0-	-0-	-0-	-0-	19,912	-0-	19,912	25,129				
1,627	1,424,107	-0-	-0-	1,775,040	-0-	1,775,040	1,527,081				
1,145	86,517	-0-	-0-	343,248	-0-	343,248	456,688				
3	-0-	-0-	-0-	67,286	-0-	67,286	107,152				
-0-	-0-	-0-	-0-	-0-	1,115	1,115	341				
437	-0-	-0-	-0-	37,953	-0-	37,953	438				
2,330	-0-	-0-	64,581	70,496	19,852	90,348	85,935				
-0-	124	-0-	-0-	535,440	15,931	551,371	521,776				
-0-	9,296	-0-	-0-	9,296	-0-	9,296	9,393				
-0-	-0-	-0-	1,806,122	2,836,452	67,581	2,904,033	2,787,881				
3,511	-0-	-0-	-0-	3,815	-0-	3,815	3,649				
160	-0-	-0-	32,955	37,206	-0-	37,206	12,548				
-0-	-0-	-0-	772	772	-0-	772	452				
-0-	-0-	-0-	2,160	2,160	-0-	2,160	1,918				
-0-	129,144	-0-	6,531	290,573	8,538	299,111	404,596				
55,255	2,302,637	-0-	1,913,121	9,539,200	138,931	9,678,131	8,912,984				
-0-	-0-	1,052,433	-0-	1,052,433	563,981	1,616,414	1,488,547				
5,688	-0-	-0-	-0-	10,889	-0-	10,889	9,965				
-0-	-0-	-0-	-0-	106,743	-0-	106,743	90,604				
(382)	-0-	-0-	-0-	(600,708)	-0-	(600,708)	(824,259)				
-0-	-0-	-0-	-0-	209,537	7,045	216,582	142,244				
-0-	275	-0-	-0-	11,856	-0-	11,856	10,548				
-0-	-0-	-0-	-0-	3,815	-0-	3,815	3,649				
-0-	-0-	-0-	-0-	324,262	-0-	324,262	299,174				
-0-	11,276,346	-0-	-0-	12,399,493	412,755	12,812,248	11,122,830				
-0-	1,067	-0-	-0-	64,885	-0-	64,885	90,160				
-0-	447,124	-0-	-0-	460,510	69,640	530,150	583,042				
5,306	11,724,812	1,052,433	-0-	14,043,715	1,053,421	15,097,136	13,016,504				
\$ 60,561	\$ 14,027,449	\$ 1,052,433	\$ 1,913,121	\$ 23,582,915	\$ 1,192,352	\$ 24,775,267	\$ 21,929,488				

STATE OF NEVADA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)

Exhibit 2

	Governmental Fund Types				Fiduciary Fund Types	Totals - (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1998	1997
Revenues							
Gaming taxes, fees, licenses	\$ 565,331	\$ 20,855	\$ -0-	\$ -0-	\$ -0-	\$ 586,186	\$ 566,079
Sales taxes	581,991	-0-	-0-	-0-	-0-	581,991	554,891
Intergovernmental	747,759	177,838	17,700	175	7,061	950,533	913,791
Other taxes	271,770	280,111	73,408	-0-	189,981	815,270	772,563
Licenses, fees and permits	83,400	121,253	-0-	-0-	-0-	204,653	198,622
Sales and charges for services	28,977	20,908	-0-	-0-	542	50,427	44,885
Interest and investment income	48,873	83,765	4,136	768	27,301	164,843	113,061
Other	28,274	11,411	-0-	22	8,226	47,933	47,411
Total revenues	2,356,375	716,141	95,244	965	233,111	3,401,836	3,211,303
Expenditures							
<i>Current:</i>							
General government	84,770	28,357	553	740	111	114,531	101,565
Health and social services	937,998	39,836	-0-	-0-	184,794	1,162,628	1,090,069
Education and support services	28,530	752	-0-	-0-	1,194	30,476	26,460
Law, justice and public safety	242,123	99,016	-0-	-0-	831	341,970	276,275
Regulation of business	39,058	28,610	-0-	-0-	148	67,816	63,730
Transportation	-0-	331,302	-0-	-0-	-0-	331,302	312,592
Recreation and resource development	74,028	17,250	-0-	-0-	158	91,436	89,011
<i>Intergovernmental:</i>							
Education	630,977	65,566	-0-	-0-	-0-	696,543	605,639
Other	57,056	7,074	-0-	-0-	6,803	70,933	67,173
Capital improvements	-0-	-0-	-0-	46,849	-0-	46,849	49,298
<i>Debt service:</i>							
Principal	1,606	1,026	70,771	-0-	-0-	73,403	73,259
Interest, fiscal charges	1,154	211	82,931	-0-	-0-	84,296	77,862
Bond issuance costs	-0-	-0-	147	-0-	-0-	147	149
Arbitrage payments	-0-	-0-	22	-0-	-0-	22	152
Total expenditures	2,097,300	619,000	154,424	47,589	194,039	3,112,352	2,833,234
Excess (deficiency) of revenues over expenditures	259,075	97,141	(59,180)	(46,624)	39,072	289,484	378,069
Other Financing Sources (Uses)							
Proceeds from capital leases	29,330	1,253	-0-	-0-	-0-	30,583	3,135
Proceeds from sale of bonds	-0-	26,498	-0-	-0-	-0-	26,498	522,685
Proceeds from sale of fixed assets	513	100	-0-	-0-	-0-	613	91
Operating transfers in (Note 5E)	46,980	65,210	60,238	22,073	668	195,169	237,509
Transfers from component unit (Note 5D)	266	15	-0-	-0-	-0-	281	537
Operating transfers out (Note 5E)	(71,886)	(101,671)	-0-	(9,211)	(6,411)	(189,179)	(233,960)
Transfers to component unit (Note 5D)	(297,811)	(5,131)	(169)	(48)	-0-	(303,159)	(350,941)
Proceeds of refunding bonds	-0-	215,857	93,241	-0-	-0-	309,098	19,990
Payment to refunded bond agent	-0-	(215,857)	(93,065)	-0-	-0-	(308,922)	(19,990)
Total other financing sources (uses)	(292,608)	(13,726)	60,245	12,814	(5,743)	(239,018)	179,056
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(33,533)	83,415	1,065	(33,810)	33,329	50,466	557,125
Fund balances, July 1	267,070	1,328,058	29,901	108,279	415,705	2,149,013	1,591,888
Residual equity transfer	(899)	-0-	-0-	-0-	-0-	(899)	-0-
Fund balances, June 30	\$ 232,638	\$ 1,411,473	\$ 30,966	\$ 74,469	\$ 449,034	\$ 2,198,580	\$ 2,149,013

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) General Fund and Special Revenue Funds

For the Fiscal Year Ended June 30, 1998

(Expressed in Thousands)

Exhibit 3

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Sources of Financial Resources									
Fund balances, July 1	\$ 380,740	\$ 380,740	\$ -0-	\$ 394,589	\$ 394,589	\$ -0-	\$ 775,329	\$ 775,329	\$ -0-
Revenues:									
Sales taxes	546,135	525,111	(21,024)	-0-	-0-	-0-	546,135	525,111	(21,024)
Gaming taxes, fees, licenses	541,072	530,942	(10,130)	15,101	15,101	-0-	556,173	546,043	(10,130)
Federal	822,130	693,444	(128,686)	174,368	163,685	(10,683)	996,498	857,129	(139,369)
Other taxes	370,275	386,516	16,241	283,411	298,160	14,749	653,686	684,676	30,990
Sales, charges for services	89,574	84,561	(5,013)	24,852	21,677	(3,175)	114,426	106,238	(8,188)
Licenses, fees and permits	178,965	161,042	(17,923)	129,165	126,847	(2,318)	308,130	287,889	(20,241)
Interest	30,109	26,783	(3,326)	66,890	73,314	6,424	96,999	100,097	3,098
Other	213,625	148,251	(65,374)	15,000	27,064	12,064	228,625	175,315	(53,310)
Other financing sources:									
Proceeds from sale of bonds	-0-	-0-	-0-	55,000	-0-	(55,000)	55,000	-0-	(55,000)
Transfers from other funds	47,485	47,485	-0-	90,856	84,067	(6,789)	138,341	131,552	(6,789)
Reversions from other funds	-0-	817	817	218	299	81	218	1,116	898
Total sources	3,220,110	2,985,692	(234,418)	1,249,450	1,204,803	(44,647)	4,469,560	4,190,495	(279,065)
Uses of Financial Resources									
Expenditures, encumbrances:									
Constitutional agencies	71,940	51,916	20,024	36,472	27,381	9,091	108,412	79,297	29,115
Finance and administration	95,383	51,046	44,337	22,044	14,990	7,054	117,427	66,036	51,391
Education	719,667	664,000	55,667	70,866	66,646	4,220	790,533	730,646	59,887
Human services	1,350,112	1,050,382	299,730	56,920	33,507	23,413	1,407,032	1,083,889	323,143
Commerce and industry	73,869	54,565	19,304	52,854	38,657	14,197	126,723	93,222	33,501
Public safety	228,039	199,439	28,600	123,888	93,242	30,646	351,927	292,681	59,246
Infrastructure	131,751	73,680	58,071	532,558	352,556	180,002	664,309	426,236	238,073
Special purpose agencies	7,157	6,138	1,019	-0-	-0-	-0-	7,157	6,138	1,019
Other financing uses:									
Debt service transfers	-0-	-0-	-0-	78,552	77,837	715	78,552	77,837	715
Transfers to other funds	467,986	464,952	3,034	58,641	46,017	12,624	526,627	510,969	15,658
Refunds	-0-	2,849	(2,849)	-0-	-0-	-0-	-0-	2,849	(2,849)
Reversions to other funds	-0-	996	(996)	513	1,330	(817)	513	2,326	(1,813)
Projected reversions	(20,000)	-0-	(20,000)	-0-	-0-	-0-	(20,000)	-0-	(20,000)
Total uses	3,125,904	2,619,963	505,941	1,033,308	752,163	281,145	4,159,212	3,372,126	787,086
Fund balances, June 30									
(Note 2D)	\$ 94,206	\$ 365,729	\$ 271,523	\$ 216,142	\$ 452,640	\$ 236,498	\$ 310,348	\$ 818,369	\$ 508,021

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Combined Statement of Revenues, Expenses and Changes in Fund Equity/Balances All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)

Exhibit 4

	Proprietary Fund Types		Fiduciary	Totals	
			Fund Types	(Memorandum Only)	
	Enterprise	Internal Service	Non-expendable Trust	1998	1997
Operating Revenues					
Net premium income	\$ 440,575	\$ 102,613	\$ -0-	\$ 543,188	\$ 568,613
Sales	30,466	4,942	-0-	35,408	33,980
Charges for services	1,082	41,248	-0-	42,330	31,294
Rental income	64	12,151	-0-	12,215	9,763
Interest and investment income	71,885	-0-	5,289	77,174	64,914
Other	14,176	1,076	4,051	19,303	25,184
Total operating revenues	558,248	162,030	9,340	729,618	733,748
Operating Expenses					
Salaries and benefits	46,803	21,003	-0-	67,806	62,082
Operating	60,588	29,224	-0-	89,812	86,239
Claims expense	322,161	87,710	-0-	409,871	147,058
Interest expense	54,115	-0-	247	54,362	48,761
Materials or supplies used	2,175	2,596	-0-	4,771	3,434
Servicers' fees	1,769	-0-	-0-	1,769	1,565
Depreciation	3,791	3,358	-0-	7,149	6,797
Insurance premiums	-0-	47,239	-0-	47,239	32,277
Administrative expense	6,630	-0-	-0-	6,630	6,664
Total operating expenses	498,032	191,130	247	689,409	394,877
Operating income (loss)	60,216	(29,100)	9,093	40,209	338,871
Nonoperating Revenues (Expenses)					
Interest and investment income	211,138	1,626	-0-	212,764	172,717
Interest expense	(182)	(540)	-0-	(722)	(334)
Federal grants/intergovernmental	19	-0-	-0-	19	(44)
Gain (loss) on disposal of assets	5	(17)	-0-	(12)	(20)
Other	(133)	-0-	-0-	(133)	(59)
Total nonoperating revenues (expenses)	210,847	1,069	-0-	211,916	172,260
Income (loss) before operating transfers	271,063	(28,031)	9,093	252,125	511,131
Operating Transfers					
Operating transfers in (Note 5E)	15	844	227	1,086	1,977
Operating transfers out (Note 5E)	(408)	(1,657)	(5,011)	(7,076)	(5,482)
Net income (loss)	270,670	(28,844)	4,309	246,135	507,626
Fund equity (deficit)/balances, July 1	(759,052)	35,362	61,265	(662,425)	(1,170,051)
Prior period adjustment (Note 2B)	-0-	(2,136)	-0-	(2,136)	-0-
Fund equity (deficit)/balances, July 1, as restated	(759,052)	33,226	61,265	(664,561)	(1,170,051)
Contributed capital	-0-	924	-0-	924	-0-
Fund equity (deficit)/balances, June 30	\$ (488,382)	\$ 5,306	\$ 65,574	\$ (417,502)	\$ (662,425)

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Combined Statement of Changes in Plan Net Assets Investment Trust Fund and Pension Trust Funds

*For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)*

Exhibit 5

			Totals (Memorandum Only)	
	Investment Trust	Pension Trust	1998	1997 (Restated)
Additions				
<i>Investment income:</i>				
Interest, dividends	\$ 21,112	\$ 319,104	\$ 340,216	\$ 416,184
Net increase in fair value of investments	9	1,035,461	1,035,470	756,561
Other	-0-	180,256	180,256	228,081
	21,121	1,534,821	1,555,942	1,400,826
Less: Investment expense	(92)	(98,966)	(99,058)	(102,472)
Net investment income	21,029	1,435,855	1,456,884	1,298,354
Retirement contributions	-0-	557,277	557,277	518,076
Investment from local governments	774,223	-0-	774,223	704,517
Reinvestment from interest income	5,785	-0-	5,785	8,137
Other income	-0-	1,887	1,887	1,827
Total additions	801,037	1,995,019	2,796,056	2,530,911
Deductions				
Dividends to investors	21,021	-0-	21,021	20,078
Principal redeemed	779,966	-0-	779,966	747,368
Benefit payments	-0-	336,388	336,388	300,430
Refunds	-0-	13,538	13,538	8,952
Administrative expense	-0-	4,016	4,016	3,149
Total deductions	800,987	353,942	1,154,929	1,079,977
Net increase	50	1,641,077	1,641,127	1,450,934
Operating Transfers				
Operating transfer out	-0-	-0-	-0-	(44)
Net assets held in trust for pool participants/pension benefits, July 1, as restated	368,419	9,200,658	9,569,077	8,118,187
Net assets held in trust for pool participants/ pension benefits, June 30	\$ 368,469	\$ 10,841,735	\$ 11,210,204	\$ 9,569,077

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Combined Statement of Cash Flows Proprietary Fund Types and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)

Exhibit 6
Page 1 of 2

	Proprietary Fund Types		Non-expendable Trust	Totals (Memorandum Only)	
	Enterprise	Internal Service		1998	1997
Cash flows from operating activities					
Cash received from customers, other governments	\$ 468,808	\$ 14,490	\$ 4,025	\$ 487,323	\$ 521,347
Cash received from other funds	15,824	210,889	-0-	226,713	178,346
Cash received from component unit	1,694	22,314	-0-	24,008	22,090
Cash received from mortgage loans	109,466	-0-	-0-	109,466	101,030
Cash paid to suppliers, other governments, beneficiaries	(266,512)	(220,133)	-0-	(486,645)	(452,267)
Cash paid to employees for services	(46,674)	(20,725)	-0-	(67,399)	(61,687)
Cash paid to other funds	(37,547)	(14,467)	-0-	(52,014)	(12,352)
Cash paid to component unit	(133)	(1,751)	-0-	(1,884)	(245)
Purchase of mortgage loans	(110,811)	-0-	-0-	(110,811)	(173,510)
Net cash provided by (used for) operating activities	134,115	(9,383)	4,025	128,757	122,752
Cash flows from noncapital financing activities					
Proceeds from sale of bonds	118,545	-0-	-0-	118,545	180,595
Grants, transfers, advances received	3,190	2,175	150	5,515	3,738
Retirement of bonds and notes	(19,822)	-0-	-0-	(19,822)	(75,448)
Interest payments on bonds	(52,815)	-0-	-0-	(52,815)	(48,029)
Operating/equity transfers out	(410)	(1,470)	(4,894)	(6,774)	(6,906)
Payments for prepaid power	(5,281)	-0-	-0-	(5,281)	(4,579)
Transfers to other government	-0-	-0-	-0-	-0-	(53,816)
Other cash used for noncapital financing activities	(4,190)	-0-	-0-	(4,190)	(4,952)
Net cash provided by (used for) noncapital financing activities	39,217	705	(4,744)	35,178	(9,397)
Cash flows from capital and related financing activities					
Proceeds from sale of bonds and equipment, other financing	51,015	47	-0-	51,062	7,670
Grants, transfers, advances received	-0-	498	-0-	498	-0-
Acquisition of property, plant, equipment	(43,532)	(3,784)	-0-	(47,316)	(18,172)
Retirement of bonds/notes/mortgages	-0-	-0-	-0-	-0-	(19,971)
Interest paid on obligations	(154)	(140)	-0-	(294)	(334)
Reduction in advances/capital leases	(9,890)	(1,823)	-0-	(11,713)	-0-
Contributed capital	-0-	899	-0-	899	-0-
Other cash provided by (used for) capital financing activities	9	(56)	-0-	(47)	(5,273)
Net cash used for capital and related financing activities	(2,552)	(4,359)	-0-	(6,911)	(36,080)
Cash flows from investing activities					
Proceeds from sale of investments	2,390,380	-0-	9,019	2,399,399	2,373,062
Purchase of investments	(2,446,101)	-0-	(12,998)	(2,459,099)	(2,791,184)
Interest/dividends on investments	87,721	1,501	4,208	93,430	71,857
Other cash used for investing activities	(216)	-0-	-0-	(216)	-0-
Net cash provided by (used for) investing activities	31,784	1,501	229	33,514	(346,265)
Net increase (decrease) in cash	202,564	(11,536)	(490)	190,538	(268,990)
Cash and cash equivalents, July 1	121,179	36,990	9,468	167,637	436,627
Cash and cash equivalents, June 30	\$ 323,743	\$ 25,454	\$ 8,978	\$ 358,175	\$ 167,637
Reconciliation of cash and cash equivalents to the balance sheet					
Cash and pooled investments from the balance sheet	\$ 294,767	\$ 25,454	\$ -0-	\$ 320,221	\$ 140,968
Cash, pooled investments-nonexpendable trust funds	-0-	-0-	8,978	8,978	9,468
Restricted assets - cash from the balance sheet	28,976	-0-	-0-	28,976	17,201
Cash and cash equivalents at end of year	\$ 323,743	\$ 25,454	\$ 8,978	\$ 358,175	\$ 167,637

STATE OF NEVADA

Combined Statement of Cash Flows Proprietary Fund Types and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)

Exhibit 6
Page 2 of 2

	Proprietary Fund Types		Non-expendable Trust	Totals (Memorandum Only)	
	Enterprise	Internal Service		1998	1997
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 60,216	\$ (29,100)	\$ 9,093	\$ 40,209	\$ 338,869
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	3,791	3,358	-0-	7,149	6,797
Prior period adjustment	-0-	(2,136)	-0-	(2,136)	-0-
Income on investments	(20,384)	-0-	(5,289)	(25,673)	(15,817)
Interest on bonds payable	54,115	-0-	-0-	54,115	48,761
Increase in loans receivable and real estate owned	(55,639)	-0-	-0-	(55,639)	(120,640)
Decrease (increase) in accrued receivables	(996)	2,001	(27)	978	9,921
Decrease (increase) in inventory, deferred charges and other assets	(53,224)	437	-0-	(52,787)	(35,958)
Increase (decrease) in accrued payables, other liabilities	140,094	16,057	-0-	156,151	(114,402)
Other adjustments	6,142	-0-	248	6,390	5,221
Total adjustments	73,899	19,717	(5,068)	88,548	(216,117)
Net cash provided by (used for) operating activities	\$ 134,115	\$ (9,383)	\$ 4,025	\$ 128,757	\$ 122,752
Noncash investing, capital and financing activities					
Property leased, accrued or acquired	\$ -0-	\$ 19	\$ -0-	\$ 19	\$ 237
Loss on disposal of assets	1	17	-0-	18	-0-
Equipment acquired through contributed capital	-0-	50	-0-	50	-0-
Other non-cash activities	-0-	-0-	-0-	-0-	30

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Combined Statement of Changes in Fund Balances University and Community College System

*For the Fiscal Year Ended June 30, 1998
(Expressed in Thousands)*

	Current Operating Funds			
	General Operating		Auxiliary	Total
	Unrestricted	Restricted	Enterprises	Current Operating
Revenues and Other Additions				
Current fund revenues	\$ 164,560	\$ 148,450	\$ 55,970	\$ 368,980
Federal grants and contracts, restricted	-0-	-0-	-0-	-0-
Private gifts, grants and contracts, restricted	-0-	-0-	-0-	-0-
Estate taxes	-0-	-0-	-0-	-0-
Investment income, restricted	-0-	-0-	-0-	-0-
Interest on loans receivable	-0-	-0-	-0-	-0-
Student fees	-0-	-0-	-0-	-0-
Retirement of indebtedness	-0-	-0-	-0-	-0-
Net increase in fair value of investments	-0-	-0-	-0-	-0-
Expended for plant facilities, including \$28,492 charged to current funds expenditures	-0-	-0-	-0-	-0-
Proceeds from notes payable	-0-	-0-	-0-	-0-
Other sources	-0-	-0-	-0-	-0-
Total revenues and other additions	164,560	148,450	55,970	368,980
Expenditures and Other Deductions				
Educational and general expenditures	454,435	127,126	-0-	581,561
Auxiliary enterprises expenditures	-0-	-0-	49,029	49,029
Indirect costs recovered	-0-	15,120	-0-	15,120
Loan administration and collection costs	-0-	-0-	-0-	-0-
Loan cancellations, write-offs and provision for bad debts	-0-	-0-	-0-	-0-
Expended for plant facilities, including noncapitalized expenditures of \$6,552	-0-	-0-	-0-	-0-
Depreciation	-0-	-0-	-0-	-0-
Retirement of indebtedness	-0-	-0-	-0-	-0-
Interest on indebtedness	-0-	-0-	-0-	-0-
Disposal of plant assets	-0-	-0-	-0-	-0-
Proceeds of bonds and notes payable	-0-	-0-	-0-	-0-
Distribution of estate taxes	-0-	-0-	-0-	-0-
Obligations under capital leases	-0-	-0-	-0-	-0-
Other deductions	1,119	-0-	-0-	1,119
Total expenditures and other deductions	455,554	142,246	49,029	646,829
Transfers Among Funds, Additions (Deductions)				
<i>Mandatory transfers:</i>				
Principal and interest	(563)	(110)	(3,263)	(3,936)
Student loan matching	(21)	-0-	-0-	(21)
Net transfers (voluntary)	16,613	(1,089)	(2,346)	13,178
Transfers from primary government (Note 5D)	298,111	-0-	-0-	298,111
Transfers to primary government (Note 5D)	(281)	-0-	-0-	(281)
Total transfers	313,859	(1,199)	(5,609)	307,051
Net increase (decrease) for the year	22,865	5,005	1,332	29,202
Fund balances, July 1, 1997	31,988	16,847	17,785	66,620
Cummulative effect of change in accounting principle (Note 1H)	2,478	-0-	237	2,715
Fund balances, July 1, 1997, as restated	34,466	16,847	18,022	69,335
Fund balances, June 30, 1998	\$ 57,331	\$ 21,852	\$ 19,354	\$ 98,537

The notes to the financial statements are an integral part of this statement.

Nonoperating Funds						
Student Loan	Endowment	Plant				Total
		Unexpended Plant	Retirement of Indebtedness	Investment in Plant	Combined Plant	
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 368,980
250	141	112	-0-	30	142	533
81	2,112	4,086	-0-	1,358	5,444	7,637
-0-	13,587	-0-	-0-	-0-	-0-	13,587
24	849	310	94	-0-	404	1,277
137	-0-	-0-	-0-	-0-	-0-	137
-0-	-0-	6,769	-0-	-0-	6,769	6,769
-0-	-0-	-0-	-0-	3,986	3,986	3,986
12	22,243	129	48	-0-	177	22,432
-0-	-0-	-0-	-0-	77,144	77,144	77,144
-0-	-0-	945	-0-	-0-	945	945
241	2,856	282	97	1,229	1,608	4,705
745	41,788	12,633	239	83,747	96,619	508,132
-0-	-0-	-0-	-0-	-0-	-0-	581,561
-0-	-0-	-0-	-0-	-0-	-0-	49,029
-0-	-0-	-0-	-0-	-0-	-0-	15,120
74	-0-	-0-	-0-	-0-	-0-	74
339	-0-	-0-	-0-	-0-	-0-	339
-0-	-0-	54,359	-0-	-0-	54,359	54,359
-0-	-0-	-0-	-0-	39,379	39,379	39,379
-0-	-0-	-0-	3,987	-0-	3,987	3,987
-0-	-0-	19	3,521	-0-	3,540	3,540
-0-	-0-	-0-	-0-	1,985	1,985	1,985
-0-	-0-	-0-	-0-	945	945	945
-0-	228	-0-	-0-	-0-	-0-	228
-0-	-0-	-0-	-0-	845	845	845
-0-	-0-	498	5	144	647	1,766
413	228	54,876	7,513	43,298	105,687	753,157
-0-	-0-	(2,263)	6,199	-0-	3,936	-0-
21	-0-	-0-	-0-	-0-	-0-	-0-
(188)	(15,809)	1,247	1,315	257	2,819	-0-
-0-	-0-	5,048	-0-	-0-	5,048	303,159
-0-	-0-	-0-	-0-	-0-	-0-	(281)
(167)	(15,809)	4,032	7,514	257	11,803	302,878
165	25,751	(38,211)	240	40,706	2,735	57,853
10,159	175,410	181,195	3,018	523,275	707,488	959,677
-0-	33,176	-0-	-0-	-0-	-0-	35,891
10,159	208,586	181,195	3,018	523,275	707,488	995,568
\$ 10,324	\$ 234,337	\$ 142,984	\$ 3,258	\$ 563,981	\$ 710,223	\$ 1,053,421

STATE OF NEVADA

Combined Statement of Current Operating Funds Revenues, Expenditures and Other Changes University and Community College System

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997
(Expressed in Thousands)

Exhibit 8

			Totals (Memorandum Only)	
	Unrestricted	Restricted	1998	1997
				(Restated)
Revenues				
Tuition and fees	\$ 102,006	\$ -0-	\$ 102,006	\$ 91,297
Federal grants and contracts	12,014	75,629	87,643	83,426
State grants and contracts	710	11,928	12,638	15,444
Local grants and contracts	349	7,972	8,321	8,407
Private gifts, grants and contracts	7,520	26,940	34,460	31,614
Endowment income	191	3,008	3,199	2,700
Investment income	7,494	71	7,565	7,710
Net increase in fair value of investments	3,938	34	3,972	1,872
Sales and services of educational departments	33,972	1,456	35,428	31,505
Sales and services of auxiliary enterprises	53,158	-0-	53,158	55,670
Other sources	457	88	545	3,073
Total revenues	221,809	127,126	348,935	332,718
Expenditures and Mandatory Transfers				
<i>Educational and general:</i>				
Instruction	210,232	23,381	233,613	203,252
Research	13,518	46,642	60,160	63,122
Public service	12,188	29,096	41,284	42,186
Academic support	54,457	4,280	58,737	53,054
Institutional support	69,279	2,221	71,500	60,849
Student services	39,815	7,559	47,374	43,959
Operation and maintenance of plant	43,707	51	43,758	40,688
Scholarships and fellowships	12,518	13,896	26,414	22,406
Total educational and general expenditures	455,714	127,126	582,840	529,516
<i>Auxiliary enterprises:</i>				
Expenditures for food, housing and other auxiliary services	49,029	-0-	49,029	47,907
<i>Mandatory transfers:</i>				
Principal and interest	3,826	110	3,936	4,928
Student loan matching	21	-0-	21	11
Total expenditures and mandatory transfers	508,590	127,236	635,826	582,362
Other Transfers and Additions (Deductions)				
Voluntary transfers, net	14,267	(1,089)	13,178	(2,355)
Other deductions	(1,119)	-0-	(1,119)	-0-
Excess (deficiency) of restricted receipts over transfers to revenue	-0-	6,204	6,204	(368)
Transfers from primary government (Note 5D)	298,111	-0-	298,111	243,357
Transfers to primary government (Note 5D)	(281)	-0-	(281)	(537)
Total other transfers and additions (deductions)	310,978	5,115	316,093	240,097
Net increase (decrease) in fund balances	\$ 24,197	\$ 5,005	\$ 29,202	\$ (9,547)

The notes to the financial statements are an integral part of this statement.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

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STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements of the State of Nevada (the State) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). As required by generally accepted accounting principles, these financial statements present the State and its component units, entities for which the State is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the State. The component unit has a June 30 year end.

Blended Component Units: The Public Employees' Retirement System (PERS) and the Legislators' Retirement System (LRS) are administered by a seven-member board appointed by the Governor. Although PERS and LRS are legally separate from the State, the State Legislature retains certain significant governing powers. Therefore, PERS and LRS are reported as if they were part of the primary government under the provisions of GASB Statement No. 14.

Discretely Presented Component Unit: The University and Community College System of Nevada (University System) is governed by a Board of Regents elected by the voters. However, the University System is fiscally dependent upon the State because of appropriations from the State Legislature, the Legislative approval of the budget for those appropriations, the levying of taxes, if necessary, and the issuance of debt to support the University System. The financial statements of the University System have been prepared in conformity with generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Audit Guide, *Audits of Colleges and Universities*, and the National Association of College and University Business Officers' publication, *College and University Business Administration: Administrative Service*.

Complete financial statements for each of the individual component units may be obtained at that entity's administrative offices:

Public Employees' Retirement System
Carson City, NV

Legislators' Retirement System
Carson City, NV

University and Community College System of Nevada
Reno, NV

Related Organizations: The Governor is responsible for appointing the members of many occupational licensing boards. The State's accountability for these boards does not extend beyond making the appointments and thus these boards are excluded from this report. The State does not exercise financial or administrative control over the excluded occupational licensing boards.

B. Basis of Presentation

The accounts of the State are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses. The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the State:

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the State. All general tax revenues, other receipts, and other financing sources that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Paid from the fund are the general operating expenditures, intergovernmental expenditures, debt service and other financing uses that are not paid through other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds - Debt service funds are used to account for the payment of principal, interest and related expenditures on long-term general and special obligation bonds, other than bonds payable from the operations of enterprise funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 1 continued)

Proprietary Fund Types:

Enterprise Funds - Enterprise funds are used to account for operations that provide services to citizens, financed primarily by user charges for the provision of these services; or activities where the periodic measurement of net income is considered appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the State or to other governmental units on a cost reimbursement basis.

Fiduciary Fund Types:

Trust Funds - Trust funds are used to account for assets held in trust by the State in a trustee capacity or as an agent for individuals, other governmental units or other funds. There are four types of trust funds:

Expendable Trust Funds - Both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

Nonexpendable Trust Funds - The principal of the trust fund must be preserved intact.

Investment Trust Funds - Reports the external portion of governmental external investment pools.

Pension Trust Funds - These funds are used to account for the activities of a State-administered multiple-employer Public Employees Retirement System (PERS) and a single-employer retirement system for State Legislators (LRS).

Agency Funds - Agency funds are used to account for assets held by the State as custodian.

Account Groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the State, other than those accounted for in proprietary fund types, trust funds and component unit.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the State, except those

required to be paid from the operations of proprietary fund types, pension trust funds and component unit.

Component Unit:

The accounts of the University System are organized as follows:

Current Operating Funds - Current Operating Funds are used to account for unrestricted funds, over which the governing board retains full control in achieving the institution's purposes and restricted funds, which may be utilized only according to externally restricted purposes.

Fiduciary Funds - Fiduciary funds are used to account for assets held by student loan and endowment funds in which the institution acts in a fiduciary capacity.

Plant Funds - Plant funds are used to account for institutional property acquisition, renewal, replacement, debt service and investment.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, that is, revenues and other financing sources, and decreases, that is, expenditures and other financing uses, in net current assets.

All proprietary funds, nonexpendable trust funds, investment trust fund and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operating these funds are included on the balance sheet. Fund equity, that is, net assets, is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases, such as revenues and decreases, such as expenses, in net assets.

GASB Statement No. 20 requires proprietary funds to apply all applicable GASB pronouncements and, unless they conflict with or contradict GASB pronouncements, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 1 continued)

Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989. As permitted by the Statement, the State has elected not to apply FASB pronouncements issued after that date.

The financial statements are prepared on the modified accrual basis for governmental fund types, expendable trust funds and agency funds; and on the accrual basis for proprietary fund types, nonexpendable trust funds, investment trust fund, pension trust funds and the University System.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter. The State considers revenues as available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are gaming revenues, sales taxes, other taxes as described in Note 12, interest revenue and charges for services. Fines and permit revenues are not susceptible to accrual because they are generally not measurable until received in cash.

The State reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the State before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Assets, Liabilities and Fund Equity

Cash and Pooled Investments - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the combined balance sheet as equity in pooled investments. Earnings from these pooled investments are credited to the General Fund and certain other funds that have specific statutory authority to receive a prorated share based on weekly cash balances. No entry is made to reduce the cash balance in each fund since the cash management pool has the same general characteristics as demand deposit accounts. Also included in this category is cash held by departments in petty cash funds and in bank accounts outside the Treasurer's cash management pool.

Cash and cash equivalents are defined as bank accounts, petty cash, money market demand accounts and certificates of deposits with original maturities of three months or less. Cash and cash equivalents are reported in the combined statement of cash flows for proprietary fund types and nonexpendable trust funds. Cash equivalents are reported in the combined balance sheet as "cash and pooled investments" and "restricted assets, cash."

Investments - Investments are stated at fair value. Fair value is defined as the price at which an asset passes from a willing seller to a willing buyer. It is assumed that both buyer and seller are rational and have a reasonable knowledge of relevant facts. Short-term investments are generally reported at cost, which approximates fair value. Securities, traded on a national or international exchange, are valued at the last reported sale price of the day. International securities prices incorporate end-of-day exchange rates. The fair value of real estate investments is based on estimated current value, and MAI (Member Appraisal Institute) independent appraisals. Investments that do not have an established market are reported at estimated fair value.

In the Nevada State Insurance Fund realized gains and losses on sales of bonds are determined using the specific-identification method, and realized gains and losses on sales of equity securities are determined using the average-cost method. The premium and discount on bonds not backed by other loans are amortized using the interest method. The premium and discount on loan-backed bonds and structured securities are amortized using the bonds-outstanding method including anticipated prepayments calculated at the date of purchase and adjusted annually for principal paydowns and changes in expected maturities.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 1 continued)

In pension trust funds, there is no concentration of 5% or more of the plans' net investments in securities of a single organization.

The Local Government Investment Pool is an investment trust fund as defined in Governmental Accounting Standards Board Statement No. 31. The investments in this fund are subject to the general limitation of section 355.170 of Nevada Revised Statutes. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is determined on an accrual basis with discounts earned and premiums paid being amortized. Realized gains and losses, if any, on sales of securities are calculated using the amortized cost basis at the date of sale. The fair value of the position in the pool is the same as the value of the pool shares. The Bank of New York Western Trust Company of Los Angeles, California, is the custodian and transfer agent for the Local Government Investment Pool.

Derivative securities are priced and accounted for at fair value. For exchange traded securities, such as futures and options, closing prices from the securities exchanges are used. For fixed income derivatives, such as collateralized mortgage obligations (CMO), commercial pricing services (where available) or bid-side prices from broker/dealer are used. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

Receivables - The composition of receivables at June 30, 1998, is presented in Note 4. Most licenses, fees, permits and similar revenues are not susceptible to accrual, and are recognized on a cash basis. Receivables in proprietary fund types have arisen in the ordinary course of business. Accounts receivable for the Nevada State Insurance Fund Fund is net of allowance for uncollectible accounts. No allowance for uncollectible accounts has been established in any other fund, as collection history has been excellent.

Property taxes are levied July 1 on property values assessed by the prior January 1. Property tax billings are payable in quarterly installments on the third Monday in August and the first Monday in October, January and March, after which time the bill is delinquent.

Interfund Transactions - The State has three types of interfund transactions:

- 1) Services rendered and employee benefit contributions are accounted for as revenues, expenditures/expenses in the funds involved.
- 2) Operating appropriations and subsidies are accounted for as operating transfers in the funds involved.
- 3) Equity contributions are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).

Operating transfers and due to/from other funds are presented in Note 5.

Inventories - Inventories are stated at cost on the first-in, first-out basis. Inventory in the State Highway Fund, a special revenue fund, consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. The reserve for inventory of supplies is equal to the amount of inventory of supplies and recognizes that a portion of the fund balance is not available for expenditure on a budgetary basis.

Advances to Other Funds - Long-term interfund advances are recorded by the advancing fund as a receivable and as a reserve to maintain the accountability and to disclose properly the amount available for appropriation (unreserved fund balance). Repayments are credited to the receivable and corresponding reductions are made in the reserve. A summary of interfund advances at June 30, 1998 is presented in Note 5.

Fixed Assets and Depreciation - An inventory of State-owned land, buildings and equipment was developed in 1985. All fixed assets are stated at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated fixed assets are stated at appraised fair market value at the time of donation or estimated fair market value at time of donation, based on acquisition of comparable property, if appraised fair market value is not available. Interest during construction has not been capitalized on general fixed assets. Certain public domain fixed assets (including highways, bridges, highway lands and rights-of-way) are not capitalized. No depreciation is provided on general fixed assets.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 1 continued)

Enterprise fund, internal service fund and pension trust fund fixed assets are stated at cost which includes net capitalized interest. They are depreciated principally on a straight-line basis over estimated useful lives ranging from 5 to 40 years for structures and improvements and 2 to 30 years for furniture and equipment.

In the University System, where current operating funds are used to finance plant assets, those amounts are accounted for as:

- 1) Expenditures, in the case of normal acquisition and/or replacement of movable equipment and library books.
- 2) Mandatory transfers, in the case of required provisions for debt amortization and interest, and for equipment renewal and replacement.
- 3) Voluntary transfers for all other cases.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts, less accumulated depreciation. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 10 to 15 years for land improvements and 3 to 18 years for library books, machinery and equipment.

Compensated Absences - Compensated absences are accounted for in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability for compensated absences relating to services already rendered and that are not contingent on a specified event be accrued as employees earn the rights to the benefits. Compensated absences relating to future services or that are contingent on a specified event will be accounted for in the period those services are rendered or those events take place. Proprietary fund types and pension trust funds report accrued compensated absences as liabilities in the appropriate funds. Governmental funds report compensated absences expected to be liquidated with expendable available financial resources as an expenditure and a fund liability. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group.

Deferred Revenues - Deferred revenues in the General Fund consist primarily of food stamp coupons and refundable gaming taxes and fees.

Long-Term Obligations - The State records long-term debt of governmental funds at face value in the General Long-Term Obligations Account Group. Certain other governmental fund obligations are also recorded in the General Long-Term Obligations Account Group. Long-term debt and other obligations financed by proprietary funds and pension trust funds are recorded as liabilities in the appropriate funds.

Fund Equity - Fund equity in the governmental fund types and fiduciary fund types consists of reserved fund balances, and unreserved, designated and undesignated fund balances. Fund equity in the proprietary fund types consists of contributed capital, reserved retained earnings and unreserved retained earnings. The nature of reserved and designated fund balances is explained below:

"Encumbrances and contracts" indicates assets required to meet future payment obligations.

"Inventory" indicates consumable supplies held in stock by governmental fund types and expendable trust funds.

"Advances" indicates assets which have been advanced to other funds on a long-term basis.

"Balances forward" indicates unexpended funds brought forward to the next year, which are legally restricted for general government; health and social services; education and support services; law, justice and public safety; regulation of business; transportation or recreation and resource development purposes.

"Other" generally indicates assets which, because of their nature, are unavailable for expenditures. See Note 11.

"Designated" indicates assets which have been designated by the Legislature or governing board for specific purposes. See Note 11.

E. Intergovernmental Assistance Programs

The State participates in various federal award programs. Federal awards are received by the State in both cash and noncash forms. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Certain grants have matching requirements in which the State must contribute a proportionate share of the total costs of a program. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include subjecting grants to financial and compliance audits.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 1 continued)

F. "Memorandum Only" Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

G. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

H. Implementation of Accounting Principles

During fiscal year 1998, the State adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Statement No. 31 establishes fair value standards for certain investments and external investment pools.

GASB Statement No. 31 provisions were applied retroactively to July 1, 1996 for the primary government. The adoption of this statement resulted in an increase in investment trust net assets/reserved fund balance-other of \$368,419,003, and \$403,132,934 as of July 1, 1997 and July 1, 1996, respectively. A corresponding decrease in Agency fund assets and liabilities at June 30, 1997 of \$370,157,532 occurred. GASB Statement No. 31 provisions were also applied retroactively to the discretely presented component unit, University and Community College System. The restatement is reflected as an increase of \$35,891,000 in the July 1, 1997 investments and fund balances. Such amount represents the difference between the former carrying value (historical cost) and the restated carrying value (fair value) of the investments.

During fiscal year 1998, the State also adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, that states that a deferred compensation plan that meets the criteria should be reported as an expendable trust fund. The State did not meet the established criteria for inclusion in the fiduciary funds of the State. As a result, this fund has been removed from the current year financial statements. A reduction in Agency fund total assets and total liabilities of \$145,966,426 occurred as of July 1, 1997.

NOTE 2 - BUDGETARY AND LEGAL COMPLIANCE

A. Reclassification of Funds for GAAP Reporting

The Permanent Net Proceeds Fund was created by NRS 362.173 as a trust fund. For GAAP reporting purposes, the fund has been reclassified as a Special Revenue - Miscellaneous fund.

B. Individual Fund Deficits Enterprise Funds

Nevada State Insurance Fund - During the year ended June 30, 1998, Nevada State Insurance Fund recorded net income of \$253,869,000 decreasing its retained deficit to \$602,552,000 at June 30, 1998. Changes to the claims management process and statutory changes in 1993 have contributed to the improvements in the overall financial condition of Nevada State Insurance Fund. See Note 14A.

Nevada Magazine - The Nevada Magazine was removed from the General Fund in the fiscal year ended June 30, 1984 to be accounted for as an enterprise fund. A residual equity transfer (contributed capital) of \$66,849, representing the value of inventory and property, established the new fund. Although Nevada Magazine had a liability for deferred subscription revenues of \$278,774 at June 30, 1983, no cash was transferred. This resulted in a deficit beginning retained earnings of \$278,774. The retained deficit is \$228,817, and the deficit fund equity is \$161,968 at June 30, 1998.

Marlette Lake Water System - The Marlette Lake Water System was acquired by the State in 1962 by the issuance of general obligation bonds. These bonds were serviced with general State revenues rather than revenues of the fund.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 2 Continued)

The original bonded debt, along with any additional General Fund appropriations for capital improvements to the System, have resulted in contributed capital of \$2,885,884. Operating losses and retained deficit are the result of not charging water users for depreciation expense on the contributed assets, with no foreseeable change in this policy of not charging users. The retained deficit is \$1,783,886 at June 30, 1998.

Internal Service Funds

Self Insurance Fund – The Self Insurance Trust Fund administers group health, life and disability insurance for covered employees, both active and retired, of the State and certain public employers within the State of Nevada. In recent years, the fund has experienced an extraordinary increase in claims coupled with lost discounts and deductibles due to late payments by a third-party administrator. This resulted in a net loss of \$25,994,561 for the year ended June 30, 1998 creating a fund deficit of \$13,095,041.

Insurance Premiums – The Insurance Premium Fund provides self-insurance for general, civil (tort), auto and property casualty liabilities and purchases workers' compensation for State agencies. The fund recorded an actuarially determined allocated loss adjustment expense associated with known cases and claims outstanding that was not previously recorded. This current and prior period adjustment resulted in charges of \$194,200 to operating income and \$2,135,836 to fund equity creating a retained deficit of \$694,870 for the year ended June 30, 1998.

C. Budgetary Process and Control

The Governor must submit his proposed budget for the Executive Branch to the State Legislature by the 10th day of each regular session, which convenes every odd-numbered year. The budget presented spans the next two fiscal years, and contains detailed estimates of revenues and expenditures. The Legislature enacts the budget through passage of the General Appropriations Act, which allows expenditures from unrestricted revenues, and the Authorized Expenditures Act, which allows expenditures from revenues collected for specific purposes. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

The legal level of budgetary control, the level at which appropriations are approved and the level at which over-expenditure of appropriations or transfers of appropriated amounts may not occur without Legislative action, is at the total program level within each department or agency.

Limited budgetary revisions may be made without Legislative action through the following management/administrative procedures. Revisions of more than \$20,000, which would increase or decrease program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000 must be approved by the Legislative Interim Finance Committee (LIFC). Revisions not exceeding this threshold require only budget director approval. The LIFC approval is not equivalent to governing body approval as total appropriations for a program may not be increased except as follows. The Legislature appropriates limited funds to the Contingency Fund (a special revenue fund), which may be allocated to programs by the LIFC upon recommendation of the Board of Examiners. Allocations totaling \$5,297,901 were made in the 1998 fiscal year. Unencumbered appropriations lapse at the end of each fiscal year, unless specific authority to carry forward is granted in the Appropriations Act. Unexpended authorized resources under the Authorized Expenditures Act are carried forward for expenditure in the next fiscal period.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in governmental fund types. For financial statement purposes, encumbrances outstanding at June 30, for which the goods or services have not been received, are shown as a reservation of fund balance.

Budgets are legally adopted for the General Fund and special revenue funds. However, certain activity within such funds may be unbudgeted. The State's budget is prepared principally on a modified accrual basis, with the following exceptions:

- 1) Cash placed in petty cash funds or outside bank accounts is considered expended for budgetary purposes.
- 2) Advances to other funds are considered expenditures. Repayments of such advances are considered revenues.
- 3) Certain prepaid/deferred assets are considered expended for budgetary purposes. Inventory is an expenditure for budgetary purposes. Certain deferred revenue is considered revenue for budgetary purposes.
- 4) Expenditures are only recognized if the liability is liquidated within 45 days after the fiscal year end.
- 5) Revenue from grants is only recognized when it is received in cash.
- 6) Encumbrances for goods or services not received by fiscal year end are considered an expenditure of the current period, if received and paid within 45 days.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 2 Continued)

Actual amounts in the budgetary comparison statements are presented on a budgetary basis. Because this basis

differs from generally accepted accounting principles (GAAP), as described above, a reconciliation between the budgetary and GAAP basis is presented in Note 2D.

D. Budgetary Basis vs. GAAP

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis); General Fund and Special Revenue Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of ending fund balances is presented below (expressed in thousands):

	General Fund	Special Revenue Funds
Fund balances (budgetary basis) June 30, 1998	\$ 365,729	\$ 452,640
<i>Adjustments:</i>		
<i>Basis Differences:</i>		
Petty cash or outside bank accounts	1,832	527
Investments not recorded on the budgetary basis	-0-	890,516
Accrual of certain other receivables	53,272	26,775
Inventory	-0-	11,581
Advances to other funds	3,791	24
Deferred charges and other assets	-0-	45,896
Accrual of certain accounts payable and accruals	(82,264)	(19,070)
Accrual of longevity pay	(882)	(236)
Contract retentions payable	(601)	184
Deferred revenues	(112,141)	(6,135)
Encumbrances	4,115	7,472
Other	(213)	1,299
Fund balances (GAAP basis) June 30, 1998	<u>\$ 232,638</u>	<u>\$ 1,411,473</u>

Total fund balance on the budgetary basis in the General Fund at June 30, 1998, is composed of both restricted funds, which are not available for appropriation, and unrestricted funds as follows (expressed in thousands):

Total fund balance (budgetary basis)	\$ 365,729
Restricted Funds	<u>(293,853)</u>
Unrestricted fund balance (budgetary basis)	<u>\$ 71,876</u>

There were no expenditures in excess of appropriations or authorizations in the individual budget accounts for the year. However, a budget account in the State Highway Fund had actual expenditures that exceeded actual revenues at June 30, 1998, resulting in a deficit of \$139,945.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Balance Sheet

Amounts on the combined balance sheet relating to deposits and investments are as follows (expressed in thousands):

	Total Primary Government	Component Unit	Total Reporting Entity
Cash and pooled investments	\$ 2,280,112	\$ 58,609	\$ 2,338,721
Cash, pooled investments- nonexpendable trust	8,978	-0-	8,978
Investments	13,879,529	337,003	14,216,532
Collateral on loaned securities	1,775,040	-0-	1,775,040
Restricted assets (Note 6)	177,908	-0-	177,908
Less restricted assets other than cash and investments (Note 6)	(47,418)	-0-	(47,418)
Total	\$ 18,074,149	\$ 395,612	\$ 18,469,761
Carrying amount of deposits			\$ 817,252
Total investments			17,652,509
Total			\$ 18,469,761

B. Deposits

In accordance with Nevada Revised Statutes, the State Treasurer may deposit funds into any state or national bank, credit union or savings and loan association covered by federal depository insurance. Statutes require that all deposits in excess of insured amounts be secured by collateral composed of: obligations of the United States; bonds of this State; bonds of any county, municipality or school district within this State; promissory notes secured by first deeds of trust or instruments in which the State is permitted to invest. Additionally, various statutes have authorized State agencies to deposit funds in accounts outside the custody of the State Treasurer. These outside accounts must follow the same guidelines as deposits made by the State Treasurer.

At June 30, 1998, deposits were held in various institutions throughout the State as follows (expressed in thousands):

	Carrying Value	Bank Balance
Primary government:		
Insured or collateralized with securities held by the State or by an agent of the State in State's name	\$ 305,915	\$ 385,245
Deposits in the U.S. Treasury investment pool in the name of the State	393,828	393,828
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	58,900	58,900
Total deposits primary government	758,643	837,973
Component unit:		
Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the State's name	58,609	58,609
Total deposits component unit	58,609	58,609
Total deposits reporting entity	\$ 817,252	\$ 896,582

C. Investments

Nevada Revised Statute (NRS) 355.140 details the types of securities in which the State may invest. In general, authorized investments include: securities guaranteed by federal, state, county or incorporated city governments; corporate or depository institution debt securities that are rated AAA or A-1 by national rating agencies; and registered money market funds whose policies meet the criteria set forth in the statute. Additionally, the State may invest in limited types of repurchase agreements; however, statutes generally prohibit the State from entering into reverse-repurchase agreements. The State's Permanent School Fund is further limited by statute as to the types of investments in which it may invest (NRS 355.060).

Investments can only be made after a diligent inquiry into the risk associated with the investment and after receiving a written legal opinion of the Attorney General as to the validity and authority of the investment. The Board of Finance reviews the State's investment policies at least every four months. The Board is comprised of the Governor, the State Controller, the State Treasurer and two members appointed by the Governor, one of which must be actively engaged in commercial banking in the State.

During fiscal year 1998, the Public Employees' Retirement System (PERS) and the Legislators' Retirement System (LRS) entered into certain derivative transactions. These transactions included options related to marketable equity securities, asset-backed securities and mortgage backed securities. In addition, PERS and LRS have investments in commingled funds that include derivative instruments such as foreign exchange forward contracts, futures contracts and fixed income futures contracts.

These transactions are designed to stabilize investment cash flows, to enhance return on the investment of cash and to manage market risks associated with the underlying securities. They may also reduce exposure to changes in stock prices, interest rates and currency exchange rates. Management believes that it is unlikely that any of the derivatives used could have a material adverse effect on the financial condition of the systems.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 3 Continued)

The following table (expressed in thousands) categorizes the State's investments to give an indication of the level of risk associated with those investments at June 30, 1998. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

	Category			Unclassified	Fair
	1	2	3	as to Risk	Value
Primary government:					
Equity securities	\$ 6,832,874	\$ -0-	\$ 516,123	\$ -0-	\$ 7,348,997
U.S. Government securities	1,781,787	-0-	59,058	-0-	1,840,845
Foreign investments	1,339,491	-0-	-0-	-0-	1,339,491
Corporate bonds	369,754	-0-	-0-	-0-	369,754
Repurchase agreements	82,767	-0-	269,682	-0-	352,449
Municipal bonds	902,052	-0-	-0-	-0-	902,052
Bank acceptances	25,274	-0-	668,189	-0-	693,463
Commercial paper	544,560	-0-	-0-	-0-	544,560
Negotiable certificates of deposit	59,997	-0-	-0-	-0-	59,997
	<u>11,938,556</u>	<u>-0-</u>	<u>1,513,052</u>	<u>-0-</u>	<u>13,451,608</u>
Guaranteed investment contracts				189,026	189,026
Real estate				932,101	932,101
Secured loans				3,728	3,728
Investment in limited partnerships				101,406	101,406
				<u>1,226,261</u>	<u>1,226,261</u>
Investments held by broker-dealers under securities loans:					
Equity securities				1,237,592	1,237,592
U.S. Government securities				485,855	485,855
Foreign investments				104,116	104,116
				<u>1,827,563</u>	<u>1,827,563</u>
Investments held by agents in mutual funds for:					
Fiduciary funds				810,074	810,074
Total primary government	<u>11,938,556</u>	<u>-0-</u>	<u>1,513,052</u>	<u>3,863,898</u>	<u>17,315,506</u>
Component unit:					
Equity securities			26,771	-0-	26,771
U. S. Government securities			53,684	-0-	53,684
Foreign investments			7,766	-0-	7,766
Corporate bonds			70,691	-0-	70,691
Other short term investments			7,006	-0-	7,006
			<u>165,918</u>	<u>-0-</u>	<u>165,918</u>
Real estate				11,489	11,489
Investments held by agents in mutual funds for:					
University System				159,596	159,596
Total component unit	<u>-0-</u>	<u>-0-</u>	<u>165,918</u>	<u>171,085</u>	<u>337,003</u>
Total reporting entity	<u>\$ 11,938,556</u>	<u>\$ -0-</u>	<u>\$ 1,678,970</u>	<u>\$ 4,034,983</u>	<u>\$ 17,652,509</u>

Investments held in the Local Government Investment Pool (LGIP), an Investment Trust Fund, are included in the table above. Complete financial statements for the LGIP may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 3 Continued)

D. Securities Lending

NRS 355.135 authorizes the State Treasurer to participate in securities lending transactions, where the State's U.S. Government securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

Securities on loan as of June 30, 1998 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, the State has no credit risk exposure to borrowers because the amount the State owes to borrowers exceeds the amounts the borrowers owe to the State. The collateral securities cannot be pledged or sold by the State unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the State for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are no restrictions on the amount of securities that can be loaned. Either the State or the borrower can terminate all open securities loans on demand. All term securities loans can be terminated with five days notice by either the State or the borrower. Cash collateral is invested in accordance with the investment guidelines approved by the Board of Finance. The maturities of the investments made with cash collateral generally match the maturities of the securities loans.

The fair value of securities on loan at June 30, 1998 is \$485,855,308. The fair value of the cash collateral received in securities lending arrangements of \$390,494,528 is reported on the Combined Balance Sheet as an asset with a related liability. At June 30, 1998, the State has collateral with a fair value totaling \$500,654,509, which consists of cash, U.S. Treasury Obligations and fixed income securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. The State incurred costs of \$22,309,162 relating to securities lending transactions. These costs are included on the operating statements as general government

expenditures for governmental fund types and expendable trust funds, and as interest expense for proprietary fund types and similar trust funds.

NRS 616B.161 authorizes the Nevada State Insurance Fund to participate in securities lending transactions, where the Nevada State Insurance Fund's U.S. Government and equity securities are loaned to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Nevada State Insurance Fund's securities lending agent administers the securities lending program and receives cash or other securities equal to at least 102% of the fair value of the loaned securities plus accrued interest as collateral for securities of the type on loan at year-end. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

At year-end, the Nevada State Insurance Fund has no credit risk exposure to borrowers because the amount the Nevada State Insurance Fund owes to borrowers exceeds the amounts the borrowers owe to the Nevada State Insurance Fund. The collateral securities cannot be pledged or sold by the Nevada State Insurance Fund unless the borrower defaults. The contract with the securities lending agent requires it to indemnify the Nevada State Insurance Fund for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

There are no restrictions on the amount of securities that can be loaned. Either the Nevada State Insurance Fund or the borrower can terminate all securities loans on demand. Cash collateral is invested in accordance with the investment guidelines approved by the Nevada State Insurance Fund.

The fair value of securities on loan at June 30, 1998 is \$306,548,000. At June 30, 1998, the Nevada State Insurance Fund has securities collateral with a fair value totaling \$313,695,000. The total collateral received is in excess of the fair value of the investments held by broker/dealers under the securities lending agreement.

PERS also maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 3 Continued)

consist of: U.S. Treasury Obligations; corporate fixed income securities; international fixed income securities; equity securities and international equity securities. Collateral received is made up of cash, cash equivalents, corporate fixed income securities and U.S. Treasury Obligations equal to at least 102% of the fair value of the loaned securities plus accrued interest. The collateral for the loans is maintained at 102%, and the value of the securities borrowed must be determined on a daily basis.

Securities on loan as of June 30, 1998 for cash collateral are presented as unclassified in the preceding table of credit risk. At year-end, PERS has no credit risk exposure to borrowers because the amount PERS owes to borrowers exceeds the amounts the borrowers owe to PERS. PERS has no discretionary authority to sell or pledge collateral received or securities loaned. The contract with the securities lending agent requires it to indemnify PERS for all losses relating to securities lending transactions. There were no losses resulting from borrower default during the period nor were there any recoveries of prior period losses.

PERS may only loan up to 33 1/3% of its total portfolio. Either PERS or the borrower can terminate all securities loans on demand. Cash collateral is only invested in high quality short term securities in accordance with PERS' Investment Objectives and Policies. The maturities of the investments made with cash collateral generally match the maturities of the securities loaned.

The fair value of securities on loan at June 30, 1998 is \$1,341,707,980. The fair value of the cash collateral received in securities lending arrangements of \$1,384,544,235 is reported on the Statement of Plan Net Assets as an asset with a related liability. At June 30, 1998, PERS has collateral with a fair value totaling \$1,445,799,065 which consists of cash, fixed income and equity securities. The total collateral received is in excess of the fair value of the investments held by brokers/dealers under the securities lending agreement. PERS incurred interest expense of \$83,910,952 relating to securities lending transactions.

NOTE 4 - RECEIVABLES

A summary of receivables by fund type at June 30, 1998, is as follows (expressed in thousands):

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types			Component Unit	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	Total Primary Government	University System	Total Reporting Entity
Accounts receivable	\$ 12,589	\$ 2,396	\$ -0-	\$ -0-	\$ 134,594	\$ 1,878	\$ 54,359	\$ 205,816	\$ 14,932	\$ 220,748
Taxes receivable	289,944	25,693	-0-	-0-	-0-	-0-	6,136	321,773	-0-	321,773
Accrued interest, dividends	12,365	-0-	-0-	-0-	21,413	-0-	66,383	100,161	-0-	100,161
Intergovernmental receivable	76,388	24,038	397,656	71	30	579	34,149	532,911	-0-	532,911
Accounts, notes receivable	860	2,603	-0-	-0-	-0-	188	-0-	3,651	16,036	19,687
Other receivables	-0-	-0-	-0-	-0-	-0-	-0-	14,157	14,157	-0-	14,157
Total	\$ 392,146	\$ 54,730	\$ 397,656	\$ 71	\$ 156,037	\$ 2,645	\$ 175,184	\$ 1,178,469	\$ 30,968	\$ 1,209,437

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund Advances and Interfund Receivables and Payables

A summary of interfund advances and of interfund receivables and payables at June 30, 1998, follows (expressed in thousands). Interfund receivables and payables are the current portion of interfund advances.

	Advances To Other Funds	Advances From Other Funds	Interfund Receivables	Interfund Payables
<i>General Fund</i>	\$ 3,791	\$ -0-	\$ 2,352	\$ -0-
<i>Special Revenue Funds</i>				
State Highway	24	-0-	4	-0-
Class-Size Reduction	-0-	-0-	-0-	1,900
Total Special Revenue Funds	24	-0-	4	1,900
<i>Capital Projects Funds</i>				
CIP Human Resources	-0-	-0-	9,965	-0-
CIP University System	-0-	-0-	21,824	11,543
CIP General State Government	-0-	-0-	3,808	35
CIP Prison System	-0-	-0-	-0-	24,019
Total Capital Projects Funds	-0-	-0-	35,597	35,597
<i>Enterprise Funds</i>				
Prison Industry	-0-	160	-0-	15
Marlette Lake Water System	-0-	144	-0-	4
Total Enterprise Funds	-0-	304	-0-	19
<i>Internal Service Funds</i>				
Buildings and Grounds	-0-	1,460	-0-	97
Motor Pool	-0-	527	-0-	107
Communications	-0-	380	-0-	42
Purchasing	-0-	309	-0-	13
Information Services	-0-	666	-0-	158
Printing	-0-	169	-0-	20
Total Internal Service Funds	-0-	3,511	-0-	437
Total	\$ 3,815	\$ 3,815	\$ 37,953	\$ 37,953

B. Due From/Due To Other Funds

A summary of due from and due to other funds at June 30, 1998, is shown below (expressed in thousands):

	Due From Other Funds	Due To Other Funds		Due From Other Funds	Due To Other Funds
<i>General Fund</i>	\$ 26,882	\$ 226,444	<i>Enterprise Funds</i>		
<i>Special Revenue Funds</i>			Colorado River Commission	485	190
State Highway	53,298	13,415	Housing Division	10	17
Class-Size Reduction	3,257	-0-	Nevada State Insurance	1,113	800
Employment Security	122	1,448	Forestry Nurseries	3	1
Regulatory	64	1,041	Prison Industry	294	96
Legislative	73	169	Nevada Magazine	-0-	-0-
Municipal Bond Bank	466	1,777	Marlette Lake Water System	21	-0-
Workers' Compensation and Safety	718	1,178	Total Enterprise Funds	1,926	1,104
Higher Education Capital Construction	-0-	5,169	<i>Internal Service Funds</i>		
Cleaning Up Petroleum Discharges	-0-	347	Self-Insurance	650	52
Hospital Care to Indigent Persons	745	-0-	Buildings and Grounds	121	12
Tourism Promotion	-0-	208	Motor Pool	294	44
Offenders' Store	186	748	Communications	328	9
Colorado River Commission	216	2	Insurance Premiums	37	121
Contingency	58	2,001	Administrative Services	-0-	25
Care of Sites for Radioactive Waste			Personnel	4	647
Disposal	148	-0-	Purchasing	8,769	-0-
Miscellaneous	2,978	247	Information Services	6,768	165
Total Special Revenue Funds	62,329	27,750	Printing	414	70
<i>Debt Service Funds</i>			Total Internal Service Funds	17,385	1,145
Consolidated Bond Interest and Redemption	9,523	-0-	<i>Trust and Agency Funds</i>		
Highway Revenue Bonds	103	-0-	Museums and History	-0-	4
Total Debt Service Funds	9,626	-0-	Gift Funds	38	14
<i>Capital Projects Funds</i>			Custodial Funds	61	6,737
Parks Capital Project Construction	6	83	Henry Wood Christmas	-0-	3
CIP Motor Vehicle	5,536	132	Permanent School	529	998
CIP University System	48	-0-	Local Government Investment Pool	-0-	7
CIP General State Government	773	52	Public Employees' Retirement	7,387	165
CIP Prison System	6	21	Intergovernmental	203,174	7,491
Miscellaneous	547	-0-	State Agency Fund for Bonds	5,863	20
Total Capital Projects Funds	6,916	288	Motor Vehicle	-0-	63,846
			Restitution Trust	23	-0-
			Veterans Custodial	27	-0-
			State Payroll	1,082	7,232
			Total Trust and Agency Funds	218,184	86,517
			Total	\$ 343,248	\$ 343,248

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 5 Continued)

C. Due From/Due To Component Unit

A summary of balances receivable or payable between the primary government and the University System (a component unit) at June 30, 1998, is shown below (expressed in thousands):

	Due From Component Unit	Due To Component Unit
General Fund	\$ 74	\$ 6,336
Special Revenue Funds		
State Highway	-0-	21
Employment Security	-0-	75
Regulatory	-0-	3
Higher Education Capital Construction	-0-	3,100
Total Special Revenue Funds	-0-	3,199
Debt Service Funds		
Consolidated Bond Interest and Redemption	-0-	169
Total Debt Service Funds	-0-	169
Capital Projects Funds		
CIP University System	-0-	52,347
CIP General State Government	-0-	5,232
Total Capital Projects Funds	-0-	57,579
Enterprise Funds		
Nevada State Insurance	587	-0-
Prison Industry	5	-0-
Marlette Lake Water System	1	-0-
Total Enterprise Funds	593	-0-
Internal Service Funds		
Self-Insurance	357	-0-
Motor Pool	22	-0-
Personnel	-0-	3
Purchasing	69	-0-
Total Internal Service Funds	448	3
Total	\$ 1,115	\$ 67,286

D. Transfers From/Transfers to Component Unit

A summary of transfers between the primary government and the University System (a component unit) for the year ended June 30, 1998, is shown below (expressed in thousands):

	Transfers From Component Unit	Transfers To Component Unit
General Fund	\$ 266	\$ 297,811
Special Revenue Funds		
Class-Size Reduction	-0-	131
Higher Education Capital Construction	-0-	5,000
Contingency	15	-0-
Total Special Revenue Funds	15	5,131
Debt Service Fund		
Consolidated Bond Interest and Redemption	-0-	169
Capital Projects Fund		
CIP General State Government	-0-	48
Total Transfers	\$ 281	\$ 303,159

E. Transfers

A summary of interfund operating transfers for the year ended June 30, 1998, is shown below (expressed in thousands):

	Transfers In	Transfers Out
General Fund	\$ 46,980	\$ 71,886
Special Revenue Funds		
State Highway	1,246	9,869
Class-Size Reduction	41,816	-0-
Employment Security	19	6,014
Regulatory	1,604	5,854
Legislative	16,391	-0-
Municipal Bond Bank	-0-	50,438
Workers' Compensation and Safety	-0-	6,812
Higher Education Capital Construction	-0-	12,951
Cleaning Up Petroleum Discharges	-0-	442
Hospital Care to Indigent Persons	-0-	1
Tourism Promotion	18	1,488
Offenders' Store	6	1,976
Colorado River Commission	-0-	98
Contingency	51	5,298
Care of Sites for Radioactive Waste Disposal	-0-	185
Miscellaneous	4,059	245
Total Special Revenue Funds	65,210	101,671
Debt Service Fund		
Consolidated Bond Interest and Redemption	60,238	-0-
Capital Projects Funds		
Parks Capital Project Construction	1,607	20
CIP Motor Vehicle	4,215	7,379
CIP Human Resources	324	-0-
CIP General State Government	564	1,766
CIP Prison System	7,928	26
CIP Military	7,282	20
Miscellaneous	153	-0-
Total Capital Projects Funds	22,073	9,211
Enterprise Funds		
Housing Division	-0-	77
Nevada State Insurance	-0-	313
Forestry Nurseries	-0-	2
Prison Industry	-0-	6
Marlette Lake Water System	15	10
Total Enterprise Funds	15	408
Internal Service Funds		
Self-Insurance	28	18
Buildings and Grounds	-0-	113
Motor Pool	74	80
Communications	-0-	86
Insurance Premiums	-0-	61
Administrative Services	-0-	65
Personnel	-0-	521
Purchasing	-0-	449
Information Services	742	141
Printing	-0-	123
Total Internal Service Funds	844	1,657
Expendable Trust Funds		
Custodial Funds	607	6,404
Gift Funds	61	7
Total Expendable Trust Funds	668	6,411
Nonexpendable Trust Funds		
Henry Wood Christmas	-0-	3
Permanent School	227	5,008
Total Nonexpendable Trust Funds	227	5,011
Total Transfers	\$ 196,255	\$ 196,255

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 6 - RESTRICTED ASSETS

Various debt service, operation and maintenance, capital improvement and construction (acquisition) funding requirements of bond covenants, and trust indentures are recorded as restricted assets on the enterprise fund and special revenue fund balance sheets. These restricted assets are established either from bond proceeds or retained earnings. The components of restricted assets at June 30, 1998 are as follows (expressed in thousands):

	Revenue Fund	Enterprise Funds		Total Reporting Entity
	State Highway	Colorado River Commission	Housing Division	
Restricted:				
Cash	\$ -0-	\$ 28,976	\$ -0-	\$ 28,976
Investments	-0-	-0-	101,514	101,514
Interest receivable	-0-	-0-	1,533	1,533
Right of way acquisitions	45,885	-0-	-0-	45,885
Total	\$ 45,885	\$ 28,976	\$ 103,047	\$ 177,908
Restricted for:				
Debt service	\$ -0-	\$ 3,294	\$ -0-	\$ 3,294
Debt service reserve	-0-	-0-	103,047	103,047
Construction reserve	45,885	24,955	-0-	70,840
Other and all purpose reserve	-0-	727	-0-	727
Total	\$ 45,885	\$ 28,976	\$ 103,047	\$ 177,908

NOTE 7 - GENERAL FIXED ASSETS

A statement of changes in general fixed assets for the year ended June 30, 1998, is shown below (expressed in thousands):

	Land	Structures and Improvements	Furniture and Equipment	Construction in Progress	Total
Balance, July 1, 1997	\$ 82,923	\$ 581,155	\$ 203,252	\$ 97,941	\$ 965,271
Additions	2,547	43,503	32,778	61,701	140,529
Deletions	-0-	(422)	(9,441)	(43,504)	(53,367)
Balance, June 30, 1998	<u>\$ 85,470</u>	<u>\$ 624,236</u>	<u>\$ 226,589</u>	<u>\$ 116,138</u>	<u>\$ 1,052,433</u>

Construction in progress is composed of the following (expressed in thousands):

	Project Authorization	Expended to June 30, 1998	Committed	Required Future Financing
Prisons	\$ 146,731	\$ 56,130	\$ 2,271	None
Indian Springs Men's Prison	90,509	118	348	None
Natural resources & wildlife	29,087	11,473	1,002	None
Integrated financial system	30,100	5,356	10,938	None
Military	39,958	13,660	1,005	None
Other projects	69,810	29,401	6,025	None
Totals	<u>\$ 406,195</u>	<u>\$ 116,138</u>	<u>\$ 21,589</u>	

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 8 - LONG-TERM OBLIGATIONS

A. Long-Term Obligations

Long-term obligations at June 30, 1998 of the primary government are comprised of the following (expressed in thousands):

	Interest Rate	Authorized	Issued	Principal and Interest in FY 1998	Principal Outstanding
General Long-Term Obligations Account Group					
<i>General obligation bonds:</i>					
Subject to Constitutional Debt Limitation	3.85-10.00%	\$ 843,629	\$ 843,629	\$ 53,050	\$ 443,095
Exempt from Constitutional Debt Limitation	3.50-9.70%	1,665,076	1,663,151	79,140	1,172,764
<i>Special obligation bonds:</i>					
Exempt from Constitutional Debt Limitation - Highway Improvement Revenue Bonds	4.00-7.00%	88,500	88,500	19,780	17,700
Total Bonds		<u>\$ 2,597,205</u>	<u>\$ 2,595,280</u>	<u>\$ 151,970</u>	<u>1,633,559</u>
Obligations under capital leases	4.90-12.94%		<u>\$ 35,774</u>	<u>\$ 3,995</u>	32,955
Compensated absences obligations					64,581
Arbitrage rebate liability					2,160
Claims and judgments					772
Federal repayment contract					172,563
Judicial retirement net pension obligation					6,531
Total general long-term obligations					<u>\$ 1,913,121</u>
Enterprise funds					
<i>Colorado River Commission:</i>					
General obligation bonds exempt from Constitutional Debt Limitation	4.25-10.75%	\$ 247,310	\$ 201,080	\$ 7,185	\$ 108,292
<i>Housing Division:</i>					
Mortgage revenue bonds	4.10-10.63%	1,250,000	960,983	71,942	915,053
Total general obligations		<u>\$ 1,497,310</u>	<u>\$ 1,162,063</u>	<u>\$ 79,127</u>	<u>1,023,345</u>
Net obligations under capital leases			<u>\$ 26,470</u>	<u>\$ 1,745</u>	4,091
Compensated absences obligations					3,585
Total enterprise funds					<u>\$ 1,031,021</u>
Internal service funds					
Obligations under capital leases	4.06-7.23%		<u>\$ 6,255</u>	<u>\$ 1,692</u>	\$ 1,294
Less current portion					1,134
Net obligations under capital leases					160
Compensated absences obligations					2,330
Total internal service funds					<u>\$ 2,490</u>
Pension trust funds					
Notes payable	9.30%		\$ 9,563	\$ 967	\$ 9,296
Obligations under capital lease	5.74%		296	27	-0-
Total pension trust funds			<u>\$ 9,859</u>	<u>\$ 994</u>	<u>\$ 9,296</u>

B. Changes in General Long-Term Obligations Account Group

The following is a summary of changes in General Long-Term Obligations Account Group for the fiscal year ended June 30, 1998 (expressed in thousands):

	Balance July 1, 1997	New Obligations Incurred and Changes in Estimates	Obligations Retired	Balance June 30, 1998
Bonds	\$ 1,661,211	\$ 330,503	\$ (358,155)	\$ 1,633,559
Obligations under capital leases	5,004	30,583	(2,632)	32,955
Compensated absences obligations	61,732	2,849	-0-	64,581
Arbitrage rebate liability	1,918	242	-0-	2,160
Claims and judgments	452	1,083	(763)	772
Federal repayment contract	175,785	-0-	(3,222)	172,563
Judicial retirement net pension obligation	1,963	4,568	-0-	6,531
Total	<u>\$ 1,908,065</u>	<u>\$ 369,828</u>	<u>\$ (364,772)</u>	<u>\$ 1,913,121</u>

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 8 Continued)

C. Constitutional Debt Limitations

Section 3, Article 9, of the State Constitution (as amended) limits the aggregate principal amount of the State's public debt to two percent (2%) of the assessed valuation of the State. Exempt from this limitation are debts authorized by the Legislature that are incurred for the protection and preservation or for obtaining the benefits of any property or natural resources within the State. At June 30, 1998, the debt limit and its unused portion are computed as follows (expressed in thousands):

Debt limitation (2% of total assessed valuation)	\$ 831,746
Less: Bonds and leases payable as of June 30, 1998, subject to limitation	476,050
Remaining debt capacity	<u>\$ 355,696</u>

D. Nevada Municipal Bond Bank

General obligation bonds have been issued through the Nevada Municipal Bond Bank, a special revenue fund, as authorized by NRS 350A and NRS 349.950. These bonds are subject to statutory limitation of \$1.8 billion and are exempt from the Constitutional Debt Limitation. Proceeds from the bonds are used to purchase validly issued general obligation bonds of the State's local governments to finance projects related to natural resources. The State anticipates that the debt service revenue it receives from the participating local governments will be sufficient to pay the debt service requirements of the State bonds as they become due. Twenty-eight projects were funded through the Nevada Municipal Bond Bank as of June 30, 1998, and total investments in local governments amounted to \$890,515,600.

E. Refunded Debt and Redemptions

On August 5, 1997 the State issued \$81,090,000 General Obligation (Limited Tax) Refunding Bonds to partially advance refund \$1,205,000 of the August 1, 1989 Reservoir Refunding Bonds, \$2,400,000 of the August 1, 1990 Prison Facilities Bonds, \$1,155,000 of the November 1, 1990 Forensic Center Bonds, \$66,600,000 of the November 1, 1991 Capital Improvement Bonds, \$9,350,000 of the November 1, 1991 Various Purpose Bonds and \$1,825,000 of the April 1, 1992 Reservoir Refunding Bonds. The State completed the refunding to reduce its total future debt service payments by \$4,265,079 and to obtain an economic gain or present value savings of \$3,332,821.

On September 25, 1997, the State issued \$5,545,000 General Obligation (Limited Tax) (Revenue Supported) Water Refunding Bonds, to partially advance refund \$5,125,000 of the November 1, 1992 State of Nevada, Colorado River Commission General Obligation (Limited Tax) (Revenue Supported) Improvement Bonds. The State completed the refunding to reduce its total future debt service payments by \$298,901 and to obtain an economic gain or present value savings of \$212,245.

On April 9, 1998, the State Issued \$242,355,000 General Obligation (Limited Tax) Municipal Bond Bank 65 and R-6 Bonds, of which \$215,857,094 was to partially advance refund \$29,200,000 of the April 1, 1994 Municipal Bond Bank Project 42 Bonds, \$9,715,000 of the March 1, 1995 Municipal Bond Bank Project 46 Bonds, \$12,380,000 of the July 1, 1995 Municipal Bond Bank Project 47 Bonds and \$149,095,000 of the July 1, 1996 Municipal Bond Bank Project 52 Bonds. The State completed the refunding to reduce its total future debt service payments by \$5,886,853 and to obtain an economic gain or present value savings of \$6,946,411.

In the current and prior years, the State defeased certain general obligations and other bonds by placing the proceeds of new bonds and other monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. The total amount of defeased issues at June 30, 1998 is \$910,422,000.

F. Debt Service Requirements for Bonds

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 1998, of the primary government are summarized in the table following (expressed in thousands). Debt service requirements for all capital leases and installment purchases are presented in Section I of this note. No debt service requirements are presented for compensated absences obligations since the repayment dates are unknown. All amounts listed for Housing Bonds are projections and are subject to change based upon changes in the mortgage interest market rate. Actual results may vary considerably from these projections at any point in time, depending upon market rates of interest.

STATE OF NEVADA

Notes to Financial Statements For the Fiscal Year Ended June 30, 1998

(Note 8 Continued)

	For The Fiscal Year Ending June 30					
	1999	2000	2001	2002	2003	Thereafter
General Long-Term Obligations Account Group						
<i>General obligations serviced from Consolidated Bond Interest and Redemption Debt Service Fund:</i>						
General obligation bonds (taxes)	\$ 57,191	\$ 57,321	\$ 57,395	\$ 57,066	\$ 56,928	\$ 432,903
General obligation bonds (loan repayments)	2,589	2,534	2,466	2,373	2,303	19,027
General obligation bonds (user fees)	17,374	18,231	18,248	18,269	18,278	316,362
Municipal bond bank bonds (investments in municipal bonds)	57,888	62,507	62,851	62,363	61,527	1,206,830
Federal repayment contract (user fees)	8,935	8,935	8,935	8,935	8,935	235,258
University System projects bonds (slot machine tax)	7,791	7,793	7,801	3,869	3,847	26,995
Total general obligation bonds	151,768	157,321	157,696	152,875	151,818	2,237,375
<i>Special obligation bonds serviced from Highway Bonds Debt Service Fund:</i>						
Highway improvement revenue bonds (fuel tax)	18,939	-0-	-0-	-0-	-0-	-0-
Total General Long-Term Obligations Account Group	\$ 170,707	\$ 157,321	\$ 157,696	\$ 152,875	\$ 151,818	\$ 2,237,375
Enterprise Funds						
<i>General obligation bonds serviced from:</i>						
Colorado River Commission Fund (user fees)	\$ 8,386	\$ 8,381	\$ 9,173	\$ 9,163	\$ 6,683	\$ 169,250
Housing Fund (investments in mortgages)	110,650	111,515	109,504	103,719	96,404	1,001,644
Total enterprise funds	\$ 119,036	\$ 119,896	\$ 118,677	\$ 112,882	\$ 103,087	\$ 1,170,894
Pension Trust Fund						
Notes payable serviced from PERS	\$ 967	\$ 9,403	-0-	-0-	-0-	-0-

G. Amounts Available and Amounts to be Provided for Debt Service

At June 30, 1998, the amount available in debt service funds to service debt is \$30,965,785. This total consists of \$413,001 available in the Highway Revenue Bonds Debt Service Fund to service the Special Obligation Highway Revenue (Motor Vehicle Fuel Tax) Bonds and \$30,552,784 available in the Consolidated Bond Interest and Redemption Debt Service Fund. At June 30, 1998, the amount available in special revenue funds is \$890,515,600. This amount is available to service the Municipal Bond Bank Bonds in the Municipal Bond Bank Special Revenue Fund.

The amount to be provided by other governments of \$397,172,980 is due from the Southern Nevada Water Authority (SNWA). Until January 1, 1996, the Colorado River Commission (CRC), an enterprise fund which is responsible for managing Nevada's interest in the water and power resources available from the Colorado River, operated the Southern Nevada Water

System (SNWS). In accordance with Chapter 393 of the 1995 Legislature, certain rights, powers, duties and liabilities of SNWS were transferred from the State and CRC to the SNWA effective January 1, 1996. These rights, powers duties and liabilities included, but were not limited to, the State of Nevada General Obligation bonds, the existing water user contracts, the Federal Repayment Contract, the Service Contract between CRC and the Las Vegas Valley Water District, and all other contracts related to the SNWS including contracts for capital improvement. Accordingly, on January 1, 1996 the State recorded the general obligation bonds and federal repayment contract previously reported in CRC and an associated amount to be provided by other government in the General Long-Term Obligations Account Group.

H. Bond Indenture Provisions

There are restrictions and limitations contained in the various bond indentures. The State is in compliance with the requirements of the bond covenants.

STATE OF NEVADA

Notes to Financial Statements For the Fiscal Year Ended June 30, 1998

(Note 8 Continued)

I. Capital Leases

The State has entered into various agreements for the lease of equipment. Assets acquired under such leases of the primary government at June 30, 1998, consist of the following (expressed in thousands):

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Total
Equipment	\$ 35,774	\$ 26,470	\$ 6,255	\$ 68,499
Less accumulated depreciation	-0-	22,597	4,633	27,230
Total	\$ 35,774	\$ 3,873	\$ 1,622	\$ 41,269

For all capital leases of the primary government, the gross minimum lease payments and the present value of the net minimum lease payments as of June 30, 1998 follow (expressed in thousands):

Fiscal year ending June 30	Amount
1999	\$ 7,832
2000	6,611
2001	3,557
2002	3,148
2003	2,397
Thereafter	29,548
Total payments	53,093
Less: Amount representing interest	14,753
	38,340
Less: Current portion for internal service funds	1,134
Total	\$ 37,206

J. Arbitrage Rebate Requirement

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, an arbitrage rebate liability has been calculated as of June 30, 1998. The liability is payable as follows (expressed in thousands):

Fiscal year ending June 30	Amount
1999	\$ 594
2000	566
2001	437
2002	473
2003	90
Total	\$ 2,160

K. Federal Repayment Contract

The State is obligated to the United States pursuant to the terms of a contract entered into in 1967 and amended in 1992 for the construction by the United States of a project (the Griffith Project) for the principal purpose of delivering water for municipal and industrial use within Clark County, Nevada. In 1973, the States' original obligation under the contract was \$51,164,299 from the first phase of construction and in 1984, an additional \$125,817,815 from the second phase. Both phases are being repaid over a fifty-year period including interest at 3.25%. Section F discloses the remaining debt service requirements.

The obligation is repaid from the net revenues of the Griffith Project water users. The CRC operated the Griffith Project system and collected the associated water revenues until January 1, 1996, when the system, along with additional water treatment operations and assets, was transferred to the Southern Nevada Water Authority (SNWA). In accordance with Chapter 393 of the 1995 Legislature, the duty of repaying this federal contract was transferred to SNWA; however, the State remains the primary obligor. Should the user revenues be insufficient to meet the obligation, the United States may assert a prior claim to ad valorem or other taxes or assessments of the State.

L. Component Unit Obligations

Bonds, notes and capital leases payable by the University System at June 30, 1998, consist of the following (expressed in thousands):

	Annual Rate of Interest	Final Maturity	Principal Outstanding
Student fee revenue bonds	3.00-8.50	2017	\$ 58,910
Notes payable	2.01-8.13	2016	7,789
Capital leases	5.47-8.75	2003	882
Total			\$ 67,581

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 8 Continued)

Tuition and fees, auxiliary enterprises' revenue and certain other revenue as defined in the bond indentures secure the student fee revenue bonds.

Accrued compensated absences payable by the University System at June 30, 1998, were \$19,852,000.

Debt service requirements (principal and interest) for bonds, notes and capital leases payable by the University System for the years ending June 30 are as follows (expressed in thousands):

Fiscal year ending June 30	Amount
1999	\$ 9,030
2000	8,308
2001	7,620
2002	7,410
2003	7,076
Thereafter	55,706
Total	\$ 95,150

At June 30, 1998 debt in the amount of \$16,651,000 is considered to be extinguished through refunding of prior issues by a portion of the current issues. Sufficient proceeds were invested in state and local government

securities and placed in escrow to assure the timely payment of the maturities of prior issues. Neither the debt nor the escrowed assets are reflected on the financial statements.

M. Conduit Debt Obligations

The State has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The State is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 1998, there were fifteen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$49,093,899.

NOTE 9 - PENSIONS AND OTHER EMPLOYEE BENEFITS

The Nevada Legislature has created various plans to provide benefits to qualified employees and certain elected officials of the State as well as employees of other public employers. The Public Employees' Retirement Board administers the Public Employees' Retirement System of Nevada (PERS) and the Legislators' Retirement System of Nevada (LRS). The Clerk of the Supreme Court administers the Judicial Retirement System. A summary description of the plans follows.

A. PERS

Plan Description - All full-time State employees and full-time employees of participating local government entities in the State are members in the PERS, a defined benefit cost-sharing, multiple-employer public employees' retirement system established in 1947 by the Nevada Legislature. Any government employer in the State may elect to have its general, police and fire department employees covered by PERS.

At June 30, 1998, the number of participating government employers was:

State and its component units	1
Cities	19
Counties and related agencies	16
School districts	17
Hospitals and health care	10
Utility and irrigation districts	17
Special districts and agencies	41
Total employers	121

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members are computed at 2.5% of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation. Regular members are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 9 Continued)

Service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with 30 years of accredited service. A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service, is entitled to a benefit of up to 90% of average compensation. When members are eligible for earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

Funding Policy - The authority for establishing and amending the obligation to make contributions is provided by statute. Member contribution rates are also established by statute. New employees of the State of Nevada and public employers, who were not under the employer-pay contribution plan prior to July 1, 1983, have the option of selecting either the employee and employer contribution plan or the employer-pay contribution plan. One plan provides for matching employee and employer contributions while the other plan provides for employer-pay contributions only.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage

of salary throughout an employee's working lifetime, in order to accumulate sufficient assets to pay benefits when due. Although PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis, both for funding purposes and GASB disclosure purposes, contributions actually made are in accordance with the required rates established by the Legislature. These statutory rates are increased or decreased pursuant to NRS 286.421 and 286.450.

Actuarially required and statutory employee and employer contribution rates, as a percentage of covered payroll, for regular and police and fire members in effect for the fiscal year ended June 30, 1998, were as follows:

	Funding Basis	GASB Disclosure Basis	Statutory Rate
Regular employees:			
Employer -pay plan	18.45%	19.62%	18.75%
Employee and employer plan	9.86%	10.45%	10.00%
Police and Fire employees:			
Employer -pay plan	27.95%	30.94%	28.50%
Employee and employer plan	14.61%	16.10%	14.75%

Required Supplementary Information - Schedules of funding progress and employer contributions are presented in the PERS June 30, 1998, comprehensive annual financial report. PERS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

The State's contribution requirements for the current fiscal year and each of the two preceding years were (expressed in thousands):

	1998			1997			1996		
	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement	Employees' Contribution	Employers' Contribution	Total State Contribution Requirement
Primary government	\$ 31,313	\$ 79,606	\$ 110,919	\$ 28,218	\$ 73,588	\$ 101,806	\$ 25,276	\$ 68,629	\$ 93,905
Component unit:									
University System	4,732	12,756	17,488	4,194	11,851	16,045	3,242	9,569	12,811
Total reporting entity	\$ 36,045	\$ 92,362	\$ 128,407	\$ 32,412	\$ 85,439	\$ 117,851	\$ 28,518	\$ 78,198	\$ 106,716
Contributions as % of covered payroll	6%	15%	21%	6%	15%	21%	6%	15%	21%
Contributions as % of total contributions of all participating entities of \$557,277, \$517,645 and \$471,707	6%	17%	23%	6%	17%	23%	6%	17%	23%

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 9 Continued)

B. LRS

Plan Description - All State Legislators are members in LRS, a defined benefit, single-employer public employees' retirement system established in 1967 by the Nevada Legislature. LRS is legislated by and functions in accordance with State laws established by the Nevada Legislature. It is administered by the PERS Board of the State of Nevada.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement. Service years include the entire election term whether or not the Legislature is in session. Benefit payments to which participants may be entitled under the plan include pension benefits and death benefits. Monthly benefit allowances are \$25 for each year of service up to thirty years. Contributions and investment earnings provide benefits under the system. Legislators become fully vested as to benefits at age 60 and 8 years of service before July 1, 1985, or at age 60 and 10 years of service after July 1, 1985.

Funding Policy - The Legislator contribution of 15% of compensation is paid by the Legislator only when the Legislature is in session, as required by statute. The Legislature holds sessions every two years. Prior to 1985, the employee contributions were matched by the employer. The 1985 Legislators' Retirement Act includes NRS 218.2387(2) which states, "The Director of the Legislative Counsel Bureau shall pay to the Board from the Legislative Fund an amount as the contribution of the State of Nevada as employer which is actuarially determined to be sufficient to provide the System with enough money to pay all benefits for which the System will be liable." The Legislature appropriated \$357,428 for calendar years 1997 and 1998, which is the annual required State contribution as determined by the actuary. This amount was paid by the Legislative Fund and was recorded as an employer contribution in the

fiscal year ended June 30, 1997, since the Legislature was in session in fiscal year 1997.

Actuarial Information - Actuarial methods and significant assumptions used in the January 1, 1997, actuarial valuation include the following:

Actuarial Cost Method: Entry age

Amortization Method: Level percent closed

Remaining Amortization Period: 28 years

Asset Valuation Method: 5 year smoothed market

Actuarial Assumptions:

Investment yield	8%
Projected salary increases	None

Retirement Age for Active Members: Earlier of age 64 or age 60 with 24 years of service

Assumed Mortality Rate: 1983 Group Annuity Mortality Table

Cost of Living (Post-Retirement) Increases:

2% after 3 years of receiving benefits
3% after 6 years of receiving benefits
3.5% after 9 years of receiving benefits

Trends can be affected by investment experience (favorable or unfavorable), salary experience, or changes in demographic characteristics of employees. Other factors include retirement experience. Changes in benefits provisions and in actuarial methods and assumptions can also affect trends.

LRS issues separate financial statements, which are available from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

Required Supplementary Information - Actuarial valuations of the LRS are prepared every two years to determine State contributions required to fund the system on an actuarial basis. A schedule of funding progress is as follows (expressed in thousands):

Valuation Year	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Ratio of Assets to AAL	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
1993	\$ 4,665	\$ 1,976	\$ 2,689	42%	\$ 492	547%
1995	4,605	2,198	2,407	48%	491	490%
1997	4,778	2,957	1,821	62%	491	371%

STATE OF NEVADA

Notes to Financial Statements For the Fiscal Year Ended June 30, 1998

(Note 9 Continued)

Trend Information: Three-year trend information follows (expressed in thousands):

Fiscal Year Ended	Annual Pension Cost	State Contribution Made	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/96	\$ 215	\$ -0-	0%	\$ -0-
6/30/97	179	357	200%	-0-
6/30/98	179	-0-	0%	-0-

C. The Judicial Retirement System (JRS)

Plan Description - The justices of the Supreme Court and district court judges have been granted special retirement provisions by various Legislatures. This is a single-employer, State of Nevada, defined benefit, unfunded plan. The plan does not issue separate financial statements, nor is it included in the report of another PERS. An actuarial valuation for this plan was prepared according to the provisions of Government Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. At the actuarial valuation date of July 1, 1997, (the most recent valuation date) membership consisted of 50 active members and 32 retirees and beneficiaries receiving benefits.

Benefits to which members may be entitled under the plan are defined by statute and include pension benefits, disability benefits and death benefits. Justices and judges who have served as a justice of the Supreme Court or a judge of a district court are eligible for retirement at age 60 with five years of aggregate service in any one or more of those courts. The annual benefit is equal to 4.1666 percent of the salary of the last year of service. The benefit is increased 4.1666 percent for each year of service between five years and 22 years. The maximum benefit is three-fourths of the salary of the last year of service at age 60 with 22 years of service. Any justice or judge who has the years of service necessary to retire but has not attained the required age may retire at any age with a benefit actuarially reduced to the required retirement age. Benefits are payable for life.

Funding Policy - No contributions are required of the justices or judges. Funding is provided from the General Fund on a pay-as-you-go basis, according to statute. Benefit expenditures are reported in the law, justice and public safety function of the General Fund. The State's contribution for the years ended June 30, 1997 and 1998, were \$969,390 and \$995,625, respectively. The actuarial valuation at July 1, 1997, determined the annual required contribution for the year ended June 30, 1998, using the entry-age-normal level percent of pay

cost method for salary related benefits and the level dollar cost method for non-salary related benefits. The annual required contribution, annual pension cost and net pension obligation for the year ended June 30, 1998, are as follows (expressed in thousands):

Annual required contribution	
Annual normal cost, beginning of year	\$ 1,420
38 year amortization of unfunded actuarial accrued liability, beginning of year	1,946
Interest to end of year	269
Annual required contribution, end of year	<u>3,635</u>
Interest on net pension obligation	311
Adjustment to annual required contribution	(303)
Annual pension cost	<u>3,643</u>
Benefits paid	993
Increase in net pension obligation	2,650
Net pension obligation, beginning of year	3,881
Net pension obligation, end of year	<u><u>\$ 6,531</u></u>

The net pension obligation of \$6,531,000 is reported in the General Long-Term Obligations Account Group. Historically, an actuarial determination of the actuarial required contribution has not been made. The contribution to the plan has equaled the benefit payments from the plan. As a result, the net pension obligation at transition is equal to zero as of July 1, 1997, in accordance with GASB Statement No. 27.

The plan accumulates no assets to pay benefits. The unfunded actuarial accrued liability as of July 1, 1997, was \$24,864,000. This unfunded actuarial accrued liability is to be amortized, using the level dollar method, over a period of 40 years on a closed basis from July 1, 1995.

Actuarial Information - Significant actuarial assumptions used in the valuation included the following:

Interest Rate: 8%

Salary Increase: Position pay increases are assumed to be 3% per year in anticipation of legislated increases. Longevity increases at 6% after six years and 1% per year for each subsequent year up to 17 additional years.

STATE OF NEVADA

Notes to Financial Statements For the year ended June 30, 1998

(Note 9 Continued)

Retirement Age: This is assumed to be normal retirement age.

Termination Prior to Retirement : None.

Permanent Incapacity: None.

Mortality Rates: The assumed mortality experience is projected by using the 1983 Group Mortality Table.

Presence and Age of Spouse: All of the members are married and the spouses are assumed to be three years younger/(older) if the member is male/(female).

Required Supplementary Information – Actuarial valuations of the JRS are prepared every two years to determine State contributions required to fund the system on an actuarial basis. A schedule of funding progress for the transition year and subsequent actuarial valuation is as follows (expressed in thousands):

Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/95	\$ 20,229	\$ -0-	\$ 20,229	0%	\$ 4,154	487%
7/1/97	24,864	-0-	24,864	0%	5,239	475%

The schedule of employer contributions for the current fiscal year and each of the two preceding years were (expressed in thousands):

Fiscal Year Ended	Annual Required Contribution (ARC)	State Contribution	State Contribution as a % ARC
6/30/96	\$ 2,881	\$ 918	32%
6/30/97	2,886	967	34%
6/30/98	3,643	993	27%

Trend Information - Three year trend information follows (expressed in thousands):

Fiscal Year Ended	Annual Pension Cost	% of Annual Pension Cost Contributed	Net Pension Obligation
6/30/96	\$ 2,881	31.09%	\$ 1,963
6/30/97	2,886	33.50%	3,881
6/30/98	3,643	27.30%	6,531

D. Post-Retirement Insurance Benefits

Any retiree of the State who meets the eligibility requirements for retirement as outlined in sections A through C of this note, and at the time of retirement is covered or had his dependents covered by any group insurance or medical and hospital service, has the option upon retirement to continue group insurance. NRS 287.023 establishes this benefit upon the retiree assuming the portion of the premium not covered by the State. For the year ended June 30, 1998, 3,818 retirees were covered at a cost of \$5,912,917, which represents 62% of total costs.

The State allocates funds for payment of insurance benefits as a percentage of payroll. The cost of the employer contribution is recognized in the year the costs are charged. Any unused funds are carried forward to the next fiscal year. The carry forward to fiscal year 1998 was \$24,105.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 10 - RISK MANAGEMENT

The State of Nevada established the Self-Insurance and Insurance Premiums funds in 1983 and 1979, respectively. Both funds are classified as internal service funds.

Interfund premiums are reported as quasi-external transactions of the funds. All State funds participate in the insurance program. Changes in the claims liabilities during the past two fiscal years were as follows (expressed in thousands):

	Self Insurance Fund	Insurance Premiums Fund
Balance, July 1, 1996	\$ 9,098	\$ 7,714
Claim and changes in estimates	66,296	2,248
Claim payments	(62,604)	(1,792)
Balance, June 30, 1997	12,790	8,170
Claim and changes in estimates	79,809	7,179
Claim payments	(81,485)	(3,525)
Balance, June 30, 1998	<u>\$ 11,114</u>	<u>\$ 11,824</u>

These liabilities are recorded in accordance with GASB Statement No. 10. This statement requires that a liability for claims be reported if information received before the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include incremental claims adjustment costs.

There were no significant reductions in insurance coverage from the prior year for group medical, general liability, automobile liability, or property and casualty.

There were no material settlements in excess of insurance coverage for each of the past three fiscal years.

A. Self-Insurance Fund

The Self-Insurance Fund administers the group health, life and disability insurance for covered employees, both active and retired, of the State and certain other participating public employers within the State. All

public employers in the State are eligible to participate in the Self-Insurance Fund. Currently, there are twenty-eight public employers in addition to the State participating in the Self-Insurance Fund. NRS 287.041 created the Committee on Benefits to oversee the Self-Insurance Fund's activities. The committee is composed of a five-member board consisting of two members selected by the Nevada State Employee's Association, the Director of the Department of Administration, a State retiree and an individual appointed by the Governor. The Self-Insurance Fund contracts with a third-party administrator to pay the Self-Insurance Fund's claims and also contracts with medical providers to determine the price of services to be provided. The Self-Insurance Fund is self-insured for medical, dental and vision benefits and assumes all risk for claims incurred by plan participants. Accidental death and dismemberment, travel accident, long-term disability, mental health and substance abuse, and life insurance benefits are administered solely by insurance providers. The Self-Insurance Fund does not retain any risk of loss regarding those plans covered by independent insurance providers.

Monthly premiums for employee and dependent coverage used to finance the Self-Insurance Fund are determined annually by the Self-Insurance Fund's actuary. Premiums are based upon anticipated claims in the upcoming year and any remaining fund balance available for claims. The participating employers pay monthly premiums for each employee and employees pay for dependent coverage.

During fiscal year 1997 it was discovered that an employee of the third-party administrator embezzled funds from the Self-Insurance Fund's outside bank account. Additionally, the third-party administrator was not paying claims to plan providers on time. This failure to pay the claims on a timely basis resulted in the loss of discounts allowed by plan providers. These additional costs resulted in the Self-Insurance Fund incurring a loss of \$25,994,561 for the year ended June 30, 1998. The third-party administrator's contract was terminated for cause on June 30, 1997.

The Self-Insurance Fund contracted with a new third-party administrator to pay claims. Part of the contract included reimbursing plan providers for past due claims left unpaid by the previous administrator. During the transition, a lack of understanding of existing contracts by the new-third-party administrator

STATE OF NEVADA

Notes to Financial Statements For the Fiscal Year Ended June 30, 1998

(Note 10 Continued)

led to some of the predetermined prices for services being incorrectly loaded into their claims payment system. As a result, plan providers received both over and underpayments for services rendered. The actuary estimates the incurred but not reported (IBNR) claims liability for the Self-Insurance Fund based upon information provided by the third-party administrator. Due to the unreliability of the information provided, the actuarial estimate can not be relied upon, resulting in a qualified opinion on the State's General Purpose Financial Statements.

As a result of the problems discussed above and the fact that billed premiums and investment earnings have not been sufficient to cover the increases in health care costs, the Self-Insurance Fund has sustained an accumulated deficit of \$13,095,041 at June 30, 1998. Several alternative plans have been developed to return the Self-Insurance Fund to solvency. They will be presented to the Nevada State Legislature in 1999.

B. Insurance Premiums Fund

The Insurance Premiums Fund provides self-insurance for general, civil (tort), auto and property casualty liabilities of State agencies. It also accumulates workers' compensation premiums for State employees and buys insurance under a retrospective rating agreement from the Employers Insurance Company of Nevada which is reported as an enterprise fund.

Under the retrospectively rated contract, each calendar year is a separate plan subject to its own premium determinations based on the actual loss experience for that year. For the 1998 plan, the Insurance Premiums Fund paid quarterly advance premiums of \$2,125,000 to Employers Insurance. Each plan year is subject to four premium determinations, the first being eight months after the close of the plan year, and annually thereafter. Each plan year may be closed at any determination if the Insurance Premiums Fund and Employers Insurance mutually agree. The cost to close a plan year includes a charge for incurred but not reported claims. Plan years 1996, 1997 and 1998 are still open as of June 30, 1998 and are subject to additional premiums based on the loss experience of

the plan. No liability has been accrued, but for these additional premiums as of June 30, 1998, the estimated range of additional exposure is \$-0- to an amount in excess of \$9 million. These additional premiums are included in net income of the Insurance Premiums Fund in the year of determination.

The State has a maximum exposure of \$50,000 for each general liability and fleet liability cause of action. It has a self-insured retention of \$100,000 for property and contents per occurrence with no aggregate annual limit. Per State statute, if future general liability or fleet catastrophic losses exhaust fund equity, coverage would revert to the State Contingency Fund.

At June 30, 1998, incurred but not reported claims liability for general, civil and auto insurance is based upon the actuary's estimate for the Insurance Premiums Fund. The incurred but not reported claims liability for property casualty insurance is based upon experience trends.

C. Workers' Compensation

The Nevada State Insurance Fund has established a liability for both reported and unreported insured events. This liability includes estimates of future payments of claims and related claim adjustment expenses, and is based on the estimated ultimate cost of settling claims. In estimating its liability for incurred but unpaid claims, the Nevada State Insurance Fund considers prior experience, industry information, currently recognized trends affecting data specific to the Nevada State Insurance Fund and other factors relating to worker's compensation insurance underwritten by the Nevada State Insurance Fund. Because actual claim costs depend upon such factors as duration of worker disability, medical cost trends, occupational disease and inflation, the process used in computing the ultimate cost of settling claims and expense for administering claims is necessarily based on estimates. The following represents changes in the aggregate liabilities for incurred but unpaid claims (IBUC), net of reinsurance recoverable, for the Nevada State Insurance Fund during the past two fiscal years (expressed in thousands):

STATE OF NEVADA

Notes to Financial Statements For the Fiscal Year Ended June 30, 1998

(Note 10 Continued)

	1998	1997
Liability for IBUC and claims adjustment expenses, July 1, undiscounted	\$ 2,300,000	\$ 2,443,000
Incurring claims:		
Provision for insured events of the current year	355,000	371,000
Decreases in provision for insured events of prior years	(42,737)	(302,000)
Total incurred claims	312,263	69,000
Claims payments attributable to:		
Insured events of the current year	43,000	42,000
Insured events of prior years	178,000	170,000
Total payments	221,000	212,000
Liability for IBUC and claims adjustment expenses, June 30, undiscounted	\$ 2,391,263	\$ 2,300,000

Underwriting income totaled \$36,048,000 and \$310,254,000 for the years ended June 30, 1998 and 1997, respectively.

NOTE 11 - FUND EQUITY

Fund balances, reserved for other and unreserved, designated fund balances at June 30, 1998, are explained as follows (expressed in thousands):

	Governmental Fund Types						Component	
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Types	Total Primary Government	Unit University System	Total Reporting Entity
Fund balances, reserved for other:								
Reserved for prepaid items	\$ 21,837	\$ -0-	\$ -0-	\$ -0-	\$ -0-	21,837	\$ -0-	\$ 21,837
Reserved for noncurrent receivables - accounts, notes	860	9,939	-0-	-0-	37	10,836	2,725	13,561
Reserved for noncurrent receivables - intergovernmental	178	-0-	-0-	-0-	-0-	178	-0-	178
Reserved for fiscal emergency	-0-	128,867	-0-	-0-	-0-	128,867	-0-	128,867
Reserved for debt service	-0-	890,515	30,966	-0-	-0-	921,481	3,258	924,739
Reserved for retirement systems	-0-	-0-	-0-	-0-	10,841,736	10,841,736	-0-	10,841,736
Reserved for the principal portion of non- expendable trust funds	-0-	-0-	-0-	-0-	65,553	65,553	-0-	65,553
Reserved for endowment	-0-	-0-	-0-	-0-	40	40	234,337	234,377
Reserved for specific future allocations	-0-	6,551	-0-	-0-	500	7,051	-0-	7,051
Reserved for investment pool	-0-	-0-	-0-	-0-	368,470	368,470	-0-	368,470
Reserved for University System unexpended plant	-0-	-0-	-0-	-0-	-0-	-0-	142,984	142,984
Reserved for University System current operating restricted fund	-0-	-0-	-0-	-0-	-0-	-0-	21,852	21,852
Reserved for appropriations subject to reversion and for refundable federal grants	-0-	7,500	-0-	-0-	-0-	7,500	7,599	15,099
Miscellaneous	-0-	25,934	-0-	-0-	10	25,944	-0-	25,944
Total fund balances, reserved for other	\$ 22,875	\$ 1,069,306	\$ 30,966	\$ -0-	\$ 11,276,346	\$ 12,399,493	\$ 412,755	\$ 12,812,248
Unreserved, designated fund balances:								
Designated for approved capital projects	\$ -0-	\$ -0-	\$ -0-	\$ 63,818	\$ -0-	\$ 63,818	\$ -0-	\$ 63,818
Designated to preserve a portion of principal per NRS 504.450	-0-	-0-	-0-	-0-	900	900	-0-	900
Designated by Board of Museums and History	-0-	-0-	-0-	-0-	167	167	-0-	167
Total unreserved, designated fund balances	\$ -0-	\$ -0-	\$ -0-	\$ 63,818	\$ 1,067	\$ 64,885	\$ -0-	\$ 64,885

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 11 Continued)

Retained earnings is explained as follows (expressed in thousands):

	Proprietary Fund Types		
	Enterprise	Internal Service	Total
<i>Retained earnings, reserved:</i>			
Reserved for operation and maintenance	\$ 727	\$ -0-	\$ 727
Reserved as security for outstanding obligations	106,016	-0-	106,016
Total retained earnings, reserved	\$ 106,743	\$ -0-	\$ 106,743

NOTE 12 - PRINCIPAL TAX REVENUES

The principal taxing authorities for the State of Nevada are the Nevada Tax Commission and the Nevada Gaming Commission.

The Nevada Tax Commission was created under NRS 360.010 and is the taxing and collecting authority for taxes. The following are the primary tax revenues:

Sales and Use Taxes are imposed at a total rate of 6.5%, with local county option up to an additional .5%, on all taxable sales and taxable items of use. The State receives tax revenue of 2% of total sales with the balance distributed to local governmental entities and school districts.

Motor Vehicle Fuel Tax is levied at 23 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, the remainder to the counties.

Insurance Premium Tax is imposed at 3.5% on insurance premiums written in Nevada. A "Home Office Credit" is given to insurance companies with home or regional offices in Nevada, but not to exceed 80% of the taxes due.

Other Sources of tax revenues are: Property Tax, Cigarette Tax, Estate Tax, Net Proceeds of Minerals Tax, Business Tax, and Liquor Tax.

The Nevada Gaming Commission was created under NRS 463.022 and is charged with collecting state gaming taxes and fees. The following sources account for gaming tax revenues:

Percentage Fees are the largest of several State levies on gaming. They are based upon gross revenue and are collected monthly. The fee is applied on a graduated basis at the following monthly rates:

Three percent of the first \$50,000 of gross revenue; four percent of the next \$84,000 of gross revenue; and six and one quarter percent of the gross revenue in excess of \$134,000.

Casino Entertainment Taxes are imposed at 10% of all amounts paid for admission, food, merchandise or refreshment, while the establishment is providing entertainment as specified in NRS 463.401.

Flat Fee Collections are levied on the number of gambling games and slot machines operated. Licensees remit from \$20 to \$106 per quarter per machine and pay a fee at variable rates on the number of games operated as established in NRS 463.373, NRS 463.375 and NRS 463.383.

Other Sources of gaming tax revenues are: Annual State Slot Machine taxes, Annual License Fees and Miscellaneous Collections, which consists of penalties and fines, manufacturer's, distributor's and slot route operator's fees, advance payments, race wire fees, pari-mutuel wagering tax and other nominal miscellaneous items.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The State has seven enterprise funds, which provide the services described below. Net working capital is not shown for the Housing Division and Nevada State Insurance Fund in the table of segment information since their balance sheets cannot be classified.

The Colorado River Commission (CRC) is responsible for managing Nevada's interest in the water and power resources available from the Colorado River. The Power Marketing Fund is required by the bond resolution authorizing the financing of Nevada's share of the cost of uprating the generating facilities at Hoover Dam. It is used to record purchases and sales of power and other power marketing related activities. The Power Delivery Fund is required by the bond resolution authorizing the construction and operation of certain electric power transmission and distribution facilities to serve the planned expansion of the Southern Nevada Water System.

The Nevada Housing Division was created to make available additional funds to assist private enterprise and governmental agencies in providing housing facilities for low and moderate income households. The Division is currently authorized to issue its bonds, notes and other

obligations in an aggregate amount not to exceed \$1,250,000,000. These funds may be used to make loans to and purchase mortgage loans from mortgage lenders, and to make temporary loans and advances in anticipation of insured mortgage loans or to finance permanent mortgage loans for the construction or rehabilitation of multi-unit residential housing.

Nevada State Insurance Fund is a separate self-supporting agency of the State, which provides insurance to employers against liability for workers' compensation claims. The Nevada State Insurance Fund also operates a rehabilitation center in Las Vegas. The fund is comprised of two separate entities, Employers Insurance Company of Nevada and the Account for Extended Claims.

Other funds include: Forestry Nurseries propagates, maintains and distributes plants for conservation purposes. Prison Industry produces various products while employing and training inmates. Nevada Magazine publishes the State magazine to promote tourism. Marlette Lake Water System operates a water distribution system.

Segment information for the fiscal year ended June 30, 1998, is as follows (expressed in thousands):

	Colorado River Commission	Housing Division	Nevada State Insurance	Other	Total
Operating revenues	\$ 24,899	\$ 79,044	\$ 447,419	\$ 6,886	\$ 558,248
Depreciation expense	-0-	106	3,503	182	3,791
Operating income	-0-	16,382	43,359	475	60,216
Operating grants	-0-	-0-	-0-	19	19
Operating interfund transfers in	-0-	-0-	-0-	15	15
Operating interfund transfers out	-0-	(77)	(313)	(18)	(408)
Net income (loss)	(79)	16,305	253,869	575	270,670
Property, plant, equipment and construction in progress:					
Additions and adjustments	30,593	108	12,760	70	43,531
Deletions and adjustments	-0-	-0-	6,396	50	6,446
Net working capital	4,340	n/a	n/a	2,992	7,332
Total assets	123,034	1,051,111	2,088,240	6,743	3,269,128
Bonds and other long-term liabilities:					
Payable from operating revenues	110,801	915,053	7,185	566	1,033,605
Payable from other sources	8,149	-0-	90,435	7	98,591
Total equity (deficit)	1,011	108,398	(602,552)	4,761	(488,382)

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. Through the 1993 fiscal year, SIIS, now known as Employers Insurance Company of Nevada, experienced several years of continuing severe operating losses and cash flow deficiencies that resulted in an accumulated deficit of over \$2 billion at June 30, 1993. In reaction, the Governor, the State Legislature and Employers Insurance Company of Nevada's management undertook a sweeping plan of legislation and management reforms to address the issues affecting operational profitability. Beginning with the 1994 fiscal year, Employers Insurance Company of Nevada began a record of profitability and positive cash flows. These changes resulted in improvements that reduced the accumulated deficit to \$602,552,000 at June 30, 1998.

Management believes that the combination of changes initiated to the operational and claims management processes as well as the impact of recent legislative changes have enabled Employers Insurance Company of Nevada to generate net income and positive cash flow, as well as decrease overall claims liabilities.

Employers Insurance Company of Nevada is involved in litigation arising out of matters incident to the conduct of its insurance operations. In the opinion of management, resolution of this litigation will not have a material adverse effect on Employers Insurance's financial position.

B. In 1977 and 1989 the State issued \$13,730,000 and \$14,755,000, respectively, in General Obligation Sewer Improvement Bonds for and on behalf of Clark County. To date, the bonds have been completely serviced by Clark County; however, the State remains contingently liable on the bonds through maturity on July 1, 2004. The amount of bonds outstanding at June 30, 1998, is \$14,055,000.

C. The State Attorney General's Office reported that the State or its officers and employees were parties to numerous lawsuits, in addition to those described below. In view of the financial condition of the State, the State Attorney General is of the opinion that the State's financial condition will not be materially affected by this litigation, based on information known at this time.

Several of the actions pending against the State are based upon the State's (or its agents') alleged negligence in which the State must be named as a party defendant. However, there is a statutory limit to the State's liability of \$50,000 per claim. Such limitation does not apply to federal actions such as civil rights actions under 42 U.S.C. Section 1983 brought under federal law or to actions in other states. Tort claims are handled in accordance with NRS 41.

The State is a party to several lawsuits that have been filed under the federal civil rights statutes. In the district of Nevada, none of the United States district judges have ruled that the State is directly liable for damages awarded under federal civil rights statutes. However, the State is statutorily required to indemnify its officers and employees held liable in damages for acts or omissions on the part of its officers and employees occurring in the course of their public employment. Several claims may thus be filed against the State based on alleged civil rights violations by its officers and employees. Since the statutory limit of liability (discussed above) does not apply in federal civil rights cases, the potential liability of the State is not ascertainable at the present time.

D. PERS has entered into investment funding commitments as of June 30, 1998. For alternative investments, PERS has committed to fund \$47,403,559 at some future date.

E. The State is obligated by leases accounted for as operating leases. Operating leases do not give rise to property rights as capital leases do. Therefore, the results of the lease agreements are not reflected in the account groups. Lease expense for the year ended June 30, 1998 amounted to \$16,211,802. Following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 1998, (expressed in thousands):

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

(Note 14 Continued)

For the Year Ending June 30	Amount
1999	\$ 13,698
2000	12,080
2001	9,866
2002	7,641
2003	5,601
Thereafter	10,713
Total	\$ 59,599

F. The University System (a component unit) is a defendant or co-defendant in legal actions in several jurisdictions. Based on present knowledge and advice of legal counsel, management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially effect the financial position of the University System.

G. The Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the State. Under this requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a), is required to be rebated to the U.S. Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date. The present value of the rebutable arbitrage has been recorded in the General Long-Term Obligations Account Group at June 30, 1998. Future calculations might result in different rebutable arbitrage amounts.

H. The State is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. Computer programmers and other designers of equipment that use microprocessors have consistently abbreviated dates by eliminating the first two digits of the year under the assumption that

these two digits would always be 19. As the year 2000 approaches, such systems will be unable to accurately process certain date-based information. This phenomenon and the business and operational problems that it poses for businesses and governments are collectively referred to as the year 2000 issue.

The State has identified eleven computer systems that are critical to conducting operations. These systems affect public safety, financial, gaming and personnel aspects of the State's operations. The State is subjecting those systems and equipment to the following stages of work to address year 2000 issues:

- Awareness stage – Establishing a budget and project plan for dealing with the year 2000 issue.
- Assessment stage – Identifying the systems and components for which year 2000 compliance work is needed.
- Remediation stage – Making changes to systems and equipment, purchasing new equipment.
- Validation/testing stage – Validating and testing the changes made and the new equipment purchased during the remediation stage.

The State has completed the awareness and assessment stages for the eleven computer systems. During the awareness stage, the State contracted to implement a new financial system and a new system for the Department of Motor Vehicles. Currently, the financial system is in the validation/testing stage and the Department of Motor Vehicles system is in the remediation stage. Those systems already in place are in various stages of remediation and validation/testing due to the nature of upgrading programs and equipment.

As of June 30, 1998, the State has contracted with several vendors for assistance in addressing year 2000 issues relating to its computer systems. The amount of those commitments is \$22,317,103.

STATE OF NEVADA

Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

NOTE 15 - SUBSEQUENT EVENTS

General Obligation Bonds - The following bonds were sold after June 30, 1998:

\$438,575,000 Series July 1, 1998, A, B, C and D General Obligation (Limited Tax) Nevada Municipal Bond Bank Project No's 66 and 67, Capital Improvement, Natural Resources and Water Pollution Control Revolving Fund Matching Bonds due in annual installments of \$145,000 to \$17,435,000, plus interest, at 4.125% to 5.50% through June 1, 2019. Series 1998 A includes term bonds of \$29,460,000 plus interest of 5.375% due May 15, 2021, and \$129,720,000 plus interest of 5.00% due May 15, 2028. Series 1998 A bonds are callable on or after May 15, 2008 at par plus any accrued interest. Series 1998 B and C bonds are callable on or after June 1, 2008 at par plus any accrued interest. Series 1998 D Bonds are not subject to optional redemption prior to their stated maturities. Series 1998 B bonds are subject to the Constitutional Debt Limit. Series 1998 A, C and D bonds are exempt from the Constitutional Debt Limit.

\$93,620,000 Series October 1, 1998 A, B and C General Obligation (Limited Tax) University System Projects, Capital Improvements and Cultural Affairs Bonds due in annual installments of \$165,000 to \$6,525,000, plus interest, at 4.00% to 5.125% through August 1, 2009. Series 1998 A bonds are callable on or after August 1, 2008 at par plus any accrued interest. Series 1998 B and C bonds are callable on or after April 15, 2008 at par plus any accrued interest. Series 1998 A, B and C bonds are subject to the Constitutional Debt Limit.

Housing Division - In July 1998, the Housing Division issued Boulder Creek Project 1998 Series A and B Multi-Unit Housing Revenue Bonds in the amount of \$14,970,000. The last maturity of the bonds is April 1, 2031.

The Division also issued in July 1998, Vintage Hills 1998 Series A, B and C Multi-Unit Housing Revenue Bonds in the amount of \$9,200,000. The last maturity of the Vintage Hills bonds is October 1, 2030. In September 1998, the Housing Division issued Single Family 98 Series C Housing Revenue Bonds in the amount of \$27,960,000. The last maturity of the bonds is October 1, 2030. The Division also issued in September 1998, Spanish Hills Series A and B Multi-Unit Housing Revenue Bonds in the amount of \$8,500,000. The last maturity of the Spanish Hills bonds is October 4, 2031.

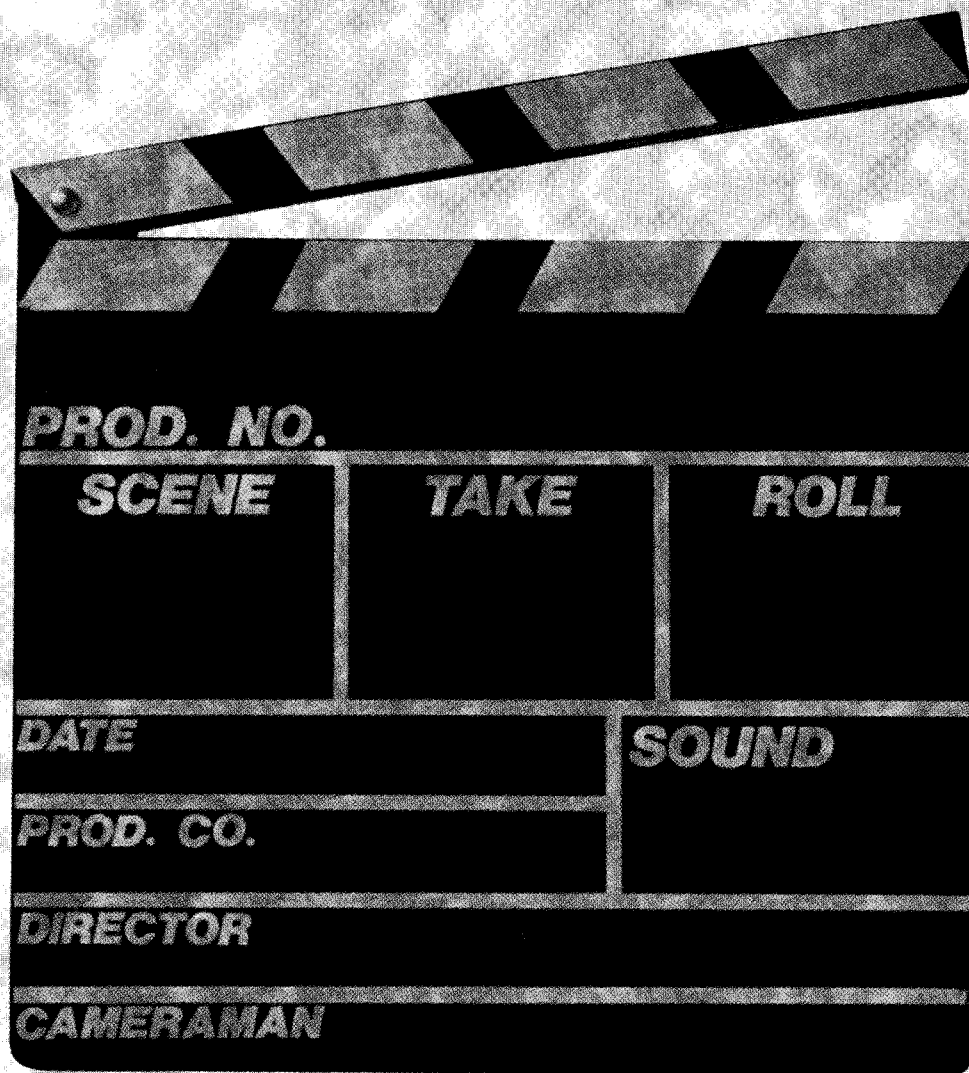
In December 1998, the Housing Division issued South Valley Project 1998 Series A and B Multi-Unit Housing Revenue Bonds in the amount of \$14,000,000, Autumn Ridge Project 1998 C and D Multi-Unit Housing Revenue Bonds in the amount of \$7,760,000, Casa Sorrento Project 1998 Series E and F Multi-Unit Housing Revenue Bonds in the amount of \$10,980,000 and Capistrano Pines Project Series G and H Multi-Unit Housing Revenue Bonds in the amount of \$9,630,000. The last maturity of the bonds is as follows:

South Valley Project	October 1, 2031
Autumn Ridge Project	October 1, 2026
Casa Sorrento Project	October 1, 2031
Capistrano Pines Project	October 1, 2031

The University System (a Component Unit) - In August 1998, University Revenue Bonds, Series 1998, of approximately \$7,300,000 bearing interest from 4.00% to 5.25% and maturing on various dates from 1999 to 2013 were issued as an in substance defeasance of a portion of the Universities Revenue Bonds, Series 1992 and to fund the cost of certain projects at the University.



JACK FROST — The Sierra Nevada



PROD. NO.

SCENE	TAKE	ROLL

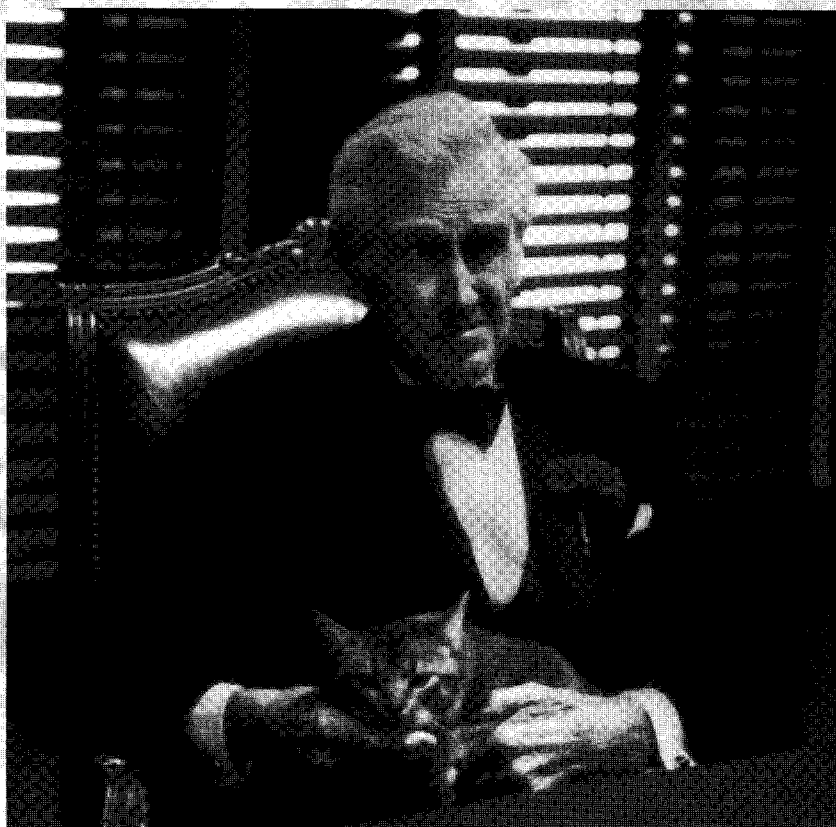
DATE

PROD. CO.

SOUND

DIRECTOR

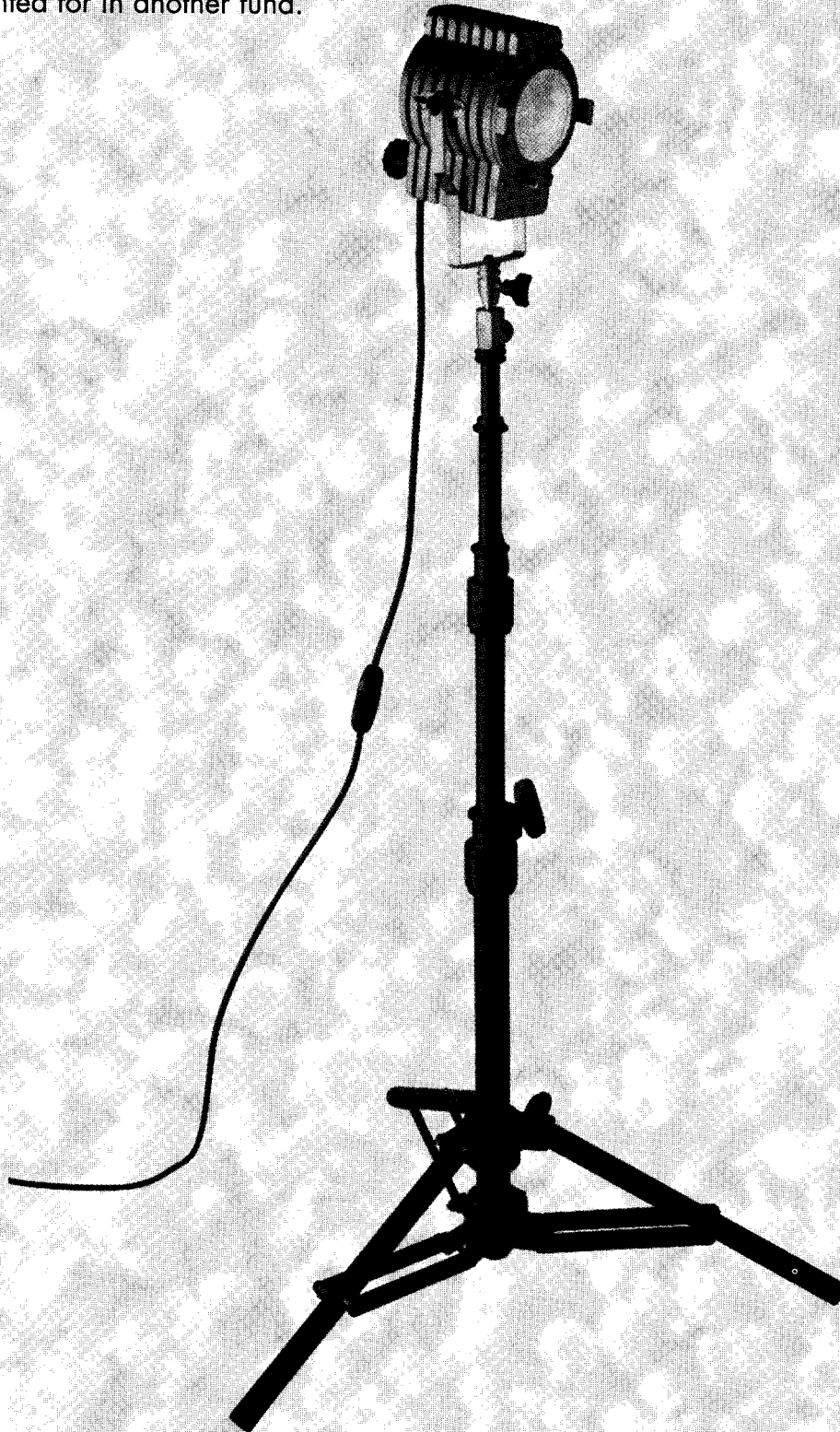
CAMERAMAN



MAFIAI — Reno



The General Fund is maintained to account for financial resources traditionally associated with government that are not accounted for in another fund.



STATE OF NEVADA

Comparative Balance Sheet General Fund

June 30, 1998 with Comparative Totals for 1997

Exhibit A-1

	June 30, 1998	June 30, 1997	Increase (Decrease)
Assets			
<i>Cash and pooled investments:</i>			
Cash with treasurer	\$ 274,622,499	\$ 436,270,807	\$ (161,648,308)
Cash in custody of other officials	1,832,004	1,873,505	(41,501)
Collateral on loaned securities	198,602,525	-0-	198,602,525
Food stamp coupons	14,020,300	14,498,101	(477,801)
<i>Receivables:</i>			
Accounts receivable	12,588,981	6,632,975	5,956,006
Taxes receivable	289,943,833	277,590,172	12,353,661
Accrued interest and dividends	12,365,387	11,077,457	1,287,930
Intergovernmental receivables	76,388,367	104,027,879	(27,639,512)
Notes receivable	860,108	818,198	41,910
Other receivables	-0-	377	(377)
Due from other funds	26,882,183	20,947,892	5,934,291
Due from component unit	73,799	1,900	71,899
Interfund receivables	2,352,248	435,426	1,916,822
Advances to other funds	3,790,812	3,621,603	169,209
<i>Other assets:</i>			
Prepaid items	21,837,019	736,059	21,100,960
Total assets	\$ 936,160,065	\$ 878,532,351	\$ 57,627,714
Liabilities and Fund Balances			
<i>Liabilities:</i>			
<i>Accounts payable and accruals:</i>			
Accounts payable	\$ 105,261,846	\$ 104,096,697	\$ 1,165,149
Accrued payroll and related liabilities	12,268,569	9,601,277	2,667,292
Intergovernmental payables	29,074,683	41,730,049	(12,655,366)
Contracts payable	1,681,445	1,702,890	(21,445)
Obligations under securities lending	198,602,525	-0-	198,602,525
Due to other funds	226,443,890	343,990,050	(117,546,160)
Due to component unit	6,336,162	4,368,577	1,967,585
Deferred revenues	115,847,546	98,097,455	17,750,091
Other liabilities	8,005,739	7,875,254	130,485
Total liabilities	703,522,405	611,462,249	92,060,156
<i>Fund balances:</i>			
<i>Reserved:</i>			
Encumbrances and contracts	4,115,070	2,441,903	1,673,167
Advances	3,790,812	3,621,603	169,209
Balances forward	291,366,191	268,634,736	22,731,455
<i>Other:</i>			
Prepaid items	21,837,019	736,059	21,100,960
Other	1,037,558	995,648	41,910
<i>Unreserved:</i>			
Undesignated deficit	(89,508,990)	(9,359,847)	(80,149,143)
Total fund balances	232,637,660	267,070,102	(34,432,442)
Total liabilities and fund balances	\$ 936,160,065	\$ 878,532,351	\$ 57,627,714

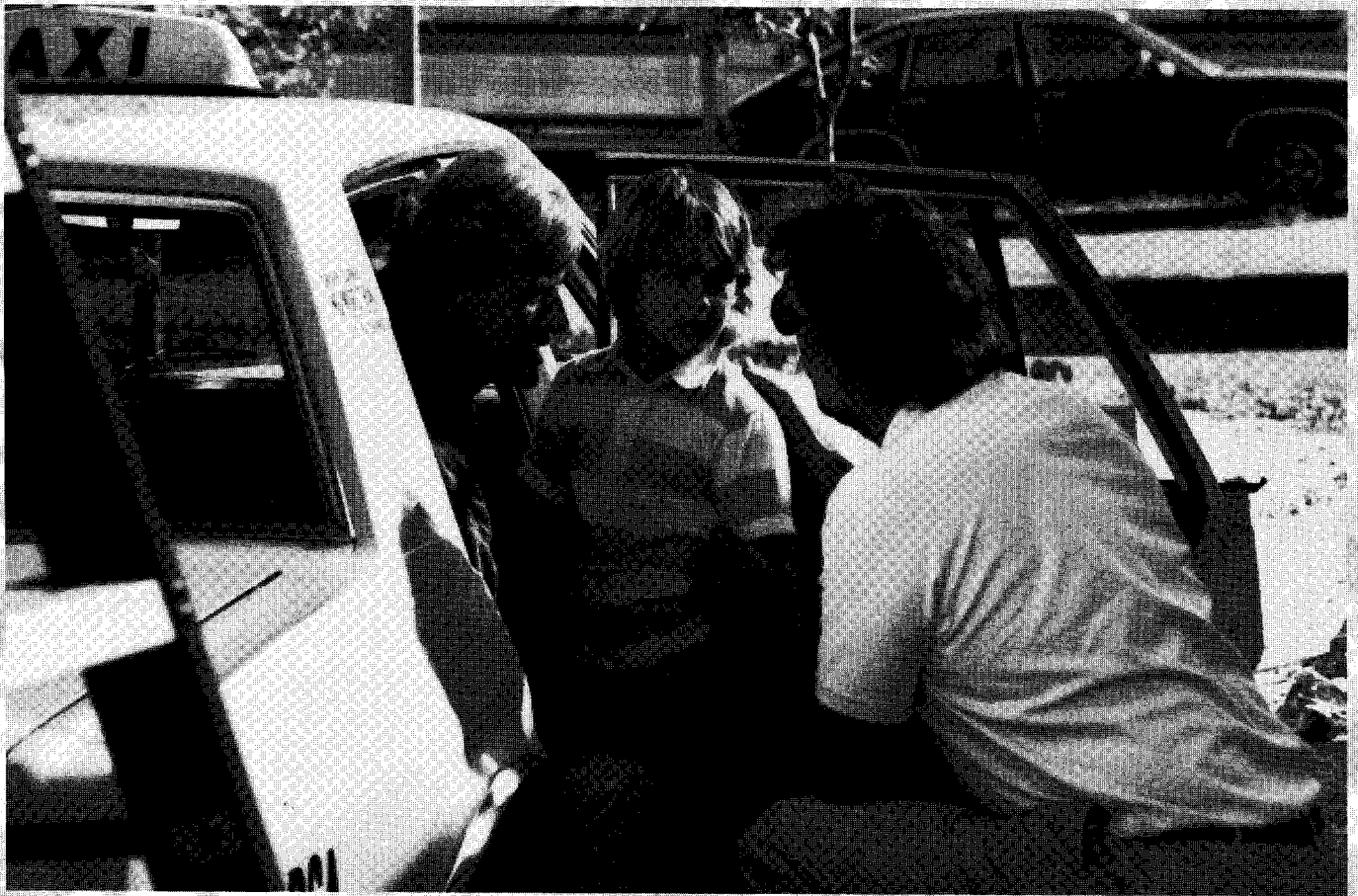
STATE OF NEVADA

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances General Fund

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit A-2

	June 30, 1998	June 30, 1997	Increase (Decrease)
Revenues			
Gaming taxes, fees, licenses	\$ 565,331,257	\$ 545,585,170	\$ 19,746,087
Sales taxes	581,990,878	554,890,629	27,100,249
Intergovernmental	747,759,006	719,931,100	27,827,906
Other taxes	271,769,684	249,514,950	22,254,734
Licenses, fees and permits	83,399,740	82,031,493	1,368,247
Sales and charges for services	28,976,735	24,777,730	4,199,005
Interest and investment income	48,873,478	36,531,326	12,342,152
Other	28,274,102	29,223,345	(949,243)
Total revenues	<u>2,356,374,880</u>	<u>2,242,485,743</u>	<u>113,889,137</u>
Expenditures			
<i>Current:</i>			
General government	84,770,372	56,400,140	28,370,232
Health and social services	937,997,880	889,956,203	48,041,677
Education and support services	28,530,415	24,575,216	3,955,199
Law, justice and public safety	242,123,329	192,382,028	49,741,301
Regulation of business	39,057,710	35,208,581	3,849,129
Recreation and resource development	74,027,603	72,328,172	1,699,431
<i>Intergovernmental:</i>			
Education	630,976,592	549,924,753	81,051,839
Other	57,055,709	48,276,624	8,779,085
<i>Debt service:</i>			
Principal	1,606,301	522,359	1,083,942
Interest	1,154,164	95,364	1,058,800
Arbitrage payments	-0-	137,823	(137,823)
Total expenditures	<u>2,097,300,075</u>	<u>1,869,807,263</u>	<u>227,492,812</u>
Excess of revenues over expenditures	<u>259,074,805</u>	<u>372,678,480</u>	<u>(113,603,675)</u>
Other Financing Sources (Uses)			
Proceeds from capital leases	29,330,410	1,317,785	28,012,625
Proceeds from sale of bonds	-0-	6,030,450	(6,030,450)
Proceeds from sale of fixed assets	512,566	74,275	438,291
Operating transfers in	46,979,648	51,971,517	(4,991,869)
Transfer from component unit	266,259	246,569	19,690
Operating transfers out	(71,885,786)	(129,818,948)	57,933,162
Transfer to component unit	(297,811,416)	(313,391,396)	15,579,980
Total other financing sources (uses)	<u>(292,608,319)</u>	<u>(383,569,748)</u>	<u>90,961,429</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(33,533,514)	(10,891,268)	(22,642,246)
Fund balances, July 1	267,070,102	277,961,370	(10,891,268)
Residual equity transfer	(898,928)	-0-	(898,928)
Fund balances, June 30	<u>\$ 232,637,660</u>	<u>\$ 267,070,102</u>	<u>\$ (34,432,442)</u>

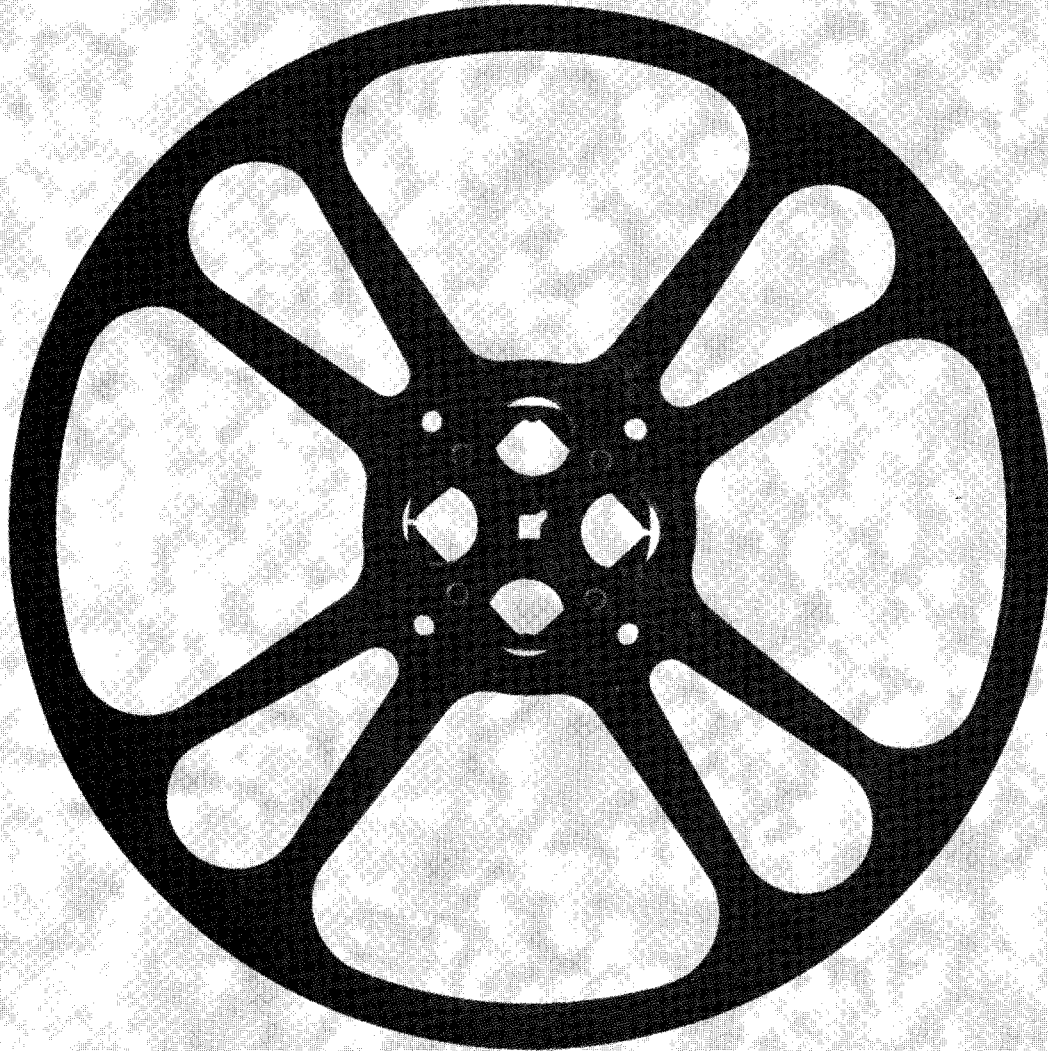


BLIND FURY — Reno



HARD EIGHT — Reno & Sparks

Special Revenue Funds account for the receipt and use of specific revenues that are legally restricted for particular purposes.



SPECIAL REVENUE FUNDS

State Highway Accounts for the maintenance, regulation, and construction of public highways and is funded through vehicle fuel taxes, federal funds, and other charges (NRS 408.235).

Class-Size Reduction Accounts for funding to be used to reduce the pupil-teacher ratio per class in kindergarten through grade 12, with priority given to the earliest grades (NRS 388.730).

Employment Security Accounts for the administration of employment training programs (NRS 612.607), unemployment compensation claims (NRS 612.605), and employment security laws (NRS 612.615).

Regulatory Accounts for receipts and expenditures related to investigations of gaming license applicants (NRS 463.331) and cash transactions of gaming licensees (NRS 463.332), enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.460), legal judgments against real estate licensees (NRS 645.842), examining financial records and assets of authorized insurers (NRS 679B.300), regulation of transportation services (NRS 706.1516), regulation of public utilities (NRS 703.147), and regulation of taxicabs (NRS 706.8825).

Legislative Accounts for the operation of the Legislature and Legislative Counsel Bureau (NRS 218.085).

Municipal Bond Bank Accounts for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds (NRS 349.952), with financing the construction of local government water treatment projects (NRS 350A.190), with operating a revolving fund to finance local government pollution control projects (NRS 445A.120), and with operating revolving and set-aside program funds to finance local public water systems' safe drinking water act projects (NRS 445A.255).

Workers' Compensation and Safety Records assessments on insurers for compensation of injured workers and administration of regulations for employee safety (NRS 616A.425), assesses self-insurers to pay claims against insolvent self-insured employers (NRS 616B.309), accounts for compensation benefits to physically impaired employees from a subsequent

injury in the course of employment (NRS 616B.554), and accounts for injury claims of employees of uninsured employers (NRS 616A.430).

Higher Education Capital Construction Accounts for the first \$5,000,000 and 20% of the remaining annual slot machine tax, which is designated for capital construction and payment of principal and interest of construction bonds for higher education (NRS 463.385).

Cleaning Up Petroleum Discharges Accounts for fees collected and claims paid related to the use, storage or discharge of petroleum (NRS 590.830).

Hospital Care to Indigent Persons Accounts for taxes levied to provide care to indigent persons hospitalized from motor vehicle accidents, and for taxes received and payments to counties for supplemental medical assistance to indigent persons (NRS 428.175).

Tourism Promotion Accounts for room taxes and other monies designated for the support of the Commission on Tourism (NRS 231.250).

Offenders' Store Accounts for operations of the general merchandise stores and snack bars used by offenders. Earnings, except interest, must be expended for the welfare and benefit of all offenders (NRS 209.221).

Colorado River Commission Accounts for all general administrative activity, costs of engineering studies, analysis, negotiation, and other efforts necessary in the development of sources of water or power from the Colorado River (NRS 538.191), and records the development and sale of State lands in the Fort Mojave Valley (NRS 321.520).

Contingency Accounts for funds appropriated by the Legislature for contingencies. Funds can be allocated to State agencies and officers by the Interim Finance Committee upon recommendation of the Board of Examiners (NRS 353.266).

Care of Sites for Radioactive Waste Disposal Accounts for receipts for the care of sites for the disposal of radioactive waste (NRS 459.231).

Stabilize the Operations of State Government

Accounts for funds appropriated by the Legislature to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues or the Legislature and Governor declare that a fiscal emergency exists (NRS 353.288).

Miscellaneous Accounts for receipts and expenditures related to compensation of victims of crime (NRS 217.260); fees related to private investigators and recoveries for unfair trade practices (NRS 228.096); prosecution of racketeering (NRS 207.415); the office of advocate for customers of public utilities (NRS 228.310); administration of capital improvement projects (NRS 341.146); and substance abuse education, prevention, enforcement and treatment (NRS 458.400). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064);

loans for farm projects (NRS 561.405); fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215); and liquor taxes collected for and gifts received by the Department of Human Resources (NRS 232.355). Miscellaneous also accounts for loans and stipends to students in professional and graduate programs where such education is not available from an institution within the State (NRS 397.063). Furthermore, it accounts for appropriations, donations and interest income to support the National Judicial College and the National College of Juvenile and Family Law (NRS 1.470 and 1.480); appropriations for disaster relief grants and loans to state agencies and local governments (NRS 353.2735); receipts and expenditures related to assisting counties with the institutional care of the medically indigent (NRS 428.470); and the portion of the net proceeds of minerals tax held for special use (NRS 362.173).

STATE OF NEVADA

Combining Balance Sheet Special Revenue Funds

June 30, 1998 with Comparative Totals for 1997

	State Highway	Class-Size Reduction	Employment Security	Regulatory	Legislative
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 215,813,835	\$ -0-	\$ 11,061,114	\$ 11,690,357	\$ 5,070,429
Cash in custody of other officials	161,742	-0-	225	266,229	91,395
Investments	-0-	-0-	-0-	-0-	-0-
Collateral on loaned securities	85,723,950	-0-	3,760,101	711,220	-0-
<i>Receivables:</i>					
Accounts receivable	96,996	-0-	190,258	688,598	92,816
Taxes receivable	25,538,111	-0-	65,753	-0-	-0-
Intergovernmental receivables	16,230,656	-0-	-0-	-0-	-0-
Notes receivable	-0-	-0-	-0-	-0-	-0-
Due from other funds	53,298,052	3,257,241	122,264	64,464	73,444
Interfund receivables	4,424	-0-	-0-	-0-	-0-
Inventory	10,743,379	-0-	-0-	-0-	520,647
Advances to other funds	24,343	-0-	-0-	-0-	-0-
Other assets	-0-	-0-	-0-	-0-	84,483
Restricted assets (non-cash)	45,884,859	-0-	-0-	-0-	-0-
Prepaid items	47,448	-0-	-0-	41,141	30,597
Total assets	\$ 453,567,795	\$ 3,257,241	\$ 15,199,715	\$ 13,462,009	\$ 5,963,811
Liabilities and Fund Balances					
<i>Liabilities:</i>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 5,711,511	\$ 1,357,333	\$ 942,027	\$ 539,115	\$ 309,938
Accrued payroll and related liabilities	4,707,773	-0-	561,592	261,905	313,104
Intergovernmental payables	21,843,446	-0-	55,008	956	-0-
Contracts payable	10,981,723	-0-	-0-	-0-	26,151
Obligations under securities lending	85,723,950	-0-	3,760,101	711,220	-0-
Due to other funds	13,415,058	-0-	1,447,762	1,040,776	168,750
Due to component unit	20,737	-0-	74,677	3,670	-0-
Interfund payables	-0-	1,899,908	-0-	-0-	-0-
Deferred revenues	2,402,667	-0-	-0-	3,947,152	19,335
<i>Other liabilities:</i>					
Payable from restricted assets	45,884,859	-0-	-0-	-0-	-0-
Deposits	-0-	-0-	-0-	1,444	-0-
Total liabilities	190,691,724	3,257,241	6,841,167	6,506,238	837,278
<i>Fund balances:</i>					
<i>Reserved:</i>					
Encumbrances and contracts	193,852,387	-0-	97,631	25,958	502,740
Inventory	10,743,379	-0-	-0-	-0-	520,647
Advances	24,343	-0-	-0-	-0-	-0-
Balances forward	30,859,939	-0-	-0-	-0-	2,036,450
<i>Other:</i>					
Fiscal emergency	-0-	-0-	-0-	-0-	-0-
Investments in municipal securities	-0-	-0-	-0-	-0-	-0-
Revolving loans	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-
<i>Unreserved:</i>					
Undesignated	27,396,023	-0-	8,260,917	6,929,813	2,066,696
Total fund balances	262,876,071	-0-	8,358,548	6,955,771	5,126,533
Total liabilities and fund balances	\$ 453,567,795	\$ 3,257,241	\$ 15,199,715	\$ 13,462,009	\$ 5,963,811

Exhibit B-1

Page 1 of 2

Municipal Bond Bank	Workers' Compensation and Safety	Higher Education Capital Construction	Cleaning up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Colorado River Commission
\$ 33,404,989	\$ 19,246,929	\$ 16,055,277	\$ 2,754,244	\$ 3,550,056	\$ 3,573,922	\$ 2,657,560	\$ 2,099,997
-0-	300	-0-	-0-	-0-	-0-	-0-	250
890,515,600	-0-	-0-	-0-	-0-	-0-	-0-	-0-
13,272,237	7,642,622	-0-	1,093,900	1,410,484	-0-	1,055,852	832,139
-0-	17,267	-0-	950,150	-0-	-0-	172,312	131,664
-0-	-0-	88,770	-0-	-0-	-0-	-0-	-0-
7,334,688	33,830	-0-	-0-	241,541	19,412	-0-	48,887
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
465,818	717,612	78	520	744,592	-0-	186,153	216,135
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	316,647	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ 944,993,332</u>	<u>\$ 27,658,560</u>	<u>\$ 16,144,125</u>	<u>\$ 4,798,814</u>	<u>\$ 5,946,673</u>	<u>\$ 3,593,334</u>	<u>\$ 4,388,524</u>	<u>\$ 3,329,072</u>

\$ 250	\$ 259,355	\$ -0-	\$ 1,051,392	\$ -0-	\$ 669,202	\$ 179,705	\$ 195,491
-0-	223,408	-0-	-0-	-0-	24,729	63,340	39,079
-0-	93	-0-	271,967	-0-	153,955	-0-	2,050
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
13,272,237	7,642,622	-0-	1,093,900	1,410,484	-0-	1,055,852	832,139
1,777,466	1,177,754	5,168,829	347,068	-0-	208,400	747,734	2,362
-0-	-0-	3,100,000	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
6,000,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>21,049,953</u>	<u>9,303,232</u>	<u>8,268,829</u>	<u>2,764,327</u>	<u>1,410,484</u>	<u>1,056,286</u>	<u>2,046,631</u>	<u>1,071,121</u>

-0-	181,194	-0-	-0-	-0-	7,698	52,766	5,902
-0-	-0-	-0-	-0-	-0-	-0-	316,647	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
890,515,600	-0-	-0-	-0-	-0-	-0-	-0-	-0-
7,334,688	-0-	-0-	-0-	-0-	-0-	-0-	-0-
25,933,921	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>159,170</u>	<u>18,174,134</u>	<u>7,875,296</u>	<u>2,034,487</u>	<u>4,536,189</u>	<u>2,529,350</u>	<u>1,972,480</u>	<u>2,252,049</u>
<u>923,943,379</u>	<u>18,355,328</u>	<u>7,875,296</u>	<u>2,034,487</u>	<u>4,536,189</u>	<u>2,537,048</u>	<u>2,341,893</u>	<u>2,257,951</u>
<u>\$ 944,993,332</u>	<u>\$ 27,658,560</u>	<u>\$ 16,144,125</u>	<u>\$ 4,798,814</u>	<u>\$ 5,946,673</u>	<u>\$ 3,593,334</u>	<u>\$ 4,388,524</u>	<u>\$ 3,329,072</u>

STATE OF NEVADA

Combining Balance Sheet Special Revenue Funds

June 30, 1998 with Comparative Totals for 1997

Exhibit B-1

Page 2 of 2

	Care of Sites for Radioactive Waste Disposal		Stabilize the Operations of State Government		Total All Funds	
	Contingency			Miscellaneous	1998	1997
Assets						
<i>Cash and pooled investments:</i>						
Cash with treasurer	\$ 6,846,564	\$ 9,407,768	\$ 128,866,608	\$ 16,276,118	\$ 488,375,767	\$ 414,127,654
Cash in custody of other officials	-0-	-0-	-0-	6,694	526,835	823,683
Investments	-0-	-0-	-0-	-0-	890,515,600	856,974,538
Collateral on loaned securities	-0-	3,737,829	-0-	4,151,528	123,391,862	-0-
<i>Receivables:</i>						
Accounts receivable	-0-	36,379	-0-	19,554	2,395,994	1,770,194
Taxes receivable	-0-	-0-	-0-	-0-	25,692,634	15,953,735
Intergovernmental receivables	-0-	-0-	-0-	128,879	24,037,893	18,844,837
Notes receivable	-0-	-0-	-0-	2,603,816	2,603,816	2,701,483
Due from other funds	57,817	147,782	-0-	2,977,134	62,329,106	73,699,228
Interfund receivables	-0-	-0-	-0-	-0-	4,424	2,212
Inventory	-0-	-0-	-0-	-0-	11,580,673	10,252,951
Advances to other funds	-0-	-0-	-0-	-0-	24,343	26,555
Other assets	-0-	-0-	-0-	-0-	84,483	-0-
Restricted assets (non-cash)	-0-	-0-	-0-	-0-	45,884,859	45,757,262
Prepaid items	-0-	-0-	-0-	-0-	119,186	69,124
Total assets	\$ 6,904,381	\$ 13,329,758	\$ 128,866,608	\$ 26,163,723	\$ 1,677,567,475	\$ 1,441,003,456
Liabilities and Fund Balances						
<i>Liabilities:</i>						
<i>Accounts payable and accruals:</i>						
Accounts payable	\$ 2,861	\$ 9	\$ -0-	\$ 552,309	\$ 11,770,498	\$ 6,099,009
Accrued payroll and related liabilities	-0-	-0-	-0-	139,357	6,334,287	8,031,561
Intergovernmental payables	-0-	300	-0-	67,904	22,395,679	13,775,916
Contracts payable	-0-	-0-	-0-	-0-	11,007,874	11,176,000
Obligations under securities lending	-0-	3,737,829	-0-	4,151,528	123,391,862	-0-
Due to other funds	2,000,847	275	-0-	246,867	27,749,948	22,447,451
Due to component unit	-0-	-0-	-0-	231	3,199,315	212,125
Interfund payables	-0-	-0-	-0-	-0-	1,899,908	-0-
Deferred revenue	-0-	-0-	-0-	89,710	12,458,864	5,445,678
<i>Other liabilities:</i>						
Payable from restricted assets	-0-	-0-	-0-	-0-	45,884,859	45,757,262
Deposits	-0-	-0-	-0-	-0-	1,444	-0-
Total liabilities	2,003,708	3,738,413	-0-	5,247,906	266,094,538	112,945,002
<i>Fund balances:</i>						
<i>Reserved:</i>						
Encumbrances and contracts	-0-	-0-	-0-	44,961	194,771,237	118,463,557
Inventory	-0-	-0-	-0-	-0-	11,580,673	10,252,951
Advances	-0-	-0-	-0-	-0-	24,343	26,555
Balances forward	-0-	-0-	-0-	-0-	32,896,389	30,538,755
<i>Other:</i>						
Fiscal emergency	-0-	-0-	128,866,608	-0-	128,866,608	128,866,608
Investments in municipal securities	-0-	-0-	-0-	-0-	890,515,600	856,963,038
Revolving loans	-0-	-0-	-0-	-0-	7,334,688	9,945,657
Other	-0-	-0-	-0-	16,654,963	42,588,884	44,707,260
<i>Unreserved:</i>						
Undesignated	4,900,673	9,591,345	-0-	4,215,893	102,894,515	128,294,073
Total fund balances	4,900,673	9,591,345	128,866,608	20,915,817	1,411,472,937	1,328,058,454
Total liabilities and fund balances	\$ 6,904,381	\$ 13,329,758	\$ 128,866,608	\$ 26,163,723	\$ 1,677,567,475	\$ 1,441,003,456



DEAD MAN — Gold Hill

STATE OF NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	State Highway	Class-Size Reduction	Employment Security	Regulatory	Legislative
Revenues					
Gaming taxes, fees, licenses	\$ -0-	\$ -0-	\$ -0-	\$ 5,753,528	\$ -0-
Intergovernmental	144,953,282	-0-	28,646,026	153,676	370,000
Other taxes	201,302,552	13,572,418	6,412,066	8,455,258	-0-
Licenses, fees and permits	108,481,121	-0-	-0-	7,208,326	1,465
Sales and charges for services	10,686,355	-0-	832,446	25,210	864,940
Interest and investment income	19,999,358	1,586,469	764,398	173,030	-0-
Other	7,384,961	-0-	736,410	196,439	291,169
Total revenues	492,807,629	15,158,887	37,391,346	21,965,467	1,527,574
Expenditures					
<i>Current:</i>					
General government	4,037,758	402,493	193,999	43,821	19,250,451
Health and social services	-0-	-0-	32,298,402	-0-	-0-
Education and support services	-0-	-0-	-0-	-0-	-0-
Law, justice and public safety	82,338,641	-0-	-0-	-0-	-0-
Regulation of business	-0-	-0-	-0-	15,577,119	-0-
Transportation	329,189,992	-0-	-0-	1,121,555	-0-
Recreation, resource development	-0-	-0-	-0-	-0-	-0-
<i>Intergovernmental:</i>					
Education	7,780	65,557,873	-0-	500	-0-
Other	23,959	-0-	-0-	-0-	-0-
<i>Debt service:</i>					
Principal	901,264	-0-	-0-	25,465	99,025
Interest	181,467	-0-	-0-	5,181	24,499
Total expenditures	416,680,861	65,960,366	32,492,401	16,773,641	19,373,975
Excess (deficiency) of revenues over expenditures	76,126,768	(50,801,479)	4,898,945	5,191,826	(17,846,401)
Other Financing Sources (Uses)					
Proceeds from capital leases	1,197,680	-0-	-0-	31,163	23,689
Proceeds from sale of bonds	-0-	-0-	-0-	-0-	-0-
Proceeds from sale of fixed assets	-0-	-0-	-0-	9,080	88,677
Operating transfers in	1,245,761	41,815,964	18,738	1,604,153	16,390,783
Transfer from component unit	-0-	-0-	-0-	-0-	-0-
Operating transfers out	(9,868,645)	-0-	(6,014,111)	(5,853,854)	-0-
Transfer to component unit	-0-	(130,680)	-0-	-0-	-0-
Proceeds of refunding bonds	-0-	-0-	-0-	-0-	-0-
Payment to refunded bond agent	-0-	-0-	-0-	-0-	-0-
Total other financing sources (uses)	(7,425,204)	41,685,284	(5,995,373)	(4,209,458)	16,503,149
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	68,701,564	(9,116,195)	(1,096,428)	982,368	(1,343,252)
Fund balances, July 1	194,174,507	9,116,195	9,454,976	5,973,403	6,469,785
Fund balances, June 30	\$ 262,876,071	\$ -0-	\$ 8,358,548	\$ 6,955,771	\$ 5,126,533

Municipal Bond Bank	Workers' Compensation and Safety	Higher Education Capital Construction	Cleaning up Petroleum Discharges	Hospital Care to Indigent Persons	Tourism Promotion	Offenders' Store	Colorado River Commission
\$ -0-	\$ -0-	\$ 15,101,319	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
848,851	1,717,227	-0-	-0-	383,900	-0-	-0-	764,726
-0-	19,868,374	-0-	11,113,858	9,036,074	8,268,619	-0-	-0-
-0-	208,350	-0-	437,000	-0-	61,010	-0-	-0-
-0-	6,886	-0-	-0-	-0-	308	7,841,279	651,139
56,705,834	1,605,644	-0-	196,184	496,374	-0-	212,693	190,067
-0-	1,105,805	-0-	-0-	-0-	311	216,027	87,725
57,554,685	24,512,286	15,101,319	11,747,042	9,916,348	8,330,248	8,269,999	1,693,657
617,260	407,544	-0-	49,451	125,932	-0-	53,518	48,447
-0-	-0-	-0-	-0-	6,632,652	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	6,732,622	-0-
-0-	12,638,756	-0-	-0-	-0-	-0-	-0-	-0-
-0-	990,000	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	9,394,737	-0-	6,377,051	-0-	1,475,292
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2,325,994	-0-	-0-	1,686,495	2,931,849	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2,943,254	14,036,300	-0-	11,130,683	9,690,433	6,377,051	6,786,140	1,523,739
54,611,431	10,475,986	15,101,319	616,359	225,915	1,953,197	1,483,859	169,918
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
26,497,906	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	2,713	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	17,907	6,097	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
(50,438,030)	(6,812,095)	(12,950,867)	(442,448)	(1,500)	(1,488,349)	(1,975,966)	(97,631)
-0-	-0-	(5,000,000)	-0-	-0-	-0-	-0-	-0-
215,857,094	-0-	-0-	-0-	-0-	-0-	-0-	-0-
(215,857,094)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
(23,940,124)	(6,809,382)	(17,950,867)	(442,448)	(1,500)	(1,470,442)	(1,969,869)	(97,631)
30,671,307	3,666,604	(2,849,548)	173,911	224,415	482,755	(486,010)	72,287
893,272,072	14,688,724	10,724,844	1,860,576	4,311,774	2,054,293	2,827,903	2,185,664
\$ 923,943,379	\$ 18,355,328	\$ 7,875,296	\$ 2,034,487	\$ 4,536,189	\$ 2,537,048	\$ 2,341,893	\$ 2,257,951

STATE OF NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds

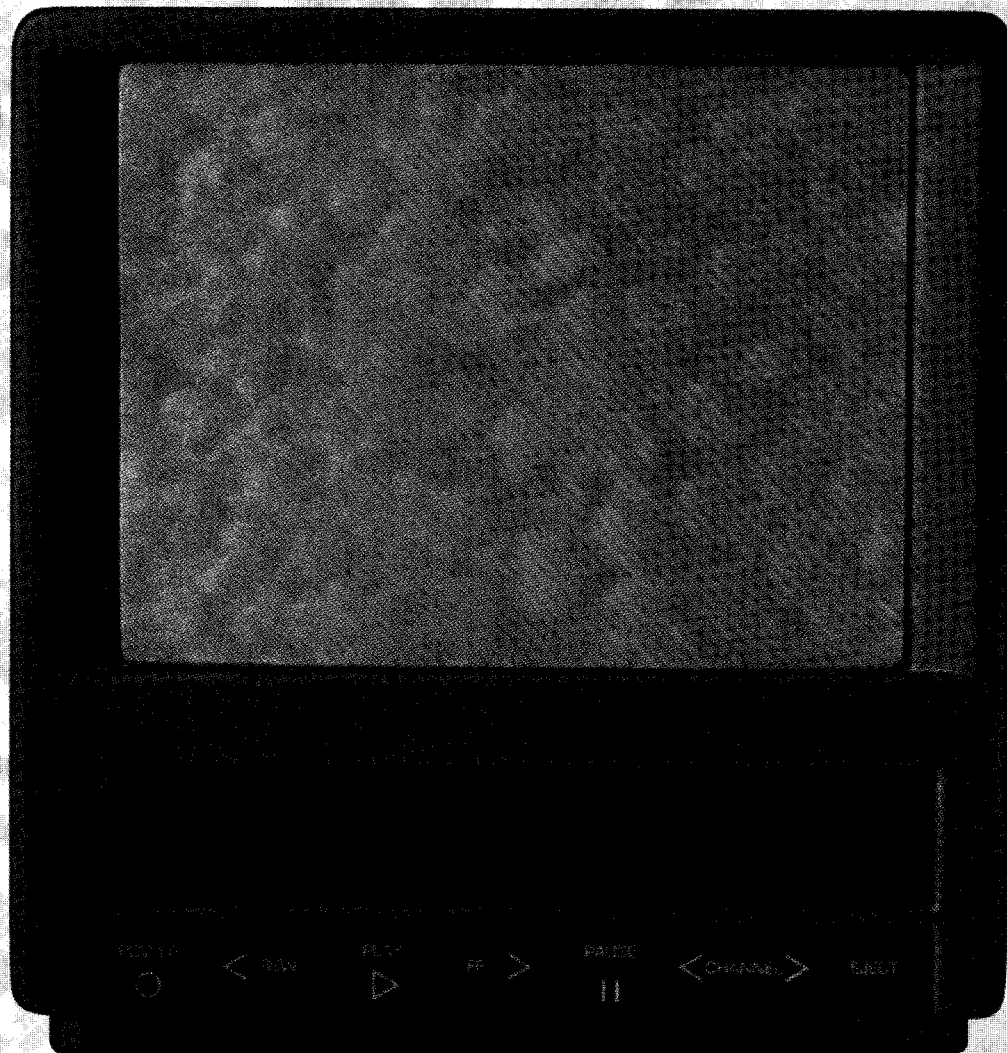
Exhibit B-2

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Page 2 of 2

	Care of Sites for Radioactive Waste Disposal		Stabilize the Operations of State Government		Total All Funds	
	Contingency			Miscellaneous	1998	1997
Revenues						
Gaming taxes, fees, licenses	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 20,854,847	\$ 20,493,861
Intergovernmental	-0-	-0-	-0-	-0-	177,837,688	164,622,920
Other taxes	-0-	-0-	-0-	2,081,783	280,111,002	255,555,373
Licenses, fees and permits	-0-	216,263	-0-	4,640,012	121,253,547	116,591,099
Sales and charges for services	-0-	-0-	-0-	-0-	20,908,563	19,570,154
Interest and investment income	-0-	770,413	-0-	1,064,401	83,764,865	49,624,913
Other	-0-	54,261	-0-	1,337,431	11,410,539	9,669,846
Total revenues	-0-	1,040,937	-0-	9,123,627	716,141,051	636,128,166
Expenditures						
<i>Current:</i>						
General government	54,550	195,225	-0-	2,875,987	28,356,436	45,164,632
Health and social services	-0-	39,362	-0-	865,502	39,835,918	38,456,622
Education and support services	-0-	-0-	-0-	752,456	752,456	665,490
Law, justice and public safety	-0-	-0-	-0-	9,944,855	99,016,118	83,696,954
Regulation of business	-0-	-0-	-0-	394,458	28,610,333	28,336,229
Transportation	-0-	-0-	-0-	-0-	331,301,547	312,591,951
Recreation, resource development	-0-	-0-	-0-	3,240	17,250,320	16,538,542
<i>Intergovernmental:</i>						
Education	-0-	-0-	-0-	-0-	65,566,153	55,713,959
Other	39,850	-0-	-0-	65,455	7,073,602	12,311,981
<i>Debt service:</i>						
Principal	-0-	-0-	-0-	-0-	1,025,754	742,112
Interest	-0-	-0-	-0-	-0-	211,147	166,455
Total expenditures	94,400	234,587	-0-	14,901,953	618,999,784	594,384,927
Excess (deficiency) of revenues over expenditures	(94,400)	806,350	-0-	(5,778,326)	97,141,267	41,743,239
Other Financing Sources (Uses)						
Proceeds from capital leases	-0-	-0-	-0-	-0-	1,252,532	1,816,396
Proceeds from sale of bonds	-0-	-0-	-0-	-0-	26,497,906	475,439,750
Proceeds from sale of fixed assets	-0-	-0-	-0-	-0-	100,470	18,186
Operating transfers in	50,832	-0-	-0-	4,059,622	65,209,857	92,454,993
Transfer from component unit	14,605	-0-	-0-	-0-	14,605	-0-
Operating transfers out	(5,297,901)	(185,333)	-0-	(244,744)	(101,671,474)	(96,678,396)
Transfer to component unit	-0-	-0-	-0-	-0-	(5,130,680)	(1,304,644)
Proceeds of refunding bonds	-0-	-0-	-0-	-0-	215,857,094	19,990,250
Payment to refunded bond agent	-0-	-0-	-0-	-0-	(215,857,094)	(19,990,250)
Total other financing sources (uses)	(5,232,464)	(185,333)	-0-	3,814,878	(13,726,784)	471,746,285
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,326,864)	621,017	-0-	(1,963,448)	83,414,483	513,489,524
Fund balances, July 1	10,227,537	8,970,328	128,866,608	22,879,265	1,328,058,454	814,568,930
Fund balances, June 30	\$ 4,900,673	\$ 9,591,345	\$ 128,866,608	\$ 20,915,817	\$ 1,411,472,937	\$ 1,328,058,454

Debt Service Funds account for the payment of principal and interest on general long-term bonds.



DEBT SERVICE FUNDS

Consolidated Bond Interest and Redemption - Accumulates monies for the payment of principal and interest on general obligation bonds of the State. Bonds have been issued for the following purposes: (NRS 349.090)

Purpose	Issued	Final Maturity	Outstanding Balance 6/30/98
Purchase of Municipal Securities	\$ 1,084,715,000	2027	\$ 826,180,000
Capital Construction, Acquisition and Renovation	730,955,000	2016	376,140,000
University Projects	112,674,000	2013	66,955,000
Recreation and Resource Development	512,470,000	2017	313,830,000
Various Purposes	54,966,245	2011	39,738,749
	<u>\$ 2,495,780,245</u>		<u>\$ 1,622,843,749</u>

Highway Revenue Bonds - Accumulates monies for the payment of principal and interest on the following highway revenue bonds of the State: (NRS 349.300)

Highway Improvement (Motor Vehicle Fuel Tax)	<u>\$ 88,500,000</u>	1999	<u>\$ 17,700,000</u>
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Some issues have been partially refunded by various refunding issues.

STATE OF NEVADA

Combining Balance Sheet Debt Service Funds

June 30, 1998 with Comparative Totals for 1997

Exhibit C-1

	Cons Bond Interest and Redemption	Highway Revenue Bonds	Total Both Funds	
			1998	1997
Assets				
<i>Cash and pooled investments:</i>				
Cash with treasurer	\$ 36,887,894	\$ 309,751	\$ 37,197,645	\$ 40,281,092
Cash in custody of other officials	12,921	-0-	12,921	12,921
Collateral on loaned securities	19,344,866	-0-	19,344,866	-0-
Intergovernmental receivables	397,656,330	-0-	397,656,330	406,323,471
Due from other funds	9,522,819	103,250	9,626,069	8,955,982
Total assets	\$ 463,424,830	\$ 413,001	\$ 463,837,831	\$ 455,573,466
Liabilities and Fund Balances				
<i>Liabilities:</i>				
<i>Accounts payable and accruals:</i>				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 12,986
Matured interest payable	7,921	-0-	7,921	7,921
Matured bonds payable	5,000	-0-	5,000	5,000
Interest payable	6,867,349	-0-	6,867,349	7,216,702
Obligations under securities lending	19,344,866	-0-	19,344,866	-0-
Due to other funds	-0-	-0-	-0-	7,889,919
Due to component unit	168,930	-0-	168,930	-0-
Deferred revenue	399,492,980	-0-	399,492,980	405,815,195
Bonds payable	6,985,000	-0-	6,985,000	4,725,000
Total liabilities	432,872,046	-0-	432,872,046	425,672,723
<i>Fund balances:</i>				
Reserved for debt service	30,552,784	413,001	30,965,785	29,900,743
Total liabilities and fund balances	\$ 463,424,830	\$ 413,001	\$ 463,837,831	\$ 455,573,466

STATE OF NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Debt Service Funds

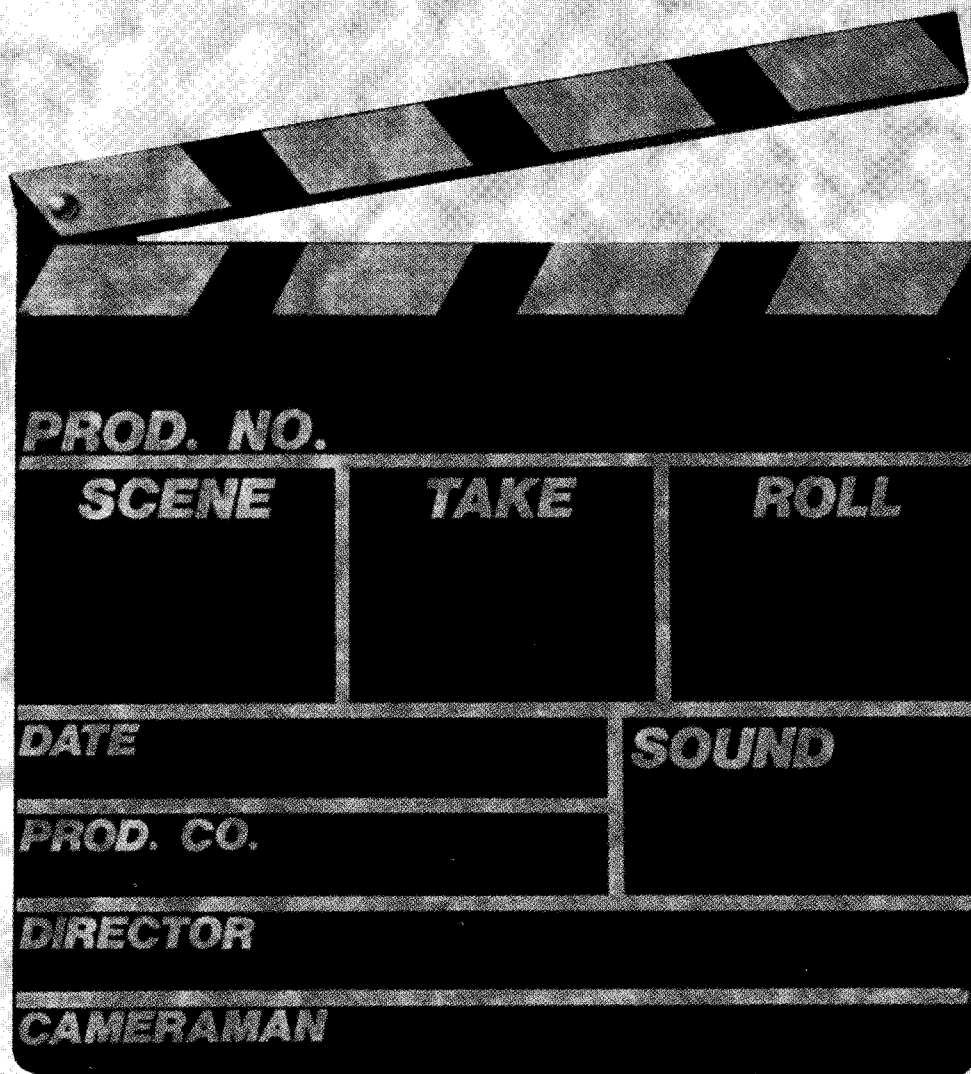
For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit C-2

	Cons Bond Interest and Redemption	Highway Revenue Bonds	Total Both Funds	
			1998	1997
Revenues				
Intergovernmental	\$ 17,699,801	\$ -0-	\$ 17,699,801	\$ 16,414,024
Taxes	53,908,537	19,499,500	73,408,037	79,271,370
Interest and investment income	4,136,071	-0-	4,136,071	2,991,248
Other	-0-	-0-	-0-	818
Total revenues	75,744,409	19,499,500	95,243,909	98,677,460
Expenditures				
<i>Current:</i>				
General government	552,713	-0-	552,713	-0-
<i>Debt service:</i>				
Principal	53,070,941	17,700,000	70,770,941	71,995,000
Interest, fiscal charges	80,851,196	2,079,750	82,930,946	77,600,824
Bond issuance costs	146,999	-0-	146,999	149,273
Arbitrage payments	22,414	-0-	22,414	13,715
Total expenditures	134,644,263	19,779,750	154,424,013	149,758,812
Deficiency of revenues over expenditures	(58,899,854)	(280,250)	(59,180,104)	(51,081,352)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	-0-	-0-	-0-	29,550
Operating transfers in	60,237,983	-0-	60,237,983	53,430,999
Transfer from component unit	-0-	-0-	-0-	290,313
Operating transfers out	-0-	-0-	-0-	(11,345)
Transfer to component unit	(168,930)	-0-	(168,930)	(173,215)
Proceeds of refunding bonds	93,241,264	-0-	93,241,264	-0-
Payment to refunded bond agent	(93,065,171)	-0-	(93,065,171)	-0-
Total other financing sources (uses)	60,245,146	-0-	60,245,146	53,566,302
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,345,292	(280,250)	1,065,042	2,484,950
Fund balances, July 1	29,207,492	693,251	29,900,743	27,415,793
Fund balances, June 30	\$ 30,552,784	\$ 413,001	\$ 30,965,785	\$ 29,900,743

Capital Projects Funds account for the monies used for the acquisition and construction of major capital facilities.





CAPITAL PROJECTS FUNDS

Parks Capital Project Construction Accounts for the parks improvements program for the Division of State Parks of the Department of Conservation and Natural Resources (NRS 407.065).

Capital Improvement Program - Motor Vehicle Accounts for capital improvement projects for the Department of Motor Vehicles and Public Safety (NRS 341.146).

Capital Improvement Program - Human Resources Accounts for capital improvement projects for the Department of Human Resources (NRS 341.146).

Capital Improvement Program - University System Accounts for capital improvement projects for the University and Community College System of Nevada (NRS 341.146).

Capital Improvement Program - General State Government Accounts for capital improvement projects for general government (NRS 341.146).

Capital Improvement Program - Prison System Accounts for capital improvement projects for the Department of Prisons (NRS 341.146).

Capital Improvement Program - Military Accounts for capital improvement projects for the Department of Military (NRS 341.146).

Capital Improvement Program - Wildlife Accounts for capital improvement projects for the Department of Wildlife (NRS 341.146).

Miscellaneous Accounts for capital improvement projects which are not directed by the Public Works Board.

STATE OF NEVADA

Combining Balance Sheet Capital Projects Funds

June 30, 1998 with Comparative Totals for 1997

	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP Gen State Gov't
Assets					
Cash with treasurer	\$ 3,323,543	\$ 1,641,919	\$ 4,439,159	\$ 44,619,408	\$ 28,275,567
Collateral on loaned securities	465,864	-0-	24,077	90,934	4,220,213
Receivables:					
Intergovernmental receivable	71,238	-0-	-0-	-0-	-0-
Due from other funds	5,634	5,536,403	-0-	48,400	772,532
Interfund receivables	-0-	-0-	9,965,109	21,823,532	3,808,540
Total assets	\$ 3,866,279	\$ 7,178,322	\$ 14,428,345	\$ 66,582,274	\$ 37,076,852
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accruals:					
Accounts payable	\$ 24,892	\$ 34,924	\$ 7	\$ 8,364	\$ 25,372
Intergovernmental payables	24,532	-0-	-0-	-0-	-0-
Contracts payable:					
Contracts payable	6,719	275,649	77,737	1,912,012	1,782,472
Retention payable	3,352	457,319	50,744	681,193	1,302,778
Obligations under securities lending	465,864	-0-	24,077	90,934	4,220,213
Due to other funds	83,001	132,527	-0-	-0-	51,991
Due to component unit	-0-	-0-	-0-	52,347,026	5,232,196
Interfund payables	-0-	-0-	-0-	11,542,745	35,300
Deferred revenues	-0-	-0-	-0-	-0-	-0-
Total liabilities	608,360	900,419	152,565	66,582,274	12,650,322
Fund balances:					
Reserved:					
Encumbrances and contracts	1,001,813	1,552,693	1,168,136	-0-	3,282,393
Unreserved:					
Designated for approved capital projects	2,256,106	4,725,210	13,107,644	-0-	21,144,137
Total fund balances	3,257,919	6,277,903	14,275,780	-0-	24,426,530
Total liabilities and fund balances	\$ 3,866,279	\$ 7,178,322	\$ 14,428,345	\$ 66,582,274	\$ 37,076,852

Exhibit D-1

CIP Prison System	CIP Military	CIP Wildlife	Miscellaneous	Total All Funds	
				1998	1997
\$ 38,427,525	\$ 8,293,610	\$ 3,673,233	\$ -0-	\$ 132,693,964	\$ 102,879,394
1,119,660	-0-	1,459,423	-0-	7,380,171	-0-
-0-	-0-	-0-	-0-	71,238	97,802
5,562	-0-	-0-	547,062	6,915,593	119,752,097
-0-	-0-	-0-	-0-	35,597,181	-0-
<u>\$ 39,552,747</u>	<u>\$ 8,293,610</u>	<u>\$ 5,132,656</u>	<u>\$ 547,062</u>	<u>\$ 182,658,147</u>	<u>\$ 222,729,293</u>
\$ 4,157	\$ 20	\$ -0-	\$ 145	\$ 97,881	\$ 121,399
-0-	-0-	-0-	-0-	24,532	75,118
297,610	137,987	-0-	-0-	4,490,186	7,608,830
210,821	25,880	-0-	-0-	2,732,087	4,641,161
1,119,660	-0-	1,459,423	-0-	7,380,171	-0-
20,628	-0-	-0-	-0-	288,147	994,833
-0-	-0-	-0-	-0-	57,579,222	100,934,298
24,019,136	-0-	-0-	-0-	35,597,181	-0-
-0-	-0-	-0-	-0-	-0-	75,043
<u>25,672,012</u>	<u>163,887</u>	<u>1,459,423</u>	<u>145</u>	<u>108,189,407</u>	<u>114,450,682</u>
2,619,073	1,005,434	-0-	20,999	10,650,541	19,191,983
<u>11,261,662</u>	<u>7,124,289</u>	<u>3,673,233</u>	<u>525,918</u>	<u>63,818,199</u>	<u>89,086,628</u>
<u>13,880,735</u>	<u>8,129,723</u>	<u>3,673,233</u>	<u>546,917</u>	<u>74,468,740</u>	<u>108,278,611</u>
<u>\$ 39,552,747</u>	<u>\$ 8,293,610</u>	<u>\$ 5,132,656</u>	<u>\$ 547,062</u>	<u>\$ 182,658,147</u>	<u>\$ 222,729,293</u>

STATE OF NEVADA

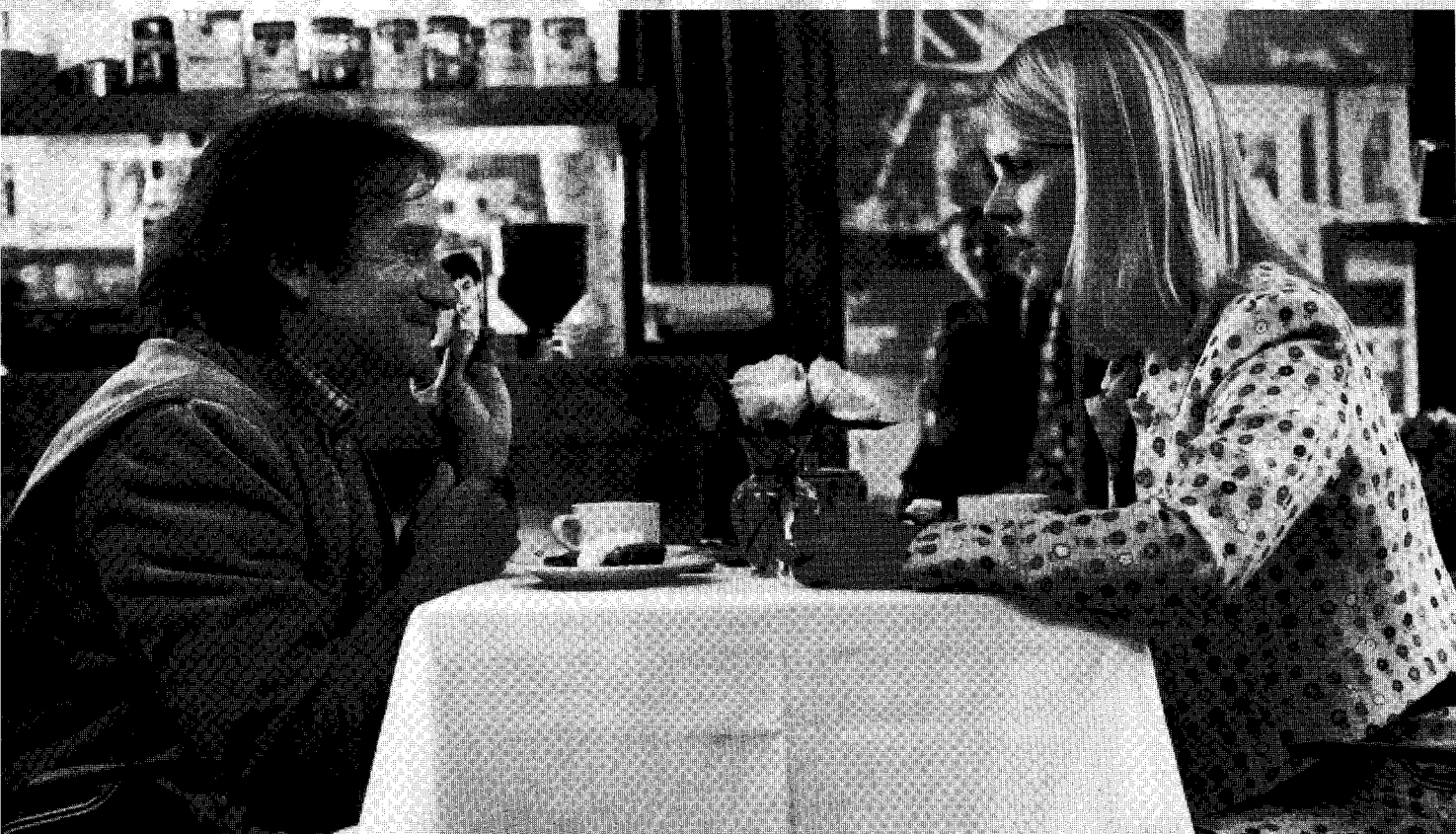
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Capital Projects Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	Parks Capital Project Construction	CIP Motor Vehicle	CIP Human Resources	CIP University System	CIP Gen State Gov't
Revenues					
Intergovernmental	\$ 99,568	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest and investment income	30,583	-0-	1,721	11,373	458,340
Other	201	-0-	-0-	-0-	18,910
Total revenues	<u>130,352</u>	<u>-0-</u>	<u>1,721</u>	<u>11,373</u>	<u>477,250</u>
Expenditures					
General government	30,583	-0-	1,721	11,373	458,340
Capital improvements	1,438,975	4,956,023	1,786,220	-0-	12,101,967
Total expenditures	<u>1,469,558</u>	<u>4,956,023</u>	<u>1,787,941</u>	<u>11,373</u>	<u>12,560,307</u>
Deficiency of revenues over expenditures	<u>(1,339,206)</u>	<u>(4,956,023)</u>	<u>(1,786,220)</u>	<u>-0-</u>	<u>(12,083,057)</u>
Other Financing Sources (Uses)					
Proceeds from sale of bonds	-0-	-0-	-0-	-0-	-0-
Operating transfers in	1,606,747	4,214,780	324,188	-0-	563,872
Operating transfers out	(20,000)	(7,379,252)	-0-	-0-	(1,765,934)
Transfer to component unit	-0-	-0-	-0-	-0-	(48,400)
Total other financing sources (uses)	<u>1,586,747</u>	<u>(3,164,472)</u>	<u>324,188</u>	<u>-0-</u>	<u>(1,250,462)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	247,541	(8,120,495)	(1,462,032)	-0-	(13,333,519)
Fund balances, July 1	<u>3,010,378</u>	<u>14,398,398</u>	<u>15,737,812</u>	<u>-0-</u>	<u>37,760,049</u>
Fund balances, June 30	<u><u>\$ 3,257,919</u></u>	<u><u>\$ 6,277,903</u></u>	<u><u>\$ 14,275,780</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 24,426,530</u></u>

Exhibit D-2

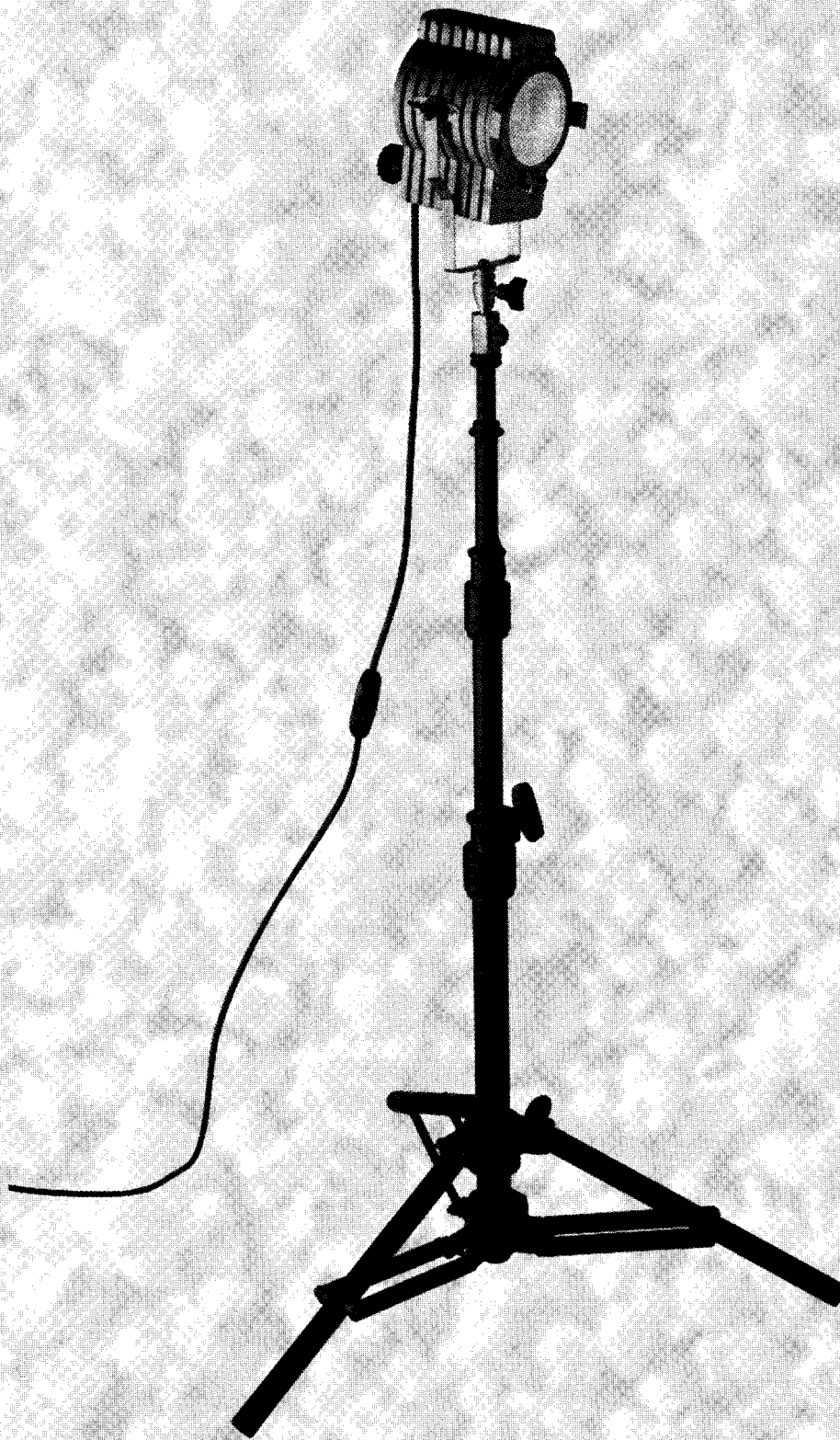
CIP Prison System	CIP Military	CIP Wildlife	Miscellaneous	Total All Funds	
				1998	1997
\$ 75,000	\$ 43	\$ -0-	\$ -0-	\$ 174,611	\$ 6,120,088
186,624	-0-	79,015	-0-	767,656	41,323
980	-0-	2,411	-0-	22,502	314,467
<u>262,604</u>	<u>43</u>	<u>81,426</u>	<u>-0-</u>	<u>964,769</u>	<u>6,475,878</u>
159,182	-0-	79,015	-0-	740,214	-0-
25,398,638	1,120,472	33,354	13,241	46,848,890	49,296,916
<u>25,557,820</u>	<u>1,120,472</u>	<u>112,369</u>	<u>13,241</u>	<u>47,589,104</u>	<u>49,296,916</u>
<u>(25,295,216)</u>	<u>(1,120,429)</u>	<u>(30,943)</u>	<u>(13,241)</u>	<u>(46,624,335)</u>	<u>(42,821,038)</u>
-0-	-0-	-0-	-0-	-0-	41,185,001
7,928,127	7,281,942	-0-	153,600	22,073,256	39,350,572
(25,206)	(20,000)	-0-	-0-	(9,210,392)	(1,211,145)
-0-	-0-	-0-	-0-	(48,400)	(36,073,215)
<u>7,902,921</u>	<u>7,261,942</u>	<u>-0-</u>	<u>153,600</u>	<u>12,814,464</u>	<u>43,251,213</u>
(17,392,295)	6,141,513	(30,943)	140,359	(33,809,871)	430,175
<u>31,273,030</u>	<u>1,988,210</u>	<u>3,704,176</u>	<u>406,558</u>	<u>108,278,611</u>	<u>107,848,436</u>
<u>\$ 13,880,735</u>	<u>\$ 8,129,723</u>	<u>\$ 3,673,233</u>	<u>\$ 546,917</u>	<u>\$ 74,468,740</u>	<u>\$ 108,278,611</u>



FATHERS' DAY — Reno

Enterprise Funds account for operations that are financed and operated in a manner similar to private businesses. The intent of the state is that the cost of providing these goods and services be financed or recovered primarily through user charges.





ENTERPRISE FUNDS

Colorado River Commission Power Marketing

Accounts for the State's share of the cost of uprating the generating facilities at Hoover Dam, which was financed through the sale of bonds. The fund also records purchases and sales of power and other power marketing related activities (NRS 538.211).

Colorado River Commission Power Delivery

Accounts for the construction and operation of certain electric power transmission and distribution facilities to initially serve the planned expansion of the Southern Nevada Water System (NRS 538.211).

Housing Division Accounts for the State program to assist private lenders in providing low interest housing loans to low and moderate income households. The program is financed through the sale of bonds (NRS 319.170).

Nevada State Insurance Accounts for the operations of Employers Insurance Company of Nevada. Employers Insurance provides statutory benefits of medical care, disability compensation and rehabilitation services for workers who are injured or contract an occupational disease in the course of their employment (NRS 616B.086).

Forestry Nurseries Accounts for the self-supporting operation of State nurseries, which propagate, maintain and distribute plants for conservation purposes (NRS 528.100).

Prison Industry Accounts for a self-supporting program of job training through the employment of inmates in farming and manufacturing (NRS 209.189).

Nevada Magazine Accounts for the operation of the publication, *Nevada Magazine*, which is published to promote tourism (NRS 231.290).

Marlette Lake Water System Accounts for the costs of operating the State-owned Marlette Lake Water System. The system serves the State Buildings and Grounds Division and portions of Carson City and Storey County (NRS 331.180).

STATE OF NEVADA

Combining Balance Sheet Enterprise Funds

June 30, 1998 with Comparative Totals for 1997

	Colorado River Commission				
	Power Marketing	Power Delivery	Housing Division	Nevada State Insurance	Forestry Nurseries
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 1,637,312	\$ -0-	\$ 152,909	\$ -0-	\$ 241,361
Cash in custody of other officials	-0-	-0-	8,254	290,946,000	-0-
Investments	-0-	-0-	216,020,363	1,601,846,000	-0-
Collateral on loaned securities	-0-	-0-	-0-	-0-	-0-
<i>Receivables:</i>					
Accounts receivable	2,146,836	-0-	-0-	132,158,801	2,553
Accrued interest and dividends	-0-	-0-	9,087,849	12,325,000	-0-
Intergovernmental receivables	-0-	-0-	-0-	-0-	-0-
Due from other funds	223,155	262,071	9,921	1,113,162	2,568
Due from component unit	-0-	-0-	-0-	587,037	-0-
Inventory	-0-	-0-	-0-	615,000	86,638
<i>Restricted assets:</i>					
Cash	13,330,516	15,645,348	-0-	-0-	-0-
Non-cash	-0-	-0-	103,047,174	-0-	-0-
Mortgage loans receivable	-0-	-0-	712,206,843	-0-	-0-
<i>Deferred charges and other assets:</i>					
Prepaid expenses	5,174,294	-0-	-0-	395,000	-0-
Deferred charges	618,952	-0-	10,393,000	-0-	-0-
Other assets	43,905,260	-0-	-0-	2,730,000	-0-
Land	-0-	-0-	-0-	2,558,000	-0-
Structures and improvements	-0-	-0-	39,834	10,083,000	-0-
Furniture and equipment	-0-	-0-	406,793	43,259,000	99,439
Accumulated depreciation	-0-	-0-	(261,967)	(24,092,000)	(88,436)
Construction in progress	159,410	39,931,340	-0-	13,716,000	-0-
Total assets	\$ 67,195,735	\$ 55,838,759	\$ 1,051,110,973	\$ 2,088,240,000	\$ 344,123
Liabilities and Fund Equity					
<i>Liabilities:</i>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 2,883,799	\$ -0-	\$ 2,470,900	\$ 11,902,052	\$ 6,227
Unpaid benefits	-0-	-0-	-0-	2,391,263,000	-0-
Due to brokers for security purchases	-0-	-0-	-0-	182,195,000	-0-
Interest payable	-0-	-0-	25,037,581	-0-	-0-
Intergovernmental payables	-0-	-0-	-0-	-0-	-0-
Obligations under securities lending	-0-	-0-	-0-	-0-	-0-
Due to other funds	26,660	163,078	17,043	799,948	1,094
Interfund payables	-0-	-0-	-0-	-0-	-0-
Accrued compensated absences	94,787	-0-	133,891	3,094,000	30,628
Deferred revenues	-0-	-0-	-0-	7,012,000	-0-
Bonds payable	59,765,000	48,526,627	915,053,084	-0-	-0-
Advances from general fund	-0-	-0-	-0-	-0-	-0-
Obligations under capital leases	-0-	-0-	-0-	4,091,000	-0-
<i>Other liabilities:</i>					
Payable from restricted assets	999,562	7,149,054	-0-	-0-	-0-
Deposits	-0-	-0-	-0-	54,274,000	-0-
Other liabilities	2,414,616	-0-	-0-	36,161,000	-0-
Total liabilities	66,184,424	55,838,759	942,712,499	2,690,792,000	37,949
<i>Fund equity (deficit):</i>					
Contributed capital	-0-	-0-	-0-	-0-	68,382
<i>Retained earnings (deficit):</i>					
Reserved for operation and maintenance	727,353	-0-	-0-	-0-	-0-
Reserved as security for outstanding obligations	-0-	-0-	106,015,423	-0-	-0-
Unreserved	283,958	-0-	2,383,051	(602,552,000)	237,792
Total fund equity (deficit)	1,011,311	-0-	108,398,474	(602,552,000)	306,174
Total liabilities and fund equity	\$ 67,195,735	\$ 55,838,759	\$ 1,051,110,973	\$ 2,088,240,000	\$ 344,123

Exhibit E-1

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total All Funds	
			1998	1997
\$ 1,499,032	\$ 148,196	\$ 133,526	\$ 3,812,336	\$ 2,498,479
-0-	143	-0-	290,954,397	101,479,140
-0-	-0-	-0-	1,817,866,363	1,528,182,916
585,755	-0-	-0-	585,755	-0-
143,014	142,864	-0-	134,594,068	189,469,961
-0-	-0-	-0-	21,412,849	17,419,628
28,395	-0-	1,765	30,160	25,380
294,180	-0-	20,907	1,925,964	1,546,466
4,871	-0-	1,418	593,326	5,164
955,739	31,913	-0-	1,689,290	1,607,507
-0-	-0-	-0-	28,975,864	17,200,877
-0-	-0-	-0-	103,047,174	73,685,560
-0-	-0-	-0-	712,206,843	670,451,977
1,500	74,949	-0-	5,645,743	5,123,198
-0-	-0-	-0-	11,011,952	10,935,037
-0-	-0-	-0-	46,635,260	46,656,745
20,579	-0-	425,742	3,004,321	4,241,978
2,179,601	-0-	1,127,077	13,429,512	18,838,558
826,766	29,449	1,446,541	46,067,988	35,551,056
(1,853,768)	(29,449)	(1,841,947)	(28,167,567)	(29,249,820)
-0-	-0-	-0-	53,806,750	15,942,455
<u>\$ 4,685,664</u>	<u>\$ 398,065</u>	<u>\$ 1,315,029</u>	<u>\$ 3,269,128,348</u>	<u>\$ 2,711,612,262</u>
\$ 137,207	\$ 24,949	\$ 24,832	\$ 17,449,966	\$ 19,582,730
-0-	-0-	-0-	2,391,263,000	2,300,000,000
-0-	-0-	-0-	182,195,000	134,147,000
-0-	-0-	-0-	25,037,581	23,772,612
-0-	-0-	9,673	9,673	-0-
585,755	-0-	-0-	585,755	-0-
95,502	448	-0-	1,103,773	11,049,996
15,000	-0-	4,660	19,660	74,113
128,563	73,050	29,912	3,584,831	3,436,830
42,460	461,586	-0-	7,516,046	843,064
-0-	-0-	-0-	1,023,344,711	876,383,084
160,000	-0-	143,954	303,954	321,498
-0-	-0-	-0-	4,091,000	6,223,000
-0-	-0-	-0-	8,148,616	2,233,334
-0-	-0-	-0-	54,274,000	51,295,000
7,416	-0-	-0-	38,583,032	41,302,054
<u>1,171,903</u>	<u>560,033</u>	<u>213,031</u>	<u>3,757,510,598</u>	<u>3,470,664,315</u>
2,179,590	66,849	2,885,884	5,200,705	5,200,705
-0-	-0-	-0-	727,353	893,209
-0-	-0-	-0-	106,015,423	89,710,740
1,334,171	(228,817)	(1,783,886)	(600,325,731)	(854,856,707)
3,513,761	(161,968)	1,101,998	(488,382,250)	(759,052,053)
<u>\$ 4,685,664</u>	<u>\$ 398,065</u>	<u>\$ 1,315,029</u>	<u>\$ 3,269,128,348</u>	<u>\$ 2,711,612,262</u>

STATE OF NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Equity Enterprise Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	Colorado River Commission			Nevada State Insurance	Forestry Nurseries
	Power Marketing	Power Delivery	Housing Division		
Operating Revenues					
Net premium income	\$ -0-	\$ -0-	\$ -0-	\$ 440,575,000	\$ -0-
Sales	24,899,198	-0-	-0-	-0-	210,421
Charges for services	-0-	-0-	-0-	-0-	-0-
Rental income	-0-	-0-	-0-	-0-	-0-
Interest income on mortgage loans	-0-	-0-	51,054,556	-0-	-0-
Interest and investment income	-0-	-0-	20,830,605	-0-	-0-
Other	-0-	-0-	7,159,283	6,844,000	8,677
Total operating revenues	24,899,198	-0-	79,044,444	447,419,000	219,098
Operating Expenses					
Salaries and benefits	-0-	-0-	1,273,969	43,628,000	116,623
Operating	24,899,198	-0-	5,399,514	28,137,913	37,431
Claims expense	-0-	-0-	-0-	322,161,000	-0-
Interest on bonds payable	-0-	-0-	54,114,696	-0-	-0-
Materials or supplies used	-0-	-0-	-0-	-0-	65,562
Servicers' fees	-0-	-0-	1,768,932	-0-	-0-
Depreciation	-0-	-0-	105,755	3,503,000	9,340
Administrative expense	-0-	-0-	-0-	6,630,000	-0-
Total operating expenses	24,899,198	-0-	62,662,866	404,059,913	228,956
Operating income (loss)	-0-	-0-	16,381,578	43,359,087	(9,858)
Nonoperating Revenues (Expenses)					
Interest and investment income	136,772	-0-	-0-	210,891,000	-0-
Interest expense	-0-	-0-	-0-	(154,000)	-0-
Federal grants	-0-	-0-	-0-	-0-	19,000
Gain (loss) on disposal of assets	-0-	-0-	-0-	-0-	(678)
Other	(215,807)	-0-	-0-	86,000	(3,873)
Total nonoperating revenues (expenses)	(79,035)	-0-	-0-	210,823,000	14,449
Income (loss) before operating transfers	(79,035)	-0-	16,381,578	254,182,087	4,591
Operating Transfers					
Operating transfers in	-0-	-0-	-0-	-0-	-0-
Operating transfers out	-0-	-0-	(76,895)	(313,087)	(1,836)
Net income (loss)	(79,035)	-0-	16,304,683	253,869,000	2,755
Fund equity (deficit), July 1	1,090,346	-0-	92,093,791	(856,421,000)	303,419
Fund equity (deficit), June 30	\$ 1,011,311	\$ -0-	\$ 108,398,474	\$ (602,552,000)	\$ 306,174

Exhibit E-2

Prison Industry	Nevada Magazine	Marlette Lake Water System	Total All Funds	
			1998	1997
\$ -0-	\$ -0-	\$ -0-	\$ 440,575,000	\$ 472,670,000
3,889,037	1,239,048	228,459	30,466,163	29,174,015
397,218	685,147	-0-	1,082,365	1,119,024
64,449	-0-	-0-	64,449	135,663
-0-	-0-	-0-	51,054,556	45,091,991
-0-	-0-	-0-	20,830,605	15,842,785
157,355	5,091	600	14,175,006	19,771,275
4,508,059	1,929,286	229,059	558,248,144	583,804,753
1,062,989	609,219	112,428	46,803,228	43,213,724
1,547,849	436,727	129,336	60,587,968	65,245,594
-0-	-0-	-0-	322,161,000	78,705,000
-0-	-0-	-0-	54,114,696	48,760,754
1,416,663	692,329	-0-	2,174,554	1,635,797
-0-	-0-	-0-	1,768,932	1,564,696
117,585	-0-	55,596	3,791,276	3,492,980
-0-	-0-	-0-	6,630,000	6,664,000
4,145,086	1,738,275	297,360	498,031,654	249,282,545
362,973	191,011	(68,301)	60,216,490	334,522,208
110,314	-0-	-0-	211,138,086	171,013,358
(27,989)	-0-	-0-	(181,989)	(124,000)
-0-	-0-	-0-	19,000	61,491
5,642	-0-	(327)	4,637	(1,400)
-0-	-0-	-0-	(133,680)	(58,758)
87,967	-0-	(327)	210,846,054	170,890,691
450,940	191,011	(68,628)	271,062,544	505,412,899
-0-	-0-	15,266	15,266	-0-
(5,944)	-0-	(10,245)	(408,007)	(292,075)
444,996	191,011	(63,607)	270,669,803	505,120,824
3,068,765	(352,979)	1,165,605	(759,052,053)	(1,264,172,877)
\$ 3,513,761	\$ (161,968)	\$ 1,101,998	\$ (488,382,250)	\$ (759,052,053)

STATE OF NEVADA

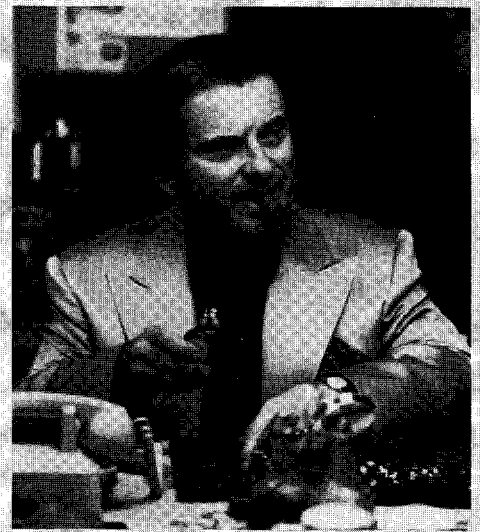
Combining Statement of Cash Flows Enterprise Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	Colorado River Commission		Housing Division	Nevada State Insurance
	Power Marketing	Power Delivery		
Cash flows from operating activities				
Cash received from customers	\$ 24,680,261	\$ -0-	\$ -0-	\$ 440,980,811
Cash received from other funds	-0-	-0-	-0-	12,401,347
Cash received from component unit	-0-	-0-	-0-	1,273,842
Cash received from mortgage loans	-0-	-0-	109,465,716	-0-
Cash paid to suppliers, other governments and beneficiaries	(18,246,716)	-0-	(1,019,929)	(244,621,000)
Cash paid to employees for services	-0-	-0-	(1,216,075)	(43,571,000)
Cash paid to other funds	-0-	-0-	(275,617)	(35,401,544)
Cash paid to component unit	-0-	-0-	-0-	(131,369)
Purchase of mortgage loans	-0-	-0-	(110,810,943)	-0-
Net cash provided by (used for) operating activities	6,433,545	-0-	(3,856,848)	130,931,087
Cash flows from noncapital financing activities				
Proceeds from sale of bonds	-0-	-0-	118,545,000	-0-
Grants, transfers, advances received	-0-	-0-	3,155,464	-0-
Retirement of bonds and notes	(1,995,000)	-0-	(17,827,147)	-0-
Interest payments on bonds	-0-	-0-	(52,814,654)	-0-
Operating transfers out	-0-	-0-	(76,895)	(313,087)
Payments for prepaid power	(5,281,002)	-0-	-0-	-0-
Transfers to other government	-0-	-0-	-0-	-0-
Other cash provided by (used for) noncapital financing activities	127,271	-0-	(4,313,436)	-0-
Net cash provided by (used for) noncapital financing activities	(7,148,731)	-0-	46,668,332	(313,087)
Cash flows from capital and related financing activities				
Proceeds from sale of bonds and equipment, other financing	1,745,379	49,270,000	-0-	-0-
Acquisition of property, plant and equipment	(116,949)	(30,476,244)	(108,288)	(12,760,000)
Retirement of bonds/notes/mortgages	-0-	-0-	-0-	-0-
Interest paid on obligations	-0-	-0-	-0-	(154,000)
Reduction in advances/capital leases	-0-	(7,740,691)	-0-	(2,132,000)
Proceeds from disposal of assets	-0-	-0-	-0-	-0-
Net cash provided by (used for) capital financing activities	1,628,430	11,053,065	(108,288)	(15,046,000)
Cash flows from investing activities				
Proceeds from sale of investments	-0-	-0-	175,790,172	2,214,590,000
Purchase of investments	-0-	-0-	(235,626,989)	(2,210,474,000)
Interest/dividends on investments	759,776	-0-	17,107,889	69,779,000
Other cash used for investing activities	(215,807)	-0-	-0-	-0-
Net cash provided by (used for) investing activities	543,969	-0-	(42,728,928)	73,895,000
Net increase (decrease) in cash	1,457,213	11,053,065	(25,732)	189,467,000
Cash and cash equivalents, July 1	13,510,615	4,592,283	186,895	101,479,000
Cash and cash equivalents, June 30	\$ 14,967,828	\$ 15,645,348	\$ 161,163	\$ 290,946,000
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ -0-	\$ -0-	\$ 16,381,578	\$ 43,359,087
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	-0-	-0-	105,755	3,503,000
Income on investments	-0-	-0-	(20,470,421)	86,000
Interest on bonds payable	-0-	-0-	54,114,696	-0-
Increase in loans receivable and real estate owned	-0-	-0-	(55,639,040)	-0-
Decrease (increase) in accrued receivables	95,538	-0-	462,807	(1,683,000)
Decrease (increase) in inventory, deferred charges and other assets	-0-	-0-	-0-	(53,064,000)
Increase (decrease) in accounts payable, accruals, other liabilities	727,001	-0-	656,939	138,730,000
Prepayments for power	5,925,656	-0-	-0-	-0-
Other adjustments	(314,650)	-0-	530,838	-0-
Total adjustments	6,433,545	-0-	(20,238,426)	87,572,000
Net cash provided by (used for) operating activities	\$ 6,433,545	\$ -0-	\$ (3,856,848)	\$ 130,931,087
Noncash investing, capital and financing activities				
Loss on disposal of assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-

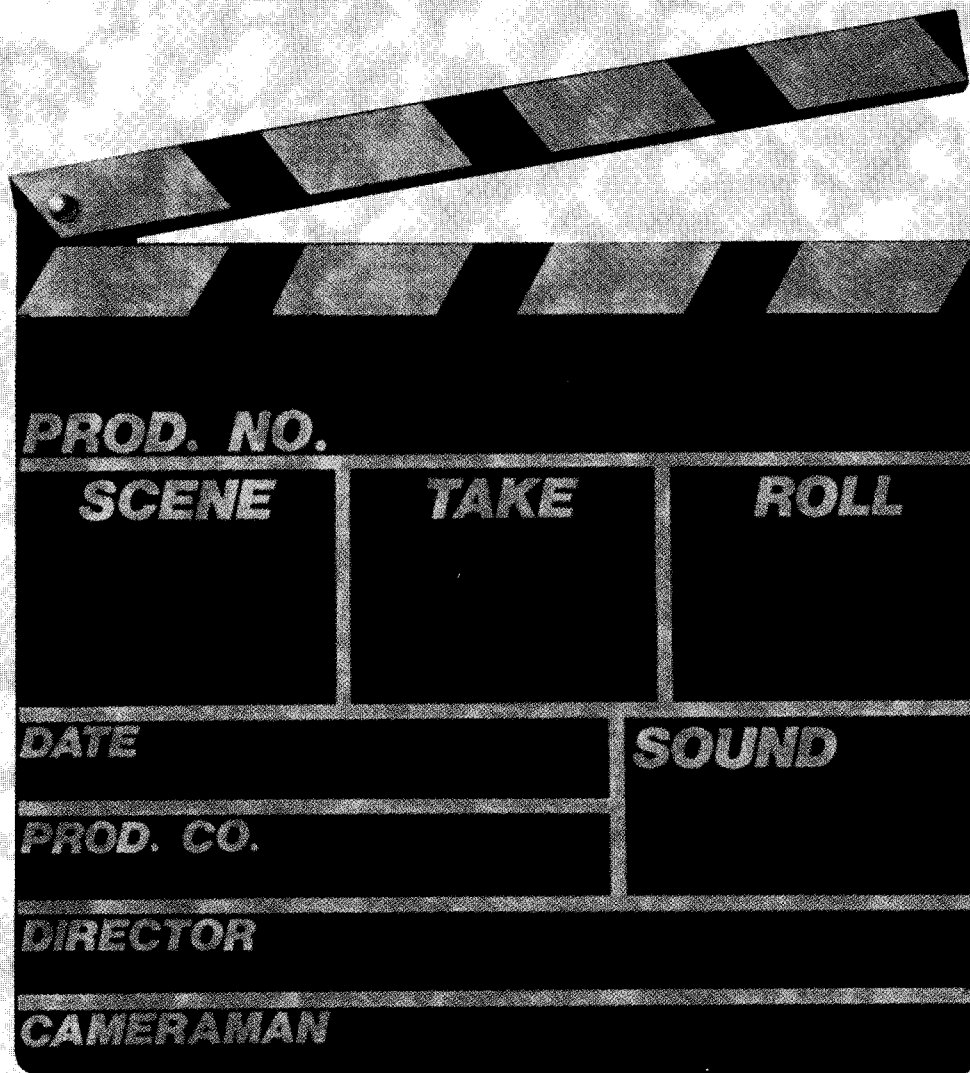
Exhibit E-3

Forestry Nurseries	Prison Industry	Nevada Magazine	Marlette Lake Water System	Total All Funds	
				1998	1997
\$ 216,521	\$ 1,620,075	\$ 1,248,194	\$ 62,433	\$ 468,808,295	\$ 500,905,636
21,109	2,660,694	574,166	166,725	15,824,041	7,170,751
-0-	408,426	-0-	11,483	1,693,751	43,547
-0-	-0-	-0-	-0-	109,465,716	101,029,749
(62,863)	(1,513,154)	(987,741)	(60,257)	(266,511,660)	(266,676,001)
(119,237)	(1,050,052)	(603,737)	(113,547)	(46,673,648)	(43,133,142)
(62,507)	(1,551,998)	(189,937)	(65,799)	(37,547,402)	(2,011,611)
-0-	-0-	-0-	(2,010)	(133,379)	-0-
-0-	-0-	-0-	-0-	(110,810,943)	(173,510,090)
(6,977)	573,991	40,945	(972)	134,114,771	123,818,839
-0-	-0-	-0-	-0-	118,545,000	180,595,000
19,000	-0-	-0-	15,266	3,189,730	3,253,865
-0-	-0-	-0-	-0-	(19,822,147)	(75,447,750)
-0-	-0-	-0-	-0-	(52,814,654)	(48,028,853)
(1,836)	(5,944)	-0-	(12,281)	(410,043)	(290,039)
-0-	-0-	-0-	-0-	(5,281,002)	(4,579,217)
-0-	-0-	-0-	-0-	-0-	(53,816,690)
(3,873)	-0-	-0-	-0-	(4,190,038)	(4,952,620)
13,291	(5,944)	-0-	2,985	39,216,846	(3,266,304)
-0-	-0-	-0-	-0-	51,015,379	7,593,187
-0-	(70,411)	-0-	-0-	(43,531,892)	(15,676,101)
-0-	-0-	-0-	-0-	-0-	(17,981,223)
-0-	-0-	-0-	-0-	(154,000)	(124,000)
-0-	(15,000)	-0-	(2,116)	(9,889,807)	(5,272,862)
-0-	8,875	-0-	-0-	8,875	-0-
-0-	(76,536)	-0-	(2,116)	(2,551,445)	(31,460,999)
-0-	-0-	-0-	-0-	2,390,380,172	2,359,061,444
-0-	-0-	-0-	-0-	(2,446,100,989)	(2,779,664,705)
-0-	73,888	-0-	-0-	87,720,553	66,101,354
-0-	-0-	-0-	-0-	(215,807)	-0-
-0-	73,888	-0-	-0-	31,783,929	(354,501,907)
6,314	565,399	40,945	(103)	202,564,101	(265,410,371)
235,047	933,633	107,394	133,629	121,178,496	386,588,867
\$ 241,361	\$ 1,499,032	\$ 148,339	\$ 133,526	\$ 323,742,597	\$ 121,178,496
\$ (9,858)	\$ 362,973	\$ 191,011	\$ (68,301)	\$ 60,216,490	\$ 334,522,208
9,340	117,585	-0-	55,596	3,791,276	3,492,980
-0-	-0-	-0-	-0-	(20,384,421)	(15,816,785)
-0-	-0-	-0-	-0-	54,114,696	48,760,754
-0-	-0-	-0-	-0-	(55,639,040)	(120,640,115)
18,533	148,676	(49,923)	11,582	(995,787)	16,301,192
(349)	(114,091)	(45,389)	-0-	(53,223,829)	(35,594,770)
(24,643)	58,848	(54,754)	151	140,093,542	(116,400,851)
-0-	-0-	-0-	-0-	5,925,656	5,413,510
-0-	-0-	-0-	-0-	216,188	3,780,716
2,881	211,018	(150,066)	67,329	73,898,281	(210,703,369)
(6,977)	573,991	40,945	(972)	134,114,771	123,818,839
\$ -0-	\$ 900	\$ -0-	\$ 327	\$ 1,227	\$ 1,400

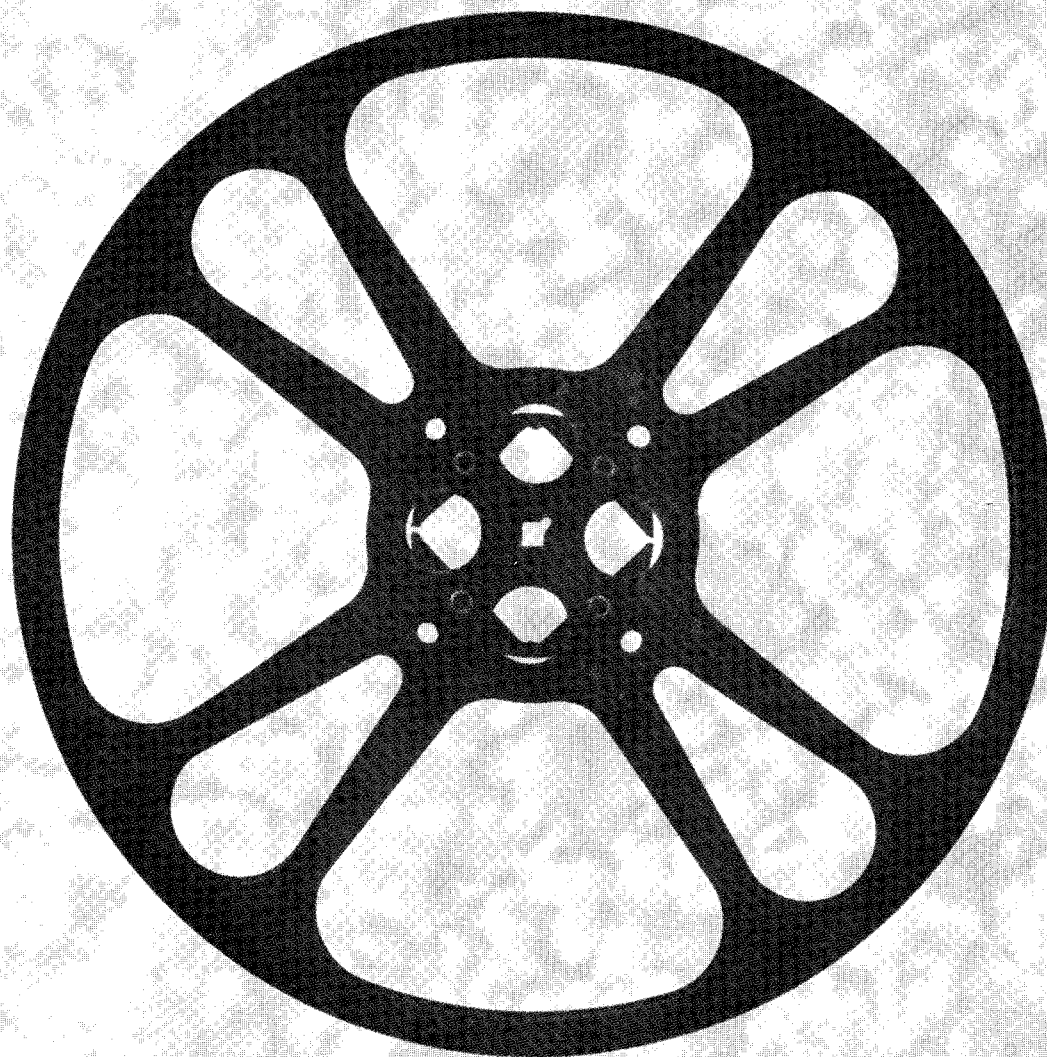


CASINO — Las Vegas

Internal Service Funds account for the financing of goods and services provided to state agencies and other governments on a cost reimbursement basis.



PROD. NO.		
SCENE	TAKE	ROLL
DATE		SOUND
PROD. CO.		
DIRECTOR		
CAMERAMAN		



INTERNAL SERVICE FUNDS

Self-Insurance Accounts for self-insured group life, accident and health insurance plans for State and other government employees (NRS 287.0435).

Buildings and Grounds Accounts for the maintenance, housekeeping and security of most State buildings (NRS 331.101).

Motor Pool Accounts for the operations of the State vehicle fleet (NRS 336.110).

Communications Accounts for the operation of mail services for State agencies in Carson City, Reno, Las Vegas and Elko (NRS 331.103).

Insurance Premiums Allocates the costs of fidelity insurance, property insurance and workers' compensation insurance to State agencies (NRS 331.187).

Administrative Services Provides administrative and accounting services to various divisions of the Department of Administration (NRS 232.219).

Personnel Accounts for the costs of administering the State personnel system. Operations are financed by assessments charged to user agencies (NRS 284.110).

Purchasing Provides purchasing services to State agencies and other governmental units. The operation is financed by an administrative charge on purchase orders and warehouse orders (NRS 333.120).

Information Services Accounts for designing, programming, and maintaining data processing software and also operating the State's central computer facility, radio communication and telecommunication systems (NRS 242.211).

Printing Accounts for the operation of the State printing facilities (NRS 344.090).

STATE OF NEVADA

Combining Balance Sheet Internal Service Funds

June 30, 1998 with Comparative Totals for 1997

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications	Insurance Premiums
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 4,094,020	\$ 1,758,676	\$ 589,028	\$ 205	\$ 12,473,695
Cash in custody of other officials	-0-	-0-	-0-	-0-	-0-
Collateral on loaned securities	1,626,607	-0-	-0-	-0-	-0-
<i>Receivables:</i>					
Accounts receivable	1,727,086	3,559	1,111	1,571	10,981
Intergovernmental receivables	462	-0-	372	941	-0-
Notes receivable	-0-	-0-	-0-	-0-	188,000
Due from other funds	650,070	120,659	293,918	327,502	37,625
Due from component unit	357,034	45	21,259	135	-0-
Inventory	-0-	-0-	-0-	-0-	-0-
Prepaid expenses	-0-	4,684	-0-	10,000	-0-
Land	-0-	20,400	-0-	-0-	-0-
Buildings	-0-	2,408,791	1,047,746	-0-	-0-
Improvements other than buildings	-0-	411,061	13,650	422,451	-0-
Furniture and equipment	1,000,826	583,565	8,380,598	362,947	119,041
Accumulated depreciation	(939,748)	(1,296,766)	(4,995,386)	(155,233)	(88,229)
Construction in progress	-0-	-0-	-0-	-0-	-0-
Total assets	\$ 8,516,357	\$ 4,014,674	\$ 5,352,296	\$ 970,519	\$ 12,741,113
Liabilities and Fund Equity					
<i>Liabilities:</i>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 13,474,817	\$ 434,258	\$ 28,658	\$ 4,247	\$ 12,356,006
Accrued payroll and related liabilities	24,124	119,301	16,127	17,072	8,687
Current portion, long-term obligations	-0-	-0-	-0-	-0-	-0-
Intergovernmental payables	-0-	11,975	65	-0-	-0-
Bank overdraft	6,362,366	-0-	-0-	-0-	-0-
Obligations under securities lending	1,626,607	-0-	-0-	-0-	-0-
Due to other funds	51,694	12,290	43,742	8,712	121,126
Due to component unit	-0-	-0-	-0-	-0-	550
Interfund payables	-0-	97,421	106,821	42,244	-0-
Accrued compensated absences	71,790	462,838	76,581	66,564	25,638
<i>Advances:</i>					
Advances from general fund	-0-	1,460,401	502,649	380,207	-0-
Advances from special revenue fund	-0-	-0-	24,343	-0-	-0-
Obligations under capital leases	-0-	-0-	-0-	-0-	-0-
Total liabilities	21,611,398	2,598,484	798,986	519,046	12,512,007
<i>Fund equity (deficit):</i>					
Contributed capital	12,682	398,651	2,325,163	23,875	923,976
Retained earnings (deficit)	(13,107,723)	1,017,539	2,228,147	427,598	(694,870)
Total fund equity (deficit)	(13,095,041)	1,416,190	4,553,310	451,473	229,106
Total liabilities and fund equity	\$ 8,516,357	\$ 4,014,674	\$ 5,352,296	\$ 970,519	\$ 12,741,113

Exhibit F-1

Administrative Services	Personnel	Purchasing	Information Services	Printing	Total All Funds	
					1998	1997
\$ 142,436	\$ 2,136,668	\$ 1,936,095	\$ 1,902,629	\$ 420,536	\$ 25,453,988	\$ 36,989,895
100	-0-	-0-	200	75	375	375
-0-	-0-	-0-	-0-	-0-	1,626,607	-0-
-0-	-0-	101,069	31,098	1,741	1,878,216	804,644
-0-	-0-	576,817	661	-0-	579,253	1,310,260
-0-	-0-	-0-	-0-	-0-	188,000	-0-
-0-	4,572	8,769,372	6,767,700	413,628	17,385,046	21,479,916
-0-	-0-	68,664	347	303	447,787	333,800
-0-	-0-	312,984	25,301	333,231	671,516	858,051
-0-	-0-	-0-	-0-	-0-	14,684	265,081
-0-	-0-	95,554	15,000	-0-	130,954	130,954
-0-	-0-	140,000	1,563,756	597,932	5,758,225	5,758,225
-0-	-0-	-0-	-0-	-0-	847,162	424,711
100,277	714,566	562,896	18,236,709	2,480,129	32,541,554	29,937,641
(36,820)	(532,588)	(526,394)	(16,183,422)	(2,263,818)	(27,018,404)	(24,235,526)
-0-	-0-	-0-	55,907	-0-	55,907	-0-
<u>\$ 205,993</u>	<u>\$ 2,323,218</u>	<u>\$ 12,037,057</u>	<u>\$ 12,415,886</u>	<u>\$ 1,983,757</u>	<u>\$ 60,560,870</u>	<u>\$ 74,058,027</u>
\$ 682	\$ 125,813	\$ 9,282,524	\$ 2,051,268	\$ 129,761	\$ 37,888,034	\$ 26,047,815
16,273	100,787	33,817	259,313	46,483	641,984	534,668
-0-	-0-	-0-	1,133,873	-0-	1,133,873	1,582,885
-0-	-0-	1,983	400	233	14,656	10,243
-0-	-0-	-0-	-0-	-0-	6,362,366	-0-
-0-	-0-	-0-	-0-	-0-	1,626,607	-0-
25,125	647,160	-0-	165,001	70,408	1,145,258	1,586,387
-0-	2,471	-0-	-0-	-0-	3,021	1,636,837
-0-	-0-	12,768	157,395	20,455	437,104	363,525
70,007	417,568	117,596	789,715	232,114	2,330,411	2,313,085
-0-	-0-	309,149	665,412	169,040	3,486,858	3,300,105
-0-	-0-	-0-	-0-	-0-	24,343	26,555
-0-	-0-	-0-	160,367	-0-	160,367	1,294,240
<u>112,087</u>	<u>1,293,799</u>	<u>9,757,837</u>	<u>5,382,744</u>	<u>668,494</u>	<u>55,254,882</u>	<u>38,696,345</u>
-0-	-0-	1,128,661	275,153	599,461	5,687,622	4,763,646
93,906	1,029,419	1,150,559	6,757,989	715,802	(381,634)	30,598,036
<u>93,906</u>	<u>1,029,419</u>	<u>2,279,220</u>	<u>7,033,142</u>	<u>1,315,263</u>	<u>5,305,988</u>	<u>35,361,682</u>
<u>\$ 205,993</u>	<u>\$ 2,323,218</u>	<u>\$ 12,037,057</u>	<u>\$ 12,415,886</u>	<u>\$ 1,983,757</u>	<u>\$ 60,560,870</u>	<u>\$ 74,058,027</u>

STATE OF NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Equity Internal Service Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications	Insurance Premiums
Operating Revenues					
Net premium income	\$ 90,945,521	\$ -0-	\$ -0-	\$ -0-	\$ 11,667,425
Sales	-0-	-0-	32,006	-0-	-0-
Charges for services	-0-	762,584	-0-	5,358,882	-0-
Rental income	-0-	9,627,470	2,351,060	-0-	-0-
Other	487,090	3,266	94,942	-0-	221,814
Total operating revenues	91,432,611	10,393,320	2,478,008	5,358,882	11,889,239
Operating Expenses					
Salaries and benefits	847,962	3,547,075	537,369	584,999	356,312
Operating	522,541	5,734,135	797,396	4,806,752	348,902
Claims expense	79,809,516	-0-	-0-	-0-	7,900,257
Materials or supplies used	-0-	-0-	397,126	-0-	-0-
Depreciation	18,206	157,152	1,020,801	29,287	15,844
Insurance premiums	37,450,705	-0-	-0-	-0-	9,788,414
Total operating expenses	118,648,930	9,438,362	2,752,692	5,421,038	18,409,729
Operating income (loss)	(27,216,319)	954,958	(274,684)	(62,156)	(6,520,490)
Nonoperating Revenues (Expenses)					
Interest and investment income	1,626,363	-0-	-0-	-0-	-0-
Interest expense	(413,872)	-0-	-0-	-0-	-0-
Intergovernmental	-0-	-0-	-0-	-0-	-0-
Gain (loss) on disposal of assets	-0-	-0-	(17,365)	-0-	-0-
Total nonoperating revenues (expenses)	1,212,491	-0-	(17,365)	-0-	-0-
Income (loss) before operating transfers	(26,003,828)	954,958	(292,049)	(62,156)	(6,520,490)
Operating Transfers					
Operating transfers in	27,532	-0-	73,932	-0-	-0-
Operating transfers out	(18,265)	(113,377)	(79,368)	(85,444)	(60,513)
Net income (loss)	(25,994,561)	841,581	(297,485)	(147,600)	(6,581,003)
Fund equity (deficit), July 1	12,899,520	574,609	4,850,795	599,073	8,021,969
Prior period adjustment	-0-	-0-	-0-	-0-	(2,135,836)
Fund equity (deficit), July 1, as restated	12,899,520	574,609	4,850,795	599,073	5,886,133
Contributed capital	-0-	-0-	-0-	-0-	923,976
Fund equity (deficit), June 30	\$ (13,095,041)	\$ 1,416,190	\$ 4,553,310	\$ 451,473	\$ 229,106

Exhibit F-2

					Total All Funds	
Administrative Services	Personnel	Purchasing	Information Services	Printing	1998	1997
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 102,612,946	\$ 95,942,344
-0-	77	825,895	10,528	4,073,070	4,941,576	4,805,655
886,053	5,580,400	1,575,492	27,084,649	-0-	41,248,060	30,175,161
-0-	-0-	2,215	170,679	-0-	12,151,424	9,627,286
25	15,036	210,618	42,764	395	1,075,950	1,279,994
886,078	5,595,513	2,614,220	27,308,620	4,073,465	162,029,956	141,830,440
606,148	3,507,769	986,142	8,200,993	1,828,387	21,003,156	18,867,647
75,105	1,481,862	337,324	14,291,790	827,968	29,223,775	20,994,614
-0-	-0-	-0-	-0-	-0-	87,709,773	68,352,804
-0-	-0-	771,765	-0-	1,427,572	2,596,463	1,798,611
17,039	56,040	43,147	1,839,370	160,974	3,357,860	3,304,320
-0-	-0-	-0-	-0-	-0-	47,239,119	32,276,795
698,292	5,045,671	2,138,378	24,332,153	4,244,901	191,130,146	145,594,791
187,786	549,842	475,842	2,976,467	(171,436)	(29,100,190)	(3,764,351)
-0-	-0-	-0-	-0-	-0-	1,626,363	1,703,877
-0-	-0-	(14,005)	(111,891)	-0-	(539,768)	(209,619)
-0-	-0-	-0-	-0-	-0-	-0-	(105,967)
-0-	-0-	-0-	(66)	-0-	(17,431)	(18,520)
-0-	-0-	(14,005)	(111,957)	-0-	1,069,164	1,369,771
187,786	549,842	461,837	2,864,510	(171,436)	(28,031,026)	(2,394,580)
-0-	-0-	-0-	742,393	-0-	843,857	1,827,511
(65,135)	(521,237)	(449,312)	(140,959)	(123,055)	(1,656,665)	(1,211,398)
122,651	28,605	12,525	3,465,944	(294,491)	(28,843,834)	(1,778,467)
(28,745)	1,000,814	2,266,695	3,567,198	1,609,754	35,361,682	37,140,149
-0-	-0-	-0-	-0-	-0-	(2,135,836)	-0-
(28,745)	1,000,814	2,266,695	3,567,198	1,609,754	33,225,846	37,140,149
-0-	-0-	-0-	-0-	-0-	923,976	-0-
\$ 93,906	\$ 1,029,419	\$ 2,279,220	\$ 7,033,142	\$ 1,315,263	\$ 5,305,988	\$ 35,361,682

STATE OF NEVADA

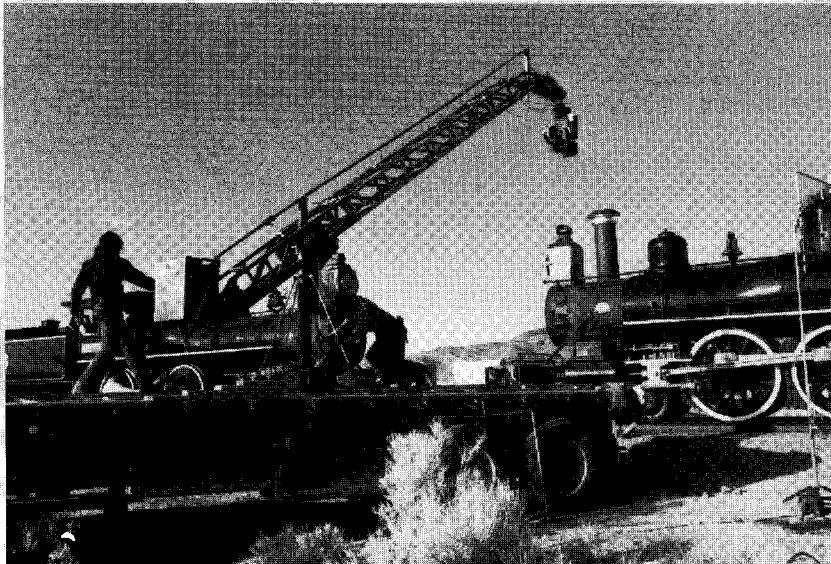
Combining Statement of Cash Flows Internal Service Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

	Self- Insurance	Buildings and Grounds	Motor Pool	Communications	Insurance Premiums
Cash flows from operating activities					
Cash received from customers	\$ 8,882,748	\$ 53,187	\$ 66,463	\$ 29,172	\$ 241,152
Cash received from other funds	61,633,673	10,216,113	2,288,762	5,672,195	20,675,952
Cash received from component unit	19,738,139	423,731	86,231	9,660	1,255,560
Cash paid to suppliers and other governments	(112,070,283)	(5,091,087)	(635,322)	(4,583,765)	(4,808,096)
Cash paid to employees for services	(831,428)	(3,486,458)	(523,712)	(587,123)	(333,568)
Cash paid to other funds	(398,540)	(675,278)	(571,951)	(296,096)	(9,674,803)
Cash paid to component unit	-0-	-0-	-0-	-0-	(1,751,052)
Net cash provided by (used for) operating activities	(23,045,691)	1,440,208	710,471	244,043	5,605,145
Cash flows from noncapital financing activities					
Grants, transfers, advances received	27,532	131,611	1,273,894	-0-	-0-
Operating/equity transfers out	(18,265)	(138,316)	(79,368)	(93,791)	(57,876)
Net cash provided by (used for) noncapital financing activities	9,267	(6,705)	1,194,526	(93,791)	(57,876)
Cash flows from capital and related financing activities					
Grants, transfers, advances received	-0-	-0-	-0-	422,451	-0-
Acquisition of property, plant and equipment	(29,368)	(16,044)	(2,064,557)	(573,551)	(10,890)
Interest paid on obligations	-0-	-0-	-0-	-0-	-0-
Reduction in advances/capital leases	-0-	(194,840)	-0-	-0-	-0-
Proceeds from sale of assets	-0-	-0-	47,237	-0-	-0-
Construction	-0-	-0-	-0-	-0-	-0-
Contributed capital	-0-	-0-	-0-	-0-	898,928
Net cash provided by (used for) capital financing activities	(29,368)	(210,884)	(2,017,320)	(151,100)	888,038
Cash flows from investing activities					
Interest/dividends on investments	1,500,623	-0-	-0-	-0-	-0-
Net cash provided by investing activities	1,500,623	-0-	-0-	-0-	-0-
Net increase (decrease) in cash	(21,565,169)	1,222,619	(112,323)	(848)	6,435,307
Cash and cash equivalents, July 1	25,659,189	536,057	701,351	1,053	6,038,388
Cash and cash equivalents, June 30	\$ 4,094,020	\$ 1,758,676	\$ 589,028	\$ 205	\$ 12,473,695
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ (27,216,319)	\$ 954,958	\$ (274,684)	\$ (62,156)	\$ (6,520,490)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	18,206	157,152	1,020,801	29,287	15,844
Prior period adjustment	-0-	-0-	-0-	-0-	(2,135,836)
Decrease (increase) in receivables	(1,178,051)	299,711	(36,552)	352,145	10,095,426
Decrease (increase) in inventory and prepaid expenses	-0-	(4,684)	-0-	16,943	-0-
Increase (decrease) in accounts payable, accruals and other liabilities	5,330,473	33,071	906	(92,176)	4,150,201
Other adjustments	-0-	-0-	-0-	-0-	-0-
Total adjustments	4,170,628	485,250	985,155	306,199	12,125,635
Net cash provided by (used for) operating activities	\$ (23,045,691)	\$ 1,440,208	\$ 710,471	\$ 244,043	\$ 5,605,145
Noncash investing, capital and financing activities					
Property leased, accrued or acquired	\$ -0-	\$ -0-	\$ 11,663	\$ -0-	\$ -0-
Loss on disposal of assets	-0-	-0-	17,365	-0-	-0-
Equipment acquired through contributed capital	-0-	-0-	-0-	-0-	50,096

Exhibit F-3

Administrative Services			Information Services			Total All Funds	
Personnel			Purchasing			1998	1997
\$ 25	\$ 33,236	\$ 4,590,821	\$ 421,764	\$ 171,003	\$ 14,489,571	\$ 16,390,983	
913,464	5,121,023	77,514,553	22,943,894	3,909,135	210,888,764	171,174,818	
-0-	444,868	348,369	142	7,749	22,314,449	22,046,424	
(10,039)	(330,186)	(79,700,259)	(11,819,849)	(1,084,126)	(220,133,012)	(185,590,090)	
(594,111)	(3,495,783)	(937,770)	(8,079,282)	(1,856,171)	(20,725,406)	(18,553,885)	
(61,386)	(993,953)	(324,999)	(701,055)	(768,512)	(14,466,573)	(10,340,397)	
(320)	-0-	-0-	-0-	-0-	(1,751,372)	(244,509)	
247,633	779,205	1,490,715	2,765,614	379,078	(9,383,579)	(5,116,656)	
-0-	-0-	-0-	742,393	-0-	2,175,430	439,977	
(313,116)	(54,570)	(485,179)	(106,086)	(123,055)	(1,469,622)	(2,701,150)	
(313,116)	(54,570)	(485,179)	636,307	(123,055)	705,808	(2,261,173)	
-0-	-0-	-0-	75,907	-0-	498,358	-0-	
(47,529)	(112,085)	(31,984)	(753,041)	(144,809)	(3,783,858)	(2,496,037)	
-0-	-0-	(28,505)	(111,891)	-0-	(140,396)	(210,084)	
-0-	-0-	(23,988)	(1,579,904)	(24,389)	(1,823,121)	(1,989,688)	
-0-	-0-	-0-	-0-	-0-	47,237	76,821	
-0-	-0-	-0-	(55,907)	-0-	(55,907)	-0-	
-0-	-0-	-0-	-0-	-0-	898,928	-0-	
(47,529)	(112,085)	(84,477)	(2,424,836)	(169,198)	(4,358,759)	(4,618,988)	
-0-	-0-	-0-	-0-	-0-	1,500,623	1,745,615	
-0-	-0-	-0-	-0-	-0-	1,500,623	1,745,615	
(113,012)	612,550	921,059	977,085	86,825	(11,535,907)	(10,251,202)	
255,548	1,524,118	1,015,036	925,744	333,786	36,990,270	47,241,472	
\$ 142,536	\$ 2,136,668	\$ 1,936,095	\$ 1,902,829	\$ 420,611	\$ 25,454,363	\$ 36,990,270	
\$ 187,786	\$ 549,842	\$ 475,842	\$ 2,976,467	\$ (171,436)	\$ (29,100,190)	\$ (3,764,351)	
17,039	56,040	43,147	1,839,370	160,974	3,357,860	3,304,320	
-0-	-0-	-0-	-0-	-0-	(2,135,836)	-0-	
27,410	3,614	(3,634,538)	(3,942,820)	14,422	2,000,767	(6,296,796)	
-0-	-0-	(71,304)	242,007	253,970	436,932	(362,713)	
15,398	169,709	4,677,568	1,650,590	121,148	16,056,888	1,998,591	
-0-	-0-	-0-	-0-	-0-	-0-	4,293	
59,847	229,363	1,014,873	(210,853)	550,514	19,716,611	(1,352,305)	
\$ 247,633	\$ 779,205	\$ 1,490,715	\$ 2,765,614	\$ 379,078	\$ (9,383,579)	\$ (5,116,656)	
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,757	\$ 19,420	\$ 237,162	
-0-	-0-	-0-	66	-0-	17,431	29,894	
-0-	-0-	-0-	-0-	-0-	50,096	-0-	

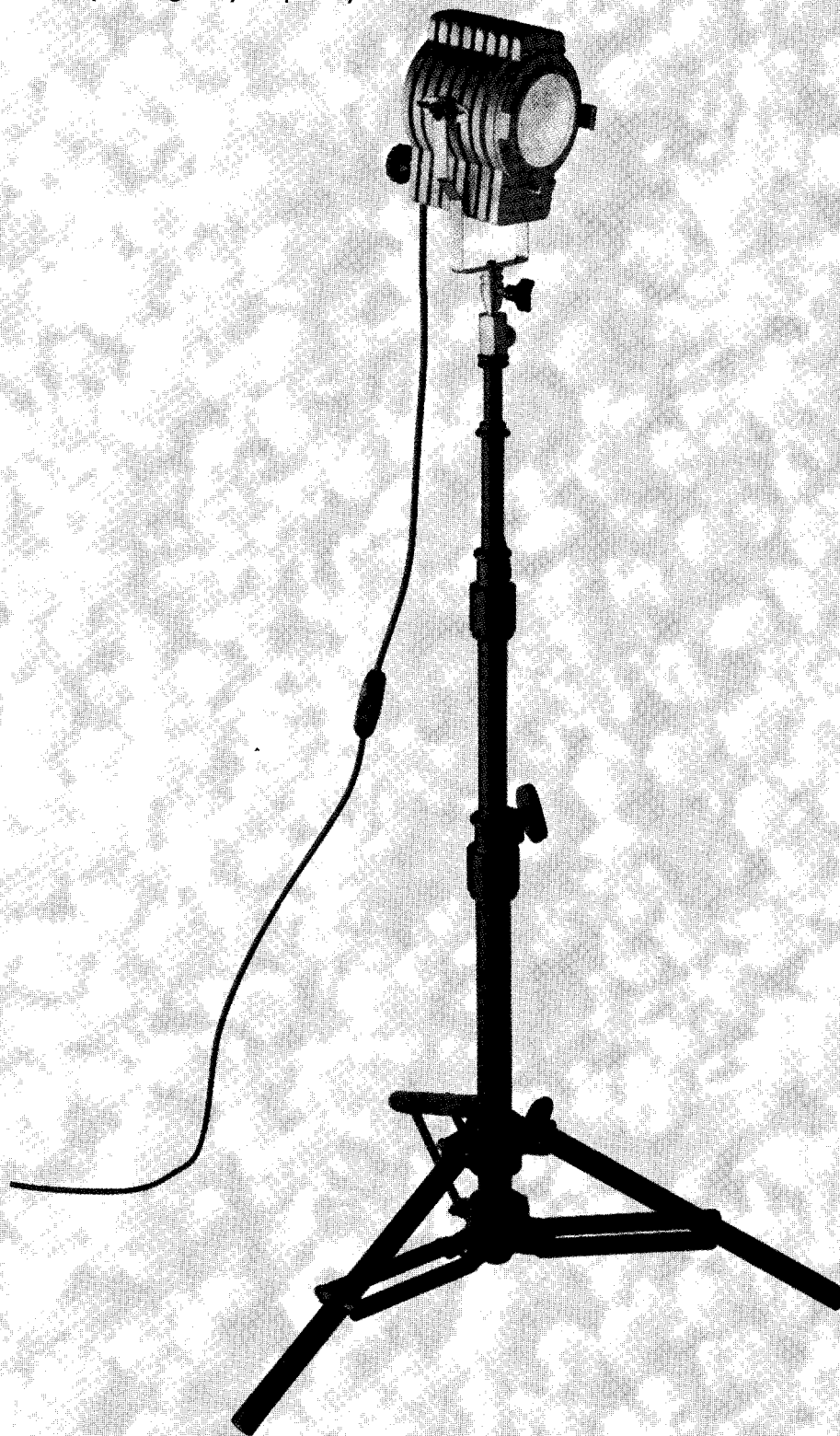


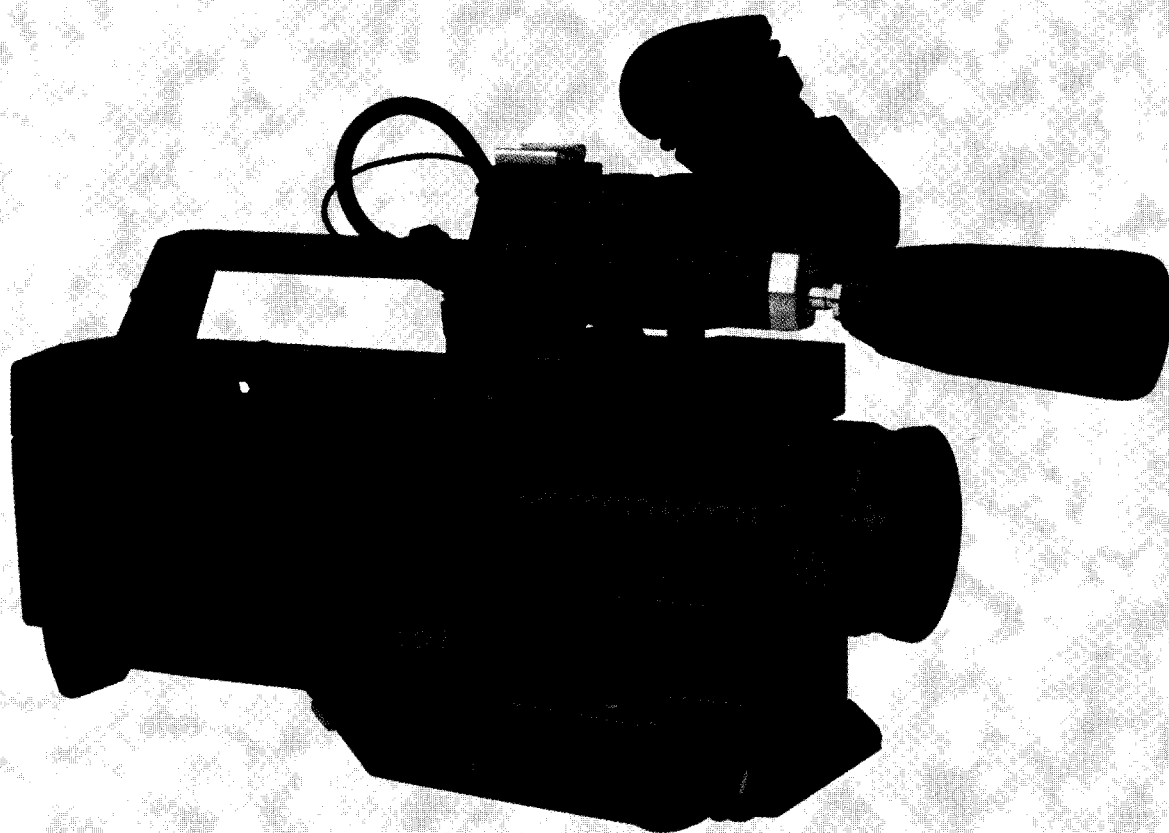
FREEPORT McMORAN AD — Wabuska



PINK CADILLAC — Reno, Fallon, & Carson City

Trust and Agency Funds account for resources which are held in a fiduciary or agency capacity.





TRUST AND AGENCY FUNDS

Expendable Trust

Unemployment Compensation Accounts for the payment of unemployment compensation benefits (NRS 612.585).

Museums and History Accounts for private funding such as donations, gifts, and grants used to purchase items of historical interest according to the restrictions specified by the donors (NRS 381.0031).

Gift Accounts for gifts and grants received by the Commission for the Preservation of Wild Horses (NRS 504.450), the Department of Conservation and Natural Resources (NRS 232.020), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090) the Division of State Parks (NRS 407.075), and the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960).

Custodial Accounts for estates escheated to the State in absence of legal heirs and used for educational purposes (NRS 154.140); administration of abandoned property (NRS 120A.370); survivor benefits held in trust for children receiving welfare services (NRS 422.250); personal property held in trust for prisoners pending their release (NRS 209.241); revenue collected to benefit destitute offenders (NRS 209.383); and the residual activity of emergency distribution of SCCRT (Supplemental City-County Relief Tax) originally authorized by NRS 354.5988.

Nonexpendable Trust

Henry Wood Christmas Accounts for the bequest of the late Henry Wood to provide Christmas gifts to orphans.

Permanent School Accounts for certain property and the proceeds derived from such property, escheated estates, and all fines collected under penal laws of the State, which become permanent assets of the fund. Earnings on the assets are to be used for education (State Constitution, Article 11, Section 3).

Investment Trust

Local Government Investment Pool Accounts for investment funds received from local governments and pooled to obtain greater interest earnings (NRS 355.167).

Pension Trust

Public Employees' Retirement Accounts for the operations of the Public Employees' Retirement System which provides income benefits to qualified public employees (NRS 286.220).

Legislators' Retirement Accounts for the operations of the Legislators' Retirement System (NRS 218.2375).

Agency

Intergovernmental Accounts for taxes and fees, such as sales and use, cigarette and jet fuel taxes, collected by the Department of Taxation on behalf of local governments (NRS 353.254).

State Agency Fund for Bonds Accounts for surety bonds and deposits held by the State (NRS 353.251).

Motor Vehicle Accounts for taxes and fees collected by the Department of Motor Vehicles pending distribution to counties and other funds (NRS 482.180).

Restitution Trust Accounts for money received from parolees making restitution (NRS 213.126).

Veterans Custodial Accounts for the estates of persons for whom the Nevada Commissioner for Veteran Affairs acts as guardian (NRS 417.113).

State Payroll Accounts for payment of payroll and payroll deductions such as income tax withholding, insurance deductions, credit union deductions, etc. (NRS 227.130).

STATE OF NEVADA

Combining Balance Sheet Trust and Agency Funds

June 30, 1998 with Comparative Totals for 1997

	Expendable Trust Funds				Nonex- pendable
	Unemployment Compensation	Museums and History	Gift Funds	Custodial Funds	Henry Wood Christmas
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ -0-	\$ -0-	\$ 1,352,935	\$ 11,716,613	\$ 51,180
Cash in custody of other officials	394,026,423	200,363	-0-	794,273	-0-
Investments	-0-	1,372,930	291,200	1,323,499	-0-
Collateral on loaned securities	-0-	-0-	528,352	1,699,441	-0-
<i>Receivables:</i>					
Accounts receivable	54,279,997	14,742	936	63,342	-0-
Taxes receivable	-0-	-0-	-0-	-0-	-0-
Accrued interest and dividends	-0-	-0-	-0-	-0-	2,805
Trades pending settlement	-0-	-0-	-0-	-0-	-0-
Intergovernmental receivables	-0-	-0-	338	47,513	-0-
Notes receivable	-0-	-0-	-0-	-0-	-0-
Other receivables	-0-	-0-	75	-0-	-0-
Due from other funds	-0-	-0-	37,580	60,595	-0-
Inventory	-0-	275,367	-0-	-0-	-0-
Other assets	-0-	-0-	-0-	-0-	-0-
Land	-0-	-0-	-0-	-0-	-0-
Furniture and equipment	-0-	-0-	-0-	-0-	-0-
Accumulated depreciation	-0-	-0-	-0-	-0-	-0-
Total assets	\$ 448,306,420	\$ 1,863,402	\$ 2,211,416	\$ 15,705,276	\$ 53,985
Liabilities and Fund Balances					
Liabilities:					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ 3,980,697	\$ 83,064	\$ 8,848	\$ 505,983	\$ -0-
Accrued payroll and related liabilities	-0-	-0-	1,353	1,800	-0-
Intergovernmental payables	-0-	-0-	-0-	2,694	-0-
Trades pending settlement	-0-	-0-	-0-	-0-	-0-
Obligations under securities lending	-0-	-0-	528,352	1,699,441	-0-
Due to other funds	-0-	3,929	13,652	6,737,002	2,805
Deferred revenues	-0-	123,958	-0-	-0-	-0-
Notes payable	-0-	-0-	-0-	-0-	-0-
Obligations under capital leases	-0-	-0-	-0-	-0-	-0-
<i>Other liabilities:</i>					
Deposits	-0-	-0-	-0-	-0-	-0-
Other liabilities	-0-	-0-	-0-	5,362,040	-0-
Total liabilities	3,980,697	210,951	552,205	14,308,960	2,805
Fund balances:					
<i>Reserved:</i>					
Encumbrances and contracts	-0-	-0-	-0-	-0-	-0-
Inventory	-0-	275,367	-0-	-0-	-0-
<i>Other:</i>					
Retirement systems	-0-	-0-	-0-	-0-	-0-
External investment pool	-0-	-0-	-0-	-0-	-0-
Principal of non-expendable trust funds	-0-	-0-	-0-	-0-	30,000
Other	-0-	50,406	-0-	537,500	-0-
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-0-	-0-	900,000	-0-	-0-
Museum projects	-0-	166,805	-0-	-0-	-0-
Undesignated	444,325,723	1,159,873	759,211	858,816	21,180
Total fund balances	444,325,723	1,652,451	1,659,211	1,396,316	51,180
Total liabilities and fund balances	\$ 448,306,420	\$ 1,863,402	\$ 2,211,416	\$ 15,705,276	\$ 53,985

Nonex- pendable	Investment Trust Fund	Pension Trust Funds		Agency Funds		
Permanent School	Local Gov't Investment Pool	Public Employees' Retirement	Legislators' Retirement	Inter- governmental	State Agency Fund for Bonds	Motor Vehicle
\$ 8,926,644	\$ 886	\$ -0-	\$ -0-	\$ 14,726,364	\$ 13,847,973	\$ 84,108,438
-0-	-0-	437,601,796	53,927	-0-	55,856,587	2,270,090
56,149,587	366,540,315	10,702,062,461	4,121,221	-0-	39,286,123	-0-
3,546,672	-0-	1,384,544,235	-0-	387,423	-0-	32,711,001
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	6,135,816	-0-	-0-
632,375	3,692,738	62,022,988	32,123	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
280,108	-0-	33,821,160	-0-	-0-	-0-	-0-
120	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	495	-0-	-0-	14,156,440
529,461	-0-	7,387,327	-0-	203,173,807	5,862,750	226
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	943,440	-0-	-0-	-0-	-0-
2,977	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	4,852,196	-0-	-0-	-0-	-0-
-0-	-0-	(852,208)	-0-	-0-	-0-	-0-
<u>\$ 70,067,944</u>	<u>\$ 370,233,939</u>	<u>\$ 12,632,383,395</u>	<u>\$ 4,207,766</u>	<u>\$ 224,423,410</u>	<u>\$ 114,853,433</u>	<u>\$ 133,246,195</u>
\$ -0-	\$ -0-	\$ 8,502,652	\$ 723	\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	1,757,489	-0-	-0-	216,539,125	-0-	33,492,526
-0-	-0-	388,548,391	-0-	-0-	-0-	-0-
3,546,672	-0-	1,384,544,235	-0-	387,423	-0-	32,711,001
998,297	7,058	164,371	452	7,491,039	19,938	63,845,879
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	9,295,898	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	114,807,345	3,191,072
-0-	-0-	3,763,154	35,842	5,823	26,150	5,717
<u>4,544,969</u>	<u>1,764,547</u>	<u>1,794,818,701</u>	<u>37,017</u>	<u>224,423,410</u>	<u>114,853,433</u>	<u>133,246,195</u>
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	10,837,564,694	4,170,749	-0-	-0-	-0-
-0-	368,469,392	-0-	-0-	-0-	-0-	-0-
65,522,975	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>65,522,975</u>	<u>368,469,392</u>	<u>10,837,564,694</u>	<u>4,170,749</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 70,067,944</u>	<u>\$ 370,233,939</u>	<u>\$ 12,632,383,395</u>	<u>\$ 4,207,766</u>	<u>\$ 224,423,410</u>	<u>\$ 114,853,433</u>	<u>\$ 133,246,195</u>

STATE OF NEVADA

Combining Balance Sheet Trust and Agency Funds

Exhibit G-1

June 30, 1998 with Comparative Totals for 1997

Page 2 of 2

	Agency Funds			Total all Funds	
	Restitution Trust	Veterans Custodial	State Payroll	1998	1997 (Restated)
Assets					
<i>Cash and pooled investments:</i>					
Cash with treasurer	\$ 866,855	\$ 995,938	\$ 6,208,539	\$ 142,802,365	\$ 126,032,168
Cash in custody of other officials	-0-	-0-	-0-	890,803,459	679,000,649
Investments	-0-	-0-	-0-	11,171,147,336	9,448,785,647
Collateral on loaned securities	-0-	689,854	-0-	1,424,106,978	1,527,080,837
<i>Receivables:</i>					
Accounts receivable	-0-	-0-	-0-	54,359,017	51,097,912
Taxes receivable	-0-	-0-	-0-	6,135,816	-0-
Accrued interest and dividends	-0-	-0-	-0-	66,383,029	56,247,405
Trades pending settlement	-0-	-0-	-0-	-0-	344,044
Intergovernmental receivables	-0-	-0-	-0-	34,149,119	33,340,678
Notes receivable	-0-	-0-	-0-	120	120
Other receivables	-0-	-0-	-0-	14,157,010	12,618,031
Due from other funds	22,844	27,223	1,081,809	218,183,622	210,307,482
Inventory	-0-	-0-	-0-	275,367	294,792
Other assets	-0-	-0-	-0-	943,440	650,328
Land	-0-	-0-	-0-	2,977	2,977
Furniture and equipment	-0-	-0-	-0-	4,852,196	1,108,601
Accumulated depreciation	-0-	-0-	-0-	(852,208)	(708,956)
Total assets	\$ 889,699	\$ 1,713,015	\$ 7,290,348	\$ 14,027,449,643	\$ 12,146,202,715
Liabilities and Fund Balances					
<i>Liabilities:</i>					
<i>Accounts payable and accruals:</i>					
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 13,081,967	\$ 11,416,552
Accrued payroll and related liabilities	-0-	-0-	12,962	16,115	13,353
Intergovernmental payables	-0-	-0-	10,714	251,802,548	237,147,770
Trades pending settlement	-0-	-0-	-0-	388,548,391	-0-
Obligations under securities lending	-0-	689,854	-0-	1,424,106,978	1,527,080,837
Due to other funds	-0-	-0-	7,232,146	86,516,568	68,730,152
Deferred revenues	-0-	-0-	-0-	123,958	97,673
Notes payable	-0-	-0-	-0-	9,295,898	9,393,189
Obligations under capital leases	-0-	-0-	-0-	-0-	26,640
<i>Other liabilities:</i>					
Deposits	-0-	-0-	-0-	117,998,417	89,271,200
Other liabilities	889,699	1,023,161	34,526	11,146,112	156,978,078
Total liabilities	889,699	1,713,015	7,290,348	2,302,636,952	2,100,155,444
Fund balances:					
<i>Reserved:</i>					
Encumbrances and contracts	-0-	-0-	-0-	-0-	3,649
Inventory	-0-	-0-	-0-	275,367	294,792
<i>Other:</i>					
Retirement systems	-0-	-0-	-0-	10,841,735,443	9,200,657,798
External investment pool	-0-	-0-	-0-	368,469,392	368,419,003
Principal of non-expendable trust funds	-0-	-0-	-0-	65,552,975	61,243,769
Other	-0-	-0-	-0-	587,906	589,865
<i>Unreserved:</i>					
<i>Designated:</i>					
Principal preservation	-0-	-0-	-0-	900,000	900,000
Museum projects	-0-	-0-	-0-	166,805	173,788
Undesignated	-0-	-0-	-0-	447,124,803	413,764,607
Total fund balances	-0-	-0-	-0-	11,724,812,691	10,046,047,271
Total liabilities and fund balances	\$ 889,699	\$ 1,713,015	\$ 7,290,348	\$ 14,027,449,643	\$ 12,146,202,715

STATE OF NEVADA

Combining Statement of Plan Net Assets Pension Trust Funds

June 30, 1998 with Comparative Totals for 1997

Exhibit G-2

	Public Employees' Retirement	Legislators' Retirement	Total Both Funds	
			1998	1997
Assets				
Cash and cash equivalents	\$ 437,601,796	\$ 53,927	\$ 437,655,723	\$ 273,834,760
Investments	10,702,062,461	4,121,221	10,706,183,682	8,851,117,455
Collateral on loaned securities	1,384,544,235	-0-	1,384,544,235	1,527,080,837
<i>Receivables:</i>				
Accrued interest and dividends	62,022,988	32,123	62,055,111	52,486,825
Trades pending settlement	-0-	-0-	-0-	344,044
Intergovernmental receivables	33,821,160	-0-	33,821,160	32,866,747
Other receivables	-0-	495	495	615
Due from other funds	7,387,327	-0-	7,387,327	6,579,184
Other assets	943,440	-0-	943,440	649,944
Furniture and equipment	4,852,196	-0-	4,852,196	1,108,601
Accumulated depreciation	(852,208)	-0-	(852,208)	(708,956)
Total plan assets	12,632,383,395	4,207,766	12,636,591,161	10,745,360,056
Liabilities				
<i>Accounts payable and accruals:</i>				
Accounts payable	8,502,652	723	8,503,375	4,242,189
Trades pending settlement	388,548,391	-0-	388,548,391	-0-
Obligations under securities lending	1,384,544,235	-0-	1,384,544,235	1,527,080,837
Due to other funds	164,371	452	164,823	2,249
Notes payable	9,295,898	-0-	9,295,898	9,393,189
Obligations under capital leases	-0-	-0-	-0-	26,640
Other liabilities	3,763,154	35,842	3,798,996	3,957,154
Total plan liabilities	1,794,818,701	37,017	1,794,855,718	1,544,702,258
Net assets held in trust for pension benefits	\$ 10,837,564,694	\$ 4,170,749	\$ 10,841,735,443	\$ 9,200,657,798

STATE OF NEVADA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Expendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit G-3

					Total All Funds	
	Unemployment Compensation	Museums and History	Gift Funds	Custodial Funds	1998	1997
Revenues						
Intergovernmental	\$ 7,058,126	\$ -0-	\$ 2,516	\$ -0-	\$ 7,060,642	\$ 6,701,528
Taxes	189,981,095	-0-	-0-	-0-	189,981,095	188,221,925
Sales and charges for services	-0-	541,772	-0-	-0-	541,772	537,410
Interest and investment income	26,055,921	484,741	392,535	368,209	27,301,406	23,873,398
Other:						
Donations	-0-	502,998	84,448	-0-	587,446	587,606
Other	-0-	-0-	1,433	7,636,947	7,638,380	7,615,124
Total revenues	223,095,142	1,529,511	480,932	8,005,156	233,110,741	227,536,991
Expenditures						
Current:						
General Government	-0-	-0-	27,603	83,421	111,024	-0-
Health and social services	183,612,691	-0-	6,011	1,175,216	184,793,918	161,656,033
Education and support services	-0-	1,167,480	27,007	-0-	1,194,487	1,220,122
Law, justice and public safety	-0-	-0-	-0-	830,545	830,545	196,164
Regulation of business	-0-	-0-	-0-	148,481	148,481	184,879
Recreation and resource development	-0-	-0-	158,260	-0-	158,260	144,658
Intergovernmental:						
Other	6,757,696	-0-	-0-	44,931	6,802,627	6,583,700
Total expenditures	190,370,387	1,167,480	218,881	2,282,594	194,039,342	169,985,556
Excess of revenues over expenditures	32,724,755	362,031	262,051	5,722,562	39,071,399	57,551,435
Other Financing Sources (Uses)						
Operating transfers in	-0-	-0-	61,114	606,786	667,900	300,000
Operating transfers out	-0-	-0-	(6,664)	(6,404,455)	(6,411,119)	(6,239,019)
Total other financing sources (uses)	-0-	-0-	54,450	(5,797,669)	(5,743,219)	(5,939,019)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	32,724,755	362,031	316,501	(75,107)	33,328,180	51,612,416
Fund balances, July 1	411,600,968	1,290,420	1,342,710	1,471,423	415,705,521	364,093,105
Fund balances, June 30	\$ 444,325,723	\$ 1,652,451	\$ 1,659,211	\$ 1,396,316	\$ 449,033,701	\$ 415,705,521

STATE OF NEVADA

Combining Statement of Revenues, Expenses and Changes in Fund Balances Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit G-4

	Henry Wood Christmas	Permanent School	Total Both Funds	
			1998	1997
Operating Revenues				
Interest and investment income	\$ 2,805	\$ 5,285,983	\$ 5,288,788	\$ 3,978,569
Other:				
Fines	-0-	3,650,633	3,650,633	3,729,648
Land sales/miscellaneous	-0-	401,046	401,046	402,905
Total operating revenues	<u>2,805</u>	<u>9,337,662</u>	<u>9,340,467</u>	<u>8,111,122</u>
Operating Expenses				
Interest expense	-0-	246,935	246,935	-0-
Total operating expenses	<u>-0-</u>	<u>246,935</u>	<u>246,935</u>	<u>-0-</u>
Operating income	<u>2,805</u>	<u>9,090,727</u>	<u>9,093,532</u>	<u>8,111,122</u>
Operating Transfers				
Operating transfers in	-0-	226,861	226,861	150,430
Operating transfers out	(2,805)	(5,008,382)	(5,011,187)	(3,978,569)
Net operating transfers	<u>(2,805)</u>	<u>(4,781,521)</u>	<u>(4,784,326)</u>	<u>(3,828,139)</u>
Net income	-0-	4,309,206	4,309,206	4,282,983
Fund balances, July 1	<u>51,180</u>	<u>61,213,769</u>	<u>61,264,949</u>	<u>56,981,966</u>
Fund balances, June 30	<u>\$ 51,180</u>	<u>\$ 65,522,975</u>	<u>\$ 65,574,155</u>	<u>\$ 61,264,949</u>

STATE OF NEVADA

Combining Statement of Cash Flows Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit G-5

	Henry Wood Christmas	Permanent School	Total Both Funds	
			1998	1997
Cash flows from operating activities				
Cash received from other governments	\$ -0-	\$ 4,024,807	\$ 4,024,807	\$ 4,049,908
Net cash provided by operating activities	-0-	4,024,807	4,024,807	4,049,908
Cash flows from noncapital financing activities				
Operating transfers in	-0-	149,889	149,889	44,148
Operating transfers out	(2,909)	(4,891,524)	(4,894,433)	(3,914,603)
Net cash used for noncapital financing activities	(2,909)	(4,741,635)	(4,744,544)	(3,870,455)
Cash flows from investing activities				
Proceeds from sale of investments	-0-	9,019,426	9,019,426	14,000,000
Purchase of investments	-0-	(12,997,968)	(12,997,968)	(11,518,750)
Interest/dividends on investments	2,909	4,204,839	4,207,748	4,009,430
Net cash provided by investing activities	2,909	226,297	229,206	6,490,680
Net increase (decrease) in cash	-0-	(490,531)	(490,531)	6,670,133
Cash and cash equivalents, July 1	51,180	9,417,175	9,468,355	2,798,222
Cash and cash equivalents, June 30	\$ 51,180	\$ 8,926,644	\$ 8,977,824	\$ 9,468,355
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 2,805	\$ 9,090,727	\$ 9,093,532	\$ 8,111,122
Adjustments to reconcile operating income to net cash provided by operating activities				
Increase in accrued receivables	-0-	(26,872)	(26,872)	(82,775)
Operating interest and investment income	(2,805)	(5,285,983)	(5,288,788)	(3,978,569)
Operating interest expense	-0-	246,935	246,935	-0-
Other	-0-	-0-	-0-	130
Total adjustments	(2,805)	(5,065,920)	(5,068,725)	(4,061,214)
Net cash provided by operating activities	\$ -0-	\$ 4,024,807	\$ 4,024,807	\$ 4,049,908

STATE OF NEVADA

Combining Statement of Changes in Plan Net Assets Pension Trust Funds

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit G-6

			Total Both Funds	
	Public Employees' Retirement	Legislators' Retirement	1998	1997
Additions				
Retirement contributions	\$ 557,277,348	\$ -0-	\$ 557,277,348	\$ 518,076,097
Investment income:				
Interest, dividends	318,916,142	188,269	319,104,411	396,018,424
Net increase,in the fair value of investments	1,034,970,217	491,065	1,035,461,282	756,561,480
Other	180,255,385	-0-	180,255,385	228,079,468
	1,534,141,744	679,334	1,534,821,078	1,380,659,372
Less: Investment expense	(98,964,038)	(2,235)	(98,966,273)	(102,383,769)
Net investment income	1,435,177,706	677,099	1,435,854,805	1,278,275,603
Other income	1,854,894	31,728	1,886,622	1,826,976
Total additions	1,994,309,948	708,827	1,995,018,775	1,798,178,676
Deductions				
Benefit payments	336,059,778	327,822	336,387,600	300,429,979
Refunds	13,537,992	-0-	13,537,992	8,952,324
Administrative expense	3,983,810	31,728	4,015,538	3,148,608
Total deductions	353,581,580	359,550	353,941,130	312,530,911
Net increase	1,640,728,368	349,277	1,641,077,645	1,485,647,765
Operating Transfers				
Operating transfer out	-0-	-0-	-0-	(44,341)
Net assets held in trust for pension benefits, July 1	9,196,836,326	3,821,472	9,200,657,798	7,715,054,374
Net assets held in trust for pension benefits, June 30	\$ 10,837,564,694	\$ 4,170,749	\$ 10,841,735,443	\$ 9,200,657,798

STATE OF NEVADA

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 1998

Exhibit G-7

Page 1 of 2

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Intergovernmental				
Assets				
Cash with treasurer	\$ 14,361,404	\$ 1,334,598,495	\$ 1,334,233,535	\$ 14,726,364
Collateral on loaned securities	-0-	387,423	-0-	387,423
Taxes receivable	-0-	6,135,816	-0-	6,135,816
Due from other funds	194,979,163	216,716,950	208,522,306	203,173,807
Total assets	\$ 209,340,567	\$ 1,557,838,684	\$ 1,542,755,841	\$ 224,423,410
Liabilities				
Intergovernmental payables	\$ 201,606,105	\$ 1,468,212,180	\$ 1,453,279,160	\$ 216,539,125
Obligations under securities lending	-0-	387,423	-0-	387,423
Due to other funds	7,669,034	88,268,836	88,446,831	7,491,039
Other liabilities	65,428	-0-	59,605	5,823
Total liabilities	\$ 209,340,567	\$ 1,556,868,439	\$ 1,541,785,596	\$ 224,423,410
State Agency Fund for Bonds				
Assets				
Cash with treasurer	\$ 12,449,132	\$ 5,808,406	\$ 4,409,565	\$ 13,847,973
Cash in custody of other officials	35,235,925	30,488,392	9,867,730	55,856,587
Investments	30,657,713	19,057,543	10,429,133	39,286,123
Due from other funds	7,534,828	5,862,750	7,534,828	5,862,750
Total assets	\$ 85,877,598	\$ 61,217,091	\$ 32,241,256	\$ 114,853,433
Liabilities				
Due to other funds	\$ -0-	\$ 19,938	\$ -0-	\$ 19,938
Deposits	85,856,515	62,267,058	33,316,228	114,807,345
Other liabilities	21,083	5,439	372	26,150
Total liabilities	\$ 85,877,598	\$ 62,292,435	\$ 33,316,600	\$ 114,853,433
Motor Vehicle				
Assets				
Cash with treasurer	\$ 70,128,192	\$ 404,555,432	\$ 390,575,186	\$ 84,108,438
Cash in custody of other officials	2,545,790	53,000	328,700	2,270,090
Collateral on loaned securities	-0-	32,711,001	-0-	32,711,001
Other receivables	12,394,936	17,175,218	15,413,714	14,156,440
Due from other funds	1,237	226	1,237	226
Total assets	\$ 85,070,155	\$ 454,494,877	\$ 406,318,837	\$ 133,246,195
Liabilities				
Intergovernmental payables	\$ 33,792,373	\$ 189,102,357	\$ 189,402,204	\$ 33,492,526
Obligations under securities lending	-0-	32,711,001	-0-	32,711,001
Due to other funds	47,857,380	240,026,515	224,038,016	63,845,879
Deposits	3,414,685	162,183	385,796	3,191,072
Other liabilities	5,717	-0-	-0-	5,717
Total liabilities	\$ 85,070,155	\$ 462,002,056	\$ 413,826,016	\$ 133,246,195
Restitution Trust				
Assets				
Cash with treasurer	\$ 602,784	\$ 938,331	\$ 674,260	\$ 866,855
Due from other funds	-0-	22,844	-0-	22,844
Total assets	\$ 602,784	\$ 961,175	\$ 674,260	\$ 889,699
Liabilities				
Due to other funds	\$ 2,590	\$ 69,589	\$ 72,179	\$ -0-
Other liabilities	600,194	866,937	577,432	889,699
Total liabilities	\$ 602,784	\$ 936,526	\$ 649,611	\$ 889,699

STATE OF NEVADA

Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 1998

Exhibit G-7

Page 2 of 2

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Veterans Custodial				
Assets				
Cash with treasurer	\$ 1,929,787	\$ 1,119,894	\$ 2,053,743	\$ 995,938
Collateral on loaned securities	-0-	689,854	-0-	689,854
Due from other funds	25,130	27,223	25,130	27,223
Total assets	\$ 1,954,917	\$ 1,836,971	\$ 2,078,873	\$ 1,713,015
Liabilities				
Obligations under securities lending	\$ -0-	\$ 689,854	\$ -0-	\$ 689,854
Other liabilities	1,954,917	1,242,534	2,174,290	1,023,161
Total liabilities	\$ 1,954,917	\$ 1,932,388	\$ 2,174,290	\$ 1,713,015
State Payroll				
Assets				
Cash with treasurer	\$ 5,670,397	\$ 718,304,040	\$ 717,765,898	\$ 6,208,539
Intergovernmental receivables	45,996	-0-	45,996	-0-
Other receivables	24,323	-0-	24,323	-0-
Due from other funds	721,903	563,220,351	562,860,445	1,081,809
Total assets	\$ 6,462,619	\$ 1,281,524,391	\$ 1,280,696,662	\$ 7,290,348
Liabilities				
Accrued payroll and related liabilities	\$ 12,242	\$ 428,584,496	\$ 428,583,776	\$ 12,962
Intergovernmental payable	5,514	10,801	5,601	10,714
Due to other funds	6,430,750	152,121,615	151,320,219	7,232,146
Other liabilities	14,113	64,980,844	64,960,431	34,526
Total liabilities	\$ 6,462,619	\$ 645,697,756	\$ 644,870,027	\$ 7,290,348
Totals - All Agency Funds				
Assets				
Cash with treasurer	\$ 105,141,696	\$ 2,465,347,442	\$ 2,449,712,187	\$ 120,776,951
Cash in custody of other officials	37,781,715	30,541,392	10,196,430	58,126,677
Investments	30,657,713	19,057,543	10,429,133	39,286,123
Collateral on loaned securities	-0-	33,788,278	-0-	33,788,278
Taxes receivable	-0-	6,135,816	-0-	6,135,816
Intergovernmental receivables	45,996	-0-	45,996	-0-
Other receivables	12,419,259	17,175,218	15,438,037	14,156,440
Due from other funds	203,262,261	785,827,500	778,943,946	210,145,815
Total assets	\$ 389,308,640	\$ 3,357,873,189	\$ 3,264,765,729	\$ 482,416,100
Liabilities				
Accrued payroll and related liabilities	\$ 12,242	\$ 428,584,496	\$ 428,583,776	\$ 12,962
Intergovernmental payables	235,403,992	1,657,325,338	1,642,686,965	250,042,365
Obligations under securities lending	-0-	33,788,278	-0-	33,788,278
Due to other funds	61,959,754	480,506,493	463,877,245	78,589,002
Deposits	89,271,200	62,429,241	33,702,024	117,998,417
Other liabilities	2,661,452	67,095,754	67,772,130	1,985,076
Total liabilities	\$ 389,308,640	\$ 2,729,729,600	\$ 2,636,622,140	\$ 482,416,100

STATE OF NEVADA

Comparative Statement of Plan Net Assets Local Government Investment Pool Investment Trust Fund

June 30, 1998 with Comparative Totals for 1997

Exhibit G-8

	1998	1997 (Restated)
Assets		
Cash with treasurer	\$ 886	\$ 866
Investments	366,540,315	367,085,578
Receivables:		
Accrued interest	3,692,738	3,071,088
Total plan assets	370,233,939	370,157,532
Liabilities		
Accounts payable and accruals:		
Intergovernmental payables	1,757,489	1,731,575
Due to other funds	7,058	6,954
Total plan liabilities	1,764,547	1,738,529
Net assets held in trust for pool participants	\$ 368,469,392	\$ 368,419,003

STATE OF NEVADA

Comparative Statement of Changes in Plan Net Assets Local Government Investment Pool Investment Trust Fund

For the Fiscal Year Ended June 30, 1998 with Comparative Totals for 1997

Exhibit G-9

	1998	1997 (Restated)
Additions		
<i>Investment income:</i>		
Interest	\$ 21,112,567	\$ 20,166,428
Net increase in fair value of investments	9,269	-0-
	21,121,836	20,166,428
Less: Investment expense	(92,022)	(88,235)
Net investment income	21,029,814	20,078,193
Investment from local governments	774,222,987	704,517,072
Reinvestment from interest income	5,784,713	8,136,609
Total additions	801,037,514	732,731,874
Deductions		
Dividends to investors	21,020,997	20,078,193
Principal redeemed	779,966,128	747,367,612
Total deductions	800,987,125	767,445,805
Net increase (decrease)	50,389	(34,713,931)
Net assets held in trust for pool participants, July 1, as restated	368,419,003	403,132,934
Net assets held in trust for pool participants, June 30	\$ 368,469,392	\$ 368,419,003

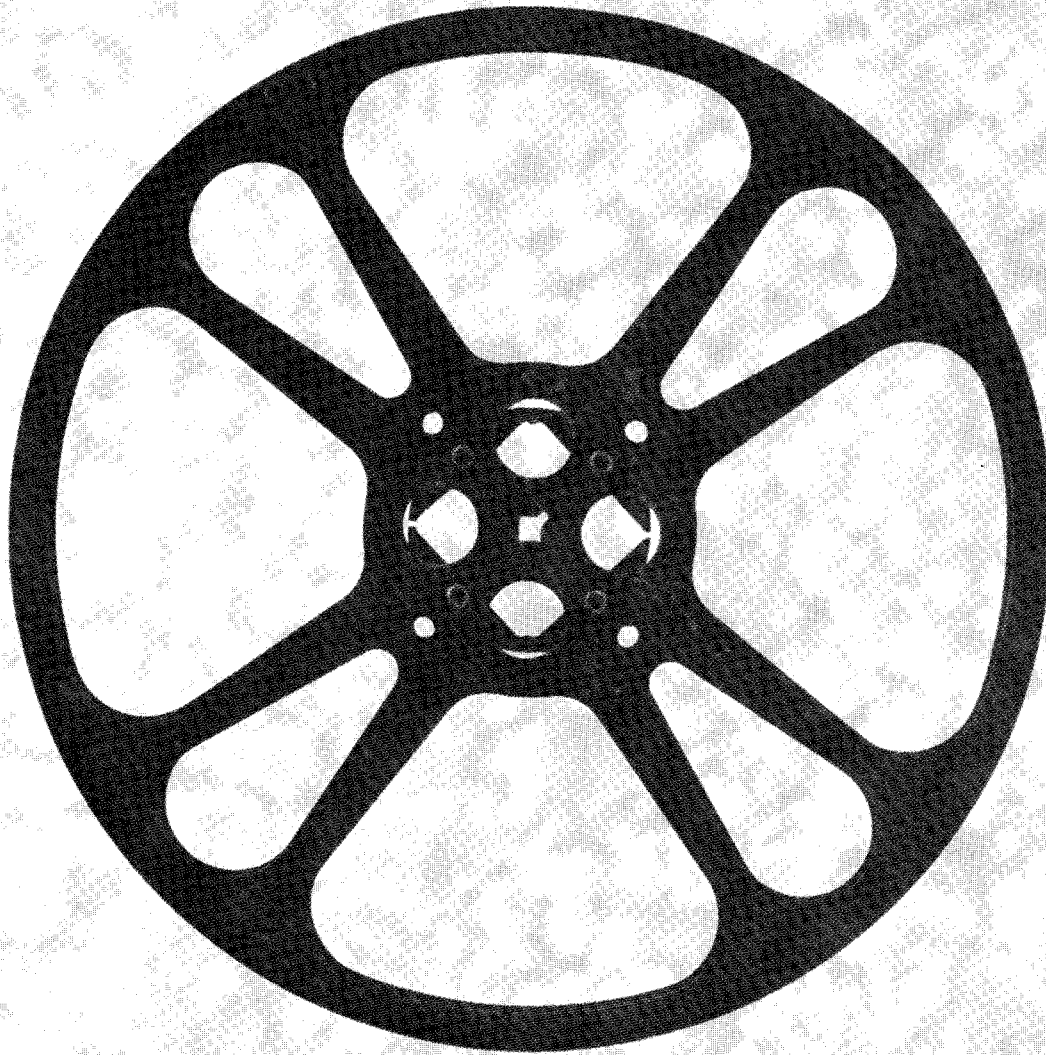


FATHER HOOD — Las Vegas



FOOLS RUSH IN — Hoover Dam

General Fixed Assets Account Group records fixed assets acquired or constructed for general government purposes.



STATE OF NEVADA

Schedule of General Fixed Assets - By Source

June 30, 1998

Exhibit H-1

General Fixed Assets

Land	\$ 85,469,833
Buildings	558,690,671
Improvements other than buildings	65,545,601
Furniture and equipment	226,588,572
Construction in progress	116,138,125
Total general fixed assets	\$ 1,052,432,802

Investments in General Fixed Assets From

General obligation bonds	\$ 363,637,475
Federal grants	77,223,576
General fund revenues	396,363,475
Special revenue fund revenues	198,823,193
Gifts	16,385,083
Total investment in general fixed assets	\$ 1,052,432,802

Schedule of General Fixed Assets - By Function

June 30, 1998

Exhibit H-2

	Land	Buildings	Improvements Other Than Buildings	Furniture and Equipment	Total
General government	\$ 12,069,313	\$ 80,753,077	\$ 1,372,714	\$ 14,472,984	\$ 108,668,088
Education, support services	963,059	29,477,128	16,398	3,901,635	34,358,220
Health, social services	2,453,691	65,256,558	2,884,833	45,978,961	116,574,043
Law, justice, public safety	1,354,654	338,437,370	15,034,248	44,360,546	399,186,818
Recreation, resource development	68,214,231	9,731,585	44,716,876	22,790,698	145,453,390
Transportation	393,885	34,461,988	1,504,839	85,871,690	122,232,402
Regulation of business	21,000	572,965	15,693	9,212,058	9,821,716
Total general fixed assets allocated to function	\$ 85,469,833	\$ 558,690,671	\$ 65,545,601	\$ 226,588,572	936,294,677
Construction in progress					116,138,125
Total general fixed assets					\$ 1,052,432,802

STATE OF NEVADA

Schedule of Changes in General Fixed Assets - By Function

For the Fiscal Year Ended June 30, 1998

Exhibit H-3

	General Fixed Assets July 1, 1997	Additions	Deletions	General Fixed Assets June 30, 1998
General government	\$ 94,946,008	\$ 14,603,102	\$ 881,022	\$ 108,668,088
Education, support services	15,840,056	18,541,490	23,326	34,358,220
Health, social services	103,691,630	15,198,589	2,316,176	116,574,043
Law, justice, public safety	389,901,612	11,972,018	2,686,812	399,186,818
Recreation, resource development	140,847,961	8,442,800	3,837,371	145,453,390
Transportation	116,755,566	7,905,110	2,428,274	122,232,402
Regulation of business	5,348,152	5,069,901	596,337	9,821,716
Construction in progress	97,940,812	61,701,373	43,504,060	116,138,125
Total general fixed assets	\$ 965,271,797	\$ 143,434,383	\$ 56,273,378	\$ 1,052,432,802



THE DOCTOR — Pyramid Lake



DEAD ON THE MONEY — Lake Tahoe

These budgetary schedules demonstrate compliance with the legally adopted budget (*non-GAAP basis*).



STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

Page 1 of 8

Department	Final Budget	Actual	Variance
General Fund Unbudgeted Activity	\$ -0-	\$ 3,770,091	\$ (3,770,091)
Constitutional Agencies			
Executive Branch			
Attorney General Admin Acct	16,307,186	16,001,434	305,752
Attorney General Medicaid Fraud	1,124,658	910,604	214,054
Controller	2,103,003	2,075,036	27,967
Council for Prosecuting Attys	200,000	6,955	193,045
Council on Holocaust Prevention	75,000	36,066	38,934
Crime Prevention	231,877	229,722	2,155
Domestic Violence Programs	3,451,291	1,053,194	2,398,097
Ethics Commission	194,152	178,720	15,432
Extradition Clerk	862,804	649,123	213,681
Governor's Mansion	5,258,409	222,031	5,036,378
Governor's Office	1,829,367	1,766,412	62,955
High Level Nuclear Waste	1,938,763	1,466,328	472,435
Higher Education Tuition Admin	266,315	65,094	201,221
Insurance Fraud	871,481	696,846	174,635
Investigations & Enforcements	185,085	73,872	111,213
Lieutenant Governor	316,509	278,649	37,860
Securities Division	5,504,287	5,268,816	235,471
SIIS Fraud	1,926,817	1,849,188	77,629
Silicosis & Disabled Pensions	3,824,890	200,331	3,624,559
Special Fund	129,777	84,845	44,932
Special Services-Sec of State	4,705,815	1,802,465	2,903,350
State Treasurer	1,421,682	1,183,717	237,965
Victims of Domestic Violence	20,000	125	19,875
Washington Office	239,000	236,832	2,168
Judicial Branch			
Admin Office of the Courts	1,143,519	809,058	334,461
Dist Judges/Widows' Pensions	846,773	787,251	59,522
District Judges Salaries	5,791,409	5,668,353	123,056
District Judges Travel	395,785	236,397	159,388
Division of Planning & Analysis	515,207	215,169	300,038
Judicial Discipline	319,964	318,724	1,240
Judicial Education	997,794	432,736	565,058
Judicial Ethics Commission	31,668	27,389	4,279
Judicial Records	1,108,777	507,866	600,911
Judicial Selection	11,408	5,509	5,899
Justices/Widows' Pensions	239,943	208,374	31,569
Law Library	995,319	987,696	7,623
Law Library Gift Fund	34,552	1,049	33,503
Retired Justice Duty	447,565	184,009	263,556
Supreme Court	6,112,257	5,259,413	852,844
Legislative Branch			
Governor's Portrait Fund	10,000	-0-	10,000
	71,990,108	51,985,398	20,004,710
Finance & Administration			
Administration			
Budget Division	2,087,995	1,901,730	186,265
Clear Creek Youth Center	306,369	292,910	13,459
Commission for Women	4,829	1,872	2,957
Commodity Food Program	4,022,252	2,225,174	1,797,078
Controlled Substance Grants	78,980	14,696	64,284
Deferred Compensation	12,750	10,404	2,346
Emergency Fund	329,493	19,492	310,001
General Fund Salary Adjustment	6,692,401	-0-	6,692,401
Graffiti Award Fund	3,393	-0-	3,393
Hearings Division	3,266,387	3,265,898	489
Informational Technology Improvement	31,805,376	9,401,740	22,403,636
Internal Audit	256,692	251,101	5,591
Local Cultural Activities	150,000	88,755	61,245
Merit Award Board	5,000	2,084	2,916
Public Works Board	773,496	752,974	20,522
Retired Emp Group Insurance	6,011,676	5,921,985	89,691
Roof Maintenance Reserve	718,200	15,700	702,500

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

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Department	Final Budget	Actual	Variance
School Plan Checking	\$ 77,540	\$ 30,208	\$ 47,332
Special Appropriations	14,706,864	7,450,144	7,256,720
State Claims	2,102,083	1,625,930	476,153
Statutory Contingency	1,160,605	275,515	885,090
Surplus Property	257,187	141,907	115,280
Workman's Comp Hearing Reserve	338,442	-0-	338,442
Year 2000 Conversion	1,570,856	785,986	784,870
Taxation			
Department of Taxation	14,531,865	13,714,665	817,200
Sr Citizen Property Tax Rebates	3,298,500	2,751,406	547,094
Personnel			
Unemployment Compensation Fund	907,418	555,399	352,019
	<u>95,476,649</u>	<u>51,497,675</u>	<u>43,978,974</u>

Education

Education			
Adult Basic Education	2,527,723	2,442,211	85,512
AIDS Education	271,034	237,300	33,734
Care of Handicapped	2,070,969	737,137	1,333,832
Discretionary Grants	4,717,317	2,546,870	2,170,447
Distributive School Fund	535,863,523	523,077,275	12,786,248
Drug Abuse Education	2,073,719	2,023,900	49,819
ECIA - Chapter 1	23,230,024	22,972,321	257,703
ECIA - Chapter 2	2,963,641	2,831,361	132,280
Education State Programs	2,832,129	2,668,895	163,234
Education Support Services	1,670,234	1,446,561	223,673
Educ for Handicapped Act	17,238,804	16,015,650	1,223,154
Education Technology Trust	75,000	-0-	75,000
Other State Education Programs	160,849	138,408	22,441
PGM Enhancements	51,195,465	24,496,258	26,699,207
Post Secondary Educ Comm	313,550	312,370	1,180
Professional Standards	806,805	638,355	168,450
Proficiency Testing	1,369,122	1,142,976	226,146
School Lunch	33,958,480	33,429,029	529,451
School to Careers	7,556,881	4,530,054	3,026,827
Student Incentive Grants	381,293	377,183	4,110
Student Indemnification Account	144,072	14,915	129,157
Vocational Education	5,833,737	5,824,783	8,954

University & Community College System

Ag Extension Service	6,401,896	6,243,012	158,884
Ag Experiment Station	6,617,672	6,617,672	-0-
Athletics - UNLV	1,364,852	1,364,852	-0-
Athletics - UNR	1,319,239	1,319,239	-0-
Business Center North	1,544,119	1,544,119	-0-
Business Center South	1,315,128	1,315,128	-0-
Collegiate License Plate Acct	153,411	99,238	54,173
Computing Center	13,667,792	13,666,596	1,196
Desert Research Institute	3,617,314	3,615,379	1,935
Education for Dependent Children	33,308	2,571	30,737
Laboratory & Research	2,403,964	2,022,148	381,816
Great Basin College	8,063,136	8,002,276	60,860
Radiation Safety Board - North	256,753	256,753	-0-
Radiation Safety Board - South	128,906	128,906	-0-
School of Medical Sciences	16,247,897	15,851,516	396,381
So Nevada Community College	49,692,846	49,241,306	451,540
Statewide Program - UNLV	612,050	612,050	-0-
Statewide Program - UNR	4,419,649	4,419,561	88
Student Loans	82,534	77,842	4,692
Technology Advisor	293,293	137,893	155,400
Truckee Meadows Comm College	23,333,993	23,235,450	98,543
University Improvements	4,454,550	3,668,956	785,594
University of Nevada-Las Vegas	112,857,216	112,148,562	708,654
University of Nevada-Reno	98,743,785	98,173,834	569,951
University Press	605,885	605,885	-0-
University Salary	5,430,283	5,430,283	-0-
University System Admin	2,728,642	2,728,642	-0-
UNLV Law School	1,471,680	1,468,240	3,440

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

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Department	Final Budget	Actual	Variance
UNS - Special Projects	\$ 17,908,154	\$ 17,841,506	\$ 66,648
Western NV Community College	12,837,928	12,837,876	52
W.I.C.H.E. Administration			
WICHE Administration	235,087	225,566	9,521
Museums, Library & Arts			
Comstock Historic District	84,028	71,886	12,142
Comstock Historic District Gifts	915	248	667
Cultural Resource Program	4,822,172	3,572,193	1,249,979
Fourth Ward School Restoration	945	-0-	945
Historic Preservation	697,517	589,587	107,930
Lost City Museum	296,114	265,022	31,092
Museum Library & Arts Admin	532,336	398,477	133,859
Museums and History	2,737,178	539,638	2,197,540
Nevada Historical Society	590,754	569,350	21,404
Records Mgmt/Micrographics	548,591	386,585	162,006
State Archives	850,892	590,988	259,904
State Arts Council	1,733,717	1,717,633	16,084
State Library	5,865,465	4,158,282	1,707,183
State Library - CLAN	571,984	303,052	268,932
State Library - Literacy	173,729	164,531	9,198
State Museum, Carson City	1,439,799	1,315,757	124,042
State Museum, Las Vegas	748,832	745,554	3,278
V & T Railroad Museum	731,059	720,894	10,165
	<u>1,118,523,360</u>	<u>1,058,916,346</u>	<u>59,607,014</u>
Human Services			
Human Resources			
Family to Family Connection	2,887,867	2,324,458	563,409
Health Care Financing & Policy	2,422,100	2,181,736	240,364
Health Resources Cost Review	313,959	262,712	51,247
Hospital Tax Account	146,216,838	42,198,845	104,017,993
Human Resources-Director's Office	18,930,448	3,325,286	15,605,162
Nevada Checkup Program	622,483	357,599	264,884
Purchase of Social Services	15,581,265	14,428,340	1,152,925
Health Division			
Aid to Counties	841,411	841,411	-0-
Cancer Control Registry	342,581	283,730	58,851
Child Health Services	5,225,419	4,781,650	443,769
Communicable Disease Control	3,503,306	2,059,741	1,443,565
Community Health Services	2,244,272	2,073,440	170,832
Consumer Protection	2,715,965	2,585,402	130,563
Emergency Medical Services	780,605	670,865	109,740
Family Planning Project	648,093	578,563	69,530
Health Facilities	4,042,681	3,172,205	870,476
Health Facilities - Admin Penalty	67,023	2,748	64,275
Health Officer	1,379,711	1,122,179	257,532
Immunization Program	4,144,468	3,551,490	592,978
Radiological Health	945,476	864,112	81,364
Safe Drinking Water Act	935,000	127,545	807,455
Sexually Trans Disease Control	8,182,045	7,650,315	531,730
Special Children's Clinic	4,412,957	4,332,881	80,076
Vital Statistics	828,534	808,393	20,141
WIC Food Supplement	30,879,113	25,241,071	5,638,042
Aging Services			
Aging Services	8,104,963	7,777,899	327,064
Senior Services Program	5,788,266	5,295,642	492,624
Mental Hygiene/Mental Retardation			
Desert Developmental Center	19,758,945	19,380,653	378,292
Facility for Mental Offender	3,745,494	3,536,381	209,113
Mental Health Information System	325,325	299,117	26,208
Mental Health Institute	15,752,451	14,397,863	1,354,588
Mental Retardation Home Care	614,429	484,884	129,545
Mntl Hygiene-Mntl Retardation	1,734,597	1,530,066	204,531
Residential Placement	2,337,742	2,035,394	302,348
Rural Clinics	6,148,781	5,744,712	404,069
Sierra Developmental Center	13,153,841	12,812,374	341,467

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

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Department	Final Budget	Actual	Variance
So Nev Adult Mental Health Svc	\$ 23,188,966	\$ 21,836,182	\$ 1,352,784
Southern MH/MR Food Service	994,653	892,757	101,896
Welfare			
Aid to Dependent Children	49,551,350	43,255,653	6,295,697
Assistance to Aged and Blind	4,916,896	4,905,785	11,111
Child Support Enforcement Prog	39,561,437	32,140,327	7,421,110
Community Services Block Grant	2,634,209	2,560,802	73,407
Employment and Training	22,715,876	20,346,799	2,369,077
Energy Assistance - Welfare	2,713,284	2,112,780	600,504
Homeless Grants	209,700	194,391	15,309
Homemaking Services	1,599,123	1,488,651	110,472
Nevada Medicaid	605,000,279	499,301,660	105,698,619
Welfare Administration	27,486,981	21,610,463	5,876,518
Welfare Field Services	30,882,098	30,329,879	552,219
Welfare to Work	5,876,763	150,643	5,726,120
Child & Family Services			
Alternative Placement	2,474,611	2,115,822	358,789
Caliente Youth Center	4,309,317	4,196,327	112,990
Chapter 1 - Special Education	4,383,775	3,664,054	719,721
Chapter I & II Education Program	133,891	128,119	5,772
Child Abuse & Neglect	441,892	194,896	246,996
Child Care Services	855,222	811,040	44,182
Children, Youth & Family Admin	20,717,329	18,112,488	2,604,841
Children's Trust Account	1,409,492	961,013	448,479
Domestic Violence	2,568,893	2,137,898	430,995
Farm Acct - Youth Training Ctr	19,121	4,245	14,876
No NV Child & Adolescent Svcs	4,433,509	4,304,346	129,163
Probation Subsidies	1,400,528	1,128,672	271,856
So Nev Child & Adoles Svc	10,471,409	8,987,346	1,484,063
Southern Nevada Children's Home	214,405	171,524	42,881
Unity/SACWIS	6,205,936	4,391,865	1,814,071
Youth Community Services	40,019,141	38,101,578	1,917,563
Youth Corrections Services	4,528,156	3,711,805	816,351
Youth Training Center	5,763,940	5,552,094	211,846
Other Human Resources			
Indian Commission	119,931	110,188	9,743
Public Defender	1,482,066	1,435,979	46,087
Employment, Training & Rehab			
Comm for Nat'l & Comm Svcs	1,266,939	694,280	572,659
D.E.T.R. Admin Services	2,097,265	2,052,414	44,851
D.E.T.R. Director's Office	1,155,174	855,877	299,297
D.E.T.R. One-Stop Career Centers	1,965,513	1,458,801	506,712
D.E.T.R. Administration	552,783	508,553	44,230
Equal Rights Commission	1,287,541	1,163,232	124,309
Information & Development Process	8,122,844	7,245,915	876,929
State Job Training Office	19,635,324	17,408,962	2,226,362
Rehabilitation			
Alcoholism & Drug Rehab	14,037,287	11,853,326	2,183,961
Blind Business Enterprise	4,350,816	977,604	3,373,212
Community Based Services	5,351,429	3,946,577	1,404,852
Developmental Disabilities	747,254	613,101	134,153
Disability Adjudication	6,956,482	6,309,974	646,508
Services to the Blind	3,247,492	2,978,132	269,360
Social Security Admin/Voc Rehab	500,209	439,784	60,425
Vocational Assessment Centers	2,000,446	1,594,980	405,466
Vocational Rehabilitation	11,352,959	10,169,994	1,182,965
	1,350,470,390	1,050,741,279	299,729,111
Commerce & Industry			
Business & Industry			
Agri Registration/Enforcement	973,601	654,210	319,391
Agricultural Product	448,548	256,566	191,982
Alfalfa Seed Research	38,757	20,249	18,508
Apiary Inspection	39,801	12,055	27,746
Athletic Commission	401,098	319,791	81,307

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

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Department	Final Budget	Actual	Variance
Attorney for Injured Workers	\$ 1,822,246	\$ 1,800,774	\$ 21,472
B & I Industrial Development Bonds	429,739	52,392	377,347
Beef Council	460,618	282,229	178,389
Bond Reclamation	910,641	13,157	897,484
Business & Industry Admin	1,038,253	924,719	113,534
Common Interest Communities	66,316	-0-	66,316
Consumer Affairs	1,127,985	1,055,590	72,395
Consumer Affairs Restitution	436,876	132,162	304,714
DOE Weatherization	492,462	417,769	74,693
Employee Mgmt Relations Board	135,439	129,785	5,654
Energy Conservation	1,464,700	600,733	863,967
Fin Institutions Investigation	695,098	221,876	473,222
Financial Institutions	1,261,886	1,224,786	37,100
Financial Institutions Audit	69,627	67,613	2,014
Garlic and Onion Research	44,000	-0-	44,000
Gas Pollution Standards	501,184	251,753	249,431
Gov. Comm. Employ People W/Disab	215,111	212,718	2,393
High School Rodeo Association	20,000	20,000	-0-
Hospital Patients Commission	198,730	124,682	74,048
Insect Abatement	62,217	10,279	51,938
Insurance Cost Stabilization	300,413	192,120	108,293
Insurance Division	3,323,187	3,006,611	316,576
Insurance Education & Research	628,034	133,505	494,529
Insurance Recovery	227,450	186,263	41,187
Labor Commissioner	1,133,438	1,014,801	118,637
Livestock Inspection	874,030	763,576	110,454
Low Income Housing Trust Fund	8,720,352	2,479,734	6,240,618
Mentally Ill Advocacy	62,373	15,593	46,780
Minerals	1,050,197	729,288	320,909
NAIC Fees	58,872	21,957	36,915
Nevada Jr. Livestock Show Board	41,846	41,130	716
Petroleum Overcharge Rebate	833,612	120,531	713,081
Plant Industry	2,621,477	2,401,941	219,536
Predatory Animal/Rodent Control	592,109	582,266	9,843
Real Estate Administration	2,028,889	1,749,247	279,642
Real Estate Investigation	11,388	915	10,473
Sheep Commission	18,831	6,559	12,272
Unclaimed Property	529,123	520,720	8,403
Veterinary Medical Services	672,333	647,483	24,850
Woolgrower Predatory Animal	56,357	16,341	40,016
Gaming Control			
Gaming Control Board	25,357,916	24,231,883	1,126,033
GCB - Federal Forfeiture	600,000	-0-	600,000
Gaming Control-Forfeiture Act	1,036,680	47,884	988,796
Economic Development & Tourism			
Comm on Economic Development	3,578,270	3,061,504	516,766
Film Division	636,412	545,571	90,841
Rural Community Development	5,059,123	2,953,836	2,105,287
Small Bus Revital & Fed Procure	494,197	399,811	94,386
	<u>73,901,842</u>	<u>54,676,958</u>	<u>19,224,884</u>
Public Safety			
Prisons			
Carlin Conservation Camp	955,208	917,985	37,223
Ely Conservation Camp	880,643	839,165	41,478
Ely State Prison	16,772,978	16,199,547	573,431
Humboldt Conservation Camp	900,548	876,133	24,415
Indian Springs Conservation Camp	1,539,985	1,517,949	22,036
Jean Conservation Camp	741,945	665,295	76,650
Lovelock Correctional Center	12,425,172	11,925,509	499,663
Medical Care	30,600,403	29,275,445	1,324,958
Nevada State Prison	12,178,511	11,916,663	261,848
Nevada Women's Correctional Ctr	4,353,707	4,147,657	206,050
No Nevada Correctional Center	13,451,666	13,112,757	338,909
Pioche Conservation Camp	1,161,259	1,055,678	105,581
Prison Administration	9,570,740	8,625,655	945,085
Prison No. Seven - Indian Springs	77,471	11,139	66,332

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-1

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Department	Final Budget	Actual	Variance
Prison One-Shot Appro 85 Legis	\$ 2,464,938	\$ 1,294,080	\$ 1,170,858
Prison Warehouse	6,920,768	6,444,524	476,244
Restitution Center - North	741,525	713,040	28,485
Restitution Center - South	717,459	609,602	107,857
Silver Springs Conservation Camp	820,939	785,280	35,659
So Desert Correctional Center	14,243,037	13,921,274	321,763
So Nevada Correctional Center	8,278,616	8,115,770	162,846
So Nevada Women's Prison	7,539,559	7,400,533	139,026
Stewart Conservation Camp	1,132,563	1,087,280	45,283
Tonopah Conservation Camp	862,885	843,077	19,808
Wells Conservation Camp	915,114	881,125	33,989
Motor Vehicles & Public Safety			
Criminal History Repository	6,677,034	4,497,397	2,179,637
Dignitary Protection	641,325	561,714	79,611
Drug Commission	75,048	54,029	21,019
DMV Justice Grant	197,384	192,859	4,525
Emergency Management	862,423	649,676	212,747
Emergency Mgmt Assistance	1,474,715	1,439,334	35,381
Emergency Mgmt-Federal Grants	846,911	623,555	223,356
Emergency Response Commission	1,168,778	633,080	535,698
FEMA #1153 DR-NV	9,709,166	5,561,096	4,148,070
Fire Marshall	1,499,798	1,181,758	318,040
Forfeitures	1,775,482	425,029	1,350,453
Haz Mat Training Center	879,419	517,083	362,336
Highway Safety Plan & Admin	720,785	589,363	131,422
Investigations	5,233,812	4,953,340	280,472
Justice Assistance Act	12,875,054	10,433,921	2,441,133
Motor Vehicle Pollution Control	11,541,884	5,201,362	6,340,522
Narcotics Control	1,391,149	1,344,847	46,302
Parole & Probation	24,336,858	23,259,224	1,077,634
Parole Board	988,158	940,795	47,363
Parolee Loan Account	4,539	970	3,569
POST	1,376,094	1,131,092	245,002
Salvage/Wreckers/Body Shops	310,207	77,507	232,700
Traffic Safety	1,910,070	1,208,885	701,185
	<u>236,743,732</u>	<u>208,660,078</u>	<u>28,083,654</u>
Infrastructure			
Conservation & Natural Resources			
Adjudication Emergency	6,000	528	5,472
Air Quality	2,557,761	2,204,873	352,888
Air Quality Management	2,575,727	1,124,542	1,451,185
Antelope Middle Reese Reserve	8,931	4,498	4,433
Boulder Flat Groundwater	28,124	3,571	24,553
Carico Creek	449	3	446
Carson Valley Groundwater	39,657	5,956	33,701
Channel Clearance	384,953	85,160	299,793
Chemical Hazard Prevention	408,753	228,303	180,450
Clovers Area Groundwater	12,665	2,792	9,873
Cold Springs Valley	3,996	1,062	2,934
Colorado River Valley	27,434	333	27,101
Conservation & Nat Res Admin	1,008,936	961,554	47,382
Conservation Districts	367,125	292,192	74,933
Crescent Water Groundwater	5,279	3,115	2,164
Currant Creek	5,863	24	5,839
Diamond Valley Ground Water	10,981	5,083	5,898
Duckwater Creek	26,398	9,021	17,377
Eagle Valley	160,821	137,560	23,261
Environmental Commission	40,583	34,351	6,232
Environmental Protection Admin	1,923,588	1,473,394	450,194
Fish Lake Valley Artesian	40,138	6,699	33,439
Flood Control Rev Fund	437,867	125,505	312,362
Flood Repairs & Disaster Rel	50,000	-0-	50,000
Forest Fire Suppression	5,626,522	1,863,024	3,763,498
Forestry Admin	7,095,866	4,278,631	2,817,235
Forestry Honor Camps	7,260,425	6,083,151	1,177,274
Forestry Inter-Gov Agreements	5,538,266	4,709,857	828,409
Groundwater Recharge Projects	158,800	45,615	113,185

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

For the Fiscal Year Ended June 30, 1998

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Department	Final Budget	Actual	Variance
Habitat Mitigation	\$ 737,692	\$ 53,935	\$ 683,757
Hazardous Waste - Beatty Site	3,335,440	-0-	3,335,440
Hazardous Waste Management	17,797,805	2,793,443	15,004,362
Honey Lake Valley	16,863	323	16,540
Humboldt Water District	320,013	144,490	175,523
Imlay Groundwater	13,188	1,209	11,979
Kelly Creek Groundwater	18,522	2,600	15,922
Kingston Creek	2,506	76	2,430
Las Vegas Basin Water Dist	2,399,461	552,489	1,846,972
Lemon Valley	37,900	5,415	32,485
Little Humboldt River	78,070	8,248	69,822
Lower Reese River Valley	32,563	3,877	28,686
Maggie Creek	27,415	2,655	24,760
Mason Valley Ground Water	14,899	11,237	3,662
Mining Cooperative Fund	129,607	100,232	29,375
Muddy River	21,901	6,706	15,195
Muddy River Springs	23,265	8,030	15,235
Natural Heritage	445,094	269,961	175,133
Nevada Tahoe Regional Planning	11,340	726	10,614
North Fork Ground Water	1,368	987	381
Pahrnagat Lake	50,498	19,830	30,668
Pahrump Artesian Basin	33,875	31,017	2,858
Paradise Valley Groundwater	11,419	5,898	5,521
Pleasant Valley	4,260	465	3,795
Pumpnickel Valley	406	341	65
Quinn River Distribution	9,824	1,809	8,015
Smith Valley Artesian Basin	15,500	8,973	6,527
State Engineer Revenue	113,889	47,715	66,174
State Lands	1,054,291	875,066	179,225
State Parks	8,993,708	7,879,622	1,114,086
Steptoe Valley Water Basin	35,258	3,569	31,689
Storage Tank Management	827,116	-0-	827,116
Tahoe Bond Sale	2,750,781	518,040	2,232,741
Tahoe License Plates	110,000	-0-	110,000
Tahoe Mitigation	1,307,129	208,072	1,099,057
Tahoe Regional Planning Agency	1,052,436	852,922	199,514
Tahoe Water System	774,338	296,462	477,876
Truckee Meadows/Sun Valley	42,972	27,030	15,942
Upper White River	17,221	598	16,623
USGS Co-op	1,377,883	922,090	455,793
Warm Springs Ground Water	20,863	3,767	17,096
Warm Springs/Winnemucca Creek	49,287	322	48,965
Waste Mgmt & Fed Facilities	8,802,407	6,367,289	2,435,118
Water and Mining	7,478,067	4,803,257	2,674,810
Water Dist Rev Fund	30,000	-0-	30,000
Water Planning	884,833	490,765	394,068
Water Planning - Cap Improvement	181,189	119,729	61,460
Water Resources	3,699,868	3,629,285	70,583
Water Resources Legal Costs	188,616	35,522	153,094
Water Rights Surveyors	37,798	3,607	34,191
Well Driller's License	56,759	35,335	21,424
Whirlwind Valley	5,445	753	4,692
Wildlife	19,914,655	15,427,062	4,487,593
Wildlife-Boating Program	6,912,115	3,178,172	3,733,943
Wildlife-Heritage	1,289,052	48,562	1,240,490
Wildlife-Obligated Reserve	2,009,803	248,586	1,761,217
Wildlife-Trout Management	862,033	470,036	391,997
	132,282,414	74,218,604	58,063,810
Special Purpose Agencies			
Military			
Adjutant General Construction	1,030,400	498,429	531,971
Military	4,317,322	4,134,523	182,799
National Guard Benefits	100,000	95,782	4,218
Veteran's Affairs	1,458,971	1,310,115	148,856
Veteran's Gifts and Donations	112,250	11,715	100,535
Veteran's Home Account	53,045	2,502	50,543

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All General Fund Budgets

Exhibit I-1

Page 8 of 8

For the Fiscal Year Ended June 30, 1998

Department	Final Budget	Actual	Variance
Civil Air Patrol	\$ 85,002	\$ 84,978	\$ 24
	7,156,990	6,138,044	1,018,946
Appropriated Transfers Out			
Class-Size Reduction	39,816,107	39,816,107	-0-
Consumer Advocate	749,760	749,760	-0-
Highway Fund - Admin Svcs	116,273	116,273	-0-
Highway Fund - Director's Office	52,870	52,870	-0-
Highway Fund - Drivers License	23,824	23,824	-0-
Highway Patrol	236,661	236,661	-0-
Human Resources CIP Projects	140,000	140,000	-0-
Legislative Counsel Bureau	15,740,412	15,740,412	-0-
Legislative Interim	353,898	353,898	-0-
Motor Vehicle Purchase	73,932	73,932	-0-
Park Improvements	1,566,393	1,566,393	-0-
W.I.C.H.E. Loan & Stipend	488,200	488,200	-0-
	59,358,330	59,358,330	-0-
Projected Reversions	(20,000,000)	-0-	(20,000,000)
Total General Fund	\$ 3,125,903,815	\$ 2,619,962,803	\$ 505,941,012

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-2

Page 1 of 3

Department	Final Budget	Actual	Variance
State Highway			
Finance & Administration			
Unbudgeted activity	\$ -0-	\$ 188,347	\$ (188,347)
Appropriations to other funds	22,362,519	10,011,561	12,350,958
Sub-total	22,362,519	10,199,908	12,162,611
Public Safety			
Administrative Services	8,309,705	7,659,536	650,169
Automation	5,050,526	4,006,091	1,044,435
Bicycle Safety Program	258,600	120,833	137,767
Director's Office - DMV/PS	1,920,513	1,887,890	32,623
DMV Field Services	17,050,014	15,065,664	1,984,350
DMV Hwy Safety Grants Acct	1,095,540	611,298	484,242
Drivers License	2,896,583	2,781,875	114,708
Hazardous Materials	1,112,087	854,188	257,899
Hearings-DMV & PS	639,121	636,597	2,524
Highway Patrol	40,677,267	38,180,619	2,496,648
Motor Carrier	2,533,327	2,254,635	278,692
Motorcycle Safety Program	469,116	193,093	276,023
Project Genesis	15,030,768	1,924,719	13,106,049
Public Safety Information Services	2,888,264	2,847,178	41,086
Records Search	5,532,493	770,210	4,762,283
Registration	5,857,023	5,475,327	381,696
Verification of Insurance	3,773,745	1,109,459	2,664,286
Sub-total	115,094,692	86,379,212	28,715,480
Infrastructure			
Sound Barrier	45,497	2,529	42,968
Transportation Administration	475,364,276	333,649,901	141,714,375
Sub-total	475,409,773	333,652,430	141,757,343
Debt Service Transfers			
Debt Service	19,779,750	19,388,695	391,055
Total State Highway	632,646,734	449,620,245	183,026,489
Class-Size Reduction			
Special Projects			
Class Size Reduction	69,310,551	65,688,697	3,621,854
Total	69,310,551	65,688,697	3,621,854
Employment Security			
Human Services			
Claimant Employment Program	8,253,689	6,568,775	1,684,914
Employment Security	34,216,811	30,351,117	3,865,694
Emp. Sec. Special Fund	9,995,784	1,668,822	8,326,962
Total	52,466,284	38,588,714	13,877,570
Regulatory			
Commerce & Industry			
Administrative Fees	4,486	176	4,310
Dairy Commission	1,328,165	1,008,876	319,289
Gaming Investigation Revolving	6,157,593	5,768,137	389,456
Insurance Examiners	3,927,256	3,100,714	826,542
Manufactured Housing	1,437,142	835,035	602,107
Mfg Housing - Educ/Recovery	881,878	56,239	825,639
Mobile Home Parks	192,443	166,071	26,372
Real Estate Educ & Research	991,633	351,803	639,830
Real Estate Recovery Account	689,217	376,250	312,967
Regulatory Fund	10,414,468	8,049,069	2,365,399
Taxicab Authority	4,965,285	3,386,079	1,579,206
Transportation Services Authority	1,222,204	1,205,424	16,780
TSA Administration Fines	100,000	3,414	96,586
Total	32,311,770	24,307,287	8,004,483

STATE OF NEVADA

Schedule of Total Uses-Budget and Actual, Non-GAAP Budgetary Basis All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 1998

Exhibit I-2

Page 2 of 3

Department	Final Budget	Actual	Variance
Legislative			
Constitutional Agencies			
Audit Contingency Account	\$ 198,450	\$ 142,500	\$ 55,950
Legislative Counsel Bureau	24,487,852	19,767,815	4,720,037
Nevada Legislative Interim	371,248	341,639	29,609
Total	25,057,550	20,251,954	4,805,596
Municipal Bond Bank			
Constitutional Agencies			
Municipal Bond Bank Revenue	48,186,483	48,027,312	159,171
Sub-total	48,186,483	48,027,312	159,171
Commerce & Industry			
Water Projects, Int/Redemp	568,347	562,998	5,349
Sub-total	568,347	562,998	5,349
Infrastructure			
Erosion Control Bond	10,676,428	25,836	10,650,592
Grants to Water Purveyors	10,088,207	2,368,339	7,719,868
State Revolving Fund	20,053,431	5,965,255	14,088,176
Sub-total	40,818,066	8,359,430	32,458,636
Total Municipal Bond Bank	89,572,896	56,949,740	32,623,156
Workers' Compensation & Safety			
Commerce & Industry			
Unbudgeted activity	-0-	9,546,393	(9,546,393)
Enforcement - Industrial Safety	4,160,805	4,046,554	114,251
Industrial Relations	4,153,666	4,025,634	128,032
Insurance Insolvency Fund	4,819,239	-0-	4,819,239
Mine Inspection	1,006,656	908,681	97,975
Preventative Safety	2,059,193	1,961,922	97,271
Self-Insured Insolvency	90,363	-0-	90,363
Self-Insured Workers Comp	463,586	383,593	79,993
Total	16,753,508	20,872,777	(4,119,269)
Higher Educ. Capital Construction			
Finance and Administration			
Higher Education Capital Construction	5,000,000	5,000,000	-0-
Higher Education Special Construction	9,850,867	9,850,867	-0-
Total	14,850,867	14,850,867	-0-
Cleaning Up Petroleum Discharge			
Infrastructure			
Petroleum Clean-Up Trust Fund	14,190,576	11,523,681	2,666,895
Total	14,190,576	11,523,681	2,666,895
Hospital Care to Indigent Persons			
Finance & Administration			
Indigent Accident Account	10,969,018	6,609,552	4,359,466
Supplemental Fund-Indigents	4,054,257	2,956,499	1,097,758
Total	15,023,275	9,566,051	5,457,224
Tourism Promotion			
Commerce & Industry			
Commission on Tourism	10,907,790	7,834,930	3,072,860
Total	10,907,790	7,834,930	3,072,860
Offenders' Store			
Public Safety			
Offenders' Store Fund	10,891,319	8,773,696	2,117,623
Total	10,891,319	8,773,696	2,117,623
Colorado River Commission			
Infrastructure			
Colorado River Commission	3,786,457	1,977,125	1,809,332
CRC Research & Development	604,832	2,333	602,499
Fort Mojave Development Fd	1,513,730	45,374	1,468,356
Total	5,905,019	2,024,832	3,880,187

STATE OF NEVADA

Schedule Total of Uses-Budget and Actual, Non-GAAP Budgetary Basis All Special Revenue Fund Budgets

Exhibit I-2

For the Fiscal Year Ended June 30, 1998

Page 3 of 3

Department	Final Budget	Actual	Variance
Contingency			
Constitutional Agencies			
Interim Finance Committee	\$ 10,292,974	\$ 5,940,095	\$ 4,352,879
Total	10,292,974	5,940,095	4,352,879
Care of Sites for Radio Active Waste Disposal			
Human Services			
Radioactive Material Disposal	9,853,210	224,754	9,628,456
Total	9,853,210	224,754	9,628,456
Stabilization			
Constitutional Agencies			
Stabilization of State Government	-0-	-0-	-0-
Total	-0-	-0-	-0-
Miscellaneous Special Revenue			
Constitutional Agencies			
College of Family/Juvenile Law - unbudgeted activity	-0-	151,870	(151,870)
College of Family/Juvenile Law	-0-	-0-	-0-
Consumer Advocate	2,773,450	2,247,960	525,490
Disaster Relief	4,000,000	65,455	3,934,545
Judicial College - unbudgeted activity	-0-	300,000	(300,000)
Judicial College	4,120,000	4,120,000	-0-
Museums & History	323,704	-0-	323,704
Private Investigators Licensing Bd	414,371	299,388	114,983
Racketeering-Prosecution Acct	5,000	-0-	5,000
Unfair Trade Practices	137,215	107,215	30,000
Sub-total	11,773,740	7,291,888	4,481,852
Finance & Administration			
Public Works Inspection	2,895,161	2,702,465	192,696
Victims of Crime	4,189,527	2,785,605	1,403,922
Sub-total	7,084,688	5,488,070	1,596,618
Education			
W.I.C.H.E. Loan & Stipend	1,231,993	1,014,086	217,907
Sub-total	1,231,993	1,014,086	217,907
Commerce & Industry			
Lot Rent Trust Subsidy	789,498	396,726	392,772
Rural Rehabilitation Trust	143,919	13,532	130,387
Sub-total	933,417	410,258	523,159
Human Services			
Aging Services Gift Fund	70,000	2,028	67,972
Alcohol Tax Program	851,034	743,524	107,510
Blind Gift Fund	49,064	49,064	-0-
CBS Washoe Gift Fund	15,961	2,084	13,877
CYC Gift Fund	4,308	523	3,785
Handicapped Comm Gift Fund	56,378	21,941	34,437
Health Division Gifts	33,416	4,000	29,416
Henry Woods Christmas Fund	8,220	3,200	5,020
Hospital Gift Fund	239,085	2,386	236,699
Inst Care of Medical Indigent	300,000	18,144	281,856
Nevada's Children Gift Account	475,352	20,000	455,352
NNMRS Gift Fund	15,000	861	14,139
Rehabilitation Gift Fund	551	551	-0-
SNAMHS Gift Fund	78,670	68,548	10,122
SNMRS Gift Fund	14,350	-0-	14,350
Substance Abuse Ed, Prv, Enf, Trt	213	-0-	213
Welfare Gift Fund	23,296	3,100	20,196
Youth Training Center Gift Fund	15,134	-0-	15,134
Sub-total	2,250,032	939,954	1,310,078
Total Miscellaneous Special Revenue	23,273,870	15,144,256	8,129,614
Total Special Revenue Funds	\$ 1,033,308,193	\$ 752,162,576	\$ 281,145,617

STATE OF NEVADA

Schedule of Revenues-Budget and Actual, Non-GAAP Budgetary Basis All Special Revenue Fund Budgets

Exhibit I-3

For the Fiscal Year Ended June 30, 1998 (Expressed in Thousands)

Page 1 of 2

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
State Highway				Class-size Reduction		
Fund balances, July 1	\$ 134,085	\$ 134,085	\$ -0-	\$ 9,116	\$ 9,116	\$ -0-
Revenues:						
Federal	132,154	132,319	165	-0-	-0-	-0-
Other taxes	218,054	232,786	14,732	-0-	-0-	-0-
Sales, charges for services	13,297	11,425	(1,872)	-0-	-0-	-0-
Licenses, fees and permits	109,197	108,273	(924)	-0-	-0-	-0-
Interest	9,119	15,911	6,792	1,672	1,184	(488)
Other	6,108	17,115	11,007	-0-	-0-	-0-
Other financing sources:						
Proceeds from sale of bonds	55,000	-0-	(55,000)	-0-	-0-	-0-
Transfer from other funds	3,991	3,248	(743)	58,522	55,389	(3,133)
Reversions from other funds	-0-	81	81	-0-	-0-	-0-
Total sources	\$ 681,005	\$ 655,243	\$ (25,762)	\$ 69,310	\$ 65,689	\$ (3,621)
Employment Security				Regulatory		
Fund balances, July 1	\$ 9,922	\$ 9,922	\$ -0-	\$ 5,659	\$ 5,659	\$ -0-
Revenues:						
Gaming taxes, fees, licenses	-0-	-0-	-0-	-0-	-0-	-0-
Federal	32,868	28,646	(4,222)	159	154	(5)
Other taxes	6,846	6,412	(434)	8,484	8,455	(29)
Sales, charges for services	-0-	92	92	19	24	5
Licenses, fees and permits	-0-	-0-	-0-	14,032	12,961	(1,071)
Interest	439	570	131	138	129	(9)
Other	679	736	57	1,685	1,655	(30)
Other financing sources:						
Transfer from other funds	1,713	1,079	(634)	2,135	1,820	(315)
Total sources	\$ 52,467	\$ 47,457	\$ (5,010)	\$ 32,311	\$ 30,857	\$ (1,454)
Legislative				Municipal Bond Bank		
Fund balances, July 1	\$ 6,933	\$ 6,933	\$ -0-	\$ 26,237	\$ 26,237	\$ -0-
Revenues:						
Federal	-0-	-0-	-0-	7,345	849	(6,496)
Sales, charges for services	888	872	(16)	-0-	-0-	-0-
Licenses, fees and permits	-0-	1	1	-0-	-0-	-0-
Interest	-0-	-0-	-0-	52,658	52,105	(553)
Other	464	487	23	3,333	3,329	(4)
Other financing sources:						
Transfer from other funds	16,773	16,700	(73)	-0-	-0-	-0-
Total sources	\$ 25,058	\$ 24,993	\$ (65)	\$ 89,573	\$ 82,520	\$ (7,053)
Workers' Compensation and Safety				Higher Education Capital Construction		
Fund balances, July 1	\$ 15,386	\$ 15,386	\$ -0-	\$ 10,375	\$ 10,375	\$ -0-
Revenues:						
Gaming taxes, fees, licenses	-0-	-0-	-0-	15,101	15,101	-0-
Federal	1,832	1,717	(115)	-0-	-0-	-0-
Other taxes	18,999	20,018	1,019	-0-	-0-	-0-
Sales, charges for services	5	7	2	-0-	-0-	-0-
Licenses, fees and permits	248	208	(40)	-0-	-0-	-0-
Interest	754	1,198	444	-0-	-0-	-0-
Other	320	1,074	754	-0-	-0-	-0-
Total sources	\$ 37,544	\$ 39,608	\$ 2,064	\$ 25,476	\$ 25,476	\$ -0-

STATE OF NEVADA

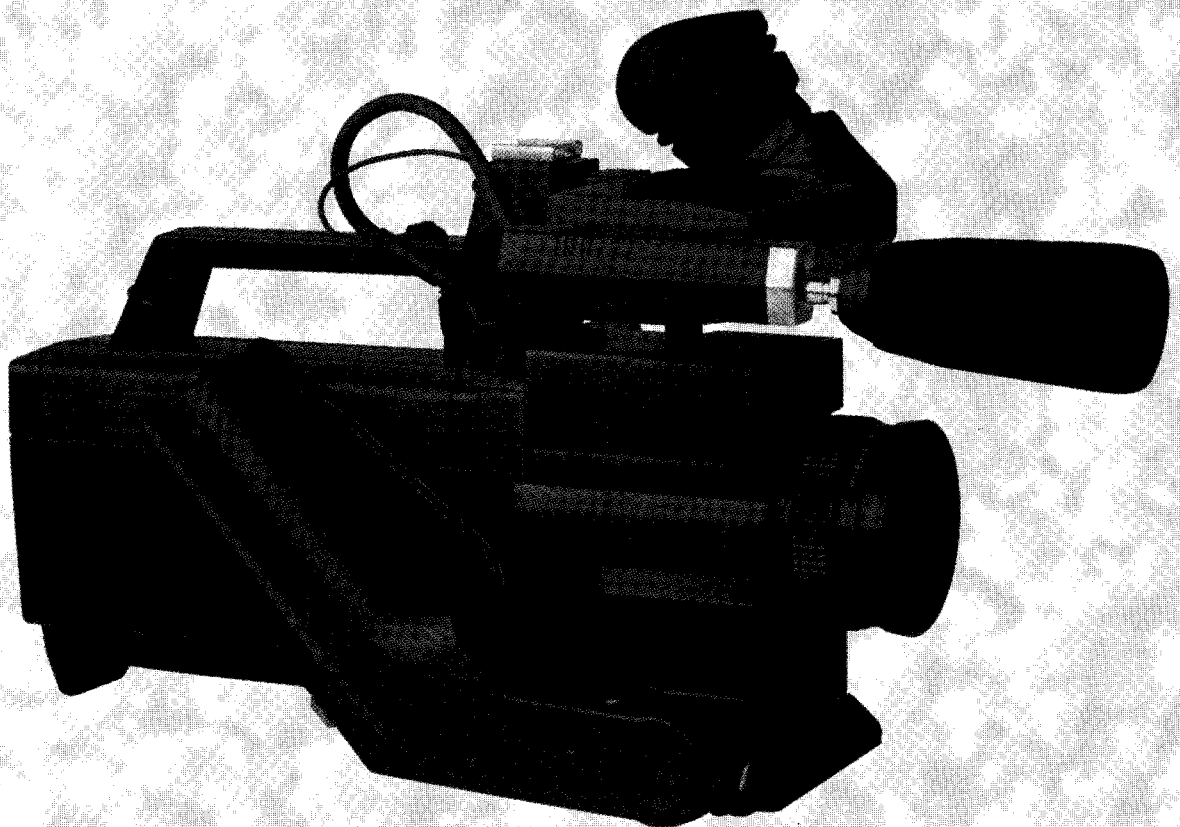
Schedule of Revenues-Budget and Actual, Non-GAAP Budgetary Basis All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 1998 (Expressed in Thousands)

Exhibit I-3

Page 2 of 2

	Final Budget	Actual	Variance	Final Budget	Actual	Variance
	Cleaning Up Petroleum Discharges			Hospital Care to Indigent Persons		
Fund balances, July 1	\$ 1,861	\$ 1,861	\$ -0-	\$ 4,312	\$ 4,312	\$ -0-
Revenues:						
Other taxes	11,480	11,109	(371)	9,959	9,036	(923)
Licenses, fees and permits	500	437	(63)	-0-	-0-	-0-
Interest	250	147	(103)	368	370	2
Other	100	-0-	(100)	384	384	-0-
Total sources	\$ 14,191	\$ 13,554	\$ (637)	\$ 15,023	\$ 14,102	\$ (921)
	Tourism Promotion			Offenders' Store		
Fund balances, July 1	\$ 2,012	\$ 2,012	\$ -0-	\$ 2,525	\$ 2,525	\$ -0-
Revenues:						
Other taxes	8,805	8,261	(544)	-0-	-0-	-0-
Sales, charges for services	5	-0-	(5)	7,995	7,841	(154)
Licenses, fees and permits	68	61	(7)	-0-	-0-	-0-
Interest	-0-	-0-	-0-	160	159	(1)
Other	-0-	-0-	-0-	211	216	5
Other financing sources:						
Transfer from other funds	18	18	-0-	-0-	6	6
Total sources	\$ 10,908	\$ 10,352	\$ (556)	\$ 10,891	\$ 10,747	\$ (144)
	Colorado River Commission			Contingency		
Fund balances, July 1	\$ 2,158	\$ 2,158	\$ -0-	\$ 10,010	\$ 10,010	\$ -0-
Revenues:						
Sales, charges for services	2,643	1,416	(1,227)	-0-	-0-	-0-
Interest	370	142	(228)	-0-	-0-	-0-
Other	254	730	476	-0-	-0-	-0-
Other financing sources:						
Transfer from other funds	480	-0-	(480)	65	65	-0-
Reversion from other funds	-0-	-0-	-0-	218	218	-0-
Total sources	\$ 5,905	\$ 4,446	\$ (1,459)	\$ 10,293	\$ 10,293	\$ -0-
	Care of Sites for Radioactive Waste Disposal			Stabilize the Operations of State Government		
Fund balances, July 1	\$ 8,970	\$ 8,970	\$ -0-	\$ 128,867	\$ 128,867	\$ -0-
Revenues:						
Licenses, fees and permits	256	216	(40)	-0-	-0-	-0-
Interest	573	575	2	-0-	-0-	-0-
Other	54	54	-0-	-0-	-0-	-0-
Total sources	\$ 9,853	\$ 9,815	\$ (38)	\$ 128,867	\$ 128,867	\$ -0-
	Miscellaneous			Total Special Revenue		
Fund balances, July 1	\$ 16,161	\$ 16,161	\$ -0-	\$ 394,589	\$ 394,589	\$ -0-
Revenues:						
Gaming taxes, fees, licenses	-0-	-0-	-0-	15,101	15,101	-0-
Federal	10	-0-	(10)	174,368	163,685	(10,683)
Other taxes	784	2,083	1,299	283,411	298,160	14,749
Sales, charges for services	-0-	-0-	-0-	24,852	21,677	(3,175)
Licenses, fees and permits	4,864	4,690	(174)	129,165	126,847	(2,318)
Interest	389	824	435	66,890	73,314	6,424
Other	1,408	1,284	(124)	15,000	27,064	12,064
Other financing sources:						
Proceeds from sale of bonds	-0-	-0-	-0-	55,000	-0-	(55,000)
Transfer from other funds	7,159	5,742	(1,417)	90,856	84,067	(6,789)
Reversions from other funds	-0-	-0-	-0-	218	299	81
Total sources	\$ 30,775	\$ 30,784	\$ 9	\$ 1,249,450	\$ 1,204,803	\$ (44,647)



STATE OF NEVADA

General Governmental Expenditures and Other Uses by Function *

General Governmental Revenues and Other Resources by Source *

For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

General Governmental Expenditures and Other Uses by Function

Table I

Fiscal Years Ended June 30

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Expenditures:										
General government	\$ 57,746	\$ 53,925	\$ 58,806	\$ 59,379	\$ 64,123	\$ 64,525	\$ 75,742	\$ 75,770	\$ 101,565	\$ 114,531
Health, social services	384,666	463,583	594,066	863,110	909,041	864,576	994,633	1,061,930	1,090,069	1,162,628
Education and support	22,570	18,766	19,226	20,762	22,356	23,009	24,633	24,019	26,460	30,476
Law, justice, and public safety	122,121	151,654	170,611	192,550	199,261	211,015	224,281	256,015	276,275	341,970
Regulation of business	39,597	43,262	48,890	58,000	59,673	54,664	58,925	58,819	63,730	67,816
Transportation	213,566	252,439	216,554	240,888	263,996	347,064	368,040	344,183	312,592	331,302
Recreation, resource development	66,117	60,788	62,122	69,545	68,603	72,635	77,273	80,713	89,011	91,436
Intergovernmental	317,675	395,050	471,575	503,543	474,193	495,287	482,910	613,244	672,812	767,476
Capital improvements	35,225	48,719	50,249	48,645	60,887	49,871	40,548	27,932	49,298	46,849
Debt service	57,457	67,333	74,142	73,638	224,377	76,739	107,225	138,791	151,422	157,868
Other Uses:										
University	128,786	222,644	168,613	276,773	196,155	218,237	257,676	266,381	350,404	302,878
Total expenditures and other uses	\$1,445,526	\$1,778,163	\$1,934,854	\$2,406,833	\$2,542,665	\$2,477,622	\$2,711,886	\$2,947,797	\$3,183,638	\$3,415,230

General Governmental Revenues and Other Resources by Source

Table II

Fiscal Years Ended June 30

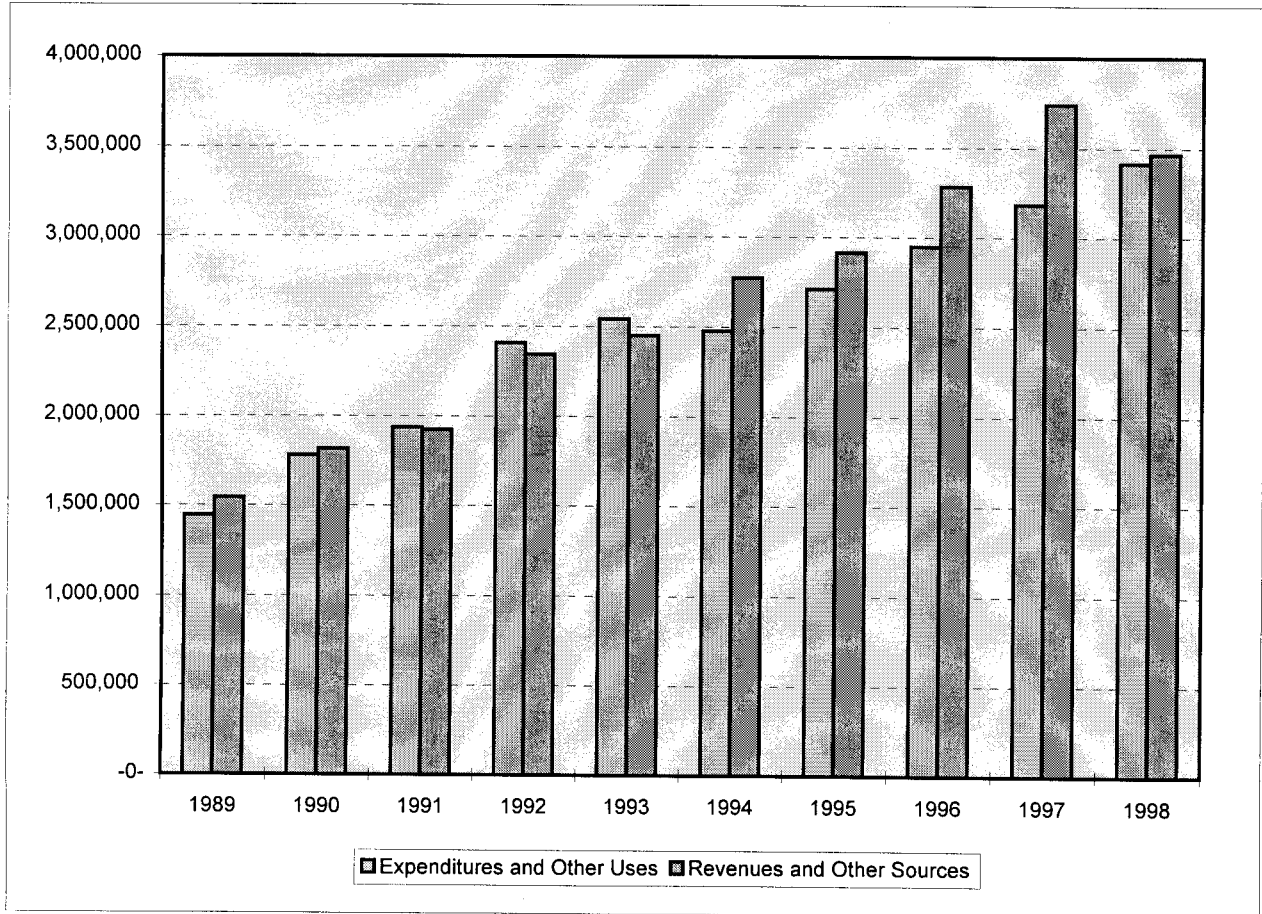
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Revenues:										
Gaming taxes	\$ 332,074	\$ 377,194	\$ 416,546	\$ 426,621	\$ 453,084	\$ 490,166	\$ 517,524	\$ 566,834	\$ 566,079	\$ 586,186
Sales taxes	246,064	297,578	307,945	310,770	343,604	402,548	446,504	502,960	554,891	581,991
Intergovernmental	320,218	365,340	421,001	562,120	645,228	709,128	836,557	877,735	908,806	950,533
Other taxes	312,918	385,815	412,159	574,685	661,839	648,390	694,031	729,808	772,563	815,270
Licenses, fees and permits	112,243	121,422	116,532	148,567	164,741	166,094	175,139	185,375	198,622	204,653
Charges for service and sales	21,734	25,004	25,564	28,440	29,579	39,657	39,751	41,458	44,885	50,427
Interest, investment income	73,532	79,865	79,763	64,100	56,959	45,572	68,387	91,595	113,061	164,843
Other	35,738	35,439	30,652	44,601	60,125	48,797	43,159	42,699	52,396	47,932
Other Resources:										
Net proceeds from debt financing	80,126	114,702	100,293	180,216	32,006	218,632	90,093	239,531	522,685	26,674
Net operating transfers	7,624	12,742	12,338	3,740	3,816	4,153	3,274	4,829	3,549	5,990
Other	-0-	-0-	213	67	56	149	162	357	3,226	31,196
Total revenues and other resources	\$1,542,271	\$1,815,101	\$1,923,006	\$2,343,927	\$2,451,037	\$2,773,286	\$2,914,581	\$3,283,181	\$3,740,763	\$3,465,695

* Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds. Note that transfers to/from component unit have been netted and included as other uses. Operating transfers in/out have been netted and included as other resources.

STATE OF NEVADA

General Governmental Expenditures and Other Uses Compared With General Governmental Revenues and Other Resources General Fund Expenditures and Unreserved Fund Balance *For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)*

General Governmental Expenditures and Other Uses Compared With General Governmental Revenues and Other Resources



General Fund Expenditures and Unreserved Fund Balance

Table III

Fiscal Year Ended June 30	General Fund Expenditures	Unreserved General Fund Balance	"Rainy" Day (1) Fund Balance
1989	813,089	56,618	-
1990	959,327	82,831	-
1991	1,136,595	43,393	-
1992	1,382,077	583	-
1993	1,386,788	32,732	-
1994	1,418,582	39,616	18,057
1995	1,578,382	(26,809)	100,000
1996	1,792,460	10,107	123,392
1997	1,869,807	(9,360)	128,867
1998	2,097,300	(89,509)	128,867

(1) The 1991 Legislature established a fiscal emergency (rainy day) fund that is funded with 40% of the unreserved fund balance that exceeds 10% of appropriations.

STATE OF NEVADA

State Collected Gaming Taxes and Sales Taxes Average Combined Property Tax Rates and State Levy

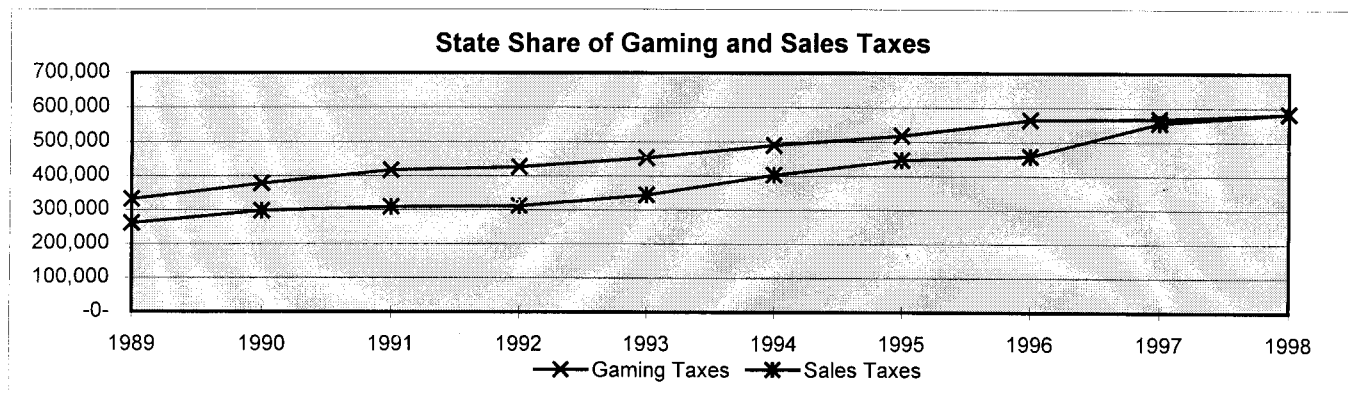
For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

State Collected Gaming Taxes and Sales Taxes

Table IV

Fiscal Year Ended June 30	GAMING TAXES			SALES TAXES			
	Gross Taxable Gaming Revenues	State Collections Gaming Taxes	State Share Gaming Taxes	Gross Taxable Sales	Gross Sales Tax Revenues	State General Fund Revenues	Sales Taxes Collected for Local Governments
1989	4,433,770	334,369	332,074	12,334,591	725,453	260,517	464,936
1990	4,911,178	379,561	377,194	14,091,551	832,912	297,578	535,334
1991	5,411,475	418,912	416,545	14,514,119	858,093	307,945	550,148
1992	5,570,752	428,934	426,621	14,437,144	942,850	310,770	632,080
1993	5,871,840	455,182	453,084	15,665,903	1,071,886	343,604	728,282
1994	6,397,278	498,709	490,166	18,215,224	1,245,720	402,548	842,788
1995	6,821,022	522,848	517,524	20,075,579	1,374,636	446,504	928,132
1996	7,240,837	565,921	563,198	22,222,771	1,541,703	458,336	1,083,367
1997	7,300,149	569,962	567,341	24,408,114	1,696,634	554,891	1,192,259
1998	7,577,394	584,048	581,423	25,360,551	1,771,936	581,991	1,246,825

Sources: Nevada Gaming Control Board, State Department of Taxation



Average Combined Property Tax Rates and State Levy

Table V

Fiscal Year Ended June 30	Tax Rates Per \$100 of Assessed Value					
	Clark County	Washoe County	15 Other Counties	Average County Rate	State Gov't Rate	State Gov't Tax Levy
1990	2.6668	2.7704	2.2145	2.5888	0.1010	18,771,251
1991	2.6836	2.9142	2.3701	2.6634	0.1180	24,226,913
1992	2.7438	3.1609	2.4962	2.7770	0.1370	30,904,428
1993	2.7719	3.2389	2.5884	2.8277	0.1440	34,979,018
1994	2.8043	3.2863	2.5919	2.8550	0.1500	39,199,474
1995	2.8111	3.3265	2.5942	2.8661	0.1500	42,442,059
1996	2.7813	3.4140	2.5355	2.8505	0.1500	46,653,503
1997	2.7881	3.3545	2.5926	2.8580	0.1500	51,138,611
1998	2.9106	3.3675	2.6272	2.9443	0.1500	55,970,796
1999	2.9404	3.4275	2.6249	2.9761	0.1500	61,221,755

Source: Department of Taxation

Historically, outstanding delinquent taxes have been minimal. The two largest counties have for the past ten years had less than 1/2 of 1 percent of the current levy as outstanding delinquent taxes at the end of the collection period.

STATE OF NEVADA

Assessed Value of Taxable Property Ten Largest Taxable Property Owners

For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

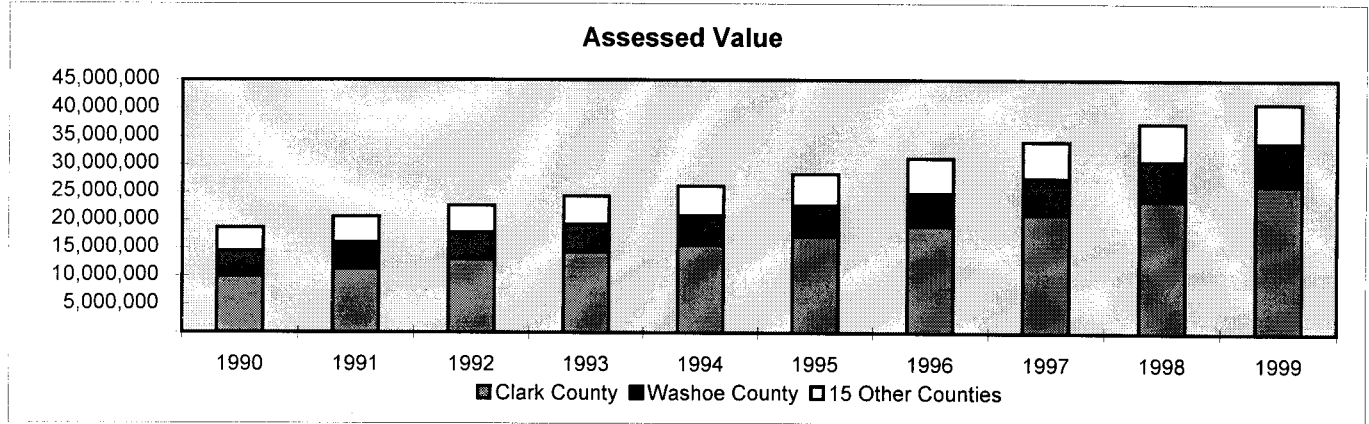
Assessed Value of Taxable Property

Table VI

Fiscal Year Ended June 30	Assessed Value (1)				Market Value
	Clark County	Washoe County	15 Other Counties	Total State	Total State
1990	9,980,576	4,391,118	4,213,702	18,585,396	53,101,131
1991	11,294,875	4,558,300	4,678,107	20,531,282	58,660,805
1992	12,964,606	4,700,274	4,893,097	22,557,977	64,451,362
1993	14,267,549	4,908,661	5,114,774	24,290,984	69,402,811
1994	15,574,486	5,179,851	5,378,646	26,132,983	74,665,666
1995	17,107,695	5,440,391	5,746,620	28,294,706	80,842,017
1996	18,909,831	5,863,539	6,328,966	31,102,336	88,863,817
1997	21,023,607	6,482,287	6,586,513	34,092,407	97,406,877
1998	23,599,895	6,948,776	6,765,193	37,313,864	106,611,040
1999	26,347,735	7,500,857	6,965,912	40,814,504	116,612,869

Source: Department of Taxation

(1) Excludes redevelopment valuation. Assessed value is approximately 35% of fair market value.



Ten Largest Taxable Property Owners

Table VII

	Assessed Valuation	Percentage of Total Assessed Valuation
Mirage Resorts Inc. (Las Vegas)	\$ 566,225	1.36 %
Nevada Power Company	555,426	1.34
Circus Circus Properties (Reno, Las Vegas)	507,406	1.22
Sierra Pacific Power Company	440,123	1.06
Hilton Hotel Corporation - (Reno, Las Vegas)	419,917	1.01
MGM Grand Hotel Inc. (Las Vegas)	266,623	0.64
Caesar's Palace Realty Corp. (Las Vegas)	194,309	0.47
Harrah's (Reno, Lake Tahoe, Las Vegas)	181,492	0.44
Newmont Gold Company (Elko, Eureka)	179,553	0.43
Barrick Goldstrike Mines, Inc.	167,729	0.40
Totals	\$ 3,478,803	8.37 %

Source: Department of Taxation

STATE OF NEVADA

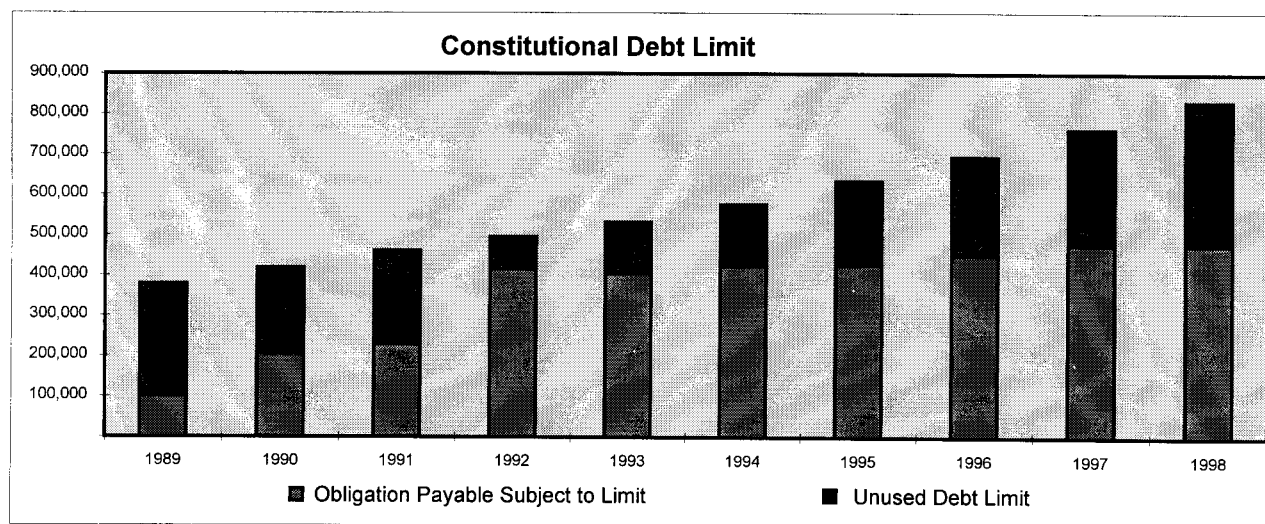
Constitutional Debt Limit

For the Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

Constitutional Debt Limit

Table VIII

Fiscal Year Ended June 30	1 % or 2% Assessed Valuation	Obligation Payable Subject to Limit	Unused Debt Limit
1989	378,528	100,820	277,708
1990	418,444	204,368	214,076
1991	459,570	226,955	232,615
1992	494,964	415,050	79,914
1993	531,426	404,005	127,421
1994	574,717	423,278	151,439
1995	632,795	426,613	206,182
1996	694,581	451,567	243,014
1997	762,212	476,979	285,233
1998	831,746	476,050	355,696



Computation of Legal Debt Margin at June 30, 1998:

Assessed value of taxable property at June 30, 1998 (1)		\$ 41,587,282
Debt limitation (2% of assessed value)		831,746
Total general and special obligation bonded debt	\$ 1,748,835	
Leases	32,955	
Less obligation exempt from debt margin:		
Municipal bond bank bonds	826,180	
Special obligation bonds	17,700	
Protection of natural resources bonds	461,860	
Debt subject to debt limitation		476,050
Legal debt margin at June 30, 1998		<u>\$ 355,696</u>

(1) Assessed value includes redevelopment assessed value of \$772,778

STATE OF NEVADA

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita

Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Table IX

Year Ended June 30	Principal	Interest, Fiscal Charges (1)	Total Debt Service (2)	Total General Expenditures (3)	Ratio of General to Debt Service Expenditures
1989	11,720	24,877	36,597	1,445,526	2.53
1990	16,425	30,585	47,010	1,778,163	2.64
1991	18,373	36,661	55,034	1,934,854	2.84
1992	19,991	35,075	55,066	2,406,833	2.29
1993	19,630	43,827	63,457	2,542,665	2.50
1994	26,195	33,159	59,354	2,477,622	2.40
1995	28,260	41,887	70,147	2,711,886	2.59
1996	47,015	55,128	102,143	2,947,797	3.47
1997	47,575	74,341	121,916	3,183,638	3.83
1998	52,405	79,831	132,236	3,415,230	3.87

(1) Excludes advance refunding escrow expenditures.

(2) Excludes general obligation bonds reported in Enterprise Funds and revenue bonds.

(3) Includes General, Special Revenue, Debt Service, Capital Project, and Expendable Trust Funds.

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita

Table X

Year Ended June 30	Population	Assessed Value (1)	Gross Bonded Debt (2)	Less Debt Service Fund	Debt Payable From Fees and Enterprise Fund Revenues (3)	Net Bonded Debt	Net Bonded Debt to Assessed Value %	Net Bonded Debt Per Capita
1989	1,162	18,585,396	534,855	2,624	415,413	116,818	0.63	101
1990	1,237	20,531,282	633,783	4,693	402,540	226,550	1.10	183
1991	1,298	22,557,977	684,460	7,972	442,380	234,108	1.04	180
1992	1,344	24,290,984	826,230	14,202	387,351	424,677	1.75	316
1993	1,399	26,132,983	703,450	19,349	278,820	405,281	1.55	290
1994	1,493	28,294,706	820,906	20,331	353,256	447,319	1.58	300
1995	1,582	31,102,336	1,026,766	22,420	560,375	443,971	1.43	281
1996	1,638	34,092,407	1,234,716	26,279	716,970	491,467	1.44	300
1997	1,741	37,313,864	1,692,296	29,207	1,142,180	520,909	1.40	299
1998	1,875	40,814,504	1,731,135	30,553	1,210,757	489,825	1.20	261

(1) Excludes redevelopment agency valuations.

(2) Excludes 1977 and 1989 Sewer Improvement Bonds serviced by Clark County, but includes Municipal Bond Bank debt.

(3) Includes University General Obligation Bonds paid from gaming taxes; Muni Bond Bank Bonds paid by local governments; and Colorado River General Obligation Bonds paid by user fees.

STATE OF NEVADA

Revenue Bond Coverage

Last Ten Fiscal Years (Expressed in Thousands) (Unaudited)

Fiscal Year Ended June 30	Gross Resources	Uses	Net Resources Available for Debt Service	Debt Service Requirements (1)			Coverage
				Principal	Interest	Total	
Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bond Coverage							Table XI
1989	269,592 (2)	249,901 (3)	19,691	15,760	3,349	19,109	1.03
1990	314,587	295,820	18,767	15,760	2,587	18,347	1.02
1991	282,078	264,388	17,690	15,760	1,684	17,444	1.01
1992	314,156	296,363	17,793	14,760	2,145	16,905	1.05
1993	332,174	319,761	12,413	16,220	3,115	19,335	0.64
1994	425,828	409,671	16,157	12,720	2,327	15,047	1.07
1995	499,343	440,711	58,632	30,420	5,440	35,860	1.64
1996	463,447	413,941	49,506	30,420	4,929	35,349	1.40
1997	464,737	395,415	69,322	24,420	3,409	27,829	2.49
1998	474,138	426,550	47,588	17,700	2,080	19,780	2.41
Mortgage Revenue Bond Coverage (Housing Division Revenues)							Table XII
1989	93,934 (4)	3,987 (3)	89,947	38,227	50,720	88,947	1.01
1990	94,259	4,014	90,245	50,372	52,166	102,538	0.88
1991	103,442	4,372	99,070	79,950	58,221	138,171	0.72
1992	161,282	5,448	155,834	114,858	57,556	172,414	0.90
1993	168,152	8,597	159,555	87,617	51,135	138,752	1.15
1994	213,621	7,512	206,109	178,892	38,327	217,219	0.95
1995	84,281	7,511	76,770	56,462	37,327	93,789	0.82
1996	112,896	8,280	104,616	82,256	43,156	125,412	0.83
1997	120,652	8,356	112,296	72,936	48,761	121,697	0.92
1998	148,101	8,519	139,582	17,827	54,115	71,942	1.94
Colorado River Commission General Obligation/Revenue Bonded Debt Coverage							Table XIII
1989	9,944 (5)	3,657 (3)	6,287	1,805	4,462	6,267	1.00
1990	9,996	3,713	6,283	1,925	4,353	6,278	1.00
1991	10,886	4,290	6,596	2,183	4,385	6,568	1.00
1992	10,986	4,388	6,598	2,170	4,302	6,472	1.02
1993	11,915	4,411	7,504	3,020	4,514	7,534	1.00
1994	12,273	5,551	6,722	3,028	3,951	6,979	0.96
1995	14,947	7,021	7,926	3,367	5,068	8,435	0.94
1996	19,030	10,591	8,439	3,120	6,707	9,827	0.86
1997	54,149 (6)	15,620	38,529	3,625	12,136	15,761	2.44
1998	55,501 (6)	15,575	39,926	5,840	11,860	17,700	2.26

(1) Principal requirements represent principal outlays.

(2) Consists of the resources of the State Highway Special Revenue Fund and Highway Revenue Bonds Debt Service Fund.

(3) Uses are operating expenses, nonoperating expenses, and transfers out less interest expense and depreciation.

(4) Consists of operating revenues, nonoperating revenues, transfers in and principal collections of the Housing Division Enterprise Fund.

(5) Includes operating revenues and nonoperating revenues of the Water Treatment Enterprise Fund.

(6) Includes operating revenues and nonoperating revenues of the Southern Nevada Water Authority who replaced the Colorado River Commission Water Treatment Enterprise Fund as payor of the Colorado River Commission General Obligation/Revenue Bonds debt service.

STATE OF NEVADA

Disposable Per Capita Income Population

(Unaudited)

Disposable Per Capita Income

Table XIV

Calendar Year	United States	California	Nevada	Nevada's Per Capita as % of U.S. Per Capita	Nevada's Per Capita Rank
1970	\$ 3,484	\$ 4,131	\$ 4,425	127%	5
1980	8,424	9,876	9,714	115	5
1987	13,143	15,138	13,896	106	11
1988	14,457	16,131	15,533	107	11
1989	15,722	17,250	16,508	105	9
1990	16,642	18,313	17,443	105	15
1991	17,161	18,615	17,941	105	13
1992	18,034	19,390	18,866	105	14
1993	18,551	19,571	19,386	105	8
1994	19,241	19,929	20,350	106	8
1995	20,189	20,970	21,065	104	10
1996	20,979	21,760	21,805	104	9
1997	21,908	22,674	22,742	104	11

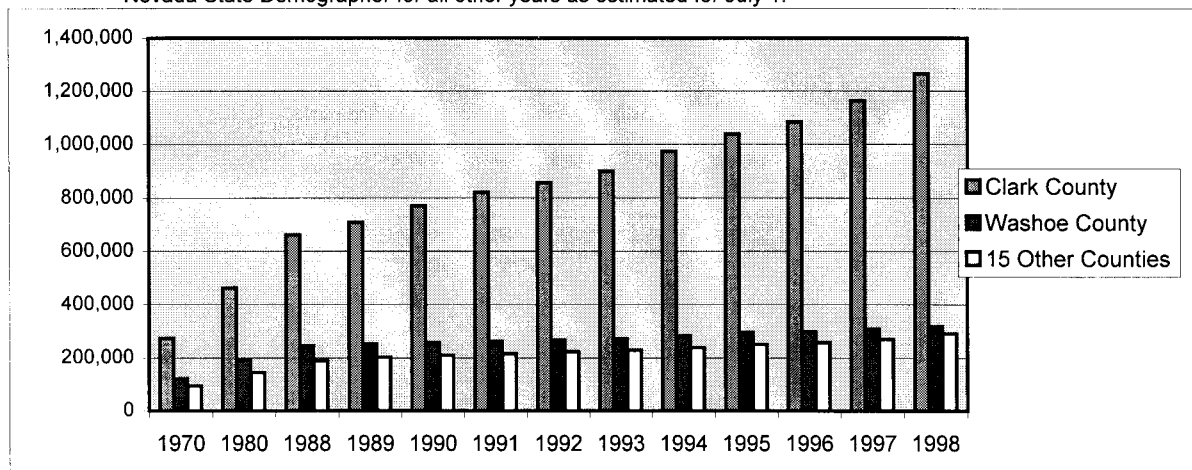
Source: Survey of Current Business, published by U.S. Department of Commerce

Population

Table XV

Year	Clark County	Washoe County	15 Other Counties	Total State
1970	273,288	121,068	94,382	488,738
1980	463,087	193,623	143,798	800,508
1988	661,690	244,890	189,420	1,096,000
1989	708,750	251,580	202,010	1,162,340
1990	770,280	257,120	209,500	1,236,900
1991	820,840	262,260	214,810	1,297,910
1992	856,350	265,660	221,930	1,343,940
1993	898,020	271,770	228,970	1,398,760
1994	971,680	282,630	238,690	1,493,000
1995	1,038,180	294,290	249,810	1,582,280
1996	1,082,667	298,356	256,992	1,638,015
1997	1,163,207	308,579	269,111	1,740,897
1998	1,265,590	318,050	291,120	1,874,760

Sources: U.S. Department of Commerce, Bureau of Census, 1970, 1980, 1990;
Nevada State Demographer for all other years as estimated for July 1.



STATE OF NEVADA

Public School Enrollment

University and Community College Enrollment

Last Ten Fiscal Years (Unaudited)

Public School Enrollment

Table XVI

	Fall Enrollment						
	Grades			Counties			
	Primary (K - 6)	Secondary (7 - 12)	Total	Clark	Washoe	All Others	Total
1989	110,301	76,533	186,834	111,460	36,662	38,712	186,834
1990	119,952	81,364	201,316	121,984	38,486	40,846	201,316
1991	126,555	85,255	211,810	129,233	40,028	42,549	211,810
1992	131,469	91,377	222,846	136,188	42,061	44,597	222,846
1993	138,829	96,971	235,800	145,327	43,715	46,758	235,800
1994	146,949	103,798	250,747	156,348	45,752	48,647	250,747
1995	155,492	109,549	265,041	166,788	47,572	50,681	265,041
1996	164,654	117,477	282,131	179,106	49,671	53,354	282,131
1997	173,618	123,003	296,621	190,822	51,205	54,594	296,621
1998	181,612	129,451	311,063	203,777	52,652	54,634	311,063

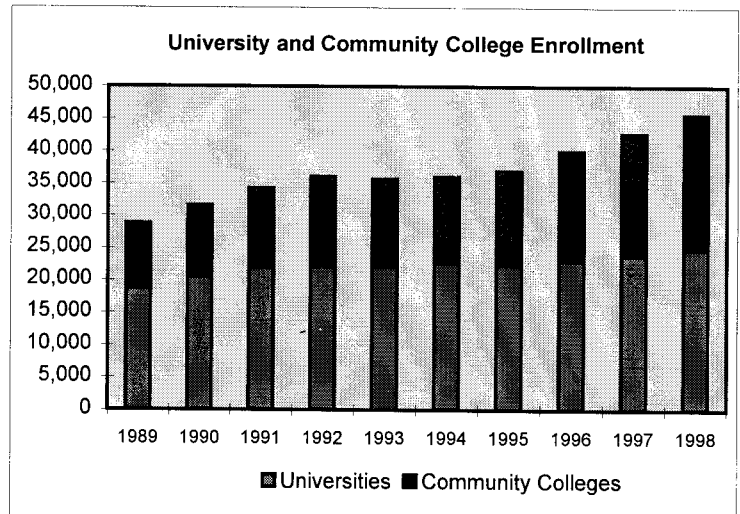
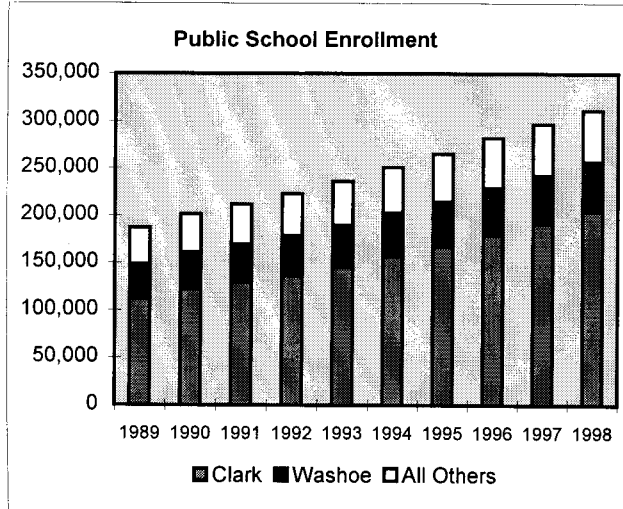
Source: Nevada Department of Education

University and Community College Enrollment

Table XVII

	Full Time Equivalent Students at Fall Enrollment								
	Universities			Community Colleges (CC)					Total
	Reno	Las Vegas	Subtotal	Southern Nevada	Great Basin	Truckee Meadows	Western Nevada	Subtotal	
1989	7,772	10,835	18,607	5,024	590	3,036	1,478	10,128	28,735
1990	8,299	12,141	20,440	5,402	800	3,283	1,646	11,131	31,571
1991	8,821	13,108	21,929	6,253	828	3,515	1,726	12,322	34,251
1992	9,212	12,944	22,156	7,426	933	3,718	1,765	13,842	35,998
1993	9,155	12,885	22,040	7,137	906	3,726	1,810	13,579	35,619
1994	9,392	13,211	22,603	7,111	933	3,594	1,847	13,485	36,088
1995	9,161	13,166	22,327	8,599	878	3,451	1,682	14,610	36,937
1996	9,383	13,661	23,044	10,245	1,010	3,848	1,869	16,972	40,016
1997	9,397	14,447	23,844	11,380	1,146	4,377	1,955	18,858	42,702
1998	9,488	15,318	24,806	13,135	1,132	4,560	2,013	20,840	45,646

Source: University and Community College System of Nevada



STATE OF NEVADA

Average Annual Employment

Last Ten Calendar Years (Expressed in Thousands) (Unaudited)

Table XVIII

Average Annual Employment

Fiscal Year Ended June 30	Labor Force Statistics				Industrial Base Statistics (2)		
	Total Nevada Labor Force	Unemployment	Unemployment Rate	U.S. Average Unemployment Rate	Total Non- Agriculture	Goods Producing	Services Producing
1989	602.0	30.0	5.0	5.3	581.2	84.0	497.2
1990	667.0	33.0	4.9	5.5	620.9	87.3	533.6
1991	693.0	38.0	5.5	6.7	628.7	79.0	549.7
1992	715.0	47.0	6.6	7.4	638.7	78.2	560.5
1993	746.0	54.0	7.2	6.8	670.0	88.0	582.0
1994	779.0	48.0	6.2	6.1	736.7	100.9	635.8
1995	800.9	43.2	5.4	5.6	789.1	111.8	677.3
1996	844.1	45.7	5.4	5.4	842.5	128.0	714.5
1997	890.2	40.7	4.6	5.0	885.8	137.1	748.7
1998 (1)	915.4	41.7	4.6	4.5	918.7	143.4	775.3

Source: Nevada Department of Employment, Training and Rehabilitation

(1) Average through August 1998

(2) Reflects employment by place of work. Does not necessarily coincide with the labor force concept. Includes multiple job holders.