

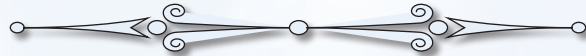
# State of Nevada

## Comprehensive Annual Financial Report

for the Fiscal Year  
Ended June 30, 2006

Kathy Augustine  
State Controller

# In Memory of Kathy Augustine State Controller



The Office of State Controller was created when Nevada became a state in 1864. The Controller is one of Nevada's six constitutional officers elected statewide to a four-year term.

Ms. Augustine was sworn in as Nevada's first female State Controller on January 4, 1999 and was elected to her second and final term in November of 2002. She served as a member of the State Board of Finance, the Department of Transportation Board of Directors and the Executive Branch Audit Committee.

As Chief Fiscal Officer of the State, the Controller is empowered to represent the State in fiscal matters and the position is critical in maintaining a checks-and-balance system in state finances.

The Controller ensures compliance with state fiscal and federal revenue laws. The Controller administers the state accounting system in order to provide fair, accurate, consistent, and timely financial reporting in accordance with standards set forth by the Governmental Accounting Standards Board. The office also prepares the Popular and Comprehensive Annual Financial Reports, pays employee salaries, processes claims against the state and administers the State's debt collection program.

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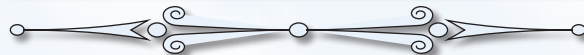
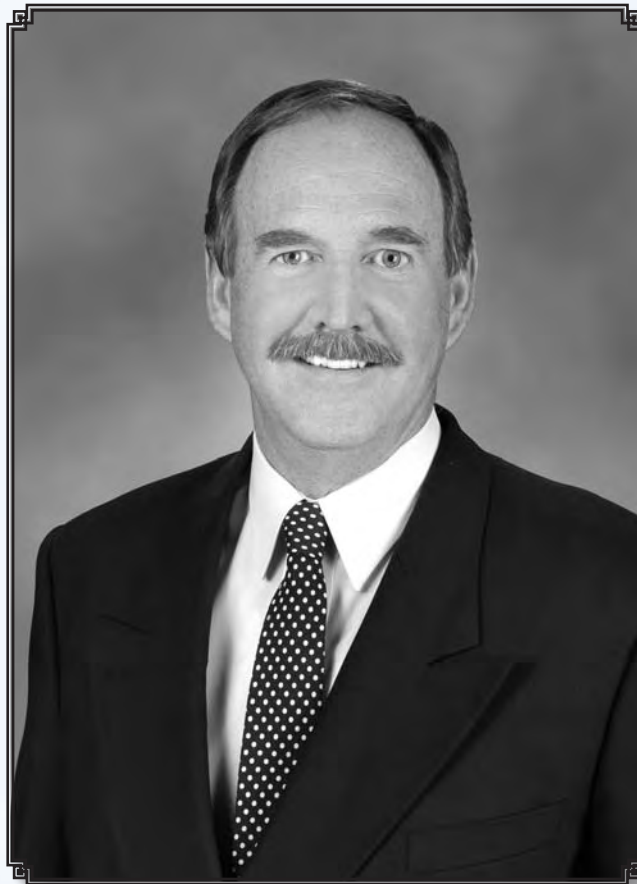
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# Steve Martin State Controller



Steve Martin was sworn in as Nevada State Controller by Governor Kenny Guinn July 13, 2006 to complete the term of Kathy Augustine, who unexpectedly passed away July 11, 2006.

Martin is a Certified Public Accountant as well as having operated several businesses. He most recently owned a successful Certified Public Accounting business that specialized in financial and fraud audits for businesses, as well as tax and business consulting. Previously, he was President and Chief Financial Officer for a Houston, Texas based international import company, and is a former adjunct Professor of Accounting at the Community College of Southern Nevada.

He is a U.S. Marine Corps and Vietnam veteran who enlisted and then attained the rank of major while serving 12 years active and reserve service. During his tour in Vietnam he was awarded the Navy Commendation Medal with Combat "V".

Martin completed a Bachelors Degree from George Washington University while in the Marine Corps, and later earned a Master Degree in Accounting from Nova Southeastern University. After receiving his Master Degree and becoming a CPA, he participated in fraud investigations conducted for the Securities and Exchange Commission, and numerous other entities.



**State of Nevada**  
**Office of State Controller**  
Carson City, Nevada 89701-4786

**Steve Martin**  
State Controller

**Office: (775) 684-5777**  
**Fax: (775) 684-5696**

December 15, 2006

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

In accordance with Nevada Revised Statutes (NRS) 227.110 and the State Accounting Procedures Law (NRS 353.291 through 353.3245), I am pleased to present the State of Nevada Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This is the fifth CAFR prepared in conformance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The objective of this Statement is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund-based financial statements.

**Introduction to the Report**

**Responsibility:** The Controller's Office prepares the State of Nevada CAFR and is responsible for the accuracy, completeness, and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the information contained in the State of Nevada CAFR is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the State's primary government and component units for which it is financially accountable. Additionally, this report includes all disclosures necessary to enable the reader to gain a reasonable understanding of Nevada's financial activities.

**Generally Accepted Accounting Principles:** As required by State Accounting Procedures Law, this report has been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). The State also voluntarily follows the recommendations of the Government Finance Officers Association (GFOA) for the contents of government financial reports and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

**Independent Auditors:** The independent accounting firm of Kafoury, Armstrong & Co. has audited the accompanying financial statements in accordance with generally accepted governmental auditing standards. Their opinion appears in the Financial Section of this publication. The goal of the independent audit is to provide reasonable assurance that the financial statements of the State of Nevada are free of material misstatement. We received an unqualified opinion on the basic financial statements for this fiscal year.

The independent audit of the financial statements of the State of Nevada is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the financial statements. This report can be found in the Compliance Section of the CAFR, as well as in the State of Nevada's separately issued Single Audit Report.

**Internal Control Structure:** The State of Nevada has established a comprehensive internal control framework designed to both safeguard the government's assets against loss from unauthorized use or theft, and to properly record and adequately document transactions. As a result, the transactions can be compiled into the presentation

of the State's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Many of the essential control features are decentralized. Consequently, the State relies upon the controls in place within the various State departments and agencies. NRS 353A.025 requires the head of each agency to review their internal controls on a periodic basis to determine if the agency is in compliance with the Uniform System of Internal Accounting and Administrative Controls adopted pursuant to NRS 353A.020. On or prior to July 1st of even-numbered years, agencies are required to report the status of their internal controls to the Department of Administration.

In addition to internal controls, the State also maintains budgetary controls to ensure compliance with the biennial financial plan enacted by the Legislature through the General Appropriations and the Authorized Expenditures Acts. Budgetary controls include the ability to encumber purchase orders to ensure appropriations are not exceeded.

**Management's Discussion and Analysis:** GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## Profile of Government

**Background:** The State of Nevada was admitted to the Union in 1864 and is located just east of the State of California. Nevada is bordered by four states, and in excess of 80% is owned and managed by the federal government.

The State's economy and tax base are dependent upon the interrelated gaming and tourism industries as well as upon federal activities, mining, warehousing, manufacturing, and agriculture. Over the past decade, Nevada has experienced one of the fastest population growth rates in the nation. The 2000 census showed a 62% increase over 1990 with over 2.4 million residents now calling Nevada home.

The State operates under a constitution which provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, public safety, business regulation, and resource development.

**Reporting Entity:** The State of Nevada reporting entity reflected in the State of Nevada CAFR, which is more fully described in Note 1 to the basic financial statements, conforms to the requirements of GASB Statement No. 14. The accounting and reporting principles contained in Statement No. 14 are based primarily upon the fundamental concept that publicly elected officials are accountable to their constituents, and that financial statements should emphasize primary government and permit financial statement users to distinguish between the primary government and its component units.

The primary government includes Public Employees, Legislators and Judicial Retirement Systems, and the Nevada Real Property Corporation. The State Legislature retains significant governing powers over these entities. The Nevada System of Higher Education and the Colorado River Commission are shown separately as component units to emphasize that they are legally separate from the State.

**Budgetary Process:** The State's budget document contains the financial policy of the executive department for each biennial period and shows the balanced relationship between total proposed expenditures and total anticipated revenues. The Governor must submit his proposed budget for the Executive Branch to the State Legislature before each regular session, which convenes every odd-numbered year. The Legislature enacts the budget through passage of the General Appropriations Act and the Authorized Expenditures Act. Once passed and signed, the budget becomes the State's financial plan for the next two fiscal years.

## Financial Information

**Debt Management:** The State Constitution limits the aggregate principal amount of the general obligation debt to 2% of the total reported assessed property value of the State. Additional disclosures regarding the State's long-term obligations are provided in Note 8 to the basic financial statements.

**Economic Outlook:** During the fiscal year ending June 30, 2006, Nevada's economy continued to turn in impressive results even though there were some signs of a slight moderation towards year-end. The State continues to lead the nation with respect to nearly every major economic barometer.

By the end of this fiscal year, Nevada businesses were home to 1.29 million jobs. For the entire year, job growth increased by 5.9%, which was four times the growth rate throughout the nation. It is especially impressive in the light of national trends. Furthermore, Nevada job gains consistently outpace those of the nation as a whole. Much the same is true with respect to personal income, another gauge of regional economic strength. Over the past five years, Nevada's personal income gains averaged 7.3% in comparison to just 4.2% of the nationwide average income growth for the same period.

Nevada taxable sales have doubled in the past decade. This is the tax base for the State's largest General Fund revenue source, the sales tax. Over that time period, the State's two largest sales categories, eating and drinking establishments and automotive-related businesses, each turned in average annual gains in excess of 8%.

Visitors continue to find the State to be an attractive destination. Las Vegas visitor volume totaled 38.7 million during fiscal year 2006, up 2% to a new record. Clark County gaming win per visitor has trended upward over the past decade. Statewide, over the past five years, win has increased at an average annual rate of 4.9%. Especially large increases in win per visitor were recorded in last two years, up to 12.1% in fiscal year 2006.

While Nevada's economy remains the strongest in the nation, there are some signs of moderation. As the year unfolded, job growth eased a bit. Through the first several months of the fiscal year annual job growth exceeded 6%, whereas by year-end, gains were closer to 5%. During the first eight months of fiscal year 2006, taxable sales grew 10.7% before easing to 5.2% in the final four months of the year. Las Vegas visitor volume increased at an annual rate of 3.6% during the first seven months of fiscal year 2006, however, during the final five months of the year, visitor volume was down 0.3% from the prior year's readings.

Nevada's strong economy has had direct implications for the State's overall fiscal health. The Rainy Day Fund stood at \$136 million at the beginning of 2003. The Fund was utilized to address various pressing fiscal issues during the first half of the year, leaving the balance at just above \$1 million by the mid-year. It has since grown, via a series of automatic triggers resulting from higher than expected revenue collections and direct appropriations, to its current level of more than \$233 million.

Nevada has been the fastest growing state in the nation for the past two decades. For instance, during the ten years ending in 2005, Nevada's population expanded at a 4.3% average annual pace while the national population growth averaged just 1.1%. Such strong growth results in considerable pressure, in the form of expanding student enrollments, human service needs, infrastructure requirements, etc., on the State's resources. Hence, while Nevada's revenue picture is encouraging, the State's growing population results in increasing demands upon the State's resources.

Between fiscal year 1997 and 2003, General Fund revenue growth averaged 5.1% per year. In 2003, the Executive Budget proposed significant changes in the State's revenue base, which the Legislature acted upon. The end result was a new revenue structure designed to better reflect underlying economic conditions in the State. As a result, revenue grew by over 30% in fiscal year 2004, during which the new revenue structure was phased in as the year unfolded. In fiscal year 2005, the first full year during which the new revenue structure was in place, growth came in at 14.1%. In fiscal year 2006, revenue grew 11.5% to \$3.06 billion.

General Fund revenue collections have come in above budgeted amounts in each of the past three years. Fiscal year 2006 collections came in \$187.6 million above that budgeted for. Much of the revenue "surplus" was attributable to revenue sources that were in place prior to 2003. For instance, just three revenue sources, the sales tax, gaming percentage fees, and Treasurer's interest income, accounted for 60% of the "surplus." Of the various new revenue



sources established in 2003, only real property transfer tax collections came in significantly higher than expected, accounting for \$21.7 million of the \$187.6 million “surplus.”

Expectations are for Nevada’s economy to continue expanding at a clip that will keep it at or near the top of nearly every ranking. Global Insight, a well-known economic consulting firm under contract with the State, expects Nevada job growth through the end of 2006 to be the strongest in the nation. Over the 2006-2008 period, Nevada job growth is forecasted to be the second strongest of all of the states, while a return to the top ranking is forecasted for the 2008-2011 period. Much the same is true with respect to other major economic indicators, such as personal income and gross state product.

Perhaps the biggest concern with respect to the State’s future economic strength revolves around a residential construction slowdown and the potential for such a slowdown to have broader economic impacts. For instance, in Clark County, new and existing home prices are barely holding steady, housing inventories are on the rise, and sales volume is on the decline.

While the residential real estate market is slumping, strength elsewhere is evident. In excess of 42,000 hotel/motel rooms are scheduled for construction in southern Nevada over the 2006-2009 period. Currently, there are a number of megaresort-type projects in various stages of construction in the Las Vegas market.

Taken as a whole, Nevada’s economy enters fiscal year 2007, and beyond, on very solid footing.

## Major Initiatives

**Criminal Justice:** In 2006, Governor Guinn continued to support programs to reduce the impact of crime on Nevada’s citizens. The state received a \$2.1 million federal grant to provide meaningful and needed monetary relief to those who have been victims of crime. In addition, the Casa Grande Transitional Housing Facility, a comprehensive and community-based residential facility that assists Department of Corrections’ offenders in re-entering mainstream society, became operational in January 2006. By providing this and other innovative training programs for these individuals, Nevada expects to reduce recidivism and minimize prisoner retention costs.

**Economic Development:** For the second year in a row, a *Chief Executive* magazine poll ranked Nevada as the second best State in the nation in which to do business. Not only were companies moving to the Silver State to begin or expand their operations, but also the State’s employment growth rate led the country. The State’s partnership with a number of private economic development organizations, to initiate and expand marketing initiatives, showed enviable success in new business and industrial recruitment, which led to the creation of competitive and well-paid jobs. In addition to these accomplishments, several counties were successful in obtaining federal and State grants to support economic development activities at the local level.

As a result, the State’s sales tax figures, while not as remarkable as in 2005, have continued to yield numbers that indicate healthy and sustainable economic growth. At the same time, job growth has resulted in unemployment rates that are substantially below the national average.

**Education:** The 2006 school year will mark the first opportunity for State leaders to assess the impact of projects implemented under a new \$100 million school improvement grant program proposed by Governor Guinn, which is administered by the Commission on Educational Excellence. Just over \$86 million was awarded to nearly 500 schools and districts for projects to improve student achievement. Following student testing in the spring of 2007, these programs will be reviewed and those that show the most success will, hopefully, be replicated in other schools across the State.

**Energy and Environment:** Governor Guinn has long recognized the need for energy conservation on the part of State agencies, the expanded use of renewable energy sources, and the need for environmental stewardship. Progress has continued toward meeting Nevada’s utility portfolio standard, with several new renewable energy contracts being signed, and the State has increased its focus on energy-efficient programs. Electricity and water utility retrofit projects at Northern Nevada Correctional Center (NNCC) and Western Nevada Community College, are expected to reduce demand, increase efficiency, and save the taxpayers nearly \$500,000 per year. Further, NNCC began the construction of a biomass cogeneration plant that will burn the forest waste to generate up to 1 megawatt of electricity and supply the hot water needs of facility systems. Use of the forest waste will improve the

health of the woodlands and national forests in the surrounding area, including the Lake Tahoe Basin, and will also reduce the potential for catastrophic fires. The project also includes a 30KW photovoltaic system. The total system will not only pay for itself over the next 15 years in reduced utility costs but also reduce demand on the local energy grid and may allow NNCC to sell excess generated power back to its electric utility provider.

**Health/Mental Health:** Governor Guinn was encouraged to finally see Nevada's Electronic Prescription program gain momentum. This e-prescribing program, which allows for the transfer of prescriptions from health providers to pharmacies, allowed Nevada to be recognized this year as a leader in this new technology that reduces the possibility of errors, increases efficiency, and improves accuracy and security. Increasing funding for and the focus on mental health services in the State were spotlighted this summer with the opening of the Rawson-Neal Mental Health Hospital. Governor Guinn supported the development and construction of this project not only to improve services to individuals in need of care but also to reduce the strain on emergency rooms at hospitals in southern Nevada.

**Personnel:** Over the next decade, up to 40 percent of Nevada's entire state government workforce will be eligible for retirement, and many of those employees serve in middle and upper management. With the State leading the nation in population growth for the nineteenth year in a row, it is obvious that there will be an ever-increasing demand for well-trained personnel. The Department of Personnel completed its *State of Nevada Workforce Planning Manual* and training sessions to assist the State's workforce to move into management positions began early this year. This year also saw the implementation of the State's Mediation and Conflict Resolution program, which serves to resolve workplace issues that have not been satisfactorily addressed by traditional methods. An on-line recruiting system also went live this year, designed to simplify the State's employee application process and make it more accessible to State employees and the public alike.

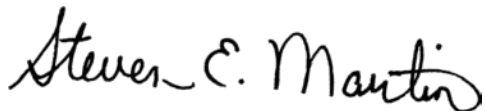
### Other Information

**GFOA Certificate of Achievement:** The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nevada for its CAFR for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A copy of the GFOA Certificate of Achievement is included in the Introductory section of the CAFR.

A Certificate of Achievement is valid for only a one-year period. We believe our current CAFR continues to meet the requirements of the Certificate of Achievement Program, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments and Conclusion:** This report shows the commitment of the Nevada State Controller's Office staff and myself to inform and clearly demonstrate the financial condition of our State to our citizenry and the financial community. Considerable effort and cooperation has been exhibited by all State agencies, the Legislative, and the Judicial Branches of government in producing this report. Without their efforts, this financial report could not have been produced. I extend my sincere appreciation to the leaders in our State for their stewardship, and for their contribution of the economic outlook and major initiatives sections. I would also like to commend the efforts of our auditors, Kafoury, Armstrong & Co.

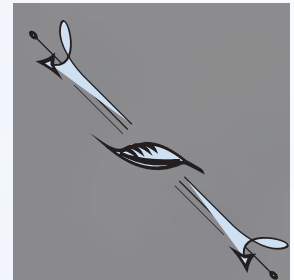
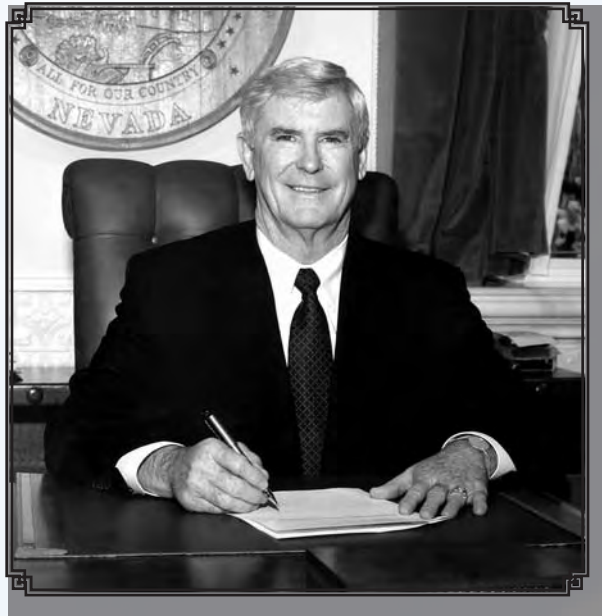
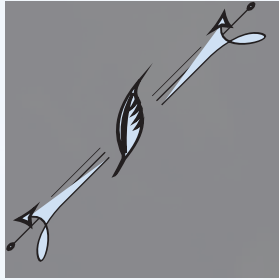
Respectfully Submitted,



Steven Martin  
Nevada State Controller



# State of Nevada Constitutional Officers

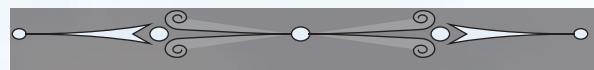


Lorraine Hunt  
Lieutenant Governor

Kenny Guinn  
Governor



Dean Heller  
Secretary of State



Kathy Augustine  
Controller



Brian Krolicki  
Treasurer



George Chanos  
Attorney General



# Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Nevada

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# One Hundred Years of Las Vegas

The Las Vegas skyline with its unique mix of features is immediately recognized worldwide. Gaming, entertainment, and nonstop fun is what the world imagines when they think of Las Vegas. But there is much more to this vast meadow in the desert. Railroads, mining, water, military, construction, and recreation have all played a role in making Las Vegas the recreation destination it is today. 2005 marked the Centennial of Las Vegas' birth as a city. In May of 1905, Senator William Clark of Montana auctioned off land lots in what is now downtown Las Vegas. As a result of that auction Senator Clark became the first man to make a fortune in that city. We will take a look back at the history of Las Vegas and review how this once small ranch became the large international city it is today welcoming more than 35-million visitors each year.

There is evidence early civilizations inhabited the valley, now known as Las Vegas, nearly 11,000 years ago. The area was a lush, green fertile valley inhabited by game animals luring prehistoric man to the area. Over thousands of years the area turned arid, the flora and fauna changed, and so did the nature of human occupation. Evidence suggests that early nomadic hunter-gatherer Native Americans regularly lived in the valley for centuries. Prior to the 1800's, Nevada's primary inhabitants were Native Americans of the Paiute, Washoe, and Shoshone tribes. European traders began to travel through the area in the late 1820's, naming it Las Vegas, Spanish for "The Meadows." By 1840, Las Vegas was featured on maps as a part of the New Mexico Territory.

Mormon missionaries established a settlement in 1855 and built what was called the Las Vegas Fort, used as a way station between Salt Lake City, Utah and San Bernardino, California. The settlement was abandoned in 1857. However, it served for many years as a shelter and watering hole for travelers on the trail to and from California. In 1865, Octavius Decatur Gass took possession of the deserted fort, rebuilt it, planted crops and renamed it Los Vegas Rancho. By then the town was a part of the Arizona Territory. Ultimately, the valley that included Los Vegas Rancho was included in the new State of Nevada in 1867.

In 1881, Archibald and Helen Stewart acquired the Los Vegas Rancho from Gass. Only three years after moving to the prospering land, Archibald Stewart was killed under suspicious circumstances at a neighboring property. His wife Helen managed the ranch and raised her young family there for the next 18 years. She sold it in 1902 for \$55,000 to Senator William Clark, who envisioned a desert oasis linked to the anticipated arrival of the railroad.

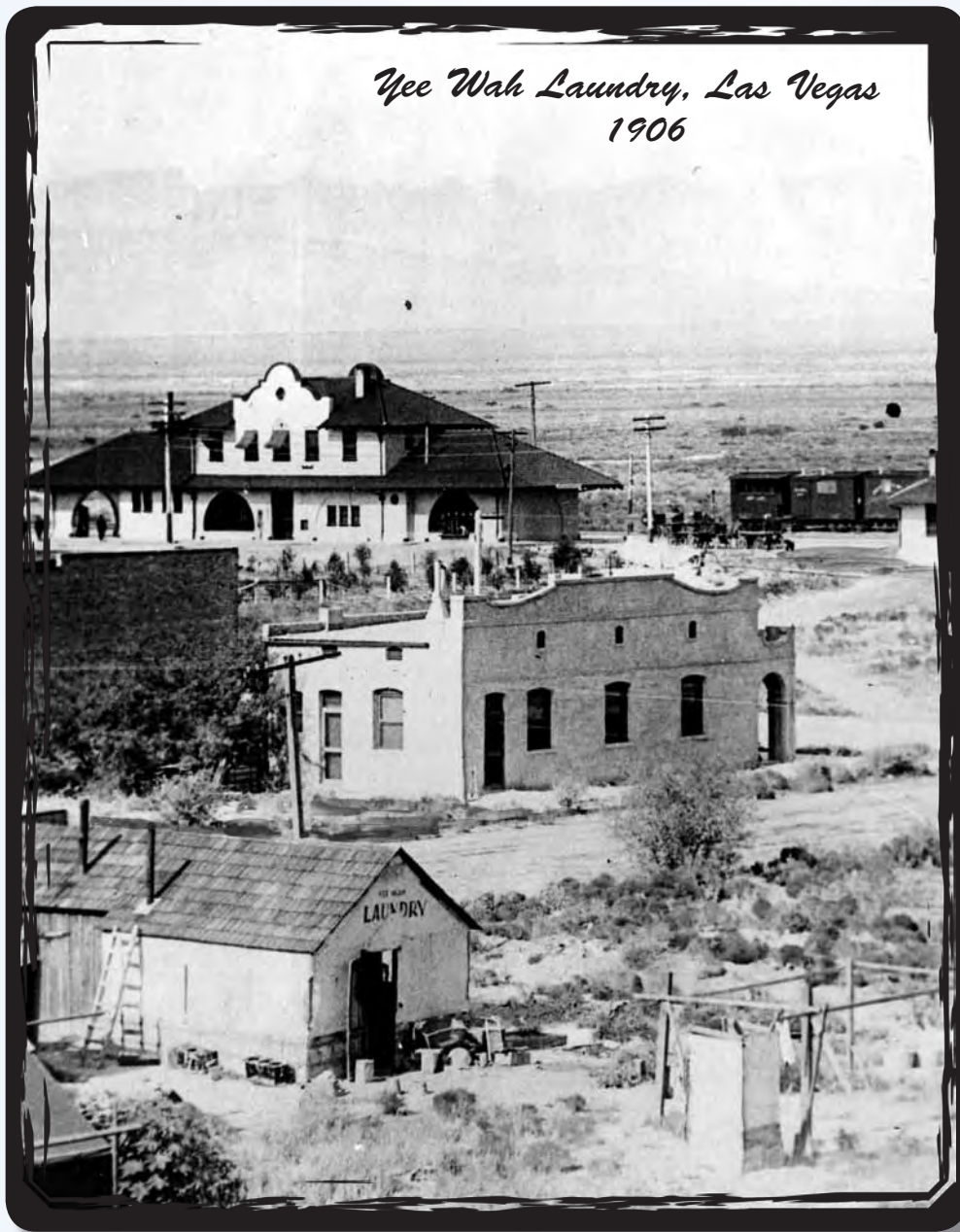
In early 1904 the population of Las Vegas was 30. By May 1905, with the completion of the railroad line between Salt Lake City and Los Angeles, more than 3,000 people were in town to take part in a land auction marking the establishment of the city. The town was surveyed and lots were sold. Businesses and makeshift shelters sprang up overnight. Senator Clark's \$55,000 investment turned into \$265,000 after the auction. His gamble paid off.



*Block 16, Las Vegas  
1905*



Las Vegas was a company town supporting the railroad and its needs. One requirement of the railroad companies was that only a small section of the new town was allowed to include saloons and entertainment houses. This section was known as Block 16. The Arizona Club was probably the most famous of the saloons on Block 16. The club was known throughout the West as a place to gamble, drink liquor and visit an established red-light district.



The creation of mining boomtowns in outlying areas of the State also benefited Las Vegas. Several small rail lines connected into the Las Vegas station that served the main rail line running between Los Angeles and Salt Lake City. Equipment, supplies, men and resources were transported to and from the minefields providing jobs and money to the slowly growing city. The Chamber of Commerce promoted Las Vegas to potential residents who may have viewed the town as an isolated, dependent railroad stop, with the slogan: "Take care of 5 acres in Las Vegas and 5 acres will take care of you."

During the next 25 years, Las Vegas had a difficult relationship with the railroads. Las Vegas experienced strikes, layoffs, ownership exchanges, and changes in travel needs that nearly spelled the end of this dusty, wild-west outpost. The railroad's influence in Las Vegas began to diminish as automobiles, trucks, and air service increased. In the 1920's federal dollars were made available for road construction linking Las Vegas with Carson City without having to go, as one

local declared, on "safari." Highway 91, which runs through the middle of Las Vegas, was completed connecting Los Angeles and Salt Lake. But in 1931 two major events saved Las Vegas from becoming just another dying railroad town: the construction of Hoover Dam and legalized gaming.

In the middle of the Great Depression, a national works project was instituted to harness the Colorado River to protect farms downstream, provide water for irrigation and to supply the electricity needs of an exploding population in the West. People from all over the country and from all walks of life came to southern Nevada for a job and a fresh start. Boulder Dam (renamed Hoover Dam in 1935) created an economic engine that benefited the newly created town of Boulder City, as well as all of the Las Vegas Valley. Las Vegas served as a gateway for people and materials bound for the massive dam. But it also provided a welcome escape from the backbreaking labor, heat and oppressive, strict moral living environment of Boulder City endured by laborers during the 5-year construction project.

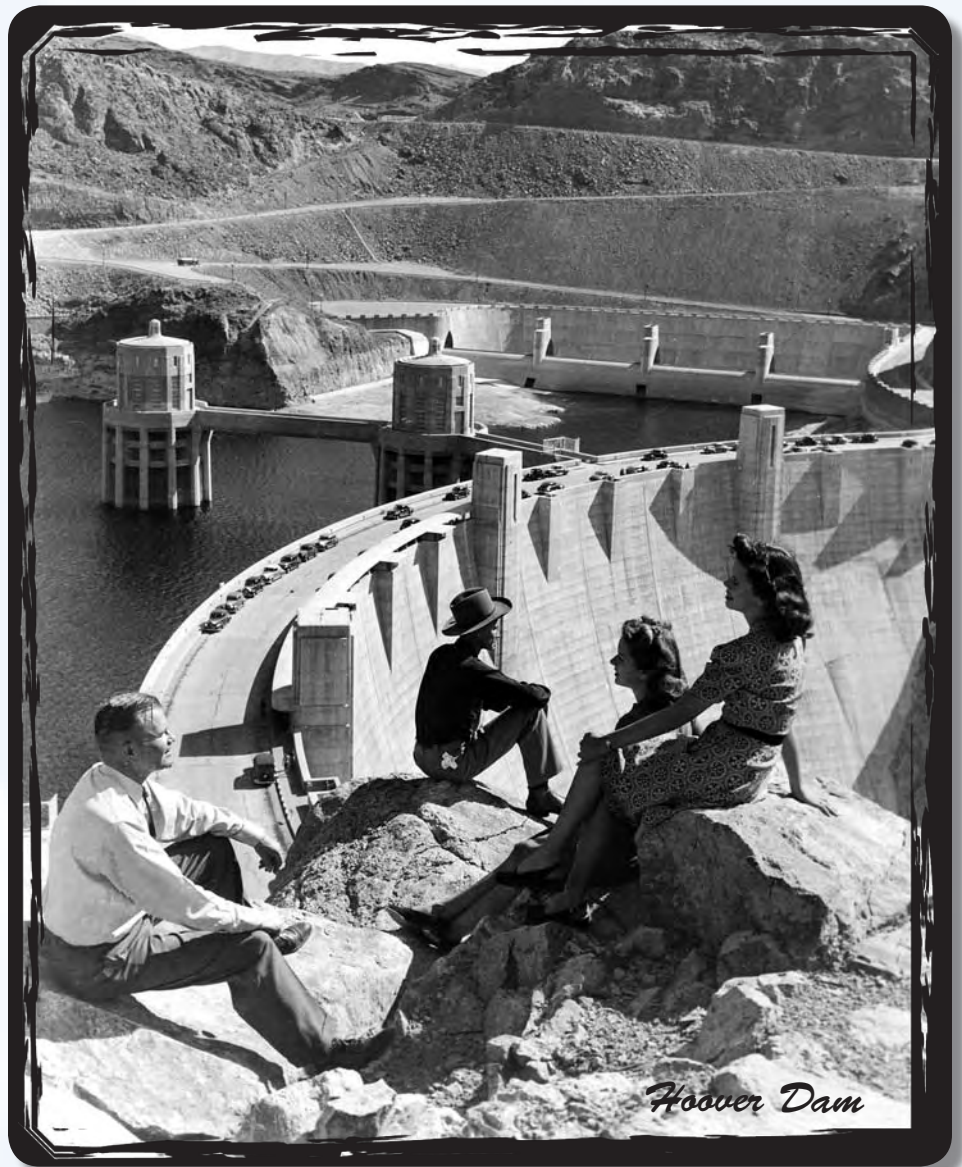
By 1934, many of the builders of Boulder Dam finished much of their work and began moving back to their homes throughout the country. This sudden but anticipated change in population threatened to leave the community without its much needed customer base. The Las Vegas Elks Lodge invented a multi-day festival called Helldorado Days to draw tourists to their remote town. A Western Village was built in downtown Las Vegas, and residents wore Western gear for the festival. Tourists hit town in large numbers and Helldorado days became an important annual event for decades.

In addition to Boulder Dam, President Roosevelt's New Deal assisted in the development of infrastructure for Las Vegas. Many large public works projects, including a modern and expanded sewer system, had been planned for years but lacked the tax base necessary for completion. The sewer system was quickly finished with the help of this depression era government program.

Gaming had been a popular pastime in this bare-knuckled town from the beginning. Las Vegas was a powerful draw for both gamblers and businesses that benefited from gamblers. When laws were enacted to restrict or limit gaming, few were enforced because of gambling's acceptance and benefit to the community. When a law was finally passed in 1931 to allow unrestricted gaming, the city went to work to attract visitors happy to take advantage of the change in the law. The downtown area became more of a tourist center than a local community center. Hotels and casinos were built there and expanded to accommodate the flood of expected visitors. Many casinos were constructed around the fantasy of Las Vegas as a wild frontier town with saloons, gambling and dancing girls.

By 1940, as it became apparent the world was careening toward war, Senator Pat McCarran was a strong advocate for Las Vegas in Washington D.C. He was instrumental in procuring military and federal dollars before, during and after the war. Las Vegas benefited by having the Army Gunnery School (now Nellis Air Force Base) at the north end of town to train pilots for combat. Basic Magnesium Inc. (BMI) built a giant magnesium plant in the southeast part of the valley to support the military's needs. Thousands of visitors with money from the military bases and defense plants in California and Arizona flooded into Las Vegas to play. A world-class airport named in McCarran's honor was constructed on the south side of town to accommodate tourism traffic.

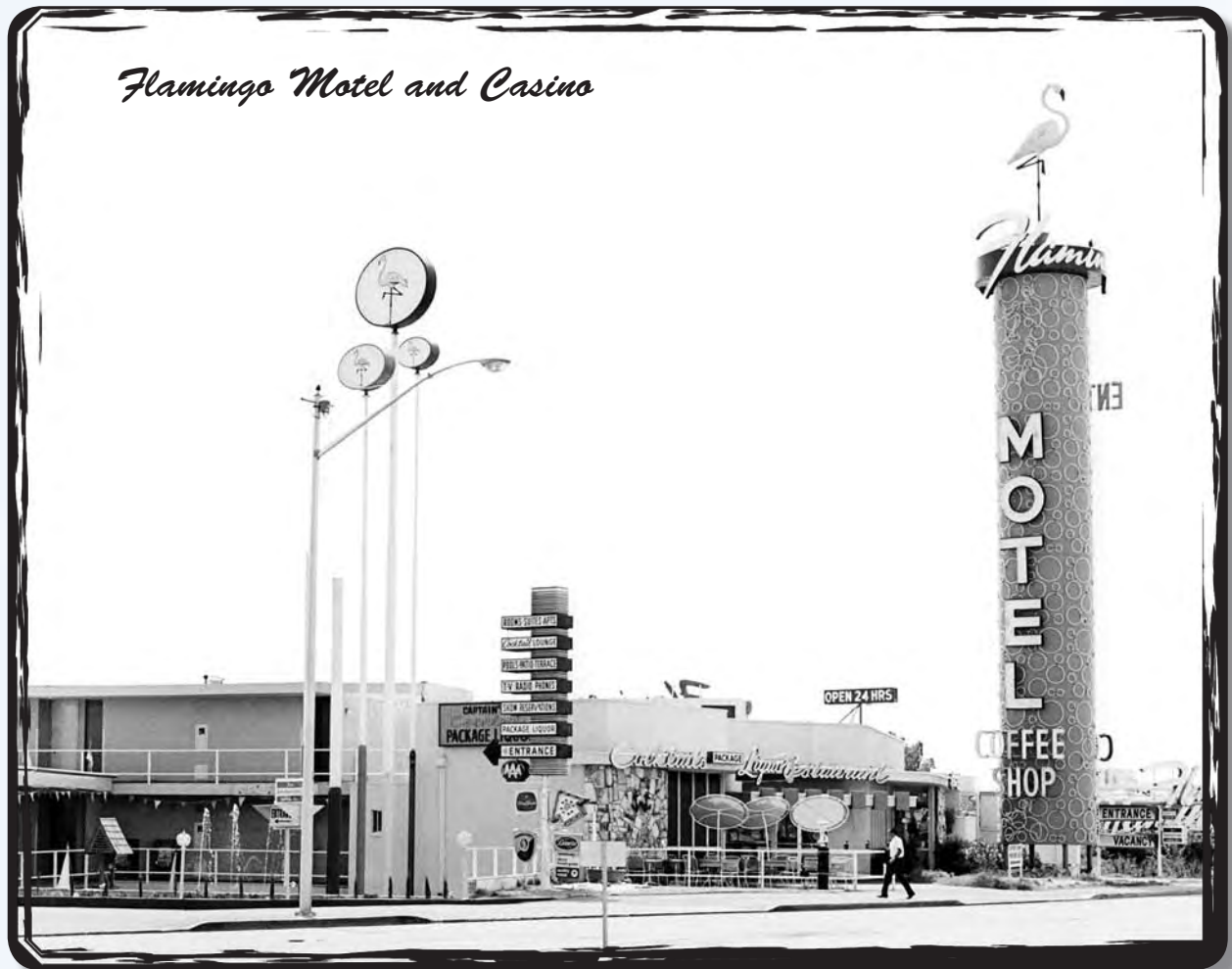
By the mid 1940's air conditioning was introduced. Casinos could offer visitors relief from the hot desert sun while contributing to the growing entertainment industries of Las Vegas. Air conditioning in personal vehicles also allowed for more people to venture out and see Hoover Dam. By now Las Vegas was convinced it was tourism and gaming and not the railroad that would be the future of their city.



*Hoover Dam*



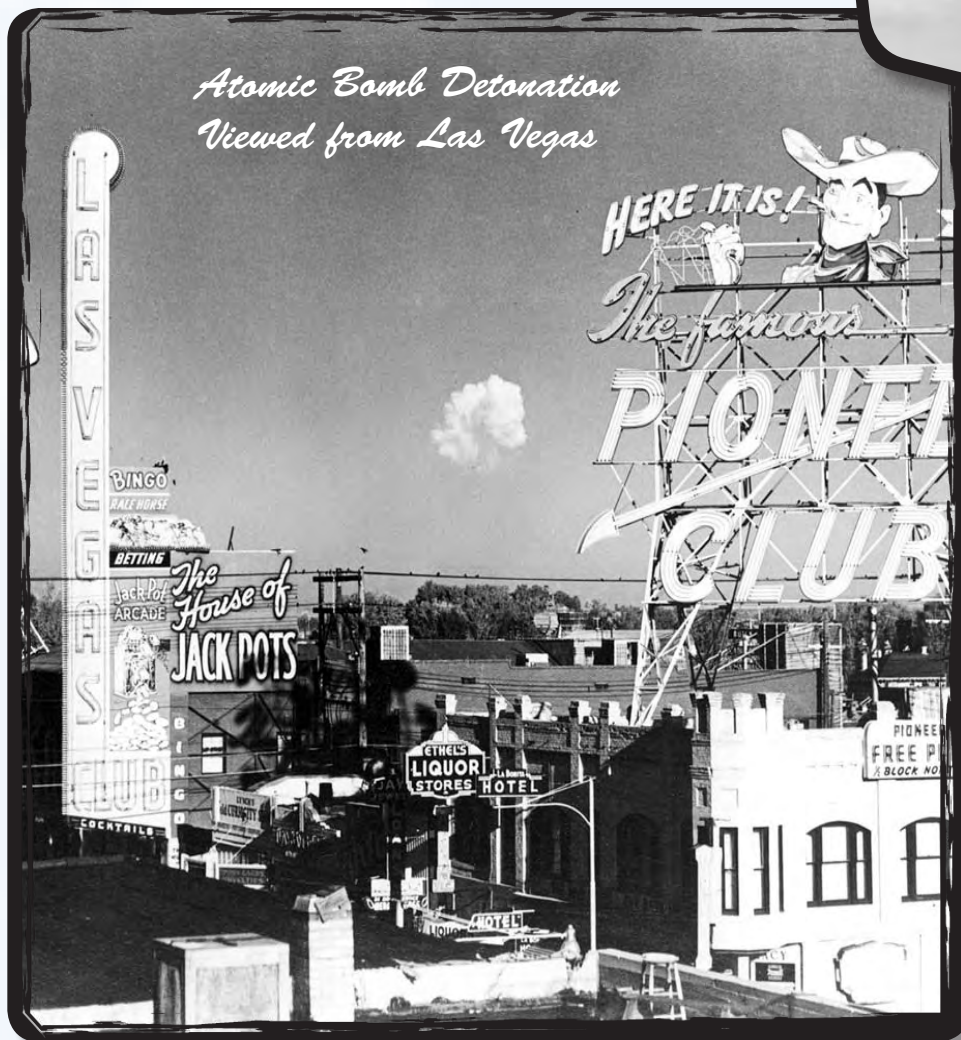
In 1941, a Los Angeles hotel man named Tom Hull purchased 33 acres of what was referred to by the seller as a dusty, worthless piece of land, 3 miles from downtown Las Vegas on Highway 91. Hull built a hotel and casino there and called it El Rancho Vegas, marking the birth of what is now known as The Strip. Most locals saw this casino in the middle of nowhere and predicted failure. But Hull's combination of gaming and Hollywood entertainment proved to be a winner in luring Los Angeles residents to the desert. Later that same year, and not far from the El Rancho Vegas, The Last Frontier was built by Texas tycoon R. E. Griffith. The man who sold the property to Griffith bragged for months about how he had taken advantage of the man from Texas by selling him a worthless piece of dirt for an unheard of amount of money. Griffith brought in Hollywood entertainers and was the first to sponsor bus and plane trips from California to the Last Frontier hotel. Before he sold the casino in 1951, the Texan tycoon had proven he had made a very wise investment.



Part of Las Vegas' colorful history is its affiliation with organized crime. With all the gambling, liquor, and a wide variety of adult entertainment options, it was not a surprise less-than-reputable characters emerged on the scene. Benjamin 'Bugsy' Siegel, a member of a New York mob, came to Las Vegas frequently to gamble while on company business in Los Angeles. He purchased the El Cortez hotel downtown and used the gaming profits from that casino for his dream project, a hotel on the developing Strip. Siegel envisioned a glamorous Flamingo hotel as the means of attracting the more sophisticated high rollers to the desert. He borrowed millions from his organized crime connections who eventually grew impatient with the building cost overruns and the lack of profitability. In 1947, his financial backers had him removed from ownership via a hail of bullets at his girlfriend's home in Beverly Hills. The professionals from the East Coast took over.

In 1951, at the beginning of the Cold War, scientists started moving quietly into Las Vegas hotels and left early each morning for unknown locations in the desert. Bright flashes of light and mushroom clouds in the distance became commonplace in the 1950's as the U.S. government exploded 120 nuclear devices above ground over a 12 year period. Rather than be concerned, Las Vegans embraced the new source of dollars and visitors. Miss Atomic Blast beauty contests were held, beauty salons created Atomic Hairdos, and hotels and enterprising locals arranged excursions to hillside locations for a better view of the blasts. The Las Vegas Chamber of Commerce went so far as to print a calendar so visitors could plan their trips around expected blasts. The Clark County seal displayed a mushroom cloud for many years.

One of the richest men in the world, Howard Hughes, took an interest in Las Vegas in the mid 1960's. Hughes had been living on the top two floors of the famous Desert Inn resort for several weeks when hotel management asked him to leave in order to accommodate more guests. Instead of listening to management and leaving the hotel, Hughes simply wrote a check for \$13.2 million and bought controlling interest of the resort. He purchased business properties all over Las Vegas and Nevada including several hotels, mines, large tracts of land, and even a local TV station. The eccentric billionaire wanted to watch specific television programs. Hughes bought the station and had the station manager play the programs he wanted.



Several casino owners, including some aging mobsters, saw the Hughes' spending spree as an opportunity to cash in and get out of what was becoming a tougher, highly regulated industry. Hughes sketched out a reshaped town with large resort casinos, a huge international airport, a medical school and a premier education system. However, he left Las Vegas as quickly and mysteriously as he arrived after learning of the government's testing of the larger, and much more destructive, hydrogen bomb in southern Nevada.



Since the 1940's, entertainers have been a significant part of drawing tourists to Las Vegas. One of the biggest names in entertainment most often associated with Las Vegas is Elvis Presley. Elvis made his first appearance in Las Vegas in 1956, but was not warmly embraced, because Las Vegas was not yet considered a rock and roll venue. By 1963 he returned to shoot the movie "Viva Las Vegas" as a recording and movie star, he was mobbed and followed by adoring fans wherever he went. He married Priscilla Beaulieu in Las Vegas in 1967 and became the King of the city for nearly 10 years, performing two shows a night, 2 months each year.

In the 1950's and 60's Frank Sinatra, Dean Martin, Sammy Davis Jr., Joey Bishop and Peter Lawford were some of the biggest names in entertainment and called Las Vegas their entertainment home. They performed together at the Sands Hotel while filming the movie "Oceans Eleven." Their presence drew celebrities from all over the country, including a young Democratic Senator and candidate for President, John F. Kennedy. Frank Sinatra had so much respect and influence among the local and business community, he has been credited with accelerating the desegregation of the Sands Hotel. An African-American couple was prevented from entering the hotel. Sinatra, looking on from the bar, walked over and informed the doorman these people were his guests. He then called the Sands owner and announced it was time to open the casino to everyone. The next day Sinatra's close friend, Sammy Davis Jr., went to the NAACP office and encouraged them to send several applicants to the Sands who were immediately hired into previously unavailable jobs. Many other hotels followed suit shortly thereafter. Frank Sinatra was such a big part of the Las Vegas legend that when he died in 1998, the lights of the city were dimmed in his honor.



It wasn't just gaming that attracted people to Las Vegas. Tourists were happy to buy into the fantasy that they could get away from it all in order to act like and be treated like royalty. In 1966, Jay Sarno opened Caesars Palace, a luxury casino. It broke gaming records its first week of business and was the most profitable casino in the world for years. Sarno opened Circus Circus in 1968 attracting middle class tourists. He never saw his biggest vision realized: a mega resort with waterfalls, an inside rollercoaster, a massive casino and more than 4,000 hotel rooms. While the locals laughed at the time, his vision has practically become the industry standard.

In 1967, Kirk Kerkorian was a pilot turned entrepreneur and new player on the Las Vegas hotel building scene. His project, the International (now known as the Hilton), was billed as the largest and most expensive casino in the world with 1,512 rooms at a cost of \$60 million. He hit the jackpot. His next project, the MGM Grand, named after his movie studio, was billed as the largest and most expensive casino in



1974. This gamble also paid off and it ultimately became Bally's. Kerkorian built the second MGM Grand in 1993, the largest and most expensive casino ever, costing close to \$1 billion dollars and boasting more than 5,000 hotel rooms. Once again, he hit the jackpot.

In 1971, a young Steve Wynn wanted in on the casino business in Las Vegas. He purchased the neglected Golden Nugget in downtown Las Vegas. With the gaming profits he made from the Golden Nugget, he built another Golden Nugget in Atlantic City. He later sold the Atlantic City casino to Bally's for a huge profit that allowed him to make even bigger investments in Las Vegas. His next project was the Mirage in 1989, with 8 luxury villas to cater to the estimated 100 ultra-rich players worldwide, who would wager at least one million dollars per visit. Despite the estimated \$630-million-dollar price tag and doubt from many experts, the Mirage was profitable from its first month of opening. Within six weeks of opening the Mirage, Wynn knew he had discovered a huge untapped and underserved very high-end market. In 1993 Wynn constructed Treasure Island, inspired by the Robert Louis Stevenson novel, with an elaborate outdoor stage where Pirates and the British Navy battled. In 1998 Wynn built the Bellagio, catering to high-rollers, luxury seekers and art lovers, inspired by an Italian village overlooking Lake Como. In 2005, he opened Wynn Las Vegas, continuing to raise the bar for luxury hotels.

By the mid 1990's many rival casino owners came to the conclusion it would be better to work together than to compete, by building a tourist base and spreading the risk of the ever-increasing building and operating cost of the mega resorts. Mirage Resorts, Inc. and Circus Circus Enterprises built The Monte Carlo next to The Bellagio. New York-New York was the result of the partnership of MGM Grand, Inc., and Primm Valley Resorts. Each time the experts declared lack of tourists and dollars to sustain expensive building, another mega resort would be announced, built, and prove the experts wrong with growing crowds and substantial profits.

Until the 1990's Las Vegas had been viewed as an adult playground. With the advent of mega resorts, the city needed to find new visitors who would stay longer and fill the tens of thousands of rooms now available. Many resorts began marketing to families with activities and facilities for visitors of all ages. Movie theatres, water parks, arcades, sports parks, performers, restaurants, shopping malls, and animal shows attracted families who had never previously considered southern Nevada as a vacation destination. But resort owners still recognize the family-friendly environment is meant to drive the main revenue source, gaming.

The greater Las Vegas area continues to be one of the fastest growing areas in the country, with a population approaching two million. It is no longer just about gaming and entertainment, which long had been the majority of employment opportunities for the residents. Every type of profession can be found there: doctors, lawyers, dentists, architects, builders, and other service providers catering to the needs of the growing population. People from all over the country and world have come to call Las Vegas their home. Adequate infrastructure continues to be the challenge with an exploding population. Roads, schools, sewers and water systems are being built and upgraded constantly.

Las Vegas has transformed itself from a tiny, isolated, desolate crossroads to one of the most easily recognized and popular cities in the world. Even Senator William Clark could not have foreseen the city that has evolved from a small railroad town in 1905. As Las Vegas looks toward the next century there are many there who consider the continued success of the city a safe bet.





# *Financial Section*

*Landmark Implosion 11/7/1995*







**KAFOURY ARMSTRONG & CO.**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditor's Report

The Honorable Steve Martin, CPA, CFE  
State Controller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of and for the year ended June 30, 2006, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Nevada's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit:

#### Government-Wide Financial Statements

- the financial statements of the Housing Division, which represent 41.6 percent of the assets, 13.7 percent of the net assets and 9.4 percent of the revenues of the business-type activities;
- the financial statements of the Nevada System of Higher Education and the Colorado River Commission, both of which are discretely presented component units.

#### Fund Financial Statements

- the financial statements of the Housing Division Enterprise Fund;
- the financial statements of the Self-Insurance and Insurance Premiums Internal Service Funds, which in the aggregate represent less than one percent of the assets, net assets and fund balances, and 6.8 percent of the revenues and additions of the aggregate remaining fund information;
- the financial statements of the Public Employees' Retirement and the Legislators' Retirement Pension Trust Funds, which in the aggregate represent 87.6 percent of the assets, 92.5 percent of the net assets and fund balances, and 54.7 percent of the revenues and additions of the aggregate remaining fund information.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material

misstatement. The financial statements of the Self Insurance and Insurance Premiums Internal Service Funds and the Public Employees' Retirement and the Legislators' Retirement Pension Trust Funds were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 20 through 30, the budgetary comparison schedule, the notes to required supplementary information-budgetary reporting, the schedule of funding progress and the schedule of infrastructure condition and maintenance data, collectively on pages 92 through 96, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Nevada's basic financial statements. The combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and accordingly, we express no opinion on them.



Reno, Nevada  
December 15, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

State of Nevada management provides this discussion and analysis of the State of Nevada's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Nevada is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the additional information furnished in the letter of transmittal.

### Highlights

#### Government-wide:

*Net Assets* – The assets of the State exceeded its liabilities at the close of the fiscal year ended June 30, 2006 by \$5.779 billion (reported as *net assets*). Of the \$5.779 billion in net assets, \$1.819 million was restricted and not available to meet the State's general obligations.

*Changes in Net Assets* – The State's total net assets increased by \$585.3 million in fiscal year 2006. Net assets of governmental activities increased by \$401.1 million (a 9.5% increase) and net assets of the business-type activities increased by \$184.2 million (a 19% increase).

#### Fund-level:

At the close of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$2.6 billion, a decrease of \$6.6 million from the prior year. Of this amount, \$1.6 billion represents the *unreserved fund balance*.

The State's enterprise funds reported combined ending net assets of \$1.2 billion, an increase of \$184.3 million from the prior year, attributable primarily to the Unemployment Compensation fund. Of this amount, \$6.3 million represents the *unrestricted net assets*.

The State's fiduciary funds reported combined ending net assets of \$20.5 billion, an increase of \$2 billion from the prior year, attributable primarily to the Pension Trust Funds.

#### Long-term Debt (government-wide):

The net decrease in the State's long-term debt obligations was \$160 million (a 4.1% decrease) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is an introduction to the State of Nevada's basic financial statements which is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Comprehensive Annual Financial Report also contains other supplementary information in addition to the basic financial statements.

#### Government-wide Financial Statements:

The *government-wide financial statements* are designed to provide readers with a broad overview of the State of Nevada's finances in a manner similar to the private sector. They take into account all revenues and expenses connected with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The *statement of net assets* presents *all* of the State's assets and liabilities, with the difference between the two reported as "net assets." The statement combines and consolidates all of the State's current financial resources with capital assets and long-term obligations. Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the State's net assets changed during the most recent fiscal year. The statement reveals how much it costs the State to provide its various services, and whether the services cover their own costs through user fees, charges or grants, or are financed with taxes and other general revenues. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of cash flows. Therefore, some revenue and expenses reported in this statement will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both government-wide statements above report three types of activities:

*Governmental Activities* – Taxes and intergovernmental revenues primarily support these activities. Most services normally associated with State government fall into this category, including general government, health and social services, education and support services, law, justice and public safety, regulation of business, transportation, recreation and resource development, interest on long-term debt and unallocated depreciation.

*Business-type Activities* – These activities are intended to recover all, or a significant portion, of the costs of the activities by charging fees to customers. The Housing Division and Unemployment Compensation are examples of the State’s business-type activities.

*Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the government are financially accountable or have significant influence in governing board appointments. The State has two discretely presented component units – the Nevada System of Higher Education and the Colorado River Commission. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

### **Fund Financial Statements:**

A fund is an accounting entity consisting of a set of self-balancing accounts to track funding sources and spending for a particular purpose. The State’s funds are broken down into three types:

*Governmental funds* – Most of the State’s basic services are reported in governmental funds. These funds focus on short-term inflows and outflows of expendable resources as well as balances left at the end of the fiscal year available to finance future activities. These funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

The governmental fund financial statements focus on major funds and provide additional information that is not provided in the government-wide financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. A reconciliation is provided between the governmental fund statements and the governmental activities in the government-wide financial statements.

*Proprietary funds* – When the State charges customers for the services it provides, whether to outside customers (enterprise funds) or to other State agencies (internal service funds), the services are generally reported in the proprietary funds. Proprietary funds apply the accrual basis of accounting utilized by private sector businesses, and there is a reconciliation between the government-wide financial statement business-type activities and the enterprise fund financial statements. Because internal service fund operations primarily benefit governmental funds, they are included with the governmental activities in the government-wide financial statements.

*Fiduciary funds* – These funds are used to account for resources held for the benefit of parties outside the state government. For instance, the State acts as a trustee or fiduciary for its employee pension plans, and it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. Fiduciary funds are reported using the accrual basis of accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

### **Notes to the Financial Statements:**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

### **Required Supplementary Information:**

The required supplementary information includes budgetary comparison schedules for the General Fund and major special revenue funds, along with notes and a reconciliation of the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end. This section also includes a schedule of funding progress for certain pension trust funds and a schedule of infrastructure condition and maintenance data.

**Other Supplementary Information:**

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, all internal service and all fiduciary funds. The non-major funds are added together, by fund type, and presented in single columns in the basic financial statements. Other supplementary information also contains budgetary schedules of total uses for the General Fund and special revenue fund budgets, as well as a schedule of sources for non-major special revenue fund budgets.

**Government-wide Financial Analysis**

The State's overall financial position and operations for the fiscal years ended June 30, 2006 and 2005 for the primary government are summarized in the following statements based on the information included in the government-wide financial statements.

**State of Nevada's Net Assets-Primary Government**  
(expressed in thousands)

|                                 | <b>Governmental Activities</b> |                     | <b>Business-type Activities</b> |                   | <b>Total</b>        |                     | <b>Total Change</b> |
|---------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|---------------------|
|                                 | <b>2006</b>                    | <b>2005</b>         | <b>2006</b>                     | <b>2005</b>       | <b>2006</b>         | <b>2005</b>         | <b>2006-2005</b>    |
| <b>Assets</b>                   |                                |                     |                                 |                   |                     |                     |                     |
| Current and other assets        | \$ 5,467,473                   | \$ 5,292,817        | \$ 2,205,939                    | \$ 2,141,031      | \$ 7,673,412        | \$ 7,433,848        | \$ 239,564          |
| Net capital assets              | 4,669,812                      | 4,340,101           | 2,824                           | 2,906             | 4,672,636           | 4,343,007           | 329,629             |
| <b>Total assets</b>             | <b>10,137,285</b>              | <b>9,632,918</b>    | <b>2,208,763</b>                | <b>2,143,937</b>  | <b>12,346,048</b>   | <b>11,776,855</b>   | <b>569,193</b>      |
| <b>Liabilities</b>              |                                |                     |                                 |                   |                     |                     |                     |
| Current liabilities             | 2,654,510                      | 2,509,838           | 80,179                          | 97,206            | 2,734,689           | 2,607,044           | 127,645             |
| Long-term liabilities           | 2,856,639                      | 2,898,006           | 976,084                         | 1,078,460         | 3,832,723           | 3,976,466           | (143,743)           |
| <b>Total liabilities</b>        | <b>5,511,149</b>               | <b>5,407,844</b>    | <b>1,056,263</b>                | <b>1,175,666</b>  | <b>6,567,412</b>    | <b>6,583,510</b>    | <b>(16,098)</b>     |
| <b>Net Assets</b>               |                                |                     |                                 |                   |                     |                     |                     |
| Invested in capital assets, net |                                |                     |                                 |                   |                     |                     |                     |
| of related debt                 | 3,445,629                      | 3,257,469           | 2,824                           | 2,906             | 3,448,453           | 3,260,375           | 188,078             |
| Restricted                      | 675,966                        | 663,901             | 1,143,248                       | 956,895           | 1,819,214           | 1,620,796           | 198,418             |
| Unrestricted (deficit)          | 504,541                        | 303,704             | 6,428                           | 8,470             | 510,969             | 312,174             | 198,795             |
| <b>Total net assets</b>         | <b>\$ 4,626,136</b>            | <b>\$ 4,225,074</b> | <b>\$ 1,152,500</b>             | <b>\$ 968,271</b> | <b>\$ 5,778,636</b> | <b>\$ 5,193,345</b> | <b>\$ 585,291</b>   |

**Net Assets:**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$5.779 billion at the end of 2006, compared with \$5.193 billion at the end of the previous year.

The largest portion of the State's net assets (\$3.45 billion or 59%) reflects its investment in capital assets such as land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure and rights-of-way, less any related debt still outstanding that was used to acquire those assets. The State uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (\$1.819 billion or 31%) represents resources that are subject to external restrictions on how they may be used. At the close of the fiscal year, the State reported unrestricted net assets of \$511 million as compared to \$312 million in the prior year. This was primarily due to higher revenues in the form of gaming taxes, sales and use taxes, and unemployment taxes caused by an improved state economy. At the end of the current fiscal year, the State is able to report positive balances in all of the three categories of net assets, both for the government as a whole, as well as for its governmental activities and the business-type activities.

**Changes in State of Nevada's Net Assets-Primary Government**  
(expressed in thousands)

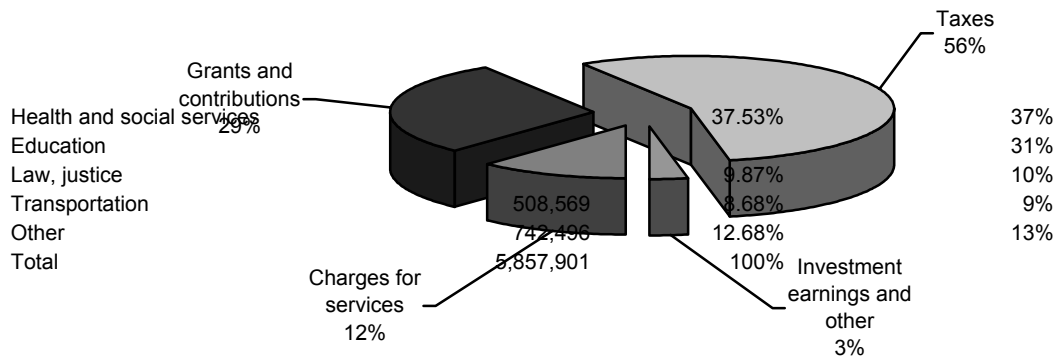
|   | <b>Governmental<br/>Activities</b> |                     | <b>Business-type<br/>Activities</b> |                  | <b>Total</b>       |                    | <b>Total<br/>Change</b> |
|---|------------------------------------|---------------------|-------------------------------------|------------------|--------------------|--------------------|-------------------------|
|   | <b>2006</b>                        | <b>2005</b>         | <b>2006</b>                         | <b>2005</b>      | <b>2006</b>        | <b>2005</b>        | <b>2006-2005</b>        |
| <b>Revenues</b>   |                                    |                     |                                     |                  |                    |                    |                         |
| Program revenues  |                                    |                     |                                     |                  |                    |                    |                         |
| Charges for services  | \$ 769,156                         | \$ 737,725          | \$ 89,793                           | \$ 96,357        | \$ 858,949         | \$ 834,082         | \$ 24,867               |
| Operating grants and contributions  | 1,848,091                          | 1,829,252           | 111,598                             | 83,672           | 1,959,689          | 1,912,924          | 46,765                  |
| Capital grants and contributions  | 27,080                             | 7,795               | -                                   | -                | 27,080             | 7,795              | 19,285                  |
| General revenues  |                                    |                     |                                     |                  |                    |                    |                         |
| Sales and use taxes   | 1,097,939                          | 999,623             | -                                   | -                | 1,097,939          | 999,623            | 98,316                  |
| Gaming taxes  | 1,003,111                          | 900,261             | -                                   | -                | 1,003,111          | 900,261            | 102,850                 |
| Modified business taxes   | 255,252                            | 226,924             | -                                   | -                | 255,252            | 226,924            | 28,328                  |
| Insurance premium taxes   | 238,297                            | 215,353             | -                                   | -                | 238,297            | 215,353            | 22,944                  |
| Property and transfer taxes   | 318,941                            | 287,410             | -                                   | -                | 318,941            | 287,410            | 31,531                  |
| Motor and special fuel taxes  | 297,383                            | 281,726             | -                                   | -                | 297,383            | 281,726            | 15,657                  |
| Other taxes   | 398,460                            | 362,797             | 365,598                             | 320,622          | 764,058            | 683,419            | 80,639                  |
| Investment earnings   | 87,729                             | 25,238              | -                                   | -                | 87,729             | 25,238             | 62,491                  |
| Other   | 86,371                             | 162,869             | -                                   | -                | 86,371             | 162,869            | (76,498)                |
| <b>Total Revenues</b>   | <b>6,427,810</b>                   | <b>6,036,973</b>    | <b>566,989</b>                      | <b>500,651</b>   | <b>6,994,799</b>   | <b>6,537,624</b>   | <b>457,175</b>          |
| <b>Expenses</b>   |                                    |                     |                                     |                  |                    |                    |                         |
| General government  | 349,224                            | 275,073             | -                                   | -                | 349,224            | 275,073            | 74,151                  |
| Health and social services  | 2,198,551                          | 2,082,308           | -                                   | -                | 2,198,551          | 2,082,308          | 116,243                 |
| Education and support services  | 1,830,236                          | 1,747,591           | -                                   | -                | 1,830,236          | 1,747,591          | 82,645                  |
| Law, justice and public safety  | 578,049                            | 535,372             | -                                   | -                | 578,049            | 535,372            | 42,677                  |
| Regulation of business  | 101,857                            | 92,240              | -                                   | -                | 101,857            | 92,240             | 9,617                   |
| Transportation  | 508,569                            | 665,314             | -                                   | -                | 508,569            | 665,314            | (156,745)               |
| Recreation and resource development   | 156,933                            | 157,876             | -                                   | -                | 156,933            | 157,876            | (943)                   |
| Interest on long-term debt  | 132,969                            | 141,154             | -                                   | -                | 132,969            | 141,154            | (8,185)                 |
| Unallocated depreciation  | 1,513                              | 1,441               | -                                   | -                | 1,513              | 1,441              | 72                      |
| Unemployment insurance  | -                                  | -                   | 239,232                             | 238,386          | 239,232            | 238,386            | 846                     |
| Housing   | -                                  | -                   | 45,397                              | 53,011           | 45,397             | 53,011             | (7,614)                 |
| Water loans   | -                                  | -                   | 8,226                               | 7,710            | 8,226              | 7,710              | 516                     |
| Workers' compensation and safety  | -                                  | -                   | 23,991                              | 21,004           | 23,991             | 21,004             | 2,987                   |
| Higher education  | -                                  | -                   | 18,940                              | 11,496           | 18,940             | 11,496             | 7,444                   |
| Other   | -                                  | -                   | 15,601                              | 14,706           | 15,601             | 14,706             | 895                     |
| <b>Total Expenses</b>   | <b>5,857,901</b>                   | <b>5,698,369</b>    | <b>351,387</b>                      | <b>346,313</b>   | <b>6,209,288</b>   | <b>6,044,682</b>   | <b>164,606</b>          |
| Excess (deficiency) in net assets before contributions to permanent funds, special items, and transfers | 569,909                            | 338,604             | 215,602                             | 154,338          | 785,511            | 492,942            | 292,569                 |
| Contributions to permanent fund   | 76,553                             | 44,598              | -                                   | -                | 76,553             | 44,598             | 31,955                  |
| Special item - one-time tax rebate  | (276,773)                          | -                   | -                                   | -                | (276,773)          | -                  | (276,773)               |
| Transfers   | 31,373                             | 17,620              | (31,373)                            | (17,620)         | -                  | -                  | -                       |
| <b>Change in net assets</b>   | <b>401,062</b>                     | <b>400,822</b>      | <b>184,229</b>                      | <b>136,718</b>   | <b>585,291</b>     | <b>537,540</b>     | <b>47,751</b>           |
| Net assets - beginning of year  | 4,225,074                          | 3,824,252           | 968,271                             | 833,351          | 5,193,345          | 4,657,603          | 535,742                 |
| Change in accounting principle  | -                                  | -                   | -                                   | (1,798)          | -                  | (1,798)            | 1,798                   |
| Net assets - beginning of year (restated)   | 4,225,074                          | 3,824,252           | 968,271                             | 831,553          | 5,193,345          | 4,655,805          | 537,540                 |
| <b>Net assets - end of year</b>   | <b>\$4,626,136</b>                 | <b>\$ 4,225,074</b> | <b>\$1,152,500</b>                  | <b>\$968,271</b> | <b>\$5,778,636</b> | <b>\$5,193,345</b> | <b>\$ 585,291</b>       |

**Changes in Net Assets:**

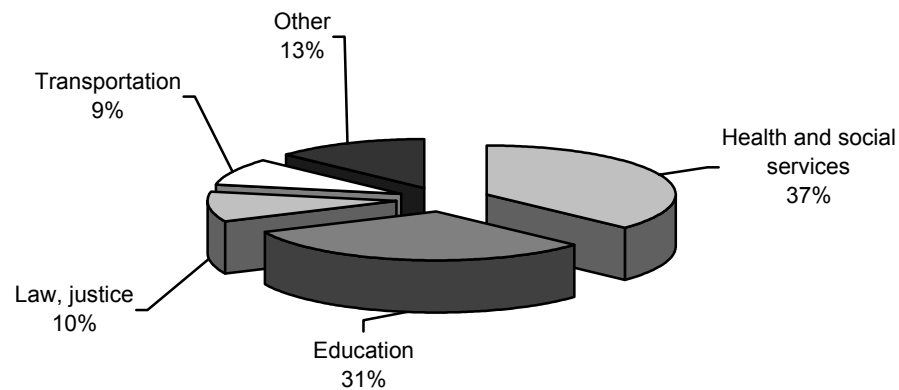
*Governmental activities* –The net assets increased by \$401.1 million or 9.5%. Approximately 56% of the total revenue came from taxes, while 29% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 12% of the total revenues (see chart below). The State's governmental activities expenses cover a range of services and the largest expenses were for health and social services (37%) and education (31%) (see chart below). In 2006, governmental activities expenses exceeded program revenues, resulting in the use of \$3.2 billion in general revenues, which were generated to support the government.



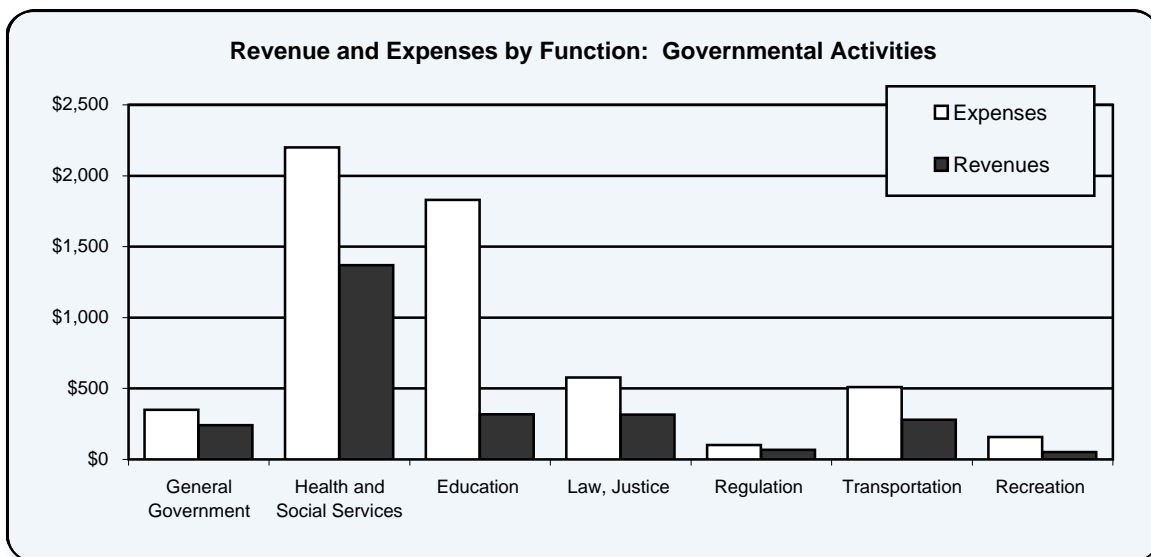
The following chart depicts the governmental activities revenues for the fiscal year:



The following chart depicts the governmental activities expenses for the fiscal year:

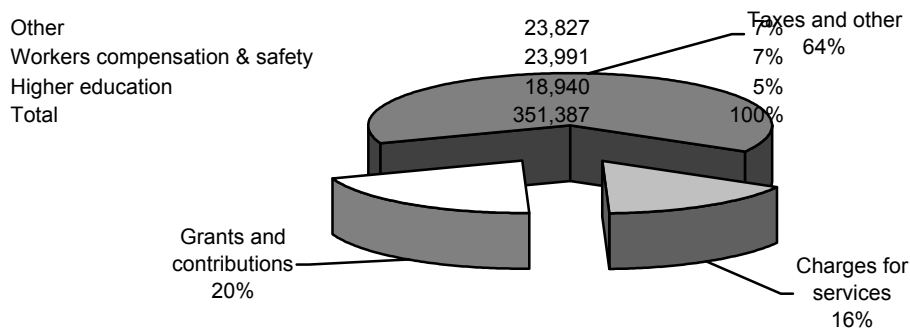


The following chart depicts the total program revenues and expenses for each function of governmental activities (expressed in millions):

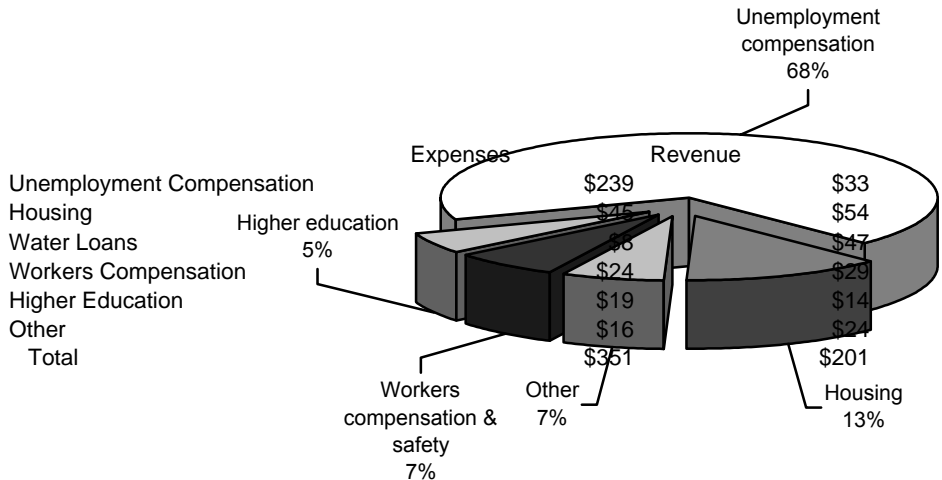


*Business-type activities* –The net assets increased by \$184.2 million or 19%. Approximately 64% of the total revenue came from taxes and other sources, while 20% was in the form of grants and contributions (including federal aid). Charges for various goods and services provided 16% of the total revenues (see chart below). The State’s business-type activities expenses cover a range of services. The largest expenses were for unemployment compensation (68%) and housing (13%) (see chart below). In 2006, business-type activities expenses exceeded program revenues, resulting in the use of \$206 million in general revenues generated by and restricted to the Unemployment Compensation Fund.

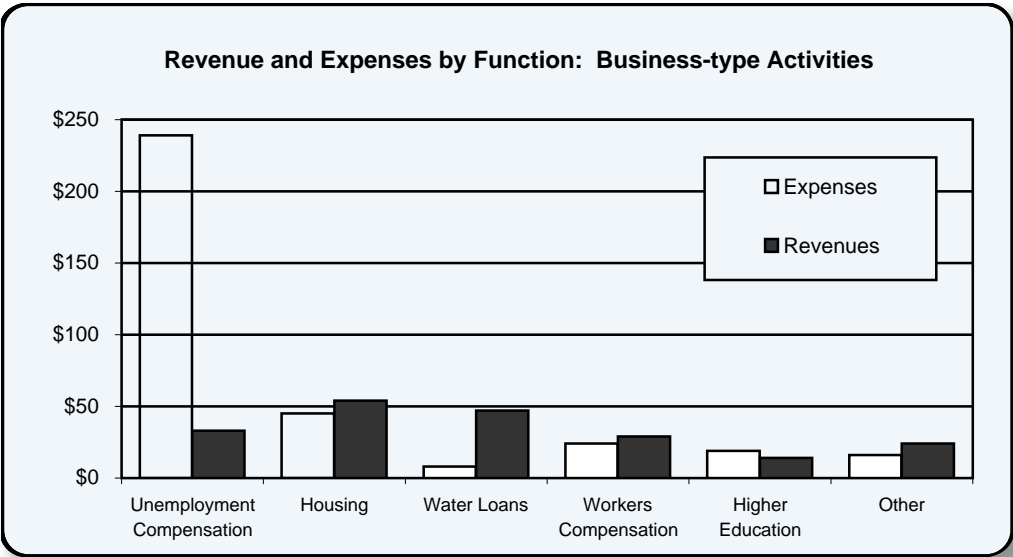
The following chart depicts the business-type activities revenues for the fiscal year:



The following chart depicts the business-type activities expenses for the fiscal year:



The following chart depicts the total program revenues and expenses for each function for business-type activities (expressed in millions):



In conclusion, the State government's overall financial position improved over the past fiscal year, with a \$401.1 million increase in the net assets of the governmental activities caused primarily by increased tax revenues due to the strengthening of the economy and a \$184.2 million dollar increase in the net assets of the business-type activities, caused primarily by the increase in operating revenues in the Unemployment Compensation Fund. The economic information presented in the letter of transmittal provides insight into the conditions of the State that have caused this to occur.

## Financial Analysis of the State's Funds

### Governmental Funds:

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.6 billion, a decrease of \$6.6 million in comparison with the prior year. Approximately 60.1% of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior fiscal year, to pay debt service, to be held in permanent trust funds or for a variety of other purposes. The major governmental funds are discussed individually below:

*The General Fund* is the chief operating fund of the State. At the end of the current fiscal year, the total General Fund balance was \$521 million. The fund balance decreased by \$19 million during the current fiscal year, which is a 3.4% decrease from the prior year. This decrease was primarily due to \$277 million in payments of the Governor's one-time vehicle registration rebate to the citizens of Nevada. The rebate was authorized by the 2005 Nevada Legislature to return \$300 million in surplus state tax revenue. The State began issuing rebate checks in October 2005.

The following schedule presents a summary of revenues of the General Fund for the fiscal years ended June 30, 2006 and 2005 (expressed in thousands). Other financing sources are not included.

| <b>General Fund Revenues (expressed in thousands)</b> |                     |               |                     |               |                     |             |
|---|---------------------|---------------|---------------------|---------------|---------------------|-------------|
|   | 2006                |               | 2005                |               | Increase (Decrease) |             |
|   | Amount              | Percent       | Amount              | Percent       | Amount              | Percent     |
| Gaming taxes, fees and licenses                       | \$ 987,672          | 19.5%         | \$ 884,820          | 18.9%         | \$ 102,852          | 11.6%       |
| Sales taxes   | 1,099,483           | 21.7%         | 993,325             | 21.2%         | 106,158             | 10.7%       |
| Modified business taxes                               | 255,252             | 5.0%          | 226,924             | 4.8%          | 28,328              | 12.5%       |
| Insurance premium taxes                               | 238,296             | 4.7%          | 215,353             | 4.6%          | 22,943              | 10.7%       |
| Property and transfer taxes                           | 164,842             | 3.3%          | 148,731             | 3.2%          | 16,111              | 10.8%       |
| Motor and special fuel taxes                          | 3,035               | 0.1%          | 3,085               | 0.1%          | (50)                | -1.6%       |
| Intergovernmental                                     | 1,638,003           | 32.4%         | 1,622,223           | 34.6%         | 15,780              | 1.0%        |
| Other taxes   | 288,309             | 5.7%          | 283,067             | 6.0%          | 5,242               | 1.9%        |
| Licenses, fees and permits                            | 214,404             | 4.2%          | 181,542             | 3.9%          | 32,862              | 18.1%       |
| Sales and charges for services                        | 48,322              | 1.0%          | 51,349              | 1.1%          | (3,027)             | -5.9%       |
| Interest and investment income                        | 70,409              | 1.4%          | 30,365              | 0.6%          | 40,044              | 131.9%      |
| Other revenues  | 49,685              | 1.0%          | 45,114              | 1.0%          | 4,571               | 10.1%       |
| <b>Total revenues</b>                                 | <b>\$ 5,057,712</b> | <b>100.0%</b> | <b>\$ 4,685,898</b> | <b>100.0%</b> | <b>\$ 371,814</b>   | <b>7.9%</b> |

The total General Fund revenues increased 7.9%. The largest increase in revenue source was \$106.2 million or 10.7% in sales taxes and \$102.9 million or 11.6% in gaming taxes, fees and licenses. The increases in both sales taxes and gaming revenues are due to Nevada's growing economy and the increased number of visitors. The 131.9% increase in interest and investment income was due primarily to increases in interest rates for short-term investments.

The following schedule presents a summary of expenditures by function of the General Fund for the fiscal years ended June 30, 2006 and 2005 (expressed in thousands). Other financing uses are not included.

| <b>General Fund Expenditures (expressed in thousands)</b> |                     |               |                     |               |                     |             |
|---|---------------------|---------------|---------------------|---------------|---------------------|-------------|
|   | 2006                |               | 2005                |               | Increase (Decrease) |             |
|   | Amount              | Percent       | Amount              | Percent       | Amount              | Percent     |
| General government  | \$ 122,521          | 2.6%          | \$ 100,845          | 2.3%          | \$ 21,676           | 21.5%       |
| Health and social services                                | 1,983,340           | 42.3%         | 1,940,195           | 44.3%         | 43,145              | 2.2%        |
| Education and support services                            | 38,201              | 0.8%          | 26,839              | 0.6%          | 11,362              | 42.3%       |
| Law, justice and public safety                            | 374,538             | 8.0%          | 327,410             | 7.5%          | 47,128              | 14.4%       |
| Regulation of business                                    | 74,784              | 1.6%          | 70,067              | 1.6%          | 4,717               | 6.7%        |
| Recreation, resource development                          | 110,244             | 2.4%          | 100,016             | 2.3%          | 10,228              | 10.2%       |
| Intergovernmental   | 1,984,536           | 42.3%         | 1,814,333           | 41.4%         | 170,203             | 9.4%        |
| Debt service  | 808                 | 0.0%          | 1,143               | 0.0%          | (335)               | -29.3%      |
| <b>Total expenditures</b>                                 | <b>\$ 4,688,972</b> | <b>100.0%</b> | <b>\$ 4,380,848</b> | <b>100.0%</b> | <b>\$ 308,124</b>   | <b>7.0%</b> |

The total General Fund expenditures increased 7%. Intergovernmental expenditures increased over \$170 million or 9.4% primarily due to intergovernmental expenditures for education and support services; expenditures for law, justice and public safety increased over \$47 million or 14.4%.

*The State Highway Fund* is a special revenue fund used to account for the maintenance, regulation and construction of public highways and is funded through vehicle fuel taxes, federal funds, other charges and bond revenue. The fund balance increased \$46.5 million during the current fiscal year, which is a 15.6% increase from the prior year. This increase is primarily due to increased use of federal funds, increased licenses, fees and permits revenue. The unreserved fund balance is \$9.3 million.

*The Municipal Bond Bank Fund* is a special revenue fund used to account for revenues and expenditures associated with buying local government bonds with proceeds of State general obligation bonds. The fund balance decreased by \$184 million during the current fiscal year, which is an 18% decrease from the prior year. This decrease was primarily due to additional principal payments made for full optional redemption of bonds.

*The Consolidated Bond Interest and Redemption Fund* is a debt service fund used to accumulate monies for the payment of leases and principal and interest on general obligation bonds of the State. The fund balance increased by \$30.8 million during the current fiscal year, which is a 40.2% increase from the prior year. The increase was due primarily to the increase in property and transfer taxes, as a result of higher assessed property values.

*The Stabilize the Operations of State Government Fund* (also known as the “Rainy Day” fund) is a special revenue fund used to account for funds set aside according to Nevada Revised Statutes (NRS) 353.288 to be expended only if actual revenues for the biennium fall short by 5% or more from anticipated revenues, or if the Legislature and the Governor declare a fiscal emergency. The fund balance increased by \$86.4 million during the current fiscal year, which is 55.5% increase from the prior year. This increase was primarily due to transfers of \$37 million and \$49.3 million to the “Rainy Day” fund. The first transfer was an appropriation from the General Fund per Senate Bill 95 and the second transfer was based on the annual deposit of state revenue calculation bringing the fund balance to \$242 million.

#### **Proprietary Funds:**

The State’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are comprised of two types: enterprise funds and internal service funds. Enterprise funds are used when goods or services are provided primarily to parties outside of the State while internal service funds are used when goods or services are provided primarily to State agencies.

**Enterprise Funds** – There are three *major* enterprise funds: Housing Division Fund, Unemployment Compensation Fund and Water Projects Loans Fund. The combined net assets of the three major funds comprise 97% of the total combined net assets of all enterprise funds. Combined net assets of enterprise funds increased by \$184.3 million in 2006. The major enterprise funds are discussed below:

*The Housing Division Fund* provides low interest loans to first-time homebuyers with low or moderate household incomes. The net assets increased by \$8.1 million or 5.4% during the current fiscal year and the results of operations were up 4.7% from last year.

*The Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits to unemployed State citizens. The net assets increased by \$146.7 million during the current fiscal year, which is a 23.4% increase from the prior year. The economy continues to improve, increasing the number of employers in the state. This increase in employers, as well as rate increases, resulted in a 14% increase in operating revenues compared to the previous year.

*The Water Projects Loans Fund* issues loans to governmental, as well as, private entities for two programs: safe drinking water and water pollution control. The federal EPA matches the State’s bond proceeds to make loans to governmental entities; only federal funds are loaned to private entities. Total revenues exceeded expenses and transfers by \$38.2 million during the current fiscal year, for a final fund balance of \$188.8 million.

**Internal Service Funds** – The internal service funds charge State agencies for goods and services such as building maintenance, purchasing, printing, insurance, data processing and motor pool in order to recover the costs of the goods or services. Rates charged to State agencies for the operations of internal service funds are adjusted in following years to offset gains and

losses. Because these are allocations of costs to other funds, they are not included separately in the government-wide financial statements but are eliminated and reclassified as either governmental activities or business-type activities. In 2006, total internal service fund net assets increased by \$13.1 million, for a final net asset balance of \$57.3 million. The two largest funds are:

*The Self-Insurance Fund* accounts for group health, life and disability insurance for State employees and retirees and certain other public employees. The fund had a net gain of \$20 million for the year as compared to a net gain of \$23.4 million in prior year, with final net assets of \$74.9 million. This year's gain was less than the prior year gain due to a 5.3% increase in premium income versus an 8.3% increase in total operating expenses.

*The Insurance Premiums Fund* accounts for general, civil (tort), auto and property casualty liabilities of State agencies. The deficit increased by \$6.8 million or 21.2% during fiscal year 2006, to a total deficit of \$39.2 million. This year's deficit was caused by a 7% decrease in premium income and a 74% increase in operating expense. The increase in operating expense was related to an arbitration finalized in June 2006. Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account.

### **Analysis of General Fund Budget Variations**

The General Fund total sources were \$224 million or 3.4% less than the final budget. This was due primarily to actual intergovernmental revenues received that were less than the final budgeted amount.

The increase in the General Fund expenditures and other uses budget from original to final was \$271 million. A significant difference was due to the original budget consisting only of budgets subject to legislative approval through the General Appropriations Act and the Authorizations Bill. Non-executive budgets, not subject to legislative approval, only require approval by the Budget Division and if approved after July 1, are considered to be revisions. Some of the budget revisions included: \$74 million in public safety for federal homeland security and disaster relief; \$58 million in health services for Medicaid and welfare costs; \$37 million in education for federal grants for the reading first, special education and school lunch programs; \$4 million for healthcare subsidies to retired school district employees; \$5 million to University of Nevada, Reno for Nevada Cancer Institute and Center of Excellence; \$10 million for economic development and low income housing; and \$15 million for wildlife and conservation efforts.

### **Capital Assets and Debt Administration**

#### **Capital Assets:**

The State's capital assets for its governmental and business-type activities as of June 30, 2006, amount to \$5.4 billion, net of accumulated depreciation of \$685 million, leaving a net book value of \$4.7 billion. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, software costs, infrastructure, rights-of-way, and construction in progress. Infrastructure assets are items that are normally immovable, such as roads and bridges.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense on infrastructure. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State; 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained; and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 80 and will also maintain its bridges so that not more than 10% are structurally deficient or functionally obsolete. The Department of Transportation conducts a biennial condition assessment of roadways and bridges in odd numbered calendar years. Based on the 2005 assessments, the State has met the requirement of the modified approach, as follows:



**Condition Level of the Roadways****Percentage of roadways with an IRI of less than 80**

|   | Category |     |     |     |     |
|---|----------|-----|-----|-----|-----|
|   | I        | II  | III | IV  | V   |
| State Policy-minimum percentage             | 70%      | 65% | 60% | 40% | 10% |
| Actual results of 2005 condition assessment | 81%      | 78% | 89% | 61% | 26% |
| Actual results of 2003 condition assessment | 83%      | 72% | 90% | 65% | 38% |
| Actual results of 2001 condition assessment | 83%      | 77% | 86% | 65% | 19% |

**Condition Level of the Bridges****Percentage of substandard bridges**

|                                     | 2005 | 2003 | 2001 |
|-------------------------------------|------|------|------|
| State Policy-maximum percentage     | 10%  | 10%  | 10%  |
| Actual results condition assessment | 3%   | 5%   | 6%   |

The estimated amount necessary to maintain and preserve infrastructure assets at target condition levels exceeded the actual amounts of expense incurred for fiscal year 2006 by \$11.7 million. Even though actual spending for maintenance and preservation of infrastructure assets fell below estimated, condition levels are expected to continue to meet or exceed the target condition levels, as the most recent condition assessment indicates that the State already exceeds the established benchmarks in all categories. Additional information on the State's infrastructure can be found in the Schedule of Infrastructure Condition and Maintenance Data in the Required Supplementary Information section to the financial statements.

To keep pace with the demands of a growing population and economy, the State also has a substantial capital projects program. The following is a summary of major projects in progress during 2006 (expressed in millions):

|  | Expended by<br>June 30, 2006 | Total Budget |
|--|------------------------------|--------------|
| Unified Tax System                                       | \$ 25.1                      | \$ 40.5      |
| High Desert Prison, Phase IV, Indian Springs             | 2.0                          | 40.3         |
| 150-Bed Psychiatric Hospital, Las Vegas                  | 31.9                         | 32.2         |
| Las Vegas Readiness Center                               | 11.2                         | 27.2         |
| Fish Hatcheries Refurbishment                            | 16.5                         | 23.2         |
| Conservation and Natural Resources Building, Carson City | 20.7                         | 21.3         |
| Casa Grande Prison, Las Vegas                            | 20.7                         | 20.9         |
| DETR New Office Building, Las Vegas                      | 16.5                         | 18.4         |

The total increase in the State's capital assets for the primary government for the current fiscal year was \$485.3 million. This increase included current expenditures to purchase capital assets and completed projects from construction in progress. Depreciation charges for the year totaled \$69.7 million.

Additional information on the State's capital assets can be found in Note 7 to the financial statements.

**Debt Administration:**

As of year-end, the State had \$3.725 billion in long-term debt outstanding, compared to \$3.885 billion last year, a decrease of \$160.4 million or 4.1% during the current fiscal year. This decrease was due to the extinguishment of special obligation bonds in the Housing Division as well as a decrease in Municipal Bond Bank general obligation bonds.

The most current bond ratings from Fitch, Standard and Poor's and Moody's Investor Service were AA+, AA+ and Aa1, respectively. These ratings reflect a good economic base and sound financial management. 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.

New bonds issued during the 2006 fiscal year were (expressed in thousands):

|  |             |    |         |
|--|-------------|----|---------|
| General Obligation Capital Improvement, Parks and Cultural Affairs | 09/14/2005J | \$ | 36,000  |
| General Obligation Natural Resources                               | 09/14/2005K |    | 7,000   |
| General Obligation Open Space, Parks and Natural Resources         | 09/14/2005L |    | 2,000   |
| Water Pollution Control Revolving Fund Matching                    | 09/14/2005M |    | 1,960   |
| Special Obligation Highway Improvement Revenue                     | 11/9/2005   |    | 191,445 |
| Housing Multi-unit Southwest Village                               | 12/21/2005  |    | 19,000  |

This list of new bonds does not agree completely with the schedule of additions to bonds payable as seen in Note 8 to the financial statements, due to the inclusion of accreted interest, deferred items and bonds redeemed prior to year-end.

Additional information on the State's long-term debt obligations can be found in Note 8 to the financial statements and in the Statistical Section.

**Requests for Information**

This financial report is designed to provide a general overview of the State of Nevada's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: State of Nevada, Office of the State Controller, 101 N. Carson Street, Suite 5, Carson City, NV 89701-4786.







# Basic Financial Statements





# Statement of Net Assets

State  
of  
Nevada

June 30, 2006 (Expressed in Thousands)

|   | Primary Government      |                          |                   | Component Units           |                                   |
|---|-------------------------|--------------------------|-------------------|---------------------------|-----------------------------------|
|   | Governmental Activities | Business-Type Activities | Total             | Colorado River Commission | Nevada System of Higher Education |
| <b>Assets</b>                                     |                         |                          |                   |                           |                                   |
| Cash and pooled investments                       | \$ 1,929,350            | \$ 749,632               | \$ 2,678,982      | \$ 18,115                 | \$ 196,707                        |
| Investments                                       | 1,100,972               | 435,466                  | 1,536,438         | -                         | 656,402                           |
| Collateral on loaned securities                   | 1,085,280               | 42,682                   | 1,127,962         | 13,074                    | -                                 |
| Internal balances                                 | 3,612                   | (3,612)                  | -                 | -                         | -                                 |
| Due from the state                                | -                       | -                        | -                 | 372                       | 56,830                            |
| Accounts receivable                               | 73,639                  | 3,482                    | 77,121            | 20,031                    | 180,757                           |
| Taxes/assessments receivable                      | 803,833                 | 121,938                  | 925,771           | -                         | -                                 |
| Intergovernmental receivables                     | 415,426                 | 993                      | 416,419           | -                         | 37,621                            |
| Accrued interest and dividends                    | 26,712                  | 7,012                    | 33,724            | 129                       | -                                 |
| Contracts receivable                              | -                       | 20,160                   | 20,160            | -                         | -                                 |
| Mortgages receivable                              | -                       | 589,240                  | 589,240           | -                         | -                                 |
| Notes/loans receivable                            | 801                     | 103,458                  | 104,259           | -                         | 10,749                            |
| Other receivables                                 | 23                      | -                        | 23                | -                         | 46,750                            |
| Inventory   | 6,083                   | 1,451                    | 7,534             | -                         | 6,171                             |
| Prepaid expenses                                  | 1,661                   | 31                       | 1,692             | 41,179                    | -                                 |
| Deferred charges                                  | 20,081                  | 2,802                    | 22,883            | -                         | -                                 |
| <i>Restricted assets:</i>                         |                         |                          |                   |                           |                                   |
| Cash  | -                       | -                        | -                 | 8,004                     | 35,690                            |
| Investments                                       | -                       | 125,884                  | 125,884           | -                         | 149,680                           |
| Other assets                                      | -                       | 5,320                    | 5,320             | -                         | 22,450                            |
| <i>Capital assets:</i>                            |                         |                          |                   |                           |                                   |
| Land, infrastructure and construction in progress | 3,722,433               | 568                      | 3,723,001         | -                         | 205,525                           |
| Other capital assets, net                         | 947,379                 | 2,256                    | 949,635           | 64,770                    | 1,131,335                         |
| <b>Total assets</b>                               | <b>10,137,285</b>       | <b>2,208,763</b>         | <b>12,346,048</b> | <b>165,674</b>            | <b>2,736,667</b>                  |
| <b>Liabilities</b>                                |                         |                          |                   |                           |                                   |
| Accounts payable                                  | 754,832                 | 20,391                   | 775,223           | 16,081                    | 29,082                            |
| Accrued payroll and related liabilities           | 40,617                  | 637                      | 41,254            | -                         | 24,917                            |
| Intergovernmental payables                        | 122,229                 | 8                        | 122,237           | -                         | 7,692                             |
| Interest payable                                  | 32,228                  | 9,530                    | 41,758            | 1,575                     | 10,475                            |
| Due to component units                            | 57,159                  | 43                       | 57,202            | -                         | -                                 |
| Contracts/retentions payable                      | 59,646                  | -                        | 59,646            | -                         | -                                 |
| Obligations under securities lending              | 1,085,280               | 42,682                   | 1,127,962         | 13,074                    | -                                 |
| Unearned revenues                                 | 383,549                 | 6,874                    | 390,423           | 296                       | 34,184                            |
| Reserve for losses                                | 65,459                  | -                        | 65,459            | -                         | -                                 |
| Other liabilities                                 | 53,511                  | 14                       | 53,525            | 7,530                     | 18,743                            |

|   |                     |                     |  |                  |                     |
|---|---------------------|---------------------|--|------------------|---------------------|
| Long-term liabilities:                          |                     |                     |  |                  |                     |
| <i>Portion due or payable within one year:</i>  |                     |                     |  |                  |                     |
| Obligations under capital leases                |                     |                     |  | -                | 2,832               |
| Compensated absences                            | 2,387               |                     |  | 235              | 27,401              |
| Benefits payable                                | 60,596              | 1,005               |  |                  | -                   |
| Bonds payable                                   | -                   | 4,400               |  | 1,498            | 14,367              |
| Certificates of participation payable           | 154,189             | 15,777              |  | -                | -                   |
| <i>Portion due or payable after one year:</i>   |                     |                     |  |                  |                     |
| Obligations under capital leases                | 7,479               | -                   |  | -                | 12,742              |
| Compensated absences                            | 31,458              | 559                 |  | 47               | 11,857              |
| Benefits payable                                | -                   | 103,558             |  | -                | -                   |
| Bonds payable                                   | 2,544,850           | 850,785             |  | 108,853          | 476,006             |
| Certificates of participation payable           | 54,695              | -                   |  | -                | -                   |
| <b>Total liabilities</b>                        | <u>5,511,149</u>    | <u>1,056,263</u>    |  | <u>149,189</u>   | <u>670,298</u>      |
| <b>Net Assets</b>                               |                     |                     |  |                  |                     |
| Invested in capital assets, net of related debt | 3,445,629           | 2,824               |  | 118              | 1,015,389           |
| Restricted for:                                 |                     |                     |  |                  |                     |
| Unemployment compensation                       | -                   | 773,694             |  | -                | -                   |
| Security of outstanding obligations             | -                   | 154,875             |  | -                | -                   |
| Workers' compensation                           | -                   | 25,705              |  | -                | -                   |
| Capital projects                                | 4,191               | -                   |  | -                | 239,986             |
| Debt service                                    | 26,234              | -                   |  | -                | 11,910              |
| Education and support services                  | 98,618              | -                   |  | -                | -                   |
| Transportation                                  | 215,438             | -                   |  | -                | -                   |
| Recreation and resource development             | 24,070              | 188,762             |  | -                | -                   |
| Law, justice and public safety                  | 4,852               | -                   |  | -                | -                   |
| Health and social services                      | 26,516              | -                   |  | -                | -                   |
| Regulation of business                          | 12,108              | 212                 |  | -                | -                   |
| Municipal securities                            | 28                  | -                   |  | -                | -                   |
| Scholarships                                    | -                   | -                   |  | -                | 277,512             |
| Loans   | -                   | -                   |  | -                | 5,457               |
| Operations and maintenance                      | -                   | -                   |  | 716              | -                   |
| Funds held as permanent investments:            |                     |                     |  |                  |                     |
| Nonexpendable                                   | 263,890             | -                   |  | -                | 194,937             |
| Expendable                                      | 21                  | -                   |  | -                | -                   |
| Unrestricted                                    | 504,541             | 6,428               |  | 15,651           | 321,178             |
| <b>Total net assets</b>                         | <u>\$ 4,626,136</u> | <u>\$ 1,152,500</u> |  | <u>\$ 16,485</u> | <u>\$ 2,066,369</u> |

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

# Statement of Activities

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

|                                     | Program Revenues |                      |                                    | Net (Expenses) Revenues and Changes in Net Assets |                         |                          |                 |                                   |
|-------------------------------------|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|-----------------|-----------------------------------|
|                                     |                  |                      |                                    | Primary Government                                |                         |                          | Component Units |                                   |
|                                     | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  | Governmental Activities | Business-type Activities | Total           | Nevada System of Higher Education |
| <b>Functions/Programs</b>           |                  |                      |                                    |   |                         |                          |                 |                                   |
| <b>Primary Government</b>           |                  |                      |                                    |   |                         |                          |                 |                                   |
| Governmental activities:            |                  |                      |                                    |   |                         |                          |                 |                                   |
| General government                  | \$ 349,224       | \$ 226,191           | \$ 15,435                          | \$ -  | \$ (107,598)            | \$ -                     | \$ (107,598)    | \$ -                              |
| Health and social services          | 2,198,551        | 138,675              | 1,230,391                          | -   | (829,485)               | -                        | (829,485)       | -                                 |
| Education and support services      | 1,830,236        | 3,064                | 314,837                            | -   | (1,512,335)             | -                        | (1,512,335)     | -                                 |
| Law, justice and public safety      | 578,049          | 242,262              | 51,223                             | 23,116  | (261,448)               | -                        | (261,448)       | -                                 |
| Regulation of business              | 101,857          | 59,887               | 6,872                              | -   | (35,098)                | -                        | (35,098)        | -                                 |
| Transportation                      | 508,569          | 54,013               | 223,045                            | 2,901   | (228,610)               | -                        | (228,610)       | -                                 |
| Recreation and resource development | 156,933          | 45,064               | 6,288                              | 1,063   | (104,518)               | -                        | (104,518)       | -                                 |
| Interest on long-term debt          | 132,969          | -                    | -                                  | -   | (132,969)               | -                        | (132,969)       | -                                 |
| Unallocated depreciation            | 1,513            | -                    | -                                  | -   | (1,513)                 | -                        | (1,513)         | -                                 |
| Total governmental activities       | 5,857,901        | 769,156              | 1,848,091                          | 27,080  | (3,213,574)             | -                        | (3,213,574)     | -                                 |
| Business-type activities:           |                  |                      |                                    |   |                         |                          |                 |                                   |
| Unemployment insurance              | 239,232          | -                    | 33,095                             | -   | -                       | (206,137)                | (206,137)       | -                                 |
| Housing                             | 45,397           | 33,589               | 19,919                             | -   | -                       | 8,111                    | 8,111           | -                                 |
| Water loans                         | 8,226            | 6,484                | 40,605                             | -   | -                       | 38,863                   | 38,863          | -                                 |
| Workers' compensation and safety    | 23,991           | 25,593               | 3,776                              | -   | -                       | 5,378                    | 5,378           | -                                 |
| Higher education                    | 18,940           | 92                   | 13,978                             | -   | -                       | (4,870)                  | (4,870)         | -                                 |
| Other                               | 15,601           | 24,035               | 225                                | -   | -                       | 8,659                    | 8,659           | -                                 |
| Total business-type activities      | 351,387          | 89,793               | 111,598                            | -   | -                       | (149,996)                | (149,996)       | -                                 |
| Total primary government            | \$ 6,209,288     | \$ 858,949           | \$ 1,959,689                       | \$ 27,080   | (3,213,574)             | (149,996)                | (3,363,570)     | -                                 |
| <b>Component Units</b>              |                  |                      |                                    |   |                         |                          |                 |                                   |
| Colorado River Commission           | \$ 124,557       | \$ 123,580           | \$ -                               | \$ -  | -                       | -                        | (977)           | -                                 |
| Nevada System of Higher Education   | 1,299,218        | 407,650              | 366,857                            | 10,672  | -                       | -                        | -               | (514,039)                         |
| Total component units               | \$ 1,423,775     | \$ 531,230           | \$ 366,857                         | \$ 10,672   | -                       | -                        | (977)           | (514,039)                         |

|  |                     |                     |                     |                  |                    |
|--|---------------------|---------------------|---------------------|------------------|--------------------|
| General revenues:  |                     |                     |                     |                  |                    |
| Taxes:   |                     |                     |                     |                  |                    |
| Gaming   | 965,535             | -                   | 965,535             | -                | -                  |
| Sales and use  | 1,003,510           | -                   | 1,003,510           | -                | -                  |
| Modified business  | 255,252             | -                   | 255,252             | -                | -                  |
| Insurance premium  | 238,297             | -                   | 238,297             | -                | -                  |
| Property and transfer  | 164,841             | -                   | 164,841             | -                | -                  |
| Motor and special fuel                                       | 3,035               | -                   | 3,035               | -                | -                  |
| Other  | 274,157             | -                   | 274,157             | -                | -                  |
| Restricted for unemployment compensation:                    |                     |                     |                     |                  |                    |
| Other taxes  | -                   | 365,598             | 365,598             | -                | -                  |
| Restricted for educational purposes:                         |                     |                     |                     |                  |                    |
| Sales and use taxes  | 94,429              | -                   | 94,429              | -                | -                  |
| Gaming taxes   | 36,757              | -                   | 36,757              | -                | -                  |
| Restricted for debt service purposes:                        |                     |                     |                     |                  |                    |
| Property and transfer taxes                                  | 135,067             | -                   | 135,067             | -                | -                  |
| Motor and special fuel taxes                                 | 61,149              | -                   | 61,149              | -                | -                  |
| Other  | 52,395              | -                   | 52,395              | -                | -                  |
| Restricted for recreation and resource development purposes: |                     |                     |                     |                  |                    |
| Other taxes  | 18,593              | -                   | 18,593              | -                | -                  |
| Restricted for health and social services purposes:          |                     |                     |                     |                  |                    |
| Gaming taxes   | 819                 | -                   | 819                 | -                | -                  |
| Property and transfer taxes                                  | 19,033              | -                   | 19,033              | -                | -                  |
| Other taxes  | 28,799              | -                   | 28,799              | -                | -                  |
| Restricted for transportation purposes:                      |                     |                     |                     |                  |                    |
| Motor and special fuel taxes                                 | 233,199             | -                   | 233,199             | -                | -                  |
| Other taxes  | 20,103              | -                   | 20,103              | -                | -                  |
| Restricted for regulation purposes:                          |                     |                     |                     |                  |                    |
| Other taxes  | 4,413               | -                   | 4,413               | -                | -                  |
| Tobacco settlement income                                    | 32,345              | -                   | 32,345              | -                | -                  |
| Unrestricted investment earnings                             | 87,729              | -                   | 87,729              | 1,412            | 69,292             |
| Land sales   | -                   | -                   | -                   | -                | 20,263             |
| Gain on sale of assets                                       | 119                 | -                   | 119                 | -                | -                  |
| Other general revenues                                       | 53,907              | -                   | 53,907              | 591              | 8,701              |
| Contributions to permanent funds                             | 76,553              | -                   | 76,553              | -                | 10,539             |
| Payments from State of Nevada                                | -                   | -                   | -                   | -                | 705,594            |
| Special item - one-time tax rebate                           | (276,773)           | -                   | (276,773)           | -                | -                  |
| Transfers  | 31,373              | (31,373)            | -                   | -                | -                  |
| Total general revenues, special items, and transfers         | 3,614,636           | 334,225             | 3,948,861           | 2,003            | 814,389            |
| Change in net assets   | 401,062             | 184,229             | 585,291             | 1,026            | 300,350            |
| Net assets - beginning                                       | 4,225,074           | 968,271             | 5,193,345           | 15,459           | 1,766,019          |
| <b>Net assets - ending</b>                                   | <b>\$ 4,626,136</b> | <b>\$ 1,152,500</b> | <b>\$ 5,778,636</b> | <b>\$ 16,485</b> | <b>\$2,066,369</b> |

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



## Balance Sheet Governmental Funds

June 30, 2006

|  | General Fund            | State Highway         | Municipal Bond Bank   |
|--|-------------------------|-----------------------|-----------------------|
| <b>Assets</b>  |                         |                       |                       |
| <i>Cash and pooled investments:</i>                    |                         |                       |                       |
| Cash with treasurer                                    | \$ 736,333,488          | \$ 359,165,321        | \$ 382,888            |
| Cash in custody of other officials                     | 3,420,874               | 176,147               | -                     |
| Investments  | 19,095,936              | -                     | 831,255,000           |
| Collateral on loaned securities                        | 642,832,022             | 207,603,872           | 7,479,216             |
| <i>Receivables:</i>                                    |                         |                       |                       |
| Accounts receivable                                    | 48,215,483              | 3,257,338             | -                     |
| Taxes receivable                                       | 757,442,673             | 40,345,146            | -                     |
| Intergovernmental receivables                          | 193,677,853             | 43,833,014            | -                     |
| Accrued interest and dividends                         | 17,016,801              | -                     | 7,440,932             |
| Notes/loans receivable                                 | 614,825                 | -                     | -                     |
| Other receivables                                      | 22,587                  | -                     | -                     |
| Due from other funds                                   | 27,986,957              | 9,932,296             | 51,163                |
| Due from fiduciary funds                               | 235,269                 | -                     | -                     |
| Due from component units                               | 14,097,844              | -                     | -                     |
| Inventory  | -                       | 4,445,723             | -                     |
| Advances to other funds                                | 13,008,746              | 6,646                 | -                     |
| Prepaid items  | 921,570                 | 5,210                 | -                     |
| <b>Total assets</b>                                    | <b>\$ 2,474,922,928</b> | <b>\$ 668,770,713</b> | <b>\$ 846,609,199</b> |
| <b>Liabilities and Fund Balances</b>                   |                         |                       |                       |
| <i>Accounts payable and accruals:</i>                  |                         |                       |                       |
| Accounts payable                                       | \$ 236,014,956          | \$ 27,271,490         | \$ -                  |
| Accrued payroll and related liabilities                | 26,270,804              | 10,984,402            | -                     |
| Intergovernmental payables                             | 111,752,861             | 7,283,101             | -                     |
| Interest payable                                       | -                       | -                     | -                     |
| Contracts/retentions payable                           | 302,630                 | 30,122,063            | -                     |
| Obligations under securities lending                   | 642,832,022             | 207,603,872           | 7,479,216             |
| Due to other funds                                     | 98,682,395              | 3,510,371             | 406,339               |
| Due to fiduciary funds                                 | 461,253,884             | 2,367,222             | -                     |
| Due to component units                                 | 12,602,649              | 352,072               | -                     |
| Advances from General Fund                             | -                       | -                     | -                     |
| Deferred revenues                                      | 334,197,340             | 12,447,902            | 7,443,303             |
| Bonds payable  | -                       | -                     | -                     |
| Other liabilities                                      | 29,517,722              | 23,355,551            | -                     |
| <b>Total liabilities</b>                               | <b>1,953,427,263</b>    | <b>325,298,046</b>    | <b>15,328,858</b>     |
| <b>Fund balances:</b>                                  |                         |                       |                       |
| <i>Reserved:</i>                                       |                         |                       |                       |
| Encumbrances and contracts                             | 20,790,529              | 329,720,517           | -                     |
| Inventories  | -                       | 4,445,723             | -                     |
| Advances   | 13,008,746              | 6,646                 | -                     |
| Funds held as permanent investments                    | -                       | -                     | -                     |
| Fiscal emergency                                       | -                       | -                     | -                     |
| Debt service   | -                       | -                     | -                     |
| Other  | 1,536,394               | 5,210                 | -                     |
| Unreserved, designated for balances forward            | 303,482,381             | -                     | -                     |
| Unreserved, designated for approved capital projects   | 6,707,109               | 842,266               | -                     |
| <i>Unreserved, designated, reported in nonmajor:</i>   |                         |                       |                       |
| Special revenue funds                                  | -                       | -                     | -                     |
| Capital project funds                                  | -                       | -                     | -                     |
| Unreserved, undesignated                               | 175,970,506             | 8,452,305             | 831,280,341           |
| <i>Unreserved, undesignated, reported in nonmajor:</i> |                         |                       |                       |
| Special revenue funds                                  | -                       | -                     | -                     |
| Permanent funds  | -                       | -                     | -                     |
| <b>Total fund balances</b>                             | <b>521,495,665</b>      | <b>343,472,667</b>    | <b>831,280,341</b>    |
| <b>Total liabilities and fund balances</b>             | <b>\$ 2,474,922,928</b> | <b>\$ 668,770,713</b> | <b>\$ 846,609,199</b> |

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

| Consolidated Bond<br>Interest and<br>Redemption | Stabilize the<br>Operations of State<br>Government | Other Governmental<br>Funds | Total Governmental<br>Funds |
|---|--|-----------------------------|-----------------------------|
| \$ 112,359,114                                  | \$ 194,645,423                                     | \$ 393,309,613              | \$ 1,796,195,847            |
| 4,925,678                                       | -  | 209,748                     | 8,732,447                   |
| -   | -  | 250,620,882                 | 1,100,971,818               |
| 76,769,660                                      | 5,209,159  | 94,963,452                  | 1,034,857,381               |
| -   | -  | 20,027,796                  | 71,500,617                  |
| -   | -  | 6,046,324                   | 803,834,143                 |
| 161,915,768                                     | -  | 7,693,465                   | 407,120,100                 |
| -   | -  | 2,253,907                   | 26,711,640                  |
| -   | -  | 37,146                      | 651,971                     |
| -   | -  | 509                         | 23,096                      |
| 3,547,686                                       | 49,920,221   | 34,288,392                  | 125,726,715                 |
| -   | -  | 580,346                     | 815,615                     |
| 7,285,000                                       | -  | 237,447                     | 21,620,291                  |
| -   | -  | 1,066,867                   | 5,512,590                   |
| 2,108,912                                       | -  | -                           | 15,124,304                  |
| -   | -  | 74,553                      | 1,001,333                   |
| <u>\$ 368,911,818</u>                           | <u>\$ 249,774,803</u>                              | <u>\$ 811,410,447</u>       | <u>\$ 5,420,399,908</u>     |
| \$ 23,377                                       | \$ 295   | \$ 7,466,893                | \$ 270,777,011              |
| -   | -  | 2,285,059                   | 39,540,265                  |
| -   | -  | 2,913,578                   | 121,949,540                 |
| 4,387,194                                       | -  | -                           | 4,387,194                   |
| -   | -  | 29,221,085                  | 59,645,778                  |
| 76,769,660                                      | 5,209,159  | 94,963,452                  | 1,034,857,381               |
| -   | 2,438,885  | 26,618,356                  | 131,656,346                 |
| -   | -  | 119,961                     | 463,741,067                 |
| 758,951   | -  | 69,719,006                  | 83,432,678                  |
| -   | -  | 300,000                     | 300,000                     |
| 170,361,883                                     | 6,655  | 18,683,113                  | 543,140,196                 |
| 9,420,000                                       | -  | -                           | 9,420,000                   |
| -   | -  | 636,746                     | 53,510,019                  |
| <u>261,721,065</u>                              | <u>7,654,994</u>                                   | <u>252,927,249</u>          | <u>2,816,357,475</u>        |
| -   | -  | 38,294,308                  | 388,805,354                 |
| -   | -  | 1,066,867                   | 5,512,590                   |
| 2,108,912                                       | -  | -                           | 15,124,304                  |
| -   | -  | 263,889,607                 | 263,889,607                 |
| -   | 233,441,869  | -                           | 233,441,869                 |
| 105,081,841                                     | -  | 26,233,723                  | 131,315,564                 |
| -   | -  | 111,699                     | 1,653,303                   |
| -   | -  | -                           | 303,482,381                 |
| -   | -  | -                           | 7,549,375                   |
| -   | -  | 11,463,134                  | 11,463,134                  |
| -   | -  | 39,365,712                  | 39,365,712                  |
| -   | 8,677,940  | -                           | 1,024,381,092               |
| -   | -  | 178,036,768                 | 178,036,768                 |
| -   | -  | 21,380                      | 21,380                      |
| <u>107,190,753</u>                              | <u>242,119,809</u>                                 | <u>558,483,198</u>          | <u>2,604,042,433</u>        |
| <u>\$ 368,911,818</u>                           | <u>\$ 249,774,803</u>                              | <u>\$ 811,410,447</u>       | <u>\$ 5,420,399,908</u>     |

# Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

State  
of  
Nevada

June 30, 2006

## Total fund balances - governmental funds

\$ 2,604,042,433

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

|                                       |                |               |
|---------------------------------------|----------------|---------------|
| Land                                  | \$ 111,484,702 |               |
| Construction in progress              | 158,646,856    |               |
| Infrastructure assets                 | 2,989,274,034  |               |
| Rights-of-way                         | 454,669,712    |               |
| Buildings                             | 1,031,256,499  |               |
| Improvements other than buildings     | 88,839,618     |               |
| Furniture and equipment               | 315,257,440    |               |
| Software costs                        | 101,722,193    |               |
| Accumulated depreciation/amortization | (615,619,173)  |               |
| Total capital assets                  |                | 4,635,531,881 |

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

160,934,051

A portion of the interest accrued on bonds payable (not reported in the funds) is due from local governments.

7,440,932

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

57,174,375

The deferred loss on early retirement of debt is reported as a deferred charge on the statement of net assets and is amortized over the original remaining life of the old debt, or the life of the new debt, whichever is less.

12,564,315

Certain bond costs are reported as a deferred charge on the statement of net assets and are amortized over the life of the debt.

7,516,355

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| Bonds payable                 | (2,680,073,463) |                 |
| Accrued interest on bonds     | (27,840,929)    |                 |
| Certificates of participation | (55,680,000)    |                 |
| Capital leases                | (6,531,910)     |                 |
| Compensated absences          | (88,941,619)    |                 |
| Total long-term liabilities   |                 | (2,859,067,921) |

## Net assets of governmental activities

\$ 4,626,136,421

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





# Statement of Revenues, Expenditures and Changes in Fund Balances

## Governmental Funds

For the Fiscal Year Ended June 30, 2006

|   | General Fund          | State Highway         | Municipal Bond Bank   |
|---|-----------------------|-----------------------|-----------------------|
| <b>Revenues</b>                                   |                       |                       |                       |
| Gaming taxes, fees, licenses                      | \$ 987,671,785        | \$ -                  | \$ -                  |
| Sales taxes                                       | 1,099,483,069         | -                     | -                     |
| Modified business taxes                           | 255,251,922           | -                     | -                     |
| Insurance premium taxes                           | 238,296,538           | -                     | -                     |
| Property and transfer taxes                       | 164,841,506           | -                     | -                     |
| Motor and special fuel taxes                      | 3,035,241             | 233,199,132           | -                     |
| Other taxes                                       | 288,309,234           | 20,103,158            | -                     |
| Intergovernmental                                 | 1,638,003,005         | 258,761,685           | -                     |
| Licenses, fees and permits                        | 214,404,159           | 177,252,249           | -                     |
| Sales and charges for services                    | 48,321,967            | 16,539,563            | -                     |
| Interest and investment income                    | 70,408,634            | 25,517,710            | 34,323,515            |
| Tobacco settlement income                         | -                     | -                     | -                     |
| Land sales  | -                     | -                     | -                     |
| Other   | 49,684,604            | 27,165,058            | -                     |
| <b>Total revenues</b>                             | <b>5,057,711,664</b>  | <b>758,538,555</b>    | <b>34,323,515</b>     |
| <b>Expenditures</b>                               |                       |                       |                       |
| <i>Current:</i>                                   |                       |                       |                       |
| General government                                | 122,520,699           | 9,810,833             | 49,221                |
| Health and social services                        | 1,983,339,666         | -                     | -                     |
| Education and support services                    | 38,201,195            | -                     | -                     |
| Law, justice and public safety                    | 374,538,360           | 140,163,512           | -                     |
| Regulation of business                            | 74,783,600            | -                     | -                     |
| Transportation                                    | -                     | 706,543,365           | -                     |
| Recreation and resource development               | 110,244,386           | -                     | -                     |
| Intergovernmental                                 | 1,984,536,129         | 51,061,666            | -                     |
| Capital outlay                                    | -                     | -                     | -                     |
| <i>Debt service:</i>                              |                       |                       |                       |
| Principal   | 595,449               | 798,836               | 150,310,000           |
| Interest, fiscal charges                          | 186,240               | 77,982                | -                     |
| Debt issuance costs                               | 25,895                | 423,170               | -                     |
| Arbitrage payments                                | -                     | -                     | -                     |
| <b>Total expenditures</b>                         | <b>4,688,971,619</b>  | <b>908,879,364</b>    | <b>150,359,221</b>    |
| Excess (deficiency) of revenues over expenditures | <b>368,740,045</b>    | <b>(150,340,809)</b>  | <b>(116,035,706)</b>  |
| <b>Other Financing Sources (Uses)</b>             |                       |                       |                       |
| Capital leases                                    | 3,971,290             | -                     | -                     |
| Sale of general obligation bonds                  | 4,948,549             | 191,183,711           | -                     |
| Premium on general obligation bonds               | 116,797               | 8,553,991             | -                     |
| Sale of capital assets                            | 121,467               | 5,912                 | -                     |
| Transfers in                                      | 73,747,436            | 3,677,779             | -                     |
| Transfers out                                     | (193,375,050)         | (6,612,008)           | (67,930,530)          |
| <b>Total other financing sources (uses)</b>       | <b>(110,469,511)</b>  | <b>196,809,385</b>    | <b>(67,930,530)</b>   |
| <b>Special Item</b>                               |                       |                       |                       |
| One-time tax rebate                               | (276,772,886)         | -                     | -                     |
| Net change in fund balances                       | (18,502,352)          | 46,468,576            | (183,966,236)         |
| Fund balances, July 1                             | 539,998,017           | 297,004,091           | 1,015,246,577         |
| <b>Fund balances, June 30</b>                     | <b>\$ 521,495,665</b> | <b>\$ 343,472,667</b> | <b>\$ 831,280,341</b> |

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

| Consolidated<br>Bond Interest and<br>Redemption | Stabilize the<br>Operations of State<br>Government | Other Governmental<br>Funds | Total Governmental<br>Funds |
|---|--|-----------------------------|-----------------------------|
| \$ -  | \$ -   | \$ 15,439,239               | \$ 1,003,111,024            |
| -   | -  | -                           | 1,099,483,069               |
| -   | -  | -                           | 255,251,922                 |
| -   | -  | -                           | 238,296,538                 |
| 135,066,623                                     | -  | 19,033,347                  | 318,941,476                 |
| -   | -  | 61,148,664                  | 297,383,037                 |
| -   | -  | 34,879,508                  | 343,291,900                 |
| 19,152,414                                      | -  | 56,882,035                  | 1,972,799,139               |
| -   | -  | 31,278,018                  | 422,934,426                 |
| -   | -  | 15,272,500                  | 80,134,030                  |
| 6,099,042                                       | 533,141  | 15,918,569                  | 152,800,611                 |
| -   | -  | 35,684,973                  | 35,684,973                  |
| -   | -  | 71,230,805                  | 71,230,805                  |
| 881,571   | -  | 10,274,458                  | 88,005,691                  |
| 161,199,650                                     | 533,141  | 367,042,116                 | 6,379,348,641               |
| 2,451,909                                       | 202,054  | 48,159,623                  | 183,194,339                 |
| -   | -  | 77,031,329                  | 2,060,370,995               |
| -   | -  | 819,786                     | 39,020,981                  |
| -   | 140,472  | 15,404,533                  | 530,246,877                 |
| -   | -  | 20,683,200                  | 95,466,800                  |
| -   | -  | -                           | 706,543,365                 |
| -   | -  | 24,596,200                  | 134,840,586                 |
| 758,951   | -  | 67,718,604                  | 2,104,075,350               |
| -   | -  | 114,225,879                 | 114,225,879                 |
| 114,215,000                                     | -  | 30,851,233                  | 296,770,518                 |
| 96,641,966                                      | -  | 23,777,242                  | 120,683,430                 |
| 524,237   | -  | 142,990                     | 1,116,292                   |
| 65,800  | -  | 7,900                       | 73,700                      |
| 214,657,863                                     | 342,526  | 423,418,519                 | 6,386,629,112               |
| (53,458,213)                                    | 190,615  | (56,376,403)                | (7,280,471)                 |
| -   | -  | 171,455                     | 4,142,745                   |
| 525,497   | -  | 34,964,889                  | 231,622,646                 |
| -   | -  | 1,032,557                   | 9,703,345                   |
| -   | -  | 38,849                      | 166,228                     |
| 83,689,892                                      | 88,664,487   | 131,078,634                 | 380,858,228                 |
| -   | (2,438,885)  | (78,693,991)                | (349,050,464)               |
| 84,215,389                                      | 86,225,602   | 88,592,393                  | 277,442,728                 |
| -   | -  | -                           | (276,772,886)               |
| 30,757,176                                      | 86,416,217   | 32,215,990                  | (6,610,629)                 |
| 76,433,577                                      | 155,703,592  | 526,267,208                 | 2,610,653,062               |
| \$ 107,190,753                                  | \$ 242,119,809                                     | \$ 558,483,198              | \$ 2,604,042,433            |

# Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

State  
of  
Nevada

June 30, 2006

**Net change in fund balances - total governmental funds** \$ (6,610,629)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, the amounts are:

|  |               |             |
|--|---------------|-------------|
| Capital outlay                                     | \$387,286,620 |             |
| Depreciation expense                               | (63,279,603)  |             |
| Excess of capital outlay over depreciation expense |               | 324,007,017 |

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from:

|                         |               |               |
|-------------------------|---------------|---------------|
| Bonds issued            | (234,534,000) |               |
| Premiums on debt issued | (9,800,914)   |               |
| Total bond proceeds     |               | (244,334,914) |

Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(4,142,745)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

|  |             |             |
|--|-------------|-------------|
| Bond principal retirement                | 292,879,890 |             |
| Certificates of participation retirement | 720,000     |             |
| Capital lease payments                   | 1,538,227   |             |
| Total long-term debt repayment           |             | 295,138,117 |

Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (loss) of the internal service funds is reported with governmental activities.

13,064,828

Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

43,329,958

In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(1,366,456)

In the statement of activities, bond issuance costs are deferred and amortized over the life of the bonds, whereas in governmental funds the entire expenditure is recognized.

1,126,475

Amortization of bond issuance costs is reported as an expense for the statement of activities.

(545,905)

Amortization of deferred loss on early retirement of debt is reported as an expense for the statement of activities.

(10,213,148)

Amortization of bond premiums is reported as a reduction of interest expense for the statement of activities.

6,943,096

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Net decrease in accrued interest | (2,139,322)  |              |
| Increase in compensated absences | (13,242,494) |              |
| Decrease in arbitrage liability  | 48,634       |              |
| Total additional expenditures    |              | (15,333,182) |

**Change in net assets of governmental activities** \$ 401,062,512

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





# Statement of Net Assets Proprietary Funds

June 30, 2006

|  | Enterprise Funds    |                              |                            |                              |                      |                           |
|--|---------------------|------------------------------|----------------------------|------------------------------|----------------------|---------------------------|
|  | Housing<br>Division | Unemployment<br>Compensation | Water<br>Projects<br>Loans | Other<br>Enterprise<br>Funds | Total                | Internal<br>Service Funds |
| <b>Assets</b>                                  |                     |                              |                            |                              |                      |                           |
| <b>Current assets:</b>                         |                     |                              |                            |                              |                      |                           |
| <i>Cash and pooled investments:</i>            |                     |                              |                            |                              |                      |                           |
| Cash with treasurer                            | \$ 164,367          | \$ -                         | \$ 52,238,563              | \$ 35,075,251                | \$ 87,478,181        | \$ 124,421,977            |
| Cash in custody of other officials             | 11,610              | 660,851,444                  | -                          | 1,290,950                    | 662,154,004          | 200                       |
| Investments                                    | 21,372,536          | -                            | -                          | -                            | 21,372,536           | -                         |
| Collateral on loaned securities                | -                   | -                            | 28,310,465                 | 14,371,395                   | 42,681,860           | 50,422,763                |
| <i>Receivables:</i>                            |                     |                              |                            |                              |                      |                           |
| Accounts receivable                            | -                   | -                            | -                          | 3,465,935                    | 3,465,935            | 1,322,094                 |
| Assessments receivable                         | -                   | 121,938,048                  | -                          | -                            | 121,938,048          | -                         |
| Intergovernmental receivables                  | -                   | -                            | 685,884                    | 307,002                      | 992,886              | 864,478                   |
| Contracts receivable                           | -                   | -                            | -                          | 5,000,000                    | 5,000,000            | -                         |
| Accrued interest and dividends                 | 3,782,063           | -                            | 2,445,377                  | 529,124                      | 6,756,564            | -                         |
| Notes/loans receivable                         | -                   | -                            | -                          | -                            | -                    | 10,000                    |
| Due from other funds                           | 5,095               | -                            | 858,844                    | 2,097,705                    | 2,961,644            | 10,262,723                |
| Due from fiduciary funds                       | -                   | -                            | -                          | 16,442                       | 16,442               | 445                       |
| Due from component units                       | -                   | -                            | -                          | 5,298                        | 5,298                | 4,795,255                 |
| Inventory                                      | -                   | -                            | -                          | 1,450,672                    | 1,450,672            | 570,183                   |
| Prepaid expenses                               | -                   | -                            | -                          | 31,282                       | 31,282               | 659,240                   |
| <i>Restricted assets:</i>                      |                     |                              |                            |                              |                      |                           |
| Investments                                    | 120,025,227         | -                            | -                          | -                            | 120,025,227          | -                         |
| <b>Total current assets</b>                    | <b>145,360,898</b>  | <b>782,789,492</b>           | <b>84,539,133</b>          | <b>63,641,056</b>            | <b>1,076,330,579</b> | <b>193,329,358</b>        |
| <b>Noncurrent assets:</b>                      |                     |                              |                            |                              |                      |                           |
| Investments                                    | 174,137,837         | -                            | 152,706,267                | 87,249,759                   | 414,093,863          | -                         |
| <i>Receivables:</i>                            |                     |                              |                            |                              |                      |                           |
| Contracts receivable                           | -                   | -                            | -                          | 15,159,525                   | 15,159,525           | -                         |
| Mortgages receivable                           | 589,239,896         | -                            | -                          | -                            | 589,239,896          | -                         |
| Accrued interest and dividends                 | -                   | -                            | -                          | 255,023                      | 255,023              | -                         |
| Notes/loans receivable                         | -                   | -                            | 101,859,131                | 1,598,487                    | 103,457,618          | 139,400                   |
| Deferred charges                               | 1,105,658           | -                            | 1,696,442                  | -                            | 2,802,100            | -                         |
| <i>Restricted assets:</i>                      |                     |                              |                            |                              |                      |                           |
| Investments                                    | 5,858,438           | -                            | -                          | -                            | 5,858,438            | -                         |
| Other assets                                   | 5,305,493           | -                            | -                          | 14,500                       | 5,319,993            | -                         |
| <i>Capital assets:</i>                         |                     |                              |                            |                              |                      |                           |
| Land   | -                   | -                            | -                          | 567,812                      | 567,812              | 130,954                   |
| Buildings                                      | -                   | -                            | -                          | 3,388,840                    | 3,388,840            | 9,826,380                 |
| Improvements other than buildings              | -                   | -                            | -                          | 630,647                      | 630,647              | 713,667                   |
| Furniture and equipment                        | 312,520             | -                            | 43,947                     | 4,448,468                    | 4,804,935            | 63,285,632                |
| Software costs                                 | -                   | -                            | -                          | -                            | -                    | 15,323,810                |
| Construction in progress                       | -                   | -                            | -                          | -                            | -                    | 8,227,179                 |
| Less accumulated depreciation/<br>amortization | (300,472)           | -                            | (31,432)                   | (6,236,047)                  | (6,567,951)          | (63,227,852)              |
| <b>Total noncurrent assets</b>                 | <b>775,659,370</b>  | <b>-</b>                     | <b>256,274,355</b>         | <b>107,077,014</b>           | <b>1,139,010,739</b> | <b>34,419,170</b>         |
| <b>Total assets</b>                            | <b>921,020,268</b>  | <b>782,789,492</b>           | <b>340,813,488</b>         | <b>170,718,070</b>           | <b>2,215,341,318</b> | <b>227,748,528</b>        |

## Enterprise Funds

|   | Housing<br>Division   | Unemployment<br>Compensation | Water<br>Projects<br>Loans | Other<br>Enterprise<br>Funds | Total                | Internal<br>Service Funds |
|---|-----------------------|------------------------------|----------------------------|------------------------------|----------------------|---------------------------|
| <b>Liabilities</b>                                  |                       |                              |                            |                              |                      |                           |
| <b>Current liabilities:</b>                         |                       |                              |                            |                              |                      |                           |
| <i>Accounts payable and accruals:</i>               |                       |                              |                            |                              |                      |                           |
| Accounts payable                                    | 10,083,737            | 9,095,463                    | 95,122                     | 1,021,975                    | 20,296,297           | 16,110,592                |
| Accrued payroll and related liabilities             | 87,587                | -                            | 7,420                      | 542,536                      | 637,543              | 1,076,327                 |
| Interest payable                                    | 7,271,087             | -                            | 2,258,922                  | -                            | 9,530,009            | -                         |
| Intergovernmental payables                          | -                     | -                            | -                          | 7,527                        | 7,527                | 279,244                   |
| Bank overdraft                                      | -                     | -                            | -                          | -                            | -                    | 4,196,427                 |
| Obligations under securities lending                | -                     | -                            | 28,310,465                 | 14,371,395                   | 42,681,860           | 50,422,763                |
| Due to other funds                                  | 3,955                 | -                            | 586,007                    | 2,658,480                    | 3,248,442            | 4,046,294                 |
| Due to fiduciary funds                              | -                     | -                            | -                          | 95,427                       | 95,427               | 7,800                     |
| Due to component units                              | -                     | -                            | -                          | 48,336                       | 48,336               | 142,221                   |
| Unearned revenues                                   | -                     | -                            | -                          | 6,873,712                    | 6,873,712            | 1,342,686                 |
| Other liabilities                                   | -                     | -                            | -                          | 13,710                       | 13,710               | 587                       |
| <i>Short-term portion of long-term liabilities:</i> |                       |                              |                            |                              |                      |                           |
| Compensated absences                                | 121,470               | -                            | -                          | 883,157                      | 1,004,627            | 1,997,825                 |
| Benefits payable                                    | -                     | -                            | -                          | 4,400,000                    | 4,400,000            | -                         |
| Bonds payable                                       | 8,943,000             | -                            | 6,834,291                  | -                            | 15,777,291           | 347,011                   |
| Obligations under capital leases                    | -                     | -                            | -                          | -                            | -                    | 998,503                   |
| <b>Total current liabilities</b>                    | <b>26,510,836</b>     | <b>9,095,463</b>             | <b>38,092,227</b>          | <b>30,916,255</b>            | <b>104,614,781</b>   | <b>80,968,280</b>         |
| <b>Noncurrent liabilities:</b>                      |                       |                              |                            |                              |                      |                           |
| Advances from funds                                 | -                     | -                            | -                          | 3,411,022                    | 3,411,022            | 11,413,282                |
| Reserve for losses                                  | -                     | -                            | -                          | -                            | -                    | 65,458,893                |
| Compensated absences                                | 108,095               | -                            | -                          | 451,274                      | 559,369              | 1,114,263                 |
| Benefits payable                                    | -                     | -                            | -                          | 103,558,000                  | 103,558,000          | -                         |
| Bonds payable                                       | 736,837,000           | -                            | 113,947,252                | -                            | 850,784,252          | 9,198,216                 |
| Obligations under capital leases                    | -                     | -                            | -                          | -                            | -                    | 2,335,398                 |
| <b>Total noncurrent liabilities</b>                 | <b>736,945,095</b>    | <b>-</b>                     | <b>113,947,252</b>         | <b>107,420,296</b>           | <b>958,312,643</b>   | <b>89,520,052</b>         |
| <b>Total liabilities</b>                            | <b>763,455,931</b>    | <b>9,095,463</b>             | <b>152,039,479</b>         | <b>138,336,551</b>           | <b>1,062,927,424</b> | <b>170,488,332</b>        |
| <b>Net Assets</b>                                   |                       |                              |                            |                              |                      |                           |
| Invested in capital assets,<br>net of related debt  | 12,048                | -                            | 12,515                     | 2,799,720                    | 2,824,283            | 22,790,744                |
| <i>Restricted for:</i>                              |                       |                              |                            |                              |                      |                           |
| Unemployment compensation                           | -                     | 773,694,029                  | -                          | -                            | 773,694,029          | -                         |
| Security of outstanding obligations                 | 154,874,666           | -                            | -                          | -                            | 154,874,666          | -                         |
| Workers' compensation                               | -                     | -                            | -                          | 25,705,113                   | 25,705,113           | -                         |
| Revolving loans                                     | -                     | -                            | 188,761,494                | -                            | 188,761,494          | -                         |
| Regulation of business                              | -                     | -                            | -                          | 212,203                      | 212,203              | -                         |
| Unrestricted (deficit)                              | 2,677,623             | -                            | -                          | 3,664,483                    | 6,342,106            | 34,469,452                |
| <b>Total net assets</b>                             | <b>\$ 157,564,337</b> | <b>\$ 773,694,029</b>        | <b>\$ 188,774,009</b>      | <b>\$ 32,381,519</b>         | <b>1,152,413,894</b> | <b>\$ 57,260,196</b>      |

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

Net assets of business-type activities

85,822  
\$ 1,152,499,716

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

# Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

| Enterprise Funds                              |                       |                              |                            |                              |                    |                              |
|---|-----------------------|------------------------------|----------------------------|------------------------------|--------------------|------------------------------|
|   | Housing<br>Division   | Unemployment<br>Compensation | Water<br>Projects<br>Loans | Other<br>Enterprise<br>Funds | Total              | Internal<br>Service<br>Funds |
| <b>Operating Revenues</b>                     |                       |                              |                            |                              |                    |                              |
| Net premium income                            | \$ -                  | \$ -                         | \$ -                       | \$ -                         | \$ -               | \$ 254,024,264               |
| Sales   | -                     | -                            | -                          | 16,502,426                   | 16,502,426         | 4,238,640                    |
| Assessments                                   | -                     | 365,597,836                  | -                          | 21,810,553                   | 387,408,389        | -                            |
| Charges for services                          | -                     | -                            | 25,000                     | 12,156,934                   | 12,181,934         | 48,094,433                   |
| Rental income                                 | -                     | -                            | -                          | 217,460                      | 217,460            | 18,948,524                   |
| Interest income on loans/notes                | 30,016,149            | -                            | 6,465,008                  | 122,183                      | 36,603,340         | -                            |
| Federal government                            | 2,528,854             | 4,287,660                    | 36,574,239                 | -                            | 43,390,753         | -                            |
| Licenses, fees and permits                    | -                     | -                            | -                          | 3,387,227                    | 3,387,227          | -                            |
| Fines   | -                     | -                            | -                          | 814,579                      | 814,579            | -                            |
| Other   | 3,573,204             | -                            | -                          | 3,642,488                    | 7,215,692          | 1,627,206                    |
| <b>Total operating revenues</b>               | <b>36,118,207</b>     | <b>369,885,496</b>           | <b>43,064,247</b>          | <b>58,653,850</b>            | <b>507,721,800</b> | <b>326,933,067</b>           |
| <b>Operating Expenses</b>                     |                       |                              |                            |                              |                    |                              |
| Salaries and benefits                         | 1,934,151             | -                            | 293,273                    | 16,629,437                   | 18,856,861         | 32,095,364                   |
| Operating                                     | 3,230,092             | -                            | 949,589                    | 13,117,314                   | 17,296,995         | 39,555,145                   |
| Administrative costs                          | -                     | -                            | -                          | 26,100                       | 26,100             | -                            |
| Claims and benefits expense                   | -                     | 239,232,512                  | -                          | 24,740,805                   | 263,973,317        | 173,236,116                  |
| Interest on bonds payable                     | 38,644,006            | -                            | -                          | -                            | 38,644,006         | -                            |
| Materials or supplies used                    | -                     | -                            | -                          | 2,815,242                    | 2,815,242          | 2,222,659                    |
| Servicers' fees                               | 302,198               | -                            | -                          | -                            | 302,198            | -                            |
| Depreciation                                  | 24,187                | -                            | 8,030                      | 383,502                      | 415,719            | 4,453,113                    |
| Amortization                                  | -                     | -                            | -                          | -                            | -                  | 1,532,381                    |
| Bond issuance costs amortization              | 1,253,974             | -                            | 175,548                    | -                            | 1,429,522          | -                            |
| Insurance premiums                            | -                     | -                            | -                          | -                            | -                  | 62,993,152                   |
| <b>Total operating expenses</b>               | <b>45,388,608</b>     | <b>239,232,512</b>           | <b>1,426,440</b>           | <b>57,712,400</b>            | <b>343,759,960</b> | <b>316,087,930</b>           |
| Operating income (loss)                       | (9,270,401)           | 130,652,984                  | 41,637,807                 | 941,450                      | 163,961,840        | 10,845,137                   |
| <b>Nonoperating Revenues (Expenses)</b>       |                       |                              |                            |                              |                    |                              |
| Interest and investment income                | 17,390,434            | 28,807,785                   | 4,030,630                  | 6,960,282                    | 57,189,131         | 4,372,427                    |
| Interest expense                              | -                     | -                            | (6,798,394)                | (733,875)                    | (7,532,269)        | (1,869,658)                  |
| Federal grants                                | -                     | -                            | -                          | 2,078,607                    | 2,078,607          | -                            |
| Gain (loss) on disposal of assets             | -                     | -                            | (6,601)                    | 6,202                        | (399)              | 150,109                      |
| <b>Total nonoperating revenues (expenses)</b> | <b>17,390,434</b>     | <b>28,807,785</b>            | <b>(2,774,365)</b>         | <b>8,311,216</b>             | <b>51,735,070</b>  | <b>2,652,878</b>             |
| Income (loss) before transfers                | 8,120,033             | 159,460,769                  | 38,863,442                 | 9,252,666                    | 215,696,910        | 13,498,015                   |
| <b>Transfers</b>                              |                       |                              |                            |                              |                    |                              |
| Transfers in                                  | -                     | -                            | -                          | 965,774                      | 965,774            | 911,489                      |
| Transfers out                                 | -                     | (12,805,240)                 | (701,221)                  | (18,832,005)                 | (32,338,466)       | (1,346,561)                  |
| Change in net assets                          | 8,120,033             | 146,655,529                  | 38,162,221                 | (8,613,565)                  | 184,324,218        | 13,062,943                   |
| Net assets, July 1                            | 149,444,304           | 627,038,500                  | 150,611,788                | 40,995,084                   |                    | 44,197,253                   |
| <b>Net assets, June 30</b>                    | <b>\$ 157,564,337</b> | <b>\$ 773,694,029</b>        | <b>\$ 188,774,009</b>      | <b>\$ 32,381,519</b>         |                    | <b>\$ 57,260,196</b>         |

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in net assets of business-type activities

(95,238)  
\$ 184,228,980

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





# Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2006

|  | Enterprise Funds    |                              |                            |                              |                       | Internal<br>Service<br>Funds |
|--|---------------------|------------------------------|----------------------------|------------------------------|-----------------------|------------------------------|
|  | Housing<br>Division | Unemployment<br>Compensation | Water<br>Projects<br>Loans | Other<br>Enterprise<br>Funds | Totals                |                              |
| <b>Cash flows from operating activities</b>                                    |                     |                              |                            |                              |                       |                              |
| Receipts from customers and users  | \$ 7,178,381        | \$350,273,560                | \$ 25,000                  | \$56,424,825                 | \$ 413,901,766        | \$ 49,262,960                |
| Receipts for interfund services provided                                       | 794,552             | 1,178,900                    | 332,004                    | 3,668,554                    | 5,974,010             | 216,502,977                  |
| Receipts from component units  | -                   | -                            | -                          | 3,521                        | 3,521                 | 56,284,361                   |
| Receipts of principal on loans/notes   | 398,905,940         | -                            | 8,931,778                  | 378,882                      | 408,216,600           | -                            |
| Receipts of interest on loans/notes  | 30,647,486          | -                            | 6,276,691                  | 154,555                      | 37,078,732            | -                            |
| Receipts from federal government   | -                   | 4,287,660                    | 36,931,256                 | -                            | 41,218,916            | -                            |
| Payments to suppliers, other<br>governments and beneficiaries                  | (3,320,477)         | (234,815,586)                | (964,664)                  | (18,675,912)                 | (257,776,639)         | (254,562,989)                |
| Payments to employees  | (1,861,861)         | -                            | (316,763)                  | (16,302,920)                 | (18,481,544)          | (31,550,329)                 |
| Payments for interfund services  | (1,094,373)         | -                            | (291)                      | (4,493,318)                  | (5,587,982)           | (12,996,804)                 |
| Payments to component units  | -                   | -                            | (50,491)                   | (1,716,256)                  | (1,766,747)           | (399,954)                    |
| Purchase of loans and notes  | (355,107,322)       | -                            | (72,721,952)               | (1,500)                      | (427,830,774)         | -                            |
| Net cash provided by (used for)<br>operating activities                        | 76,142,326          | 120,924,534                  | (21,557,432)               | 19,440,431                   | 194,949,859           | 22,540,222                   |
| <b>Cash flows from noncapital<br/>financing activities</b>                     |                     |                              |                            |                              |                       |                              |
| Grant receipts   | 2,528,854           | -                            | -                          | 2,099,264                    | 4,628,118             | -                            |
| Proceeds from sale of bonds  | 19,000,000          | -                            | 1,965,589                  | -                            | 20,965,589            | -                            |
| Transfers and advances from other funds  | -                   | -                            | -                          | 992,426                      | 992,426               | 1,832,220                    |
| Principal paid on noncapital debt  | (136,186,000)       | -                            | (3,875,000)                | -                            | (140,061,000)         | -                            |
| Interest paid on noncapital debt   | (40,235,025)        | -                            | (5,435,356)                | -                            | (45,670,381)          | -                            |
| Transfers and advances to other funds  | -                   | (12,805,240)                 | (851,290)                  | (18,047,194)                 | (31,703,724)          | (642,990)                    |
| Other noncapital financing activities  | (2,528,854)         | -                            | -                          | -                            | (2,528,854)           | -                            |
| Net cash provided by (used for)<br>noncapital financing activities             | (157,421,025)       | (12,805,240)                 | (8,196,057)                | (14,955,504)                 | (193,377,826)         | 1,189,230                    |
| <b>Cash flows from capital and<br/>related financing activities</b>            |                     |                              |                            |                              |                       |                              |
| Transfers from other funds   | -                   | -                            | -                          | -                            | -                     | 1,213,174                    |
| Proceeds from sale of capital assets   | -                   | -                            | -                          | 6,201                        | 6,201                 | 165,898                      |
| Purchase of capital assets   | (8,252)             | -                            | -                          | (332,691)                    | (340,943)             | (5,792,118)                  |
| Principal paid on capital debt   | -                   | -                            | -                          | (10,512)                     | (10,512)              | (3,572,040)                  |
| Interest paid on capital debt  | -                   | -                            | -                          | -                            | -                     | (202,385)                    |
| Net cash provided by (used for)<br>capital and related financing<br>activities | (8,252)             | -                            | -                          | (337,002)                    | (345,254)             | (8,187,471)                  |
| <b>Cash flows from investing activities</b>                                    |                     |                              |                            |                              |                       |                              |
| Proceeds from sale of investments  | 1,459,621,929       | -                            | -                          | 31,306,948                   | 1,490,928,877         | -                            |
| Purchase of investments  | (1,396,957,160)     | -                            | -                          | (41,416,895)                 | (1,438,374,055)       | -                            |
| Interest and dividends received  | 18,617,391          | 28,807,785                   | 2,026,231                  | 5,423,067                    | 54,874,474            | 1,844,277                    |
| Net cash provided by (used for)<br>investing activities                        | 81,282,160          | 28,807,785                   | 2,026,231                  | (4,686,880)                  | 107,429,296           | 1,844,277                    |
| Net increase (decrease) in cash  | (4,791)             | 136,927,079                  | (27,727,258)               | (538,955)                    | 108,656,075           | 17,386,258                   |
| Cash and cash equivalents, July 1  | 180,768             | 523,924,365                  | 79,965,821                 | 36,905,156                   | 640,976,110           | 107,035,919                  |
| <b>Cash and cash equivalents, June 30</b>                                      | <b>\$ 175,977</b>   | <b>\$ 660,851,444</b>        | <b>\$ 52,238,563</b>       | <b>\$ 36,366,201</b>         | <b>\$ 749,632,185</b> | <b>\$ 124,422,177</b>        |

|   | Enterprise Funds    |                              |                            |                              |                | Internal<br>Service<br>Funds |
|---|---------------------|------------------------------|----------------------------|------------------------------|----------------|------------------------------|
|   | Housing<br>Division | Unemployment<br>Compensation | Water<br>Projects<br>Loans | Other<br>Enterprise<br>Funds | Totals         |                              |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                     |                              |                            |                              |                |                              |
| Operating income (loss)   | \$ (9,270,401)      | \$ 130,652,984               | \$ 41,637,807              | \$ 941,450                   | \$ 163,961,840 | \$ 10,845,137                |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                     |                              |                            |                              |                |                              |
| Depreciation  | 24,187              | -                            | 8,030                      | 383,502                      | 415,719        | 4,453,113                    |
| Amortization  | -                   | -                            | -                          | -                            | -              | 1,532,381                    |
| Bond issuance costs amortization  | 1,253,974           | -                            | 175,548                    | -                            | 1,429,522      | -                            |
| Interest on bonds payable   | 38,644,006          | -                            | -                          | -                            | 38,644,006     | -                            |
| Decrease (increase) in loans and notes receivable   | 44,106,950          | -                            | (63,533,086)               | 164,719                      | (19,261,417)   | -                            |
| Decrease (increase) in accrued interest and receivables   | 352,284             | (14,145,376)                 | 376,585                    | 706,491                      | (12,710,016)   | (6,199,167)                  |
| Decrease (increase) in inventory, deferred charges, other assets  | -                   | -                            | (188,318)                  | (46,289)                     | (234,607)      | (751,888)                    |
| Increase (decrease) in accounts payable, accruals, other liabilities  | 1,031,326           | 4,416,926                    | (25,390)                   | 17,290,558                   | 22,713,420     | 12,660,646                   |
| Other adjustments   | -                   | -                            | (8,608)                    | -                            | (8,608)        | -                            |
| Total adjustments   | 85,412,727          | (9,728,450)                  | (63,195,239)               | 18,498,981                   | 30,988,019     | 11,695,085                   |
| Net cash provided by (used for) operating activities  | \$ 76,142,326       | \$ 120,924,534               | \$ (21,557,432)            | \$ 19,440,431                | \$ 194,949,859 | \$ 22,540,222                |
| <b>Noncash investing, capital and financing activities</b>  |                     |                              |                            |                              |                |                              |
| Property leased or acquired   | \$ -                | \$ -                         | \$ -                       | \$ -                         | \$ -           | \$ 573,342                   |
| Construction completed or in progress   | -                   | -                            | -                          | -                            | -              | 6,471,421                    |
| Interest/dividends on investments accrued   | -                   | -                            | 3,304,221                  | 529,073                      | 3,833,294      | 1,257,067                    |
| Change in fair value of investments   | 1,050,413           | -                            | (110,856)                  | 360,820                      | 1,300,377      | (140,678)                    |

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

# Statement of Fiduciary Net Assets

## Fiduciary Funds

State  
of  
Nevada

June 30, 2006

|  | Pension Trust<br>Funds   | Investment Trust<br>Funds | Private-Purpose Trust<br>Fund - Prisoners'<br>Personal Property | Agency Funds       |
|--|--------------------------|---------------------------|---|--------------------|
| <b>Assets</b>                                    |                          |                           |   |                    |
| <i>Cash and pooled investments:</i>              |                          |                           |   |                    |
| Cash with treasurer                              | \$ -                     | \$ 20,036                 | \$ 4,102,304  | \$ 107,888,604     |
| Cash in custody of other officials               | 327,250,512              | -                         | -   | 80,399,274         |
| <i>Investments:</i>                              |                          |                           |   |                    |
| Investments                                      | -                        | 895,484,741               | -   | 111,917,663        |
| Fixed income securities                          | 5,279,690,699            | -                         | -   | -                  |
| Marketable equity securities                     | 9,335,287,374            | -                         | -   | -                  |
| International securities                         | 3,747,910,033            | -                         | -   | -                  |
| Mortgage loans                                   | 12,178                   | -                         | -   | -                  |
| Real estate                                      | 1,017,351,126            | -                         | -   | -                  |
| Alternative investments                          | 279,262,654              | -                         | -   | -                  |
| Collateral on loaned securities                  | 1,691,103,869            | 149,992,053               | -   | 2,216,541          |
| <i>Receivables:</i>                              |                          |                           |   |                    |
| Accounts receivable                              | -                        | -                         | 3,304   | -                  |
| Accrued interest and dividends                   | 85,522,567               | 4,934,624                 | -   | -                  |
| Taxes receivable                                 | -                        | -                         | -   | 21,298,213         |
| Trades pending settlement                        | 324,139,772              | -                         | -   | -                  |
| Intergovernmental receivables                    | 72,211,585               | -                         | 122,799   | -                  |
| Other receivables                                | -                        | -                         | -   | 42,624,280         |
| Due from other funds                             | 1,232,781                | -                         | 372,951   | 462,238,562        |
| Due from fiduciary funds                         | 18,779,380               | -                         | -   | 13,615,500         |
| Other assets                                     | 1,194,797                | -                         | -   | -                  |
| Furniture and equipment                          | 26,982,468               | -                         | -   | -                  |
| Accumulated depreciation                         | (23,121,268)             | -                         | -   | -                  |
| <b>Total assets</b>                              | <b>22,184,810,527</b>    | <b>1,050,431,454</b>      | <b>4,601,358</b>  | <b>842,198,637</b> |
| <b>Liabilities</b>                               |                          |                           |   |                    |
| <i>Accounts payable and accruals:</i>            |                          |                           |   |                    |
| Accounts payable                                 | 8,996,413                | 119,911                   | 51,401  | -                  |
| Accrued payroll and related liabilities          | -                        | -                         | -   | 14,092             |
| Intergovernmental payables                       | -                        | 2,744,102                 | 8,414   | 557,888,269        |
| Trades pending settlement                        | 910,562,046              | -                         | -   | -                  |
| Obligations under securities lending             | 1,691,103,869            | 149,992,053               | -   | 2,216,541          |
| Due to other funds                               | 445                      | 30,581                    | 801,476   | -                  |
| Due to fiduciary funds                           | -                        | -                         | 31,486  | 32,363,394         |
| <i>Other liabilities:</i>                        |                          |                           |   |                    |
| Deposits   | -                        | -                         | -   | 239,307,687        |
| Other liabilities                                | -                        | -                         | 14,457  | 10,408,654         |
| <b>Total liabilities</b>                         | <b>2,610,662,773</b>     | <b>152,886,647</b>        | <b>907,234</b>  | <b>842,198,637</b> |
| <b>Net Assets</b>                                |                          |                           |   |                    |
| <i>Held in trust for:</i>                        |                          |                           |   |                    |
| Employees' pension benefits                      | 19,574,147,754           | -                         | -   | -                  |
| Individuals, organizations and other governments | -                        | 897,544,807               | 3,694,124   | -                  |
| <b>Total net assets</b>                          | <b>\$ 19,574,147,754</b> | <b>\$ 897,544,807</b>     | <b>\$ 3,694,124</b>   | <b>\$ -</b>        |

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

# Statement of Changes in Fiduciary Net Assets Fiduciary Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

|  | Pension Trust Funds      | Investment Trust Funds | Private-Purpose Trust Fund - Prisoners' Personal Property |
|--|--------------------------|------------------------|---|
| <b>Additions</b>                                     |                          |                        |   |
| <i>Contributions:</i>                                |                          |                        |   |
| Employer   | \$ 974,722,426           | \$ -                   | \$ -  |
| Plan members   | 76,004,251               | -                      | -   |
| Participants   | -                        | -                      | 16,724,564  |
| Repayment and purchase of service                    | 42,343,602               | -                      | -   |
| Total contributions                                  | 1,093,070,279            | -                      | 16,724,564  |
| <i>Investment income:</i>                            |                          |                        |   |
| Net increase (decrease) in fair value of investments | 1,027,956,672            | (2,555,204)            | -   |
| Interest, dividends                                  | 490,747,312              | 33,234,457             | -   |
| Securities lending income                            | 69,477,763               | 6,602,673              | -   |
| Other  | 69,022,827               | -                      | -   |
|  | 1,657,204,574            | 37,281,926             | -   |
| Less investment expense:                             |                          |                        |   |
| Cost of securities lending                           | (64,175,128)             | (6,358,218)            | -   |
| Other  | (23,647,817)             | (516,507)              | -   |
| Net investment income                                | 1,569,381,629            | 30,407,201             | -   |
| <i>Other:</i>  |                          |                        |   |
| Investment from local governments                    | -                        | 1,352,186,146          | -   |
| Reinvestment from interest income                    | -                        | 23,243,066             | -   |
| Other  | 3,117,437                | -                      | -   |
| Total other  | 3,117,437                | 1,375,429,212          | -   |
| <b>Total additions</b>                               | <b>2,665,569,345</b>     | <b>1,405,836,413</b>   | <b>16,724,564</b>   |
| <b>Deductions</b>                                    |                          |                        |   |
| Principal redeemed                                   | -                        | 1,194,656,927          | -   |
| Benefit payments                                     | 835,061,953              | -                      | 16,157,157  |
| Refunds  | 13,901,121               | -                      | -   |
| Contribution distributions                           | 4,673,102                | -                      | -   |
| Dividends to investors                               | -                        | 25,737,120             | -   |
| Administrative expense                               | 8,313,768                | 113,974                | -   |
| <b>Total deductions</b>                              | <b>861,949,944</b>       | <b>1,220,508,021</b>   | <b>16,157,157</b>   |
| Change in net assets                                 | 1,803,619,401            | 185,328,392            | 567,407   |
| Net assets, July 1                                   | 17,770,528,353           | 712,216,415            | 3,126,717   |
| <b>Net assets, June 30</b>                           | <b>\$ 19,574,147,754</b> | <b>\$ 897,544,807</b>  | <b>\$ 3,694,124</b>                                       |

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





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**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 accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). As required by GAAP, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, departments, agencies, and those authorities that are considered an integral part of the primary government. Component units are legally separate governmental organizations for which the State's elected officials are financially accountable. The State's component units have a June 30 year-end.

Financial accountability is defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The State is financially accountable for those entities in which the State appoints a voting majority of an organization's governing authority, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State. For those entities in which the State does not appoint a voting majority of the governing authority, GASB Statement No. 14 requires inclusion in the reporting entity if they are fiscally dependent on the State or if it would be misleading to exclude the entity.

**Blended Component Units:** The following blended component units are entities that are legally separate from the State. However, since the State Legislature retains certain significant governing powers over these entities, they are reported as if they are part of the primary government under the provisions of GASB Statement No. 14.

The *Public Employees' Retirement System* (PERS), the *Legislators' Retirement System* (LRS) and the *Judicial Retirement System* (JRS) are administered by a seven-member board appointed by the Governor. PERS is the administrator of a cost-sharing, multiple-employer, defined benefit public employees' retirement system established by the Nevada Legislature in 1947 to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability. LRS is the administrator of a single-employer public employees' defined benefit retirement system established in 1967 by the Nevada Legislature to provide a reasonable base income to Legislators at retirement. JRS is the administrator of an agent multiple-

employer public employees' defined benefit retirement system established by the Nevada Legislature in 2001 to provide a reasonable base income to justices of the Supreme Court and district judges at retirement.

*Nevada Real Property Corporation* is a legally separate entity whose board of directors are exclusively State employees or officials. It was incorporated to finance certain construction projects. Such projects include office buildings, a transitional residential facility and a warehouse, all financed by the issuance of certificates of participation. Upon completion of construction, the Corporation leases the facilities to the State. The State reports these financial transactions as part of the primary government using the blended method.

**Discretely Presented Component Units:** Per the provisions of GASB Statement No. 14, a component unit should be included in the reporting entity financial statements using the discrete presentation method if the component unit's governing body is not substantively the same as the governing body of the primary government, and the component unit does not provide services entirely or almost entirely to the primary government. The following discretely presented component units are reported in separate columns in the basic financial statements to emphasize they are legally separate from the State.

The *Nevada System of Higher Education* (NSHE) is governed by a Board of Regents elected by the voters. However, NSHE 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 NSHE. Because NSHE has a separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

The *Colorado River Commission* (CRC) is a legally separate entity responsible for managing Nevada's interests in the water and power resources available from the Colorado River. It is governed by seven commissioners, a majority of whom are appointed by the State: four are appointed by the Governor and three appointed by the board of directors of the Southern Nevada Water Authority. Bonds issued by the CRC are backed by the full faith and credit of the State of Nevada, which creates the potential for a financial burden to the State. CRC provides services to citizens through the distribution and sale of electric power. As CRC has a

(Note 1 Continued)

separate governing body and does not provide services entirely or almost entirely to the primary government, it is presented discretely in the financial statements.

Complete financial statements for each of the individual component units, with the exception of the *Nevada Real Property Corporation*, which has no other financial activity than that described above, may be obtained at that entity's administrative offices:

*Public Employees' Retirement System*  
*Carson City, NV*  
*Legislators' Retirement System*  
*Carson City, NV*  
*Judicial Retirement System*  
*Carson City, NV*  
*Nevada System of Higher Education*  
*Reno, NV*  
*Colorado River Commission*  
*Las Vegas, 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. Government-Wide and Fund Financial Statements

**Government-Wide Financial Statements:** The Statement of Net Assets and the Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund receivables and payables between governmental funds and enterprise funds are reported as internal balances in the government-wide statement of net assets. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Assets* presents the reporting entity's non-fiduciary assets and liabilities with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Additional disclosure related to the amount of net assets restricted by enabling legislation is provided in Note 11.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources that are imposed by management but can be removed or modified.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Certain centralized costs have been included as part of the program expenses reported for the various functions and activities. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues. In general, internal activity has been eliminated from the Statement of Activities. Overhead costs have been removed to minimize the double counting of internal activities, but interfund services provided and used have been retained, as their elimination would distort the measurement of the cost of individual functional activities. Internal activities of a reimbursement type nature reduce the expenses of the reimbursed programs.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements with non-major funds being combined into a single column.



(Note 1 Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Measurement Focus and Basis of Accounting:** The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

GASB Statement No. 20 requires business-type activities and enterprise 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 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal, ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund statements are reported using the current financial resources measurement focus and 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. 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.

Expenditures generally are recorded when the related fund liability is incurred. However, expenditures for principal and interest on long-term debt are recorded as fund liabilities only when due or when amounts have been accumulated in the debt service fund for payments to be made early in the

following year. Inventories and prepaids are reported using the consumption method.

The State reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when 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 governmental funds balance sheet and revenue is recognized.

Restricted revenues are those monies that are legally segregated for specific purposes. For example, a portion of a particular property tax levy may be legally pledged to support debt service. The general policy of the State is to expend unrestricted revenues first in a fund, followed by restricted revenues. However, there are exceptions to this policy in the Consolidated Bond Interest and Redemption fund and all the Capital Projects funds.

**Financial Statement Presentation:** The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *State Highway Fund* accounts for the maintenance, regulation, and construction of public highways and is funded through vehicle fuel taxes, federal funds, and other charges.

The *Municipal Bond Bank Fund* accounts for revenues and expenditures associated with buying local governments' bonds with proceeds of State general obligation bonds.

The *Consolidated Bond Interest and Redemption Fund* accumulates monies for the payment of leases and of principal and interest on general obligation bonds of the State.

The *Stabilize the Operations of State Government Fund*, commonly referred to as the "Rainy Day Fund", 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.

(Note 1 Continued)

The State reports the following major enterprise funds:

The *Housing Division Fund* accounts for the State program to assist private lenders in providing low interest housing loans to low- and moderate-income households. This program is financed through the sale of bonds.

The *Unemployment Compensation Fund* accounts for the payment of unemployment compensation benefits.

The *Water Projects Loans Fund* accounts for revenues and expenses associated with operating a revolving fund to finance local government pollution control projects, and with operating revolving and set-aside program funds to finance local public water systems' safe drinking water projects.

Additionally, the State reports the following fund types:

#### **Governmental Fund Types:**

*Special Revenue Funds* - include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes. Examples include school improvement, regulatory, tourism promotion, and other activities.

*Debt Service Funds* - account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

*Capital Projects Funds* - account for the acquisition or construction of major State capital facilities generally financed by bond proceeds and commercial paper notes.

*Permanent Funds* - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. An example is the Permanent School Fund in which all earnings are distributed to school districts within the State.

#### **Proprietary Fund Types:**

*Enterprise Funds* - report the activities for which fees are charged to external users for goods or services such as workers' compensation, insurance and prison industry.

*Internal Service Funds* - provide goods or services primarily to other agencies or funds of the State rather than to the general public. These goods and services include communications, purchasing, printing and motor pool. In the government-wide statements, internal service funds are included with governmental activities.

#### **Fiduciary Fund Types:**

*Pension Trust Funds* - report resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans and other post-employment benefit plans.

*Investment Trust Funds* - report resources received from local governments that are either pooled in an external investment portfolio for the benefit of all participants or separated into subaccounts of identified investments allocated to specific participating local governments. Examples include the Local Government Investment Pool and the Nevada Enhanced Savings Term Investment Trust.

*Private Purpose Trust Fund* - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Prisoners' Personal Property accounts for personal property held in trust for prisoners pending their release (NRS 209.241).

*Agency Funds* - report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples of funds in this category include motor vehicle, veterans' custodial and child welfare.

#### **D. Assets, Liabilities and Net Assets/Fund Balance**

*Cash and Pooled Investments* - The State Treasurer manages a cash pool where all temporary surplus cash is invested. These investments are reported on the Statement of Net Assets and Balance Sheet as cash and 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 daily cash balances. 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. The operations and investments of the cash pool are described in Note 3.

Cash and cash equivalents are defined as bank accounts, petty cash, money market demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are reported in the Statement of Cash Flows for proprietary fund types.

*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

(Note 1 Continued)

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.

The Local Government Investment Pool and Nevada Enhanced Savings Term Investment Trust are investment trust funds as defined in Governmental Accounting Standards Board Statement No. 31. The investments in these funds 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. Wells Fargo Trust Operations is the custodian and transfer agent for both investment trust funds.

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), mortgage backed securities, and asset backed securities, commercial pricing services (where available) or bid-side prices from a 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.

Investments are discussed further in Note 3.

**Receivables** - Receivables represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portions considered "available" (i.e., received by the State within approximately 60 days after year-end) are recorded as revenue; the remainder is recorded as deferred revenue. Receivables in proprietary fund types have arisen in the ordinary course of business. All receivables are shown net of an allowance for uncollectible accounts.

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.

Significant receivable balances not expected to be collected within one year are presented in Note 4.

**Interfund Transactions** - The State has two 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 transfers in the funds involved.

Transfers and due from/due to 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. Inventory items in the funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

**Prepaid Expenses** - Prepaid expenses reflect payments for costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. Prepaid items in the funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

**Advances to Other Funds** - Long-term interfund advances are recorded by the advancing fund as a receivable and as a reservation of fund balance 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 is presented in Note 5.

**Capital Assets and Depreciation** - An inventory of State-owned land, buildings and equipment was developed in 1985. All capital assets are recorded in the Statement of Net Assets at historical cost or estimated historical cost, based on acquisition of comparable property or agency records, if actual historical cost is not available. Donated capital assets are stated at appraised fair value at the time of donation or estimated fair value at time of donation, based on acquisition of comparable property, if appraised fair value is not available.

(Note 1 Continued)

The government defines capital assets as assets with a unit cost of \$5,000 or more for furniture and equipment, or \$100,000 or more for buildings and improvements, and an estimated useful life in excess of one year.

Infrastructure, such as roads and bridges, was capitalized for the first time in the year ended June 30, 2002. Interest incurred during construction is only capitalized in proprietary funds. Most capital assets are depreciated principally on a straight-line basis over estimated useful lives of 40 years for structures and 3 to 30 years for improvements, furniture and equipment. However, the State's significant infrastructure assets utilize the modified approach in which costs to maintain and preserve these assets are expensed and no depreciation expense is recorded. This approach is discussed further in the Required Supplementary Information portion of this report.

In the Nevada System of Higher Education, capital assets are defined as assets with an initial unit cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair value at date of donation in the case of gifts. Depreciation is computed on a straight-line basis over estimated useful lives of 40 years for buildings, 15 years for land improvements and 3 to 18 years for library books, machinery and equipment.

Additional disclosure related to capital assets is provided in Note 7.

*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 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 in the fund financial statements. On the Statement of Net Assets, the total accrued compensated absences for both proprietary and governmental fund types is reported. Fiduciary funds are not included in the Statement of Net Assets.

*Deferred Revenues* - Deferred revenues in the General Fund consist primarily of refundable gaming taxes and fees and nonexchange transactions for which the revenue is measurable

but not available. Deferred revenue in the debt service funds consists primarily of amounts due from other governments to retire long-term debt.

*Long-Term Obligations* - In the government-wide statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. Long-Term Obligations are more fully described in Note 8.

*Net Assets/Fund Balance* - The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

*Fund Balance Reservations and Designations* - In the fund financial statements, governmental funds classify fund balances as either reserved or unreserved. Reserved fund balances are those amounts that are not available for appropriation or are legally restricted by outside parties for a specific use. Unreserved fund balances reflect the balances available for appropriation for the general purposes of the fund. Management may designate a portion of the unreserved fund balance for a specific purpose, but designations are tentative management plans that are subject to change.

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.

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



*(Note 1 Continued)*

“Funds held as permanent investments” indicates assets permanently invested for the purpose of the fund.

“Fiscal emergency” indicates assets restricted for use in a State fiscal emergency as declared by the Legislature and the Governor.

“Debt service” indicates assets reserved for the retirement of long-term obligations.

“Other” generally indicates assets that, because of their nature, are unavailable for expenditures.

“Balances forward” indicates unexpended funds brought forward to the next year, which are designated 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.

Note 11 provides a disaggregation of governmental fund balances, reserved for other, and governmental fund balances, unreserved, designated.

#### **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.

## **Note 2 - Budgetary and Legal Compliance**

### **Budgetary Process and Control**

The Governor must submit his proposed budget for the Executive Branch to the State Legislature not later than 14 calendar days before each regular session, which convenes every odd-numbered year. The presented budget spans the next two fiscal years and contains the detailed budgetary 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. The Legislative Interim Finance Committee (LIFC) must approve revisions of more than \$20,000 that would increase or decrease program expenditures by the lesser of 10% of the level approved by the Legislature or \$50,000. 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 \$18,206,226 were made in the 2006 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.

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.



(Note 2 Continued)

- 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.

The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI) in this report. Actual amounts in this schedule are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation between the budgetary and GAAP basis is presented in the RSI.

### Note 3 - Deposits and Investments

The Nevada Revised Statutes and Nevada Administrative Code, as well as procedures approved by the State Board of Finance, govern deposits and investing activities for the primary government and its discretely presented component units. The Office of the State Treasurer is responsible for oversight of the deposits and investments for the State of Nevada.

#### A. Deposits

*Primary Government, Pension Trust and Investment Trust Funds* - the State minimizes its custodial credit risk by legislation establishing a program to monitor a collateral pool for public deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Nevada Revised Statutes direct the Office of the State Treasurer to deposit funds into any state, or national bank, credit union or savings and loan association covered by federal depository insurance. For those deposits over and above the federal depository insurance maximum balance, sufficient collateral must be held by the financial institution to protect the State of Nevada against loss. The pooled collateral for deposits program maintains a 102% pledged collateral for all public deposits. As of June 30, 2006, the bank balance of the primary government, pension trust and investment trust funds totaled \$678,396,779.

*Component Units* - at June 30, 2006, the bank balance of the component units totaled \$232,397,000, of which \$147,196,000 was uncollateralized and uninsured.

#### B. Investments

Nevada Revised Statute (NRS) chapter 355.140 details the types of securities in which the State may invest. In general, authorized investments include: certificates of deposit; AAA rated asset-backed securities; A-1, P-1 or better rated bankers' acceptances and commercial paper; AAA rated collateralized mortgage obligations; A or better rated corporate notes; AAA rated registered money market mutual funds whose policies meet the criteria set forth in the statute; United States treasury securities; and specific securities implicitly guaranteed by

the federal government. 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). The investments of PERS are governed by the "prudent person" standard as set forth by NRS Chapter 286.682. Cash and Investments are also discussed at Note 1 under Assets, Liabilities and Net Assets/Fund Balance.

The State 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.

Investments held in the Local Government Investment Pool (LGIP) and Nevada Enhanced Savings Term (NVEST) are specifically identifiable investment securities and are included in the following tables. LGIP and NVEST are investment trust funds governed by the Nevada State Board of Finance and administered by the Nevada State Treasurer. LGIP and NVEST are discussed further under Note 1, Asset, Liabilities and Net Assets/Fund Balance. Complete financial statements for LGIP and NVEST may be obtained from the State Treasurer's Office, 101 N. Carson Street, Suite 4, Carson City, NV 89701.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Primary Government, Pension Trust and Investment Trust Funds* - The State does not have a written interest rate risk policy. However, the benchmark used by the State Treasurer to determine whether competitive market yields are being achieved is the 90 day U.S. Treasury Bill's average over the previous three month period (Rolling 90 day T-Bill). Investment policies for the pension trust funds authorize all securities within the Lehman Aggregate Index benchmark. If

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

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(Note 3 Continued)

securities are purchased outside the Lehman Aggregate Index, they must be of investment grade rating by at least two of Moody's, Standard & Poor's or Fitch (BBB- or better by Standard & Poor's/Fitch, Baa3 or better by Moody's). The following table provides information about the interest rate risks associated with the State's investments (expressed in thousands):

|                                     | Fair Value           | Maturities in Years |                     |                     |                     |
|-------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
|                                     |                      | Less Than 1         | 1-5                 | 6-10                | More Than 10        |
| U. S. Treasury securities           | \$ 2,057,870         | \$ 400,275          | \$ 830,826          | \$ 257,946          | \$ 568,823          |
| Negotiable certificates of deposit  | 165,494              | 159,994             | 5,500               | -                   | -                   |
| U. S. agencies                      | 2,390,305            | 1,728,713           | 554,455             | 13,161              | 93,976              |
| Mutual funds                        | 262,809              | 262,809             | -                   | -                   | -                   |
| Repurchase agreements               | 184,345              | 184,345             | -                   | -                   | -                   |
| Asset backed corporate securities   | 1,210,099            | 15,819              | 129,739             | 29,231              | 1,035,310           |
| Corporate bonds and notes           | 1,067,020            | 70,982              | 421,973             | 292,930             | 281,135             |
| Commercial paper                    | 186,305              | 186,305             | -                   | -                   | -                   |
| Fixed income securities             | 12,408               | -                   | 4,253               | 3,822               | 4,333               |
| International investments           | 1,836,250            | 93,503              | 941,147             | 430,841             | 370,759             |
| Municipal bonds                     | 983,962              | 50                  | 236,839             | 37,498              | 709,575             |
| Investment agreements               | 18,285               | -                   | -                   | -                   | 18,285              |
| Other short-term investments        | 2,000                | 2,000               | -                   | -                   | -                   |
| Collateralized mortgage obligations | 290,179              | -                   | 22,193              | 26,577              | 241,409             |
| <b>Total</b>                        | <b>\$ 10,667,331</b> | <b>\$ 3,104,795</b> | <b>\$ 3,146,925</b> | <b>\$ 1,092,006</b> | <b>\$ 3,323,605</b> |

*Component Units* – The Nevada System of Higher Education's (NSHE) policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment, NSHE is not the trustee of these investments and, therefore, currently has no policies with regard to interest rate risk for these investments. Investments having interest rate risk are principally invested in mutual funds. The following table provides the segmented time distribution for these investments at June 30, 2006 (expressed in thousands):

|                    |           |
|--------------------|-----------|
| Less than 1 year   | \$ 25,080 |
| 1 to 5 years       | 174,072   |
| 6 to 10 years      | 34,577    |
| More than 10 years | 10,494    |

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of Nevada.

*Primary Government, Pension Trust and Investment Trust Funds* - Nevada Revised Statute 355.140, the State Treasurer's investment policy, and investment policies of the pension trust and investment trust funds all address credit risk. The State's investments as of June 30, 2006 were rated by Standard and Poor's and/or equivalent national rating organization, and the ratings are presented below using the Standard and Poor's rating scale (expressed in thousands):

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State  
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(Note 3 Continued)

|                                     | Fair Value          | Quality Rating     |                     |                     |                  |                 | Unrated          |
|-------------------------------------|---------------------|--------------------|---------------------|---------------------|------------------|-----------------|------------------|
|                                     |                     | AAA                | AA                  | A                   | BBB              | BB              |                  |
| Negotiable certificates of deposit  | \$ 160,495          | \$ -               | \$ 5,500            | \$ 154,995          | \$ -             | \$ -            | \$ -             |
| U.S. agencies                       | 2,390,305           | 1,342,665          | -                   | 1,032,838           | -                | -               | 14,802           |
| Mutual funds                        | 262,809             | 262,576            | -                   | -                   | -                | -               | 233              |
| Repurchase agreements               | 76,345              | 76,345             | -                   | -                   | -                | -               | -                |
| Asset backed corporate securities   | 323,493             | 303,779            | 101                 | 2,700               | 301              | -               | 16,612           |
| Corporate bonds and notes           | 1,265,264           | 382,509            | 131,370             | 430,317             | 304,657          | 1,106           | 15,305           |
| Commercial paper                    | 186,305             | -                  | -                   | 186,305             | -                | -               | -                |
| Fixed income securities             | 35,309              | 15,060             | 5,511               | 9,824               | 4,014            | -               | 900              |
| International investments           | 1,929,250           | 1,136,911          | 650,689             | 85,877              | 45,372           | -               | 10,401           |
| Municipal bonds                     | 983,961             | -                  | 983,961             | -                   | -                | -               | -                |
| Investment agreements               | 18,285              | 8,257              | 10,028              | -                   | -                | -               | -                |
| Other short-term investments        | 2,000               | -                  | -                   | -                   | -                | -               | 2,000            |
| Collateralized mortgage obligations | 221,077             | 214,719            | 207                 | 505                 | 400              | -               | 5,246            |
| <b>Total</b>                        | <b>\$ 7,854,898</b> | <b>\$3,742,821</b> | <b>\$ 1,787,367</b> | <b>\$ 1,903,361</b> | <b>\$354,744</b> | <b>\$ 1,106</b> | <b>\$ 65,499</b> |

Quality ratings for the Public Employees' Retirement System (PERS) U.S agency investments of \$1,774.6 million have been assigned by PERS' custodial bank, The Bank of New York, and are not included in the table above.

*Component Unit* - the Nevada System of Higher Education's (NSHE) policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating pools. With regard to the trusts included in endowment investments, NSHE is not the trustee of these investments and therefore, it currently has no policies with regard to credit risk for these investments. The credit risk profile for NSHE operating and endowment investments at June 30, 2006 is as follows (expressed in thousands):

|                                    | Fair Value       | Quality Rating |               |               | Unrated          |
|------------------------------------|------------------|----------------|---------------|---------------|------------------|
|                                    |                  | AAA            | AA            | A             |                  |
| Corporate bonds                    | \$ 1,128         | \$ 52          | \$ 248        | \$ 828        | \$ -             |
| Commingled U.S. bond funds         | 81,475           | -              | -             | -             | 81,475           |
| Commingled non U.S. bond funds     | 3,175            | -              | -             | -             | 3,175            |
| Commingled money market bond funds | 7,729            | -              | -             | -             | 7,729            |
| <b>Total</b>                       | <b>\$ 93,507</b> | <b>\$ 52</b>   | <b>\$ 248</b> | <b>\$ 828</b> | <b>\$ 92,379</b> |

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Nevada Revised Statutes 355.140, 355.060 and the State Treasurer's investment policy limit the investing in any one issuer to 5% of the total par value of the portfolio. At June 30, 2006, the following investments exceeded 5% of the Local Government Investment Pool's total investments (expressed in thousands):

|                          | Fair Value | Percentage |
|--------------------------|------------|------------|
| Federal Farm Credit Bank | \$ 124,681 | 18.73%     |
| Federal Home Loan Bank   | 297,521    | 44.68%     |

The Housing Division currently places no limit on the amount it may invest in any one issuer provided their ratings are in the highest two general rating categories. As of June 30, 2006, the

Housing Division's investments in Fannie Mae are 28.31% of Housing Division's total investments.

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

*Primary Government and Pension Trust Funds* - the primary government does not have a policy regarding foreign currency risk; however, the State Treasurer's office does not have any deposits or investments in foreign currency. The Public Employees' Retirement System of Nevada, the Legislators' Retirement System of Nevada and the Judicial Retirement System of Nevada do have foreign currency policies for deposit and investments, which may be used for portfolio diversification and hedging. Highly speculative positions in currency are not permitted. The following table summarizes the pension trust funds' exposure to foreign currency risk in U.S. dollars as of June 30, 2006 (expressed in thousands):

**Notes to Financial Statements***For the Fiscal Year Ended June 30, 2006*State  
of  
Nevada*(Note 3 Continued)*

|                        | Currency by Investment and Fair Value |                 |              |              |
|------------------------|---------------------------------------|-----------------|--------------|--------------|
|                        | Fixed Income                          | Equity          | Derivatives  | Cash         |
| Australian Dollar      | \$ 36                                 | \$ 294          | \$ (41)      | \$ 16        |
| Austrian Schilling     | -                                     | 13              | -            | -            |
| Belgian Franc          | -                                     | 10              | -            | -            |
| British Pound Sterling | 474                                   | 1,001           | (116)        | 10           |
| Canadian Dollar        | 175                                   | 4               | (38)         | (1)          |
| Danish Krone           | 78                                    | 39              | (2)          | 5            |
| Euro Currency          | 2,697                                 | 2,054           | 24           | 1            |
| Hong Kong Dollar       | -                                     | 98              | -            | -            |
| Japanese Yen           | 1,826                                 | 1,471           | 207          | 29           |
| New Zealand Dollar     | -                                     | 9               | -            | -            |
| Norwegian Krone        | 41                                    | 46              | 1            | (10)         |
| Polish Zloty           | 35                                    | -               | 3            | 12           |
| Singapore Dollar       | 10                                    | 46              | 10           | 4            |
| Swedish Krona          | 43                                    | 126             | 16           | 8            |
| Swiss Franc            | 35                                    | 433             | 19           | 3            |
| Other                  | 1                                     | -               | -            | -            |
| <b>Total</b>           | <b>\$ 5,451</b>                       | <b>\$ 5,644</b> | <b>\$ 83</b> | <b>\$ 77</b> |

*Component Unit* - the Nevada System of Higher Education had \$75,966,000 of investments in international mutual funds subject to foreign currency risk in its operating and endowment investment pools. The U.S. dollar balances of international mutual funds organized by the respective foreign currencies are as follows in U.S. dollars (expressed in thousands):

| Currency by Investment and Fair Value |                  |
|---------------------------------------|------------------|
|                                       | Mutual Funds     |
| Australian Dollar                     | \$ 1,438         |
| Brazilian Real                        | 2,040            |
| British Pound Sterling                | 12,272           |
| Canadian Dollar                       | 3,376            |
| Chinese Renminbi                      | 1,614            |
| Euro Currency                         | 20,423           |
| Japanese Yen                          | 13,316           |
| South Korean Won                      | 4,279            |
| Swiss Franc                           | 3,883            |
| Taiwan New Dollar                     | 2,361            |
| Other                                 | 10,964           |
| <b>Total</b>                          | <b>\$ 75,966</b> |

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 the agent 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. Either the State or the borrower can terminate all term securities loans with five days notice. 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.

**C. Securities Lending**

*Primary Government and Investment Trust Funds* - NRS 355.135 authorizes the State Treasurer to participate in securities lending transactions where the State's U.S. Government and agency 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.

The fair value of securities on loan at June 30, 2006 (excluding PERS) is \$1,269,311,301. The fair value of cash collateral received in securities lending arrangements (excluding PERS) of \$1,293,244,655 is reported in the Statement of Net Assets and the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2006 total collateral (excluding PERS) has a fair value of \$1,294,666,292. Such collateral consists of cash, commercial paper, asset backed securities, money market mutual funds, certificates of deposit 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.

## (Note 3 Continued)

**Pension Trust Fund** - PERS also maintains a securities lending program under the authority of the "prudent person" standard of NRS 286.682. Securities loaned under this program consist of U.S. Treasury Obligations, corporate fixed income and equity securities and international fixed income and equity securities. Collateral received consists of cash and securities issued by the U.S. Government, its agencies or instrumentalities. Collateral received must equal at least 102% of the market value for U.S. securities loaned, or 105% for international securities loaned, plus accrued interest.

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 the agent 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. The securities lending agent is authorized to invest collateral only in high quality, short-term investment vehicles 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, 2006 is \$1,661,295,703. The fair value of the cash collateral received in securities lending arrangements of \$1,691,103,869 is reported on the Statement of Fiduciary Net Assets as an asset with a related liability. At June 30, 2006, PERS has collateral consisting of cash and securities issued by the U. S. Government, its agencies or instrumentalities, in excess of the market value of investments held by brokers/dealers under a securities lending agreement.

#### **D. Derivatives**

**Public Employees' Retirement System (PERS)** - derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels or currency exchange rates. The Retirement Board adopted a formal written policy on the use of derivatives. The type of derivatives and limits on their use are defined in PERS Investment Objectives and Policies. PERS Investment Objectives and Policies restrict the use of certain types of derivatives. The use of exotic, highly structured notes such as inverse floaters, constant maturity treasury (CMT) floaters, range floaters, dual index floaters, and other speculative instruments tied to inappropriate reset provisions

is specifically prohibited. PERS derivatives transactions are designed to reduce transaction costs, reduce foreign exchange risk, and manage market risk associated with the underlying securities. They may also reduce PERS exposure to changes in stock prices, interest rates, and currency exchange rates.

The principal categories of derivatives employed and their uses during the year were as follows:

*Foreign exchange forward contracts* – used to hedge currency risk of investments in foreign currencies.

*Exchange traded fixed income futures and options* - used to reduce transaction costs, control portfolio duration, and enhance return.

*Mortgage backed securities* – used for diversification and enhance return (component of Lehman Aggregate Index).

*Asset backed securities* – used for diversification and enhance return (component of Lehman Aggregate Index).

Generally, derivatives are subject to market risk and counterparty risk. The derivatives utilized by PERS typically have no greater market risk than their physical counterparts, and in many cases are offset by exposures elsewhere in the portfolio. Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange traded futures and options where practical (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange traded products is impractical or uneconomical.

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), mortgage backed securities, and asset backed securities, commercial pricing services (where available) or bid-side prices from a 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.

Management believes that it is unlikely that any of the derivatives in PERS portfolio could have a material adverse effect on the financial condition of PERS. In addition, the credit, market, or legal risks are not above and beyond those risks apparent by the nature of the type of investment for any of the securities contained within the portfolio.



## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State  
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Receivable balances are disaggregated by type and presented separately in the financial statements. Significant receivable balances not expected to be collected within one year and not already classified in the fund financials are presented below (expressed in thousands):

|  | Governmental<br>Funds | Nevada System of<br>Higher Education |
|--|-----------------------|--------------------------------------|
| <b>As shown on financial statements:</b> |                       |                                      |
| Intergovernmental receivables            | \$ 407,120            | \$ 37,621                            |
| Notes/loans receivable                   | 652                   | 10,749                               |
| <b>Total</b>                             | <b>\$ 407,772</b>     | <b>\$ 48,370</b>                     |
| <b>Classified:</b>                       |                       |                                      |
| <b>Current portion</b>                   | <b>\$ 249,536</b>     | <b>\$ 40,053</b>                     |
| <b>Noncurrent portion:</b>               |                       |                                      |
| Intergovernmental receivables            | 157,737               | -                                    |
| Notes/loans receivable                   | 499                   | 8,317                                |
| <b>Total noncurrent portion</b>          | <b>158,236</b>        | <b>8,317</b>                         |
| <b>Total</b>                             | <b>\$ 407,772</b>     | <b>\$ 48,370</b>                     |

Not included in the receivable balances are amounts considered to be uncollectible. \$72.3 million of taxes receivable in the governmental funds are estimated to be uncollectible, of which \$53.4 million are from sales tax. Uncollectible accounts receivable in the governmental funds total \$29.4 million. The proprietary funds have \$10.0 million in uncollectible accounts receivable of which \$9.2 million are from unemployment contributions and benefit overpayments.

### Note 5 - Interfund Transactions

#### A. Interfund Advances

A summary of interfund advances at June 30, 2006, follows (expressed in thousands):

|                           | <u>Advances From</u> |                |                       |                  |
|---------------------------|----------------------|----------------|-----------------------|------------------|
|                           | <u>Major Funds</u>   |                |                       |                  |
|                           |                      | State          | Consolidated          |                  |
|                           | <u>General</u>       | <u>Highway</u> | <u>Bond Interest</u>  | <u>Total</u>     |
|                           |                      |                | <u>and Redemption</u> |                  |
| <b><u>Advances To</u></b> |                      |                |                       |                  |
| Nonmajor governmental     | \$ 300               | \$ -           | \$ -                  | \$ 300           |
| Nonmajor enterprise       | 3,411                | -              | -                     | 3,411            |
| Internal service          | 9,297                | 7              | 2,109                 | 11,413           |
| Total other funds         | <u>\$ 13,008</u>     | <u>\$ 7</u>    | <u>\$ 2,109</u>       | <u>\$ 15,124</u> |

Interfund advances are the portions of interfund balances that are *not* expected to be repaid within one year. The interfund balances that are expected to be repaid within one year are shown in the Due From/Due To summary below.

Advances are generally made to finance capital expenditures or as a loan for operating purposes.

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State  
of  
Nevada

(Note 5 Continued)

## B. Due From/Due To Other Funds and Component Units

A summary of due from and due to other funds and component units at June 30, 2006, is shown below (expressed in thousands):

|  | Due To                   |               |                     |                                   |   |                       |                    |
|--|--------------------------|---------------|---------------------|-----------------------------------|---|-----------------------|--------------------|
|  | Major Governmental Funds |               |                     |                                   |   |                       |                    |
|  | General                  | State Highway | Municipal Bond Bank | Cons Bond Interest and Redemption | Stabilize the Operations of State Gov't | Nonmajor Governmental | Total Governmental |
| Due From                                     |                          |               |                     |                                   |   |                       |                    |
| Major Governmental Funds:                    |                          |               |                     |                                   |   |                       |                    |
| General                                      | \$ -                     | \$ 9,473      | \$ 51               | \$ 1,963                          | \$ 49,920                               | \$ 27,975             | \$ 89,382          |
| State Highway                                | 543                      | -             | -                   | -                                 | -                                       | 1,261                 | 1,804              |
| Municipal Bond Bank                          | 17                       | -             | -                   | 389                               | -                                       | -                     | 406                |
| Stabilize the Operations of State Government | 2,439                    | -             | -                   | -                                 | -                                       | -                     | 2,439              |
| Nonmajor governmental                        | 18,621                   | 167           | -                   | 1,048                             | -                                       | 4,966                 | 24,802             |
| Total Governmental                           | 21,620                   | 9,640         | 51                  | 3,400                             | 49,920                                  | 34,202                | 118,833            |
| Major Enterprise Funds:                      |                          |               |                     |                                   |   |                       |                    |
| Housing Division                             | -                        | -             | -                   | -                                 | -                                       | 1                     | 1                  |
| Water Projects Loans                         | 586                      | -             | -                   | -                                 | -                                       | -                     | 586                |
| Nonmajor enterprise                          | 2,583                    | 6             | -                   | -                                 | -                                       | 10                    | 2,599              |
| Total Enterprise                             | 3,169                    | 6             | -                   | -                                 | -                                       | 11                    | 3,186              |
| Internal Service                             | 3,198                    | 286           | -                   | 148                               | -                                       | 76                    | 3,708              |
| Total other funds                            | \$ 27,987                | \$ 9,932      | \$ 51               | \$ 3,548                          | \$ 49,920                               | \$ 34,289             | \$ 125,727         |
| Fiduciary                                    | \$ 235                   | \$ -          | \$ -                | \$ -                              | \$ -                                    | \$ 580                | \$ 815             |
| Component Units:                             |                          |               |                     |                                   |   |                       |                    |
| Nevada System of Higher Education            | \$ 14,098                | \$ -          | \$ -                | \$ 7,285                          | \$ -                                    | \$ 237                | \$ 21,620          |
| Colorado River Commission                    | -                        | -             | -                   | -                                 | -                                       | 1                     | 1                  |
| Total Component Units                        | \$ 14,098                | \$ -          | \$ -                | \$ 7,285                          | \$ -                                    | \$ 238                | \$ 21,621          |

| Due From                                     | Due To                 |                      |                     |                  |                  |                   |            |
|--|------------------------|----------------------|---------------------|------------------|------------------|-------------------|------------|
|  | Major Enterprise Funds |                      |                     | Total Enterprise | Internal Service | Total Other Funds | Fiduciary  |
|  | Housing Division       | Water Projects Loans | Nonmajor Enterprise |                  |                  |                   |            |
| Major Governmental Funds:                    |                        |                      |                     |                  |                  |                   |            |
| General                                      | \$ -                   | \$ 859               | \$ 1,630            | \$ 2,489         | \$ 6,811         | \$ 98,682         | \$ 461,254 |
| State Highway                                | -                      | -                    | 5                   | 5                | 1,701            | 3,510             | 2,367      |
| Municipal Bond Bank                          | -                      | -                    | -                   | -                | -                | 406               | -          |
| Stabilize the Operations of State Government | -                      | -                    | -                   | -                | -                | 2,439             | -          |
| Nonmajor governmental                        | 5                      | -                    | 457                 | 462              | 1,355            | 26,619            | 120        |
| Total Governmental                           | 5                      | 859                  | 2,092               | 2,956            | 9,867            | 131,656           | 463,741    |
| Major Enterprise Funds:                      |                        |                      |                     |                  |                  |                   |            |
| Housing Division                             | -                      | -                    | -                   | -                | 3                | 4                 | -          |
| Water Projects Loans                         | -                      | -                    | -                   | -                | -                | 586               | -          |
| Nonmajor enterprise                          | -                      | -                    | -                   | -                | 59               | 2,658             | 95         |
| Total Enterprise                             | -                      | -                    | -                   | -                | 62               | 3,248             | 95         |
| Internal Service                             | -                      | -                    | 6                   | 6                | 333              | 4,047             | 8          |
| Total other funds                            | \$ 5                   | \$ 859               | \$ 2,098            | \$ 2,962         | \$ 10,262        | \$ 138,951        | \$ 463,844 |
| Fiduciary                                    | \$ -                   | \$ -                 | \$ 16               | \$ 16            | \$ -             | \$ 831            | \$ 32,395  |
| Component Units:                             |                        |                      |                     |                  |                  |                   |            |
| Nevada System of Higher Education            | \$ -                   | \$ -                 | \$ 4                | \$ 4             | \$ 4,793         | \$ 26,417         | \$ -       |
| Colorado River Commission                    | -                      | -                    | 1                   | 1                | 2                | 4                 | -          |
| Total Component Units                        | \$ -                   | \$ -                 | \$ 5                | \$ 5             | \$ 4,795         | \$ 26,421         | \$ -       |

(Note 5 Continued)

| <u>Due From</u>                           | <u>Due To</u>                            |                                  |                              |
|---|--|----------------------------------|------------------------------|
|   | <u>Component Units</u>                   |                                  | <u>Total Component Units</u> |
|   | <u>Nevada System of Higher Education</u> | <u>Colorado River Commission</u> |                              |
| Major Governmental Funds:                 |  |                                  |                              |
| General                                   | \$ 12,227                                | \$ 376                           | \$ 12,603                    |
| State Highway                             | 352                                      | -                                | 352                          |
| Consolidated Bond Interest and Redemption | 759                                      | -                                | 759                          |
| Nonmajor governmental                     | 69,719                                   | -                                | 69,719                       |
| Total Governmental                        | 83,057                                   | 376                              | 83,433                       |
| Nonmajor enterprise                       | 48                                       | -                                | 48                           |
| Internal Service                          | 142                                      | -                                | 142                          |
| Total other funds                         | \$ 83,247                                | \$ 376                           | \$ 83,623                    |

The balances result from timing differences between the date goods and services are provided or reimbursable expenses occur, and the date the transactions are recorded in the accounting system and payment is made.

### C. Transfers From/Transfers To Other Funds

A summary of transfers between funds for the year ended June 30, 2006, is shown below (expressed in thousands):

| <u>Transfers In/From</u>                     | <u>Transfers Out/To</u>         |                      |                            |  |                              |                           |
|--|---------------------------------|----------------------|----------------------------|--|------------------------------|---------------------------|
|  | <u>Major Governmental Funds</u> |                      |                            |  |                              | <u>Total Governmental</u> |
|  | <u>General</u>                  | <u>State Highway</u> | <u>Municipal Bond Bank</u> | <u>Stabilize the Operations of State Gov't</u> | <u>Nonmajor Governmental</u> |                           |
| Major Governmental Funds:                    |                                 |                      |                            |  |                              |                           |
| General                                      | \$ -                            | \$ 3,788             | \$ 55                      | \$ 2,439                                       | \$ 47,217                    | \$ 53,499                 |
| State Highway                                | 1,449                           | -                    | -                          | -  | 2,229                        | 3,678                     |
| Consolidated Bond Interest and Redemption    | 1,425                           | -                    | 67,876                     | -  | 14,389                       | 83,690                    |
| Stabilize the Operations of State Government | 88,664                          | -                    | -                          | -  | -                            | 88,664                    |
| Nonmajor governmental                        | 100,098                         | 2,810                | -                          | -  | 14,734                       | 117,642                   |
| Total Governmental                           | 191,636                         | 6,598                | 67,931                     | 2,439  | 78,569                       | 347,173                   |
| Nonmajor enterprise                          | 841                             | -                    | -                          | -  | 125                          | 966                       |
| Internal Service                             | 898                             | 13                   | -                          | -  | -                            | 911                       |
| Total other funds                            | \$ 193,375                      | \$ 6,611             | \$ 67,931                  | \$ 2,439                                       | \$ 78,694                    | \$ 349,050                |

(Note 5 Continued)

|   | Transfers Out/To             |                         |                        |                     |                     |                      |
|---|------------------------------|-------------------------|------------------------|---------------------|---------------------|----------------------|
|   | Major Enterprise Funds       |                         | Nonmajor<br>Enterprise | Total<br>Enterprise | Internal<br>Service | Total<br>Other Funds |
|   | Unemployment<br>Compensation | Water Projects<br>Loans |                        |                     |                     |                      |
| <b>Transfers In/From</b>                        |                              |                         |                        |                     |                     |                      |
| Major Governmental Funds:                       |                              |                         |                        |                     |                     |                      |
| General   | \$ -                         | \$ 701                  | \$ 18,786              | \$ 19,487           | \$ 761              | \$ 73,747            |
| State Highway                                   | -                            | -                       | -                      | -                   | -                   | 3,678                |
| Consolidated Bond Interest<br>and Redemption    | -                            | -                       | -                      | -                   | -                   | 83,690               |
| Stabilize the Operations<br>of State Government | -                            | -                       | -                      | -                   | -                   | 88,664               |
| Nonmajor governmental                           | 12,805                       |                         | 46                     | 12,851              | 586                 | 131,079              |
| Total Governmental                              | 12,805                       | 701                     | 18,832                 | 32,338              | 1,347               | 380,858              |
| Nonmajor enterprise                             | -                            | -                       | -                      | -                   | -                   | 966                  |
| Internal Service                                | -                            | -                       | -                      | -                   | -                   | 911                  |
| Total other funds                               | \$ 12,805                    | \$ 701                  | \$ 18,832              | \$ 32,338           | \$ 1,347            | \$ 382,735           |

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, and to move monies collected for debt service purposes to the debt service fund required to make the payment. An exception was two transfers from the General Fund to the Stabilize the Operations of State Government ("Rainy Day") fund of \$37 million and \$49.3 million. The Nevada Legislature approved the first transfer, and the second transfer was triggered when the General Fund unrestricted fund balance reached a certain level as defined by statute.

In addition, the Nevada Legislature approved appropriations for the support of the Nevada System of Higher Education (NSHE), a component unit. Net payments to NSHE of \$705.6 million are reported as education and support service expenses in the Statement of Activities and as intergovernmental expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. A corresponding amount is reported as general revenue of NSHE in the Statement of Activities.

## 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 Statement of Net Assets. The components of restricted assets at June 30, 2006 are as follows (expressed in thousands):

|                        | Business-Type<br>Activities | Total Primary<br>Government | Component Units   |
|------------------------|-----------------------------|-----------------------------|-------------------|
| <b>Restricted:</b>     |                             |                             |                   |
| Cash                   | \$ -                        | \$ -                        | \$ 43,694         |
| Investments            | 125,884                     | 125,884                     | 149,680           |
| <b>Total</b>           | <u>\$ 125,884</u>           | <u>\$ 125,884</u>           | <u>\$ 193,374</u> |
| <b>Restricted for:</b> |                             |                             |                   |
| Debt service           | \$ 125,884                  | \$ 125,884                  | \$ 716            |
| Construction           | -                           | -                           | 187,108           |
| Other purposes         | -                           | -                           | 5,550             |
| <b>Total</b>           | <u>\$ 125,884</u>           | <u>\$ 125,884</u>           | <u>\$ 193,374</u> |

Capital asset activity of the primary government for the year ended June 30, 2006, was as follows (expressed in thousands):

|  | Beginning<br>Balance | Increases         | Decreases          | Ending<br>Balance   |
|--|----------------------|-------------------|--------------------|---------------------|
| <b>Governmental activities:</b>                        |                      |                   |                    |                     |
| <b>Capital assets, not being depreciated</b>           |                      |                   |                    |                     |
| Land   | \$ 110,854           | \$ 762            | \$ -               | \$ 111,616          |
| Construction in progress                               | 106,676              | 143,228           | (83,030)           | 166,874             |
| Infrastructure   | 2,792,680            | 196,594           | -                  | 2,989,274           |
| Rights-of-way  | 417,743              | 38,242            | (1,316)            | 454,669             |
| Total capital assets, not being depreciated            | 3,427,953            | 378,826           | (84,346)           | 3,722,433           |
| <b>Capital assets, being depreciated/amortized</b>     |                      |                   |                    |                     |
| Buildings  | 979,967              | 61,116            | -                  | 1,041,083           |
| Improvements other than buildings                      | 82,597               | 6,956             | -                  | 89,553              |
| Furniture and equipment                                | 354,367              | 37,324            | (13,147)           | 378,544             |
| Software costs   | 116,719              | 761               | (434)              | 117,046             |
| Total capital assets, being depreciated/amortized      | 1,533,650            | 106,157           | (13,581)           | 1,626,226           |
| <b>Less accumulated depreciation/amortization for:</b> |                      |                   |                    |                     |
| Buildings  | (257,253)            | (24,564)          | -                  | (281,817)           |
| Improvements other than buildings                      | (43,283)             | (3,556)           | -                  | (46,839)            |
| Furniture and equipment                                | (267,113)            | (26,698)          | 11,486             | (282,325)           |
| Software costs   | (53,853)             | (14,447)          | 434                | (67,866)            |
| Total accumulated depreciation/amortization            | (621,502)            | (69,265)          | 11,920             | (678,847)           |
| Total capital assets, being depreciated/amortized, net | 912,148              | 36,892            | (1,661)            | 947,379             |
| <b>Governmental activities capital assets, net</b>     | <u>\$ 4,340,101</u>  | <u>\$ 415,718</u> | <u>\$ (86,007)</u> | <u>\$ 4,669,812</u> |
| <b>Business-type activities:</b>                       |                      |                   |                    |                     |
| <b>Capital assets, not being depreciated</b>           |                      |                   |                    |                     |
| Land   | \$ 568               | \$ -              | \$ -               | \$ 568              |
| Total capital assets, not being depreciated            | 568                  | -                 | -                  | 568                 |
| <b>Capital assets, being depreciated</b>               |                      |                   |                    |                     |
| Buildings  | 3,389                | -                 | -                  | 3,389               |
| Improvements other than buildings                      | 631                  | -                 | -                  | 631                 |
| Furniture and equipment                                | 4,666                | 339               | (201)              | 4,804               |
| Total capital assets, being depreciated                | 8,686                | 339               | (201)              | 8,824               |
| <b>Less accumulated depreciation for:</b>              |                      |                   |                    |                     |
| Buildings  | (1,900)              | (110)             | 8                  | (2,002)             |
| Improvements other than buildings                      | (494)                | (8)               | -                  | (502)               |
| Furniture and equipment                                | (3,954)              | (298)             | 188                | (4,064)             |
| Total accumulated depreciation                         | (6,348)              | (416)             | 196                | (6,568)             |
| Total capital assets, being depreciated, net           | 2,338                | (77)              | (5)                | 2,256               |
| <b>Business-type activities capital assets, net</b>    | <u>\$ 2,906</u>      | <u>\$ (77)</u>    | <u>\$ (5)</u>      | <u>\$ 2,824</u>     |



(Note 7 Continued)

Current period depreciation and amortization expense was charged to functions of the primary government as follows (expressed in thousands):

|   |                  |
|---|------------------|
| <b>Governmental activities:</b>   |                  |
| General government  | \$ 8,160         |
| Education, support services   | 1,527            |
| Health, social services   | 12,820           |
| Law, justice, public safety   | 20,956           |
| Recreation, resource development  | 5,086            |
| Transportation  | 12,340           |
| Regulation of business  | 877              |
| Unallocated   | 1,514            |
| Depreciation and amortization on capital assets held by the State's internal service funds is charged to the various functions based on their use of the assets | 5,985            |
| <b>Total depreciation/amortization expense - governmental activities</b>  | <b>\$ 69,265</b> |
| <b>Business-type activities:</b>  |                  |
| Enterprise  | \$ 416           |
| <b>Total depreciation expense - business-type activities</b>  | <b>\$ 416</b>    |

Capital asset activity of the Nevada System of Higher Education for the year ended June 30, 2006, was as follows (expressed in thousands):

|   | <b>Beginning<br/>Balance</b> | <b>Increases</b>  | <b>Decreases</b>   | <b>Ending<br/>Balance</b> |
|---|------------------------------|-------------------|--------------------|---------------------------|
| <b>Nevada System of Higher Education:</b>                                 |                              |                   |                    |                           |
| <b>Capital assets, not being depreciated</b>                              |                              |                   |                    |                           |
| Construction in progress  | \$ 76,269                    | \$ 115,581        | \$ (55,269)        | \$ 136,581                |
| Land  | 65,209                       | 4,226             | (9,214)            | 60,221                    |
| Collections   | 6,552                        | 624               | 1,547              | 8,723                     |
| Total capital assets, not being depreciated                               | 148,030                      | 120,431           | (62,936)           | 205,525                   |
| <b>Capital assets, being depreciated</b>                                  |                              |                   |                    |                           |
| Buildings   | 1,298,938                    | 43,772            | 28,081             | 1,370,791                 |
| Land and improvements   | 77,450                       | 2,394             | 343                | 80,187                    |
| Machinery and equipment   | 246,425                      | 36,694            | (18,891)           | 264,228                   |
| Library books and media   | 89,960                       | 7,189             | (348)              | 96,801                    |
| Total capital assets, being depreciated                                   | 1,712,773                    | 90,049            | 9,185              | 1,812,007                 |
| <b>Less accumulated depreciation for:</b>                                 |                              |                   |                    |                           |
| Buildings   | (349,998)                    | (33,365)          | (1,008)            | (384,371)                 |
| Land and improvements   | (55,332)                     | (4,052)           | -                  | (59,384)                  |
| Machinery and equipment   | (148,079)                    | (24,417)          | 17,408             | (155,088)                 |
| Library books and media   | (75,404)                     | (6,771)           | 346                | (81,829)                  |
| Total accumulated depreciation  | (628,813)                    | (68,605)          | 16,746             | (680,672)                 |
| Total capital assets, being depreciated, net                              | 1,083,960                    | 21,444            | 25,931             | 1,131,335                 |
| <b>Nevada System of Higher Education<br/>activity capital assets, net</b> | <b>\$ 1,231,990</b>          | <b>\$ 141,875</b> | <b>\$ (37,005)</b> | <b>\$ 1,336,860</b>       |

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2006

State  
of  
Nevada

### A. Bonds Payable

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the State. Special obligation highway improvement revenue bonds provide funds for property acquisition and construction of highway projects. Special obligation housing bonds in the aggregate have a debt limit of \$5,000,000,000 and are used for housing loans or to purchase mortgage loans. Special obligation bonds are payable solely from gross pledged revenues and are not general obligations of the State. General obligation bonds and special obligation bonds of the primary government outstanding at June 30, 2006 are comprised of the following (expressed in thousands):

|  | Interest<br>Rates | Original<br>Amount  | Principal<br>Outstanding |
|--|-------------------|---------------------|--------------------------|
| <b>Governmental activities:</b>  |                   |                     |                          |
| <b>General obligation bonds:</b>   |                   |                     |                          |
| Subject to Constitutional Debt Limitation  | 2.0-6.5%          | \$ 1,338,535        | \$ 902,480               |
| Exempt from Constitutional Debt Limitation                                       | 1.6-8.5%          | 1,604,926           | 1,173,278                |
| <b>Special obligation bonds:</b>   |                   |                     |                          |
| Exempt from Constitutional Debt Limitation-<br>Highway Improvement Revenue Bonds | 4.0-6.0%          | 641,225             | 541,680                  |
| Subtotal   |                   | 3,584,686           | 2,617,438                |
| <b>Issuance premiums</b>   |                   | 96,032              | 81,601                   |
| <b>Governmental activities bonds payable</b>                                     |                   | 3,680,718           | 2,699,039                |
| <b>Business-type activities:</b>   |                   |                     |                          |
| <b>General obligation bonds:</b>   |                   |                     |                          |
| Exempt from Constitutional Debt Limitation                                       | 2.0-6.5%          | 138,595             | 118,540                  |
| <b>Special obligation bonds:</b>   |                   |                     |                          |
| Housing Bonds  | 2.6-9.45%         | 1,685,307           | 745,780                  |
| Subtotal   |                   | 1,823,902           | 864,320                  |
| <b>Issuance premiums</b>   |                   | 2,757               | 2,242                    |
| <b>Business-type activities bonds payable</b>                                    |                   | 1,826,659           | 866,562                  |
| <b>Total bonds payable</b>   |                   | <b>\$ 5,507,377</b> | <b>\$ 3,565,601</b>      |

### B. Changes in Long-Term Liabilities

The following is a summary of changes in long-term obligations of the primary government for the fiscal year ended June 30, 2006 (expressed in thousands):

|   | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance   | Due Within<br>One Year |
|---|----------------------|-------------------|---------------------|---------------------|------------------------|
| <b>Governmental activities:</b>                       |                      |                   |                     |                     |                        |
| Bonds payable:  |                      |                   |                     |                     |                        |
| General obligation bonds                              | \$ 2,293,793         | \$ 45,770         | \$ (263,805)        | \$ 2,075,758        | \$ 110,347             |
| Special obligation bonds                              | 380,945              | 191,445           | (30,710)            | 541,680             | 41,125                 |
| Subtotal  | 2,674,738            | 237,215           | (294,515)           | 2,617,438           | 151,472                |
| Issuance premiums                                     | 78,742               | 9,801             | (6,942)             | 81,601              | 7,074                  |
| Total bonds payable                                   | 2,753,480            | 247,016           | (301,457)           | 2,699,039           | 158,546                |
| Obligations under capital leases                      | 7,712                | 4,716             | (2,562)             | 9,866               | 2,387                  |
| Compensated absences obligations                      | 80,365               | 119,708           | (108,019)           | 92,054              | 60,596                 |
| Arbitrage rebate liability                            | 49                   | 25                | (74)                | -                   | -                      |
| Certificates of participation                         | 56,400               | -                 | (720)               | 55,680              | 985                    |
| <b>Governmental activities long-term obligations</b>  | <b>\$ 2,898,006</b>  | <b>\$ 371,465</b> | <b>\$ (412,832)</b> | <b>\$ 2,856,639</b> | <b>\$ 222,514</b>      |
| <b>Business-type activities:</b>                      |                      |                   |                     |                     |                        |
| Bonds payable   |                      |                   |                     |                     |                        |
| General obligation bonds                              | \$ 120,455           | \$ 1,960          | \$ (3,875)          | \$ 118,540          | \$ 6,685               |
| Special obligation bonds                              | 862,966              | 19,000            | (136,186)           | 745,780             | 8,943                  |
| Subtotal  | 983,421              | 20,960            | (140,061)           | 864,320             | 15,628                 |
| Issuance premiums                                     | 2,342                | 49                | (149)               | 2,242               | 149                    |
| Total bonds payable                                   | 985,763              | 21,009            | (140,210)           | 866,562             | 15,777                 |
| Compensated absences obligations                      | 1,398                | 2,001             | (1,835)             | 1,564               | 1,005                  |
| <b>Business-type activities long-term obligations</b> | <b>\$ 987,161</b>    | <b>\$ 23,010</b>  | <b>\$ (142,045)</b> | <b>\$ 868,126</b>   | <b>\$ 16,782</b>       |

(Note 8 Continued)

The General Fund, special revenue funds and internal service funds in which the leases are recorded typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the funds incurring the related salaries and wages costs. The debt service funds typically liquidate the arbitrage obligations.

### C. Debt Service Requirements for Bonds

Debt service requirements (principal and interest) for all long-term bonds and notes outstanding at June 30, 2006, of the primary government are summarized in the table following (expressed in thousands):

| Year Ending<br>June 30 | Governmental Activities |                     | Business-Type Activities |                   |
|------------------------|-------------------------|---------------------|--------------------------|-------------------|
|                        | Principal               | Interest            | Principal                | Interest          |
| 2007                   | \$ 151,472              | \$ 127,992          | \$ 15,628                | \$ 42,944         |
| 2008                   | 161,761                 | 120,560             | 17,677                   | 42,104            |
| 2009                   | 178,310                 | 112,809             | 17,152                   | 41,239            |
| 2010                   | 179,260                 | 104,171             | 17,768                   | 40,367            |
| 2011                   | 195,350                 | 95,215              | 18,551                   | 39,490            |
| 2012-2016              | 775,090                 | 346,593             | 102,818                  | 182,779           |
| 2017-2021              | 593,230                 | 174,543             | 140,330                  | 152,666           |
| 2022-2026              | 315,730                 | 60,330              | 149,191                  | 125,174           |
| 2027-2031              | 67,235                  | 3,974               | 160,260                  | 68,262            |
| 2032-2036              | -                       | -                   | 159,975                  | 35,531            |
| 2037-2041              | -                       | -                   | 64,970                   | 5,611             |
| <b>Total</b>           | <b>\$ 2,617,438</b>     | <b>\$ 1,146,187</b> | <b>\$ 864,320</b>        | <b>\$ 776,167</b> |

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.

### D. 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 of, or for obtaining the benefits of, any property or natural resources within the State. At June 30, 2006, the debt limitation and its unused portion are computed as follows (expressed in thousands):

|   |                     |
|---|---------------------|
| Debt limitation (2% of total assessed valuation)                          | \$ 2,339,593        |
| Less: Bonds and leases payable as of June 30, 2006, subject to limitation | (920,737)           |
| Remaining debt capacity   | <u>\$ 1,418,856</u> |

### E. 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. 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. Thirty-three projects were funded through the Nevada Municipal Bond Bank as of June 30, 2006, and total investments in local governments amounted to \$831,255,000.

### F. Refunded Debt and Redemptions

In 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, 2006 is \$662,734,000.

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

At June 30, 2006, the amount available to service debt in the Consolidated Bond Interest and Redemption debt service fund is \$105,081,841. At June 30, 2006, the amount available to service debt in the Highway Revenue Bonds debt service fund is \$26,233,723. At June 30, 2006, the amount available to service the debt in the Municipal Bond Bank special revenue fund is \$831,280,341.

(Note 8 Continued)

The amount to be provided by other governments of \$161,275,000 is due from the Southern Nevada Water Authority (SNWA). Until January 1, 1996 the Colorado River Commission (CRC), a component unit 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 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, the State records the general obligation bonds previously reported in CRC and an associated amount to be provided by other governments in the government-wide financial statements.

#### 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.

#### I. Capital Leases

The State has entered into various agreements for the lease of equipment. Assets of the primary government acquired under such leases at June 30, 2006, have a historical cost of \$10,645,000 with accumulated depreciation of \$6,758,000.

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, 2006 follow (expressed in thousands):

| Year Ending<br>June 30             | Governmental<br>Activities |
|------------------------------------|----------------------------|
| 2007                               | \$ 2,802                   |
| 2008                               | 1,985                      |
| 2009                               | 1,297                      |
| 2010                               | 1,030                      |
| 2011                               | 958                        |
| 2012-2016                          | 2,312                      |
| 2017-2021                          | 1,402                      |
| Total minimum lease payments       | 11,786                     |
| Less: amount representing interest | (1,920)                    |
| Obligations under capital leases   | \$ 9,866                   |

#### 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, arbitrage rebate liability has been calculated showing no rebate due as of June 30, 2006, and changes for the fiscal year then ended is presented in Section B of this note.

#### K. Certificates of Participation

In fiscal year 1999, the Nevada Real Property Corporation, a blended component unit, issued \$15,000,000 of general obligation certificates of participation at 4.1-5.0% interest to finance the acquisition, construction, installation and equipping of a secured juvenile treatment facility. Under the certificates of participation financing arrangements, the State is required to make payments from general (ad valorem) taxes in the Consolidated Bond Interest and Redemption debt service fund that approximate the interest and principal payments made by trustees to certificate holders.

In fiscal year 2004, the Nevada Real Property Corporation issued \$21,550,000 of Lease Revenue Certificates of Participation at 4.0-5.0% interest to finance the construction of an office building in Carson City (near the State capitol buildings). In fiscal year 2005, the Nevada Real Property Corporation issued \$22,435,000 of Lease Revenue Certificates of Participation at 3.0-5.0% interest to finance the acquisition of a site for and the construction of a new correctional facility in Las Vegas. Under the lease revenue certificates of participation financing arrangements, the certificates are not general obligations of the State and are not backed by the faith and credit or the taxing power of the State. The State's obligation to pay base rent and make other payments to the trustee under the financing leases is subject to appropriation by the State. However, the payment of principal and interest on both issues of certificates is being guaranteed by an insurance policy.

(Note 8 Continued)

The following schedule presents future certificates of participation payments as of June 30, 2006 (expressed in thousands):

| Year Ending<br>June 30 | Principal        | Interest         |
|------------------------|------------------|------------------|
| 2007                   | \$ 985           | \$ 2,544         |
| 2008                   | 1,045            | 2,504            |
| 2009                   | 1,110            | 2,461            |
| 2010                   | 1,180            | 2,416            |
| 2011                   | 1,305            | 2,367            |
| 2012-2016              | 8,625            | 10,871           |
| 2017-2021              | 9,025            | 8,844            |
| 2022-2026              | 11,085           | 6,887            |
| 2027-2031              | 17,435           | 3,722            |
| 2032-2036              | 3,885            | 194              |
| <b>Total</b>           | <b>\$ 55,680</b> | <b>\$ 42,810</b> |

#### L. 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, 2006, there are seventeen series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$886,803,634.

#### M. Component Unit Obligations

*Nevada System of Higher Education (NSHE)* – Bonds, notes, capital leases and compensated absences payable by NSHE at June 30, 2006, and the changes for the year then ended, consist of the following (expressed in thousands):

|  | Beginning<br>Balance | Additions         | Reductions         | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|-------------------|--------------------|-------------------|------------------------|
| Bonds and notes payable                              | \$ 314,029           | \$ 198,921        | \$ (37,907)        | \$ 475,043        | \$ 13,501              |
| Issuance premiums                                    | 3,123                | 9,833             | (429)              | 12,527            | 250                    |
| Total bonds payable                                  | 317,152              | 208,754           | (38,336)           | 487,570           | 13,751                 |
| Obligations under capital leases                     | 15,339               | 2,604             | (2,468)            | 15,475            | 2,832                  |
| Compensated absences obligations                     | 36,579               | 28,240            | (25,572)           | 39,247            | 27,390                 |
| Total  | <u>\$ 369,070</u>    | <u>\$ 239,598</u> | <u>\$ (66,376)</u> | 542,292           | 43,973                 |
| Discretely presented component units<br>of the NSHE: |                      |                   |                    |                   |                        |
| Bonds and notes payable                              |                      |                   |                    | 2,803             | 616                    |
| Capital leases                                       |                      |                   |                    | 99                | -                      |
| Compensated absences                                 |                      |                   |                    | 11                | 11                     |
| Total  |                      |                   |                    | <u>\$ 545,205</u> | <u>\$ 44,600</u>       |

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



(Note 8 Continued)

The following table presents annual principal and interest payments for bonds and notes payable outstanding by NSHE at June 30, 2006 (expressed in thousands):

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>  | <b>Interest</b>   |
|--------------------------------|-------------------|-------------------|
| 2007                           | \$ 13,751         | \$ 22,306         |
| 2008                           | 15,188            | 21,600            |
| 2009                           | 15,196            | 20,976            |
| 2010                           | 16,033            | 20,315            |
| 2011                           | 16,079            | 18,981            |
| 2012-2016                      | 87,405            | 84,083            |
| 2017-2021                      | 89,068            | 63,964            |
| 2022-2026                      | 75,437            | 44,488            |
| 2027-2031                      | 82,035            | 26,378            |
| 2032-2036                      | 77,378            | 7,077             |
| <b>Total</b>                   | <b>\$ 487,570</b> | <b>\$ 330,168</b> |

Future net minimum rental payments which are required under the capital leases by NSHE for the years ending June 30 are as follows (expressed in thousands):

| <b>Year Ending<br/>June 30</b>     | <b>Amount</b>    |
|------------------------------------|------------------|
| 2007                               | \$ 3,425         |
| 2008                               | 3,235            |
| 2009                               | 3,214            |
| 2010                               | 2,151            |
| 2011                               | 1,932            |
| 2012-2016                          | 3,874            |
| Total minimum lease payments       | 17,831           |
| Less: amount representing interest | (2,356)          |
| Obligations under capital leases   | <u>\$ 15,475</u> |

*Colorado River Commission (CRC)* – Bonds and compensated absences payable by CRC at June 30, 2006, and the changes for the year then ended, consist of the following (expressed in thousands):

|                                  | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Bonds payable:                   |                              |                  |                   |                           |                                |
| General obligation bonds         | \$ 114,005                   | \$ -             | \$ (1,420)        | \$ 112,585                | \$ 1,620                       |
| Issuance premiums                | 3,891                        | -                | (246)             | 3,645                     | 246                            |
| Issuance discounts               | (60)                         | -                | 20                | (40)                      | (20)                           |
| Unamortized refunding charges    | (6,187)                      | -                | 348               | (5,839)                   | (348)                          |
| Total bonds payable              | 111,649                      | -                | (1,298)           | 110,351                   | 1,498                          |
| Compensated absences obligations | 256                          | 26               | -                 | 282                       | 235                            |
| Total                            | <u>\$ 111,905</u>            | <u>\$ 26</u>     | <u>\$ (1,298)</u> | <u>\$ 110,633</u>         | <u>\$ 1,733</u>                |

(Note 8 Continued)

Scheduled maturities for bonds payable by CRC for the years ending June 30 are as follows (expressed in thousands):

| Year Ending<br>June 30 | Principal         | Interest         |
|------------------------|-------------------|------------------|
| 2007                   | \$ 1,620          | \$ 5,682         |
| 2008                   | 1,705             | 5,579            |
| 2009                   | 5,200             | 5,380            |
| 2010                   | 5,490             | 5,091            |
| 2011                   | 5,770             | 4,792            |
| 2012-2016              | 33,770            | 18,969           |
| 2017-2021              | 27,240            | 10,122           |
| 2022-2026              | 20,035            | 5,258            |
| 2027-2031              | 11,755            | 767              |
| <b>Total</b>           | <b>\$ 112,585</b> | <b>\$ 61,640</b> |

## Note 9 - Pensions and Other Employee Benefits

The Nevada Legislature 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), the Legislators' Retirement System of Nevada (LRS) and the Judicial Retirement System of Nevada (JRS). 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 regular, police and fire department employees covered by PERS.

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 for each accredited year of service prior to July 1, 2001. For service earned after July 1, 2001, this multiplier is 2.67% of

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 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 25 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, is entitled to a benefit of up to 90% of average compensation. Regular members and police and firemen become fully vested as to benefits upon completion of 5 years of service.

**Member Contributions** - The authority for establishing and amending the obligation to make contributions, and member contribution rates, is provided by statute. New hires of the State of Nevada and public employers, who did not elect 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.

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

(Note 9 Continued)

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, 2006, were as follows:

|                                   | <b>Funding<br/>Basis</b> | <b>Statutory<br/>Rate</b> |
|-----------------------------------|--------------------------|---------------------------|
| <b>Regular employees:</b>         |                          |                           |
| Employer-pay plan                 | 20.44%                   | 19.75%                    |
| Employee/employer plan            | 10.68%                   | 10.50%                    |
| <b>Police and Fire employees:</b> |                          |                           |
| Employer-pay plan                 | 33.24%                   | 32.00%                    |
| Employee/employer plan            | 17.08%                   | 16.50%                    |

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

|   | <b>2006</b>         |                     |                    | <b>2005</b>         |                     |                    | <b>2004</b>         |                     |                    |
|---|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|   | <b>Employees'</b>   | <b>Employers'</b>   | <b>Total State</b> | <b>Employees'</b>   | <b>Employers'</b>   | <b>Total State</b> | <b>Employees'</b>   | <b>Employers'</b>   | <b>Total State</b> |
|   | <b>Contribution</b> | <b>Contribution</b> | <b>Requirement</b> | <b>Contribution</b> | <b>Contribution</b> | <b>Requirement</b> | <b>Contribution</b> | <b>Contribution</b> | <b>Requirement</b> |
| Primary Government  | \$ 55,635           | \$ 128,981          | \$ 184,616         | \$ 48,267           | \$ 113,090          | \$ 161,357         | \$ 44,455           | \$ 107,807          | \$ 152,262         |
| <b>Component Units:</b>   |                     |                     |                    |                     |                     |                    |                     |                     |                    |
| Colorado River Commission   | 131                 | 369                 | 500                | 146                 | 331                 | 477                | 142                 | 283                 | 425                |
| Nevada System of Higher Education   | 9,872               | 23,114              | 32,986             | 9,002               | 21,884              | 30,886             | 8,038               | 20,093              | 28,131             |
| <b>Total component units</b>  | <b>10,003</b>       | <b>23,483</b>       | <b>33,486</b>      | <b>9,148</b>        | <b>22,215</b>       | <b>31,363</b>      | <b>8,180</b>        | <b>20,376</b>       | <b>28,556</b>      |
| <b>Total reporting entity</b>   | <b>\$ 65,638</b>    | <b>\$ 152,464</b>   | <b>\$ 218,102</b>  | <b>\$ 57,415</b>    | <b>\$ 135,305</b>   | <b>\$ 192,720</b>  | <b>\$ 52,635</b>    | <b>\$ 128,183</b>   | <b>\$ 180,818</b>  |
| Contributions as % of covered payroll   | 7%                  | 15%                 | 22%                | 7%                  | 15%                 | 22%                | 6%                  | 16%                 | 22%                |
| Contributions as % of total contributions of all participating entities of \$1,084,314, \$1,006,138 and \$912,778 | 6%                  | 14%                 | 20%                | 6%                  | 13%                 | 19%                | 6%                  | 14%                 | 20%                |
| Pension costs contributed   |                     |                     | 100%               |                     |                     | 100%               |                     |                     | 100%               |

*Required Supplementary Information* - Schedules of funding progress and employer contributions are presented in the PERS June 30, 2006, comprehensive annual financial report. PERS' financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

## B. LRS

*Plan Description* - All State Legislators are members in the Legislators' Retirement System (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. 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

**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 2006

State  
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(Note 9 Continued)

and investment earnings provide benefits under the system. Legislators become fully vested as to benefits at age 60 with 8 years of service before July 1, 1985, or at age 60 with 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 \$412,374 for fiscal years 2005 and 2006, which is the required biennial State contribution as determined by the actuary. This amount was paid by the State of Nevada to the Legislative fund during fiscal 2005. \$206,187 (half) was recognized as employer contribution in the fiscal year ended June 30, 2005 and 2006. Employee contributions of \$67,860 were received in fiscal year 2005. Of the total employee contributions, \$33,930 (half) was recorded as employee contributions in fiscal year 2005 and 2006 respectively.

**Actuarial Information** - Actuarial valuations of the LRS are prepared every two years to determine State contributions required to fund the system on an actuarial basis. Actuarial methods and significant assumptions used in the January 1, 2005, actuarial valuation include the following:

|  |  |
|--|--|
| <i>Actuarial Cost Method:</i>                      | Entry age normal cost  |
| <i>Amortization Method:</i>                        | Level dollar closed  |
| <i>Remaining Amortization Period:</i>              | 20 years   |
| <i>Asset Valuation Method:</i>                     | Five year smoothed market  |
| <i>Actuarial Assumptions:</i>                      |  |
| <i>(Includes Inflation at 3.5% per year)</i>       |  |
| <i>Investment yield</i>                            | 8%   |
| <i>Projected salary increases</i>                  | None   |
| <i>Retirement Age for Active Members:</i>          | Age 60 and 8 years of service with service credit before July 1, 1985; age 60 and 10 years of service without service credit before July 1, 1985; Any age with 24 years of service after January 1, 1998           |
| <i>Assumed Mortality Rate:</i>                     | 1983 Group Annuity Mortality Table   |
| <i>Cost of Living (Post-Retirement) Increases:</i> | 2% after 3 years of receiving benefits<br>3% after 6 years of receiving benefits<br>3.5% after 9 years of receiving benefits<br>4% after 12 years of receiving benefits<br>5% after 14 years of receiving benefits |

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

| Calendar Year | Annual Pension Cost | State Contribution Made | Percentage of Annual Pension Cost Contributed | Net Pension Obligation |
|---------------|---------------------|-------------------------|---|------------------------|
| 2004          | \$ 177              | \$ 177                  | 100%  | \$ -                   |
| 2005          | 206                 | 206                     | 100%  | -                      |
| 2006          | 206                 | 206                     | 100%  | -                      |

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** - A schedule of funding progress is presented in the accompanying Required Supplementary Information (RSI).

(Note 9 Continued)

### C. JRS

**Plan Description** - The Judicial Retirement System of Nevada (JRS) is the administrator of an agent multiple employer public employees defined benefit retirement system established in July 2001, by the Nevada Legislature to provide a reasonable base income to justices of the Supreme Court and district judges at retirement. In 2005, the Nevada Legislature amended the retirement statutes to allow municipal court judges and justices of the peace to participate in the JRS, upon the election of the local government employing the municipal court judges and justices of the peace. At June 30, 2006, eight municipalities in Nevada had elected to participate in the JRS. The JRS is legislated by and functions in accordance with laws established by the Nevada Legislature. The JRS was established to provide benefits in the event of retirement, disability, or death of justices of the Supreme Court and district judges, and now, municipal court judges and justices of the peace, funded on an actuarial reserve basis. The JRS began with initial funding from the State of Nevada on July 20, 2001, and became effective on January 1, 2003.

Benefits are paid according to various options contained in pertinent statutes, dependent upon whether a member was serving as a judge before November 5, 2002. Retiring members who were serving as a judge before November 5, 2002 may select among the two benefit options. Retiring members who began serving as a justice or judge on or after November 5, 2002 may select only the first option.

Option 1: 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.

Option 2: Retiring members who were serving as a judge prior to November 5, 2002 may select the following benefit: Benefit payments are computed at 4.166% for the first five years of service and 4.166% for each additional year of service, up to total maximum of 22 years, times the member's compensation for their last year of service.

**Contributions and Funding** - The participating employers submit the percentage of compensation determined by the actuary to pay the normal costs and administrative expenses of the JRS. Annually the participating employers pay to the JRS an amount on the unfunded liability which is actuarially determined to be sufficient to enable the JRS to pay all current benefits for which the JRS is liable.

**Actuarial Information** - Actuarial valuations of the JRS are prepared annually on a calendar year basis. Since its amendment to an agent multiple employer plan, an actuarial valuation has not been performed. A valuation is expected to be prepared based upon a valuation date of 2007. Significant actuarial assumptions used in the January 1, 2006 valuation include the following:

| <b>Actuarial Cost Method:</b>                      | Entry age normal   |     |              |       |     |       |     |       |     |    |      |
|--|--|-----|--------------|-------|-----|-------|-----|-------|-----|----|------|
| <b>Amortization Method:</b>                        | Level dollar closed  |     |              |       |     |       |     |       |     |    |      |
| <b>Remaining Amortization Period:</b>              | 31 years   |     |              |       |     |       |     |       |     |    |      |
| <b>Asset Valuation Method:</b>                     | Market value   |     |              |       |     |       |     |       |     |    |      |
| <b>Actuarial Assumptions:</b>                      |  |     |              |       |     |       |     |       |     |    |      |
| (Includes Inflation at 3.5% per year)              |  |     |              |       |     |       |     |       |     |    |      |
| <b>Investment yield</b>                            | 8%   |     |              |       |     |       |     |       |     |    |      |
| <b>Projected salary increases</b>                  | Base increases of 3% per year<br>Longevity increases of 2% per year after four years, maximum longevity increases of 22%   |     |              |       |     |       |     |       |     |    |      |
| <b>Retirement Age for Active Members:</b>          | Retirement rates after completion of five years of service and attainment of the following ages:   |     |              |       |     |       |     |       |     |    |      |
|  | <table> <tr> <th>Age</th><th>Rate per Age</th></tr> <tr> <td>60—64</td><td>35%</td></tr> <tr> <td>65—67</td><td>50%</td></tr> <tr> <td>68—69</td><td>75%</td></tr> <tr> <td>70</td><td>100%</td></tr> </table>     | Age | Rate per Age | 60—64 | 35% | 65—67 | 50% | 68—69 | 75% | 70 | 100% |
| Age  | Rate per Age   |     |              |       |     |       |     |       |     |    |      |
| 60—64  | 35%  |     |              |       |     |       |     |       |     |    |      |
| 65—67  | 50%  |     |              |       |     |       |     |       |     |    |      |
| 68—69  | 75%  |     |              |       |     |       |     |       |     |    |      |
| 70   | 100%   |     |              |       |     |       |     |       |     |    |      |
| <b>Assumed Mortality Rate:</b>                     | 1994 Group Annuity Mortality Table (sex distinct) set forward one year   |     |              |       |     |       |     |       |     |    |      |
| <b>Cost of Living (Post-Retirement) Increases:</b> | 2% after 3 years of receiving benefits<br>3% after 6 years of receiving benefits<br>3.5% after 9 years of receiving benefits<br>4% after 12 years of receiving benefits<br>5% after 14 years of receiving benefits |     |              |       |     |       |     |       |     |    |      |



**Notes to Financial Statements***For the Fiscal Year Ended June 30, 2006*State  
of  
Nevada*(Note 9 Continued)**Trend Information - Three-year trend information follows (expressed in thousands):*

| Calendar<br>Year | Annual<br>Pension Cost | State Contribution<br>Made | Percentage of Annual<br>Pension Cost Contributed | Net Pension<br>Obligation |
|------------------|------------------------|----------------------------|--|---------------------------|
| 2004             | \$ 3,078               | \$ 3,078                   | 100%   | \$ -                      |
| 2005             | 3,363                  | 3,363                      | 100%   | -                         |
| 2006             | 3,580                  | 2,649                      | 74%  | -                         |

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

*Required Supplementary Information - A schedule of funding progress is presented in the accompanying Required Supplementary Information (RSI).*

**D. Post-Retirement Insurance Benefits**

Employees of the State, who meet the eligibility requirements for retirement as outlined in sections A through C of this note and at the time of retirement are participants in the program, have the option upon retirement to continue group insurance. NAC 287.530 establishes this benefit upon the retiree. NRS 287.046 establishes a subsidy to pay an amount toward the cost of the premium or contribution for the persons retired from the State. Retirees assume any portion of the premium not covered by the State. The Public Employees' Benefits Program administers these insurance benefits. For the year ended June 30, 2006, there were 6,378 retirees covered at a cost of \$28,479,026, which represents 76% of total costs. The State allocates funds for payment of post retirement insurance benefits as a percentage of budgeted payroll to all State agencies. The cost of the employer contribution is recognized in the year the costs are charged. No unused funds are carried forward to the next fiscal year.

**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 interfund services provided and used. 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<br>Insurance<br>Fund | Insurance<br>Premiums<br>Fund |
|---|---------------------------|-------------------------------|
| Balance, June 30, 2004                    | \$ 19,209                 | \$ 39,533                     |
| Claims and changes in estimates           | 139,499                   | 19,937                        |
| Claim payments                            | (134,844)                 | (14,204)                      |
| Balance June 30, 2005                     | 23,864                    | 45,266                        |
| Claims and changes in estimates           | 151,617                   | 11,189                        |
| Claim payments                            | (154,002)                 | (11,805)                      |
| Other - deposit and loss fund adjustments | -                         | (670)                         |
| <b>Balance June 30, 2006</b>              | <b>\$ 21,479</b>          | <b>\$ 43,980</b>              |

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 it is probable 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. A reserve for losses has been established in both funds to account for these liabilities and is included in the liability section of the Statement of Net Assets.

There was no insurance coverage for excess liability insurance.

There are several pending lawsuits or unresolved disputes involving the State or its representatives at June 30, 2006. The estimated liability for these claims has been factored into the calculation of the reserve for losses and loss adjustment expenses developed.

**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 activities of the Self-Insurance Fund and currently, in addition to the State, there are nine public employers whose employees are covered

*(Note 10 Continued)*

under the plan. Additionally, all retirees of public employers are eligible to join the program subsequent to their retirement. Public employers are required to subsidize their retirees who participate in the plan in the same manner the State subsidizes its retirees. Currently, ninety-five public employers are billed for retiree subsidies. The Self-Insurance Fund is overseen by the Public Employees' Benefit Program Board. The Board is composed of nine members: eight members appointed by the Governor, and the Director of the Department of Administration or his designee.

The Self-Insurance Fund is self-insured for medical, dental, vision, mental health and substance abuse benefits and assumes all risk for claims incurred by plan participants. Fully insured HMO products are also offered. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers. For the self-insured benefits, fund rate-setting policies have been established after consultation with an actuary. The participating public employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies.

The management of the Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Upon consultation with an actuary, claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation, because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which claims are made.

#### **B. Insurance Premiums Fund**

The Insurance Premiums Fund provides general, civil (tort), and auto liability insurance to State agencies, workers' compensation insurance for State employees, and auto physical damage and property insurance for State agencies.

For the period beginning January 1, 2001, and for each calendar year thereafter, the Fund purchased a high deductible policy. For the year ended June 30, 2006, the loss retention for this

policy was \$2,500,000. Liabilities in the amount \$30,792,632 as of June 30, 2006 were determined using standard actuarial techniques as estimates for the incurred but not reported losses and allocated loss adjustment expenses under the plan, adjusted for a non-working escrow deposit on-hand with the insurer as of June 30, 2006.

The Fund is financed by the State. The State has a maximum exposure of \$50,000 for each general liability claim, with the exception of claims that are filed in other jurisdictions, namely, federal court. Those claims filed in federal court are not subject to the limit. Per State statute, if, as the result of future general liability or catastrophic losses, fund resources are exhausted, coverage is first provided by the reserve for statutory contingency account and would then revert to the General Fund.

The Fund is fully self-insured for general, civil and vehicle liability. The fund is also self-insured for comprehensive and collision loss to automobiles, self-insured to \$500,000 for property loss with commercial insurance purchased to cover the excess above this amount, and commercially insured for losses to boilers and machinery and certain other risks.

At June 30, 2006, incurred but not reported claims liability for general, civil and auto liability insurance is based upon standard actuarial techniques, which take into account financial data, loss experience of other self-insurance programs and the insurance industry, the development of known claims, estimates of the cost of reported claims, incurred but not reported claims, and allocated loss adjustment expenses. The incurred but not reported claims liability for property casualty insurance is based upon the estimated cost to replace damaged property. Incurred but not reported claims liabilities are included in the reserve for losses.

The State is contingently liable for the cost of Post Retirement Heart Disease benefits payable under the Nevada Occupational Disease Act. Any fireman or police officer that satisfies the five-year employment period requirement under this act is eligible for coverage under Workers' Compensation for heart disease. A range of estimated losses from \$10,826,500 to \$33,536,300 has been determined using standard actuarial techniques. Due to the high degree of uncertainty surrounding this coverage, no accrual for these losses is reflected in the financial statements.

At June 30, 2006 total liabilities exceeded total assets by \$39,157,708. According to figures derived from actuarial estimates, the Fund is liable for approximately \$39,200,000 as of June 30, 2006 in potential claims settlements, which have

(Note 10 Continued)

yet to be funded through premium contributions. As Nevada Revised Statute 331.187 provides that if money in the Fund is insufficient to pay a tort claim, the claim is to be paid from the reserve for statutory contingency account, and, as management assesses premiums to cover current claims payments, management believes that this provides the opportunity for the Fund to satisfy these liabilities.

## Note 11 - Fund Balances and Net Assets

### A. Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports \$1,819,214 (expressed in thousands) of restricted net assets for the primary government of which \$202,363 (expressed in thousands) is restricted by enabling legislation.

### B. Governmental Fund Balances

Governmental fund balances, reserved for other and unreserved, designated, reported in nonmajor funds at June 30, 2006, are explained as follows (expressed in thousands):

|  | General         | State<br>Highway | Other<br>Governmental | Total            |
|--|-----------------|------------------|-----------------------|------------------|
| <b><i>Fund balances, reserved for other:</i></b>                               |                 |                  |                       |                  |
| Reserved for prepaid items   | \$ 921          | \$ 5             | \$ 75                 | \$ 1,001         |
| Reserved for noncurrent receivables - notes                                    | 615             | -                | 37                    | 652              |
| <b>Total fund balances, reserved for other</b>                                 | <b>\$ 1,536</b> | <b>\$ 5</b>      | <b>\$ 112</b>         | <b>\$ 1,653</b>  |
| <b><i>Fund balances, unreserved, designated, reported in nonmajor:</i></b>     |                 |                  |                       |                  |
| <b><i>Special revenue funds:</i></b>   |                 |                  |                       |                  |
| Designated for principal preservation  | \$ -            | \$ -             | \$ 523                | \$ 523           |
| Designated for legislatively approved allocations                              | -               | -                | 9,479                 | 9,479            |
| Designated for approved capital projects                                       | -               | -                | 1,461                 | 1,461            |
| Total special revenue funds  | -               | -                | 11,463                | 11,463           |
| <b><i>Capital project funds:</i></b>   |                 |                  |                       |                  |
| Designated for approved capital projects                                       | -               | -                | 39,366                | 39,366           |
| <b>Total fund balances, unreserved, designated, reported in nonmajor funds</b> | <b>\$ -</b>     | <b>\$ -</b>      | <b>\$ 50,829</b>      | <b>\$ 50,829</b> |

### C. Individual Fund Deficits

#### Enterprise Fund

*Nevada Magazine* - The Nevada Magazine accounts for the operation of the publication, *Nevada Magazine*, which is published to promote tourism. The fund shows a decrease in net assets of \$237,759 for the fiscal year ended June 30, 2006, resulting in net liabilities (negative net assets) of \$539,210 at June 30, 2006.

*Higher Education Tuition Trust* - Higher Education Tuition Trust accounts for the receipts and disbursements related to prepaid tuition contracts that allow the costs of tuition to be paid in advance of enrollment at an institution of higher education. The fund recorded a decrease in net assets of \$4,744,635 for the year ended June 30, 2006, resulting in net liabilities (negative net assets) of \$2,556,296 at June 30, 2006.

#### Internal Service Funds

*Insurance Premiums* - The Insurance Premiums Fund allocates the cost of fidelity insurance, property insurance and workers' compensation insurance to State agencies. The fund recorded a decrease in net assets of \$6,846,393 for the year ended June 30, 2006, resulting in net liabilities (negative net assets) of \$39,157,708 at June 30, 2006.

**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 most non-gaming taxes.

The following are the primary non-gaming tax revenues:

*Sales and Use Taxes* are imposed at a minimum rate of 6.5%, with county and local option up to an additional 1.25%, 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.

*Modified Business Tax* is imposed at .63% for businesses other than financial institutions, and 2% for financial institutions, on gross wages paid by the employer during the calendar quarter. There is an allowable deduction from the gross wages for amounts paid by the employer for qualified health insurance or a qualified health benefit plan.

*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.

*Motor Vehicle Fuel Tax* is levied at 24.805 cents per gallon on gasoline and gasohol sales. 17.65 cents of the tax goes to the State Highway Fund, .75 cents goes to the Cleaning Up Petroleum Discharges Fund, .055 cents goes to the General Fund and the remaining 6.35 cents goes to the counties. The counties have an option to levy up to an additional 9 cents per gallon.

*Other Sources* of tax revenues include: Cigarette Tax, Controlled Substance Tax, Estate Tax, Jet Fuel, Liquor Tax,

Live Entertainment Tax (non-gaming establishments), Lodging Tax, Business License Fees, Motor Carrier Fees, Motor Vehicle Registration Fees, Net Proceeds of Minerals Tax, Property Tax, Special Drug Manufacturing Tax, Short-Term Lessor Fees and Tire 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:

3.5% of the first \$50,000 of gross revenue; 4.5% of the next \$84,000 of gross revenue; and 6.75% of the gross revenue in excess of \$134,000.

*Live Entertainment Taxes* are imposed at 10% of all amounts paid for admission, food, merchandise or refreshment, while the establishment is providing entertainment in facilities with less than occupancy/seating of 7,500. A 5% rate is imposed for facilities with at least 7,500 occupancy/seating.

*Flat Fee Collections* are levied on the number of gambling games and slot machines operated. Licensees pay fees at variable rates on the number of gaming devices operated per quarter.

*Other Sources* of gaming tax revenues include: 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.

**Note 13 - Works of Art and Historical Treasures**

The State possesses certain works of art, historical treasures, and similar assets that are not included with the capital assets shown in Note 7. The mission of the Lost City Museum in Overton is to study, preserve, and protect prehistoric Pueblo sites found in the Moapa Valley and adjacent areas and to interpret these sites through exhibits and public programs. In Reno, the Nevada Historical Society exhibits and maintains a large number of historical collections preserving the cultural heritage of Nevada. These collections are divided into four

sections: library, manuscripts, photography, and museum. The Nevada State Museum in Carson City collects, preserves, and documents three general types of collections: anthropology, history, and natural history as it relates to Nevada and the Great Basin. The Nevada State Museum and Historical Society of Las Vegas emphasizes Southern Nevada and its relationship to the Mojave Desert in its major collections of transportation, mining, and tourism as well as daily artifacts such as clothing, historical correspondence, and photography. The Nevada State

(Note 13 Continued)

Railroad Museum, which is located in Carson City, preserves the rich railroad heritage of Nevada, including locomotives and cars of the famous Virginia & Truckee Railroad. The East Ely Depot Museum, located in the historic Nevada Northern Railroad Depot building, exhibits artifacts, documents, and photographs of early Eastern Nevada mining and railroad transportation.

These collections are not capitalized by the State because they are:

- Held for public exhibition, education or research in furtherance of public service, rather than financial gain,
- Protected, kept unencumbered, cared for and preserved, and
- Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

## Note 14 - Commitments and Contingencies

### A. Primary Government

**Lawsuits** - The State Attorney General's Office reported that the State of Nevada 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. Building and contents are insured on a blanket replacement cost basis for all risk except certain specified exclusions.

The State and/or its officers and employees are parties to a number of lawsuits filed under the 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. Currently, the State is involved in several actions alleging federal civil rights violations that could result in substantial liability to the State.

**PERS** - The Public Employees' Retirement System (PERS) has entered into investment funding commitments related to alternative investments to fund an additional \$308.3 million at some future date. Alternative investments consist

of acquisitions, industry consolidations, subordinated debt instruments, special situations, and venture capital.

**Leases** - The State is obligated by leases for buildings and equipment 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 Statement of Net Assets. Primary government lease expense for the year ended June 30, 2006 amounted to \$28.9 million. The following is the primary government's 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, 2006 (expressed in thousands):

| For the Year<br>Ending June 30 | Amount           |
|--------------------------------|------------------|
| 2007                           | \$ 19,683        |
| 2008                           | 15,951           |
| 2009                           | 11,975           |
| 2010                           | 8,872            |
| 2011                           | 5,260            |
| 2012-2016                      | 9,093            |
| 2017-2021                      | 201              |
| 2022-2026                      | 4                |
| <b>Total</b>                   | <b>\$ 71,039</b> |

**Federal Grants** - The State receives significant financial assistance from the federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2006, the State is unable to estimate the amount, if any, of expenditures that may be disallowed, although the State expects such amounts, if any, to be immaterial.



(Note 14 Continued)

**Rebate Arbitrage** - 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. Rebateable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in different rebateable arbitrage amounts.

**Construction Commitments** - As of June 30, 2006, the Nevada Department of Transportation had total contractual commitments of approximately \$355.8 million for construction of various highway projects. Other major non-highway construction commitments for the primary government's budgeted capital projects funds total \$55.8 million.

## **B. Discretely Presented Component Units**

**Nevada System of Higher Education (NSHE)** - As of June 30, 2006, NSHE had entered into various investment agreements with private equity partnerships. Under the terms of certain of these investment agreements, NSHE is obligated to make additional investments in these private equity partnerships of \$7,481,000.

NSHE is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, NSHE management believes any ultimate liability in these matters, in excess of insurance coverage, will not materially affect the net assets, changes in net assets or cash flows of NSHE.

**Colorado River Commission (CRC)** has entered into forward contracts to purchase and sell electrical power at a specified time in the future at a guaranteed price. CRC entered into these contracts to help plan power costs for the year and to protect itself against an increase in market prices. For contracts to purchase power, it is possible that the market price before or at the specified time to purchase electrical power may be lower than the price at which CRC is committed to buy. Conversely, for contracts to sell power, it is possible that the market price on or before the specified time to sell the electrical power may be higher than the price at which CRC is obligated to sell, which would reduce the value of the contracts.

CRC has the option to make a termination payment to the various counterparties to cancel its obligation under the contract and then buy and/or sell electrical power on the open market.

CRC is also exposed to the failure of the various counterparties to fulfill their obligations under the contracts. The terms of the contracts include provisions for recovering the cost in excess of the guaranteed price from the counterparty should CRC have to procure and/or sell electrical power on the open market. Available credit ratings for counterparties range between AA+ and BBB+ when rated by Standard & Poors.

Currently, the contract pricing on the majority of CRC's forward contracts to buy and/or sell energy is such that it would be in the best interests of the counterparties to comply with the terms of the contracts, as they are favorable to the counterparties.

As a result of CRC's contracts to purchase energy in effect as of year-end, management estimates that the CRC will be obligated to purchase energy at approximately \$244,000 above forecasted market prices at the specified delivery dates in the contracts.

Management's estimate of forward contract exposure was developed with the assistance of an outside consultant (the Consultant), specializing in such forecasting. Forward contracts were "marked-to-market" by applying the forecasted forward monthly prices to the monthly quantities associated with each forward contract. CRC developed the forward price curves (see the following paragraph) and valued the forward contracts relative to the market as of June 30, 2006. Forward volatilities and interest rates were considered in the valuation process.

The forward price curves were constructed using an iterative process that started with short term power market data at the most liquid delivery points and then blended in information from term power markets and the natural gas market. Information from the natural gas market was used in conjunction with a heat rate curve model to develop forward prices for periods when contracts were not actively traded.

All of CRC's power customers are contractually obligated for electrical power purchased or sold on their behalf by CRC. These are generally "take or pay" contracts, meaning that the customer is required to make or receive payment regardless of whether or not the power is actually delivered.

*(Note 14 Continued)*

In May 2005, CRC sold 110 acres in the Fort Mohave Valley transfer area for \$13,000,000. The acreage sold is part of land purchased by CRC from the federal government pursuant to the "Fort Mohave Development Law" (NRS 321 480-536) and had been carried on CRC books of account in the Fort Mohave Special Revenue Fund.

The proceeds of the sale were deposited in the Power Marketing Fund, \$7,000,000 of which was paid to the Fort Mohave Development Account and \$6,000,000 was expended in the Power Marketing Fund for operating expenses, including power purchases.

The City of Laughlin, located near the Fort Mohave Valley transfer area, in Clark County has taken the position that the proceeds from the sale should only be used for development in that area and cannot be used for any other CRC purposes. The Clark County District Attorney has published an opinion supporting this position.

Pursuant to an agreement effective March 21, 2006, CRC will not use any funds, in addition to those previously used for such

other purposes, for any purpose other than to administer the provisions of the Fort Mohave Development Law. CRC will support and testify in favor of legislation that will expressly prohibit expenditure of such funds for any other purpose and provide for appropriation of funds to replace those previously used for other purposes.

Under this agreement, the County will not bring legal action to challenge CRC's use of such funds for other than to administer the provisions of the Fort Mohave Development Law.

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by CRC. Under this Act, an amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

## **Note 15 - Subsequent Events**

### **Primary Government**

*Bonds* - The following bonds were sold after June 30, 2006:

*General Obligation Bonds* - \$22,000,000 Series 2006A, General Obligation (Limited Tax) Open Space, Parks and Natural Resources Bonds, due in annual installments ranging from \$840,000 to \$1,615,000 due on June 1, 2007 through 2026, plus interest ranging from 4.00% to 5.00% payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, commencing December 1, 2006. The Series 2006A Bonds maturing on and after June 1, 2017 will be subject to optional redemption on and after June 1, 2016. The Series 2006A Bonds are not subject to the Constitutional Debt Limit.

\$16,000,000 Series 2006B General Obligation (Limited Tax), Natural Resources Bonds, due in annual installments ranging from \$350,000 to \$495,000 due on June 1, 2007 through 2022, plus interest ranging from 4.125% to 5.00%, payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, commencing December 1, 2006. The Series 2006B Bonds maturing on and after June 1, 2017 will be subject to optional redemption on and after June 1, 2016. The 2006B Bonds maturing on June 1, 2024, June 1, 2026, June 1, 2030, and June 1, 2036 are subject to mandatory redemption prior to maturity from sinking

fund payments made ranging from \$515,000 to \$975,000 payable annually on June 1, 2023 through 2036. The Series 2006B Bonds are not subject to the Constitutional Debt Limit.

\$2,925,000 Series 2006C General Obligation (Limited Tax), Cultural Affairs Bonds, due in annual installments ranging from \$120,000 to \$215,000 due on June 1, 2007 through 2025, plus interest ranging from 4.25% to 7.00%, payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, commencing December 1, 2006. The Series 2006C Bonds maturing on and after June 1, 2017 will be subject to optional redemption on and after June 1, 2016. The Series 2006C Bonds are subject to the Constitutional Debt Limit.

\$111,840,000 Series 2006D General Obligation (Limited Tax), (Revenue Supported) Water Refunding Bonds, due in annual installments ranging from \$5,255,000 to \$8,835,000 due on July 1, 2007 through 2024, plus interest ranging from 4.75% to 5.00%, payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup>, commencing January 1, 2007. The Series 2006D Bonds maturing on and after July 1, 2017, will be subject to optional redemption on and after July 1, 2016. The Series 2006D Bonds are not subject to the Constitutional Debt Limit.

(Note 15 Continued)

\$149,990,000 Series 2006E General Obligation (Limited Tax), Capital Improvement Bonds, due in annual installments ranging from \$6,090,000 to \$9,745,000 due on March 1, 2009 through 2025, plus interest ranging from 3.50% to 5.00%, payable semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>, commencing March 1, 2007. The Series 2006E Bonds maturing on and after March 1, 2017 will be subject to optional redemption on and after March 1, 2016. The Series 2006E Bonds are subject to the Constitutional Debt Limit.

\$12,665,000 Series 2006F General Obligation (Limited Tax), Natural Resources and Refunding Bonds, due in annual installments ranging from \$455,000 to \$415,000 due on March 1, 2007 through 2026, plus interest ranging from 4.00% to 5.00%, payable semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>, commencing March 1, 2007. The Series 2006F Bonds maturing on and after March 1, 2017 will be subject to optional redemption on and after March 1, 2016. The Series 2006F Bonds are not subject to the Constitutional Debt Limit.

\$3,305,000 Series 2006G General Obligation (Limited Tax), Safe Drinking Water Act Revolving Fund Matching Bonds, due in annual installments ranging from \$100,000 to \$245,000 due on August 1, 2007 through 2026, plus interest ranging from 4.00% to 5.00%, payable semi-annually on February 1<sup>st</sup> and August 1<sup>st</sup>, commencing February 1, 2007. The Series 2006G Bonds maturing on and after August 1, 2017 will be subject to optional redemption on and after February 1, 2017. The Series 2006G Bonds are not subject to the Constitutional Debt Limit.

*Revenue Bonds* - \$192,730,000 Series 2006, Highway Improvement Revenue (Motor Vehicle Fuel Tax) Bonds, due in annual installments ranging from \$5,800,000 to \$14,390,000 due on December 1, 2007 through 2026, plus interest ranging from 3.50% to 5.00% payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, commencing June 1, 2007. The Series 2006 Bonds maturing on and after December 1, 2017 will be subject to optional redemption prior to maturity.

*Certificates of Participation* - \$5,760,000, Lease Revenue Certificates of Participation (Legislative Counsel Bureau Project), Series 2006, due in annual installments ranging from \$90,000 to \$360,000 due on April 1, 2008 through 2026, plus interest ranging from 4.00% to 4.375% payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, commencing April 1, 2007. The 2006 Certificates maturing on and after April 1, 2017 will be subject to optional redemption on and after April 1, 2016. The 2006 Certificates maturing on April 1, 2029, are subject to mandatory prepayment prior to maturity from sinking fund payments ranging from \$375,000 to \$210,000 payable annually on April 1, 2027 through 2029.

*Arbitration Award* – The State and its Public Works Board were involved in an Arbitration over construction of a veterans' home. In July 2006, payments in the amount of \$9,483,407 were made pursuant to an arbitration award. As this award was finalized in June 2006, this amount has been recorded in accounts payable as of June 30, 2006.

## Note 16 - Accounting Changes and Restatements

During fiscal year 2006, the State implemented the Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section, (an amendment of NCGA Statement 1). This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by Statement 34. The Statement also adds new information that users have identified as important and eliminates certain previous requirements.

The State also implemented GASB Statement No 46, Net Assets Restricted by Enabling Legislation (an Amendment of GASB Statement No. 34). This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. GASB 46 also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. This disclosure has been added to Note 11.



# Required Supplementary Information



# **Budgetary Comparison Schedule** **General Fund and Major Special Revenue Funds**

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

|                                       | General Fund       |                   |                   |                                  | State Highway Fund |                  |                   |                                  |
|---------------------------------------|--------------------|-------------------|-------------------|----------------------------------|--------------------|------------------|-------------------|----------------------------------|
|                                       | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>with Final<br>Budget | Original<br>Budget | Final<br>Budget  | Actual            | Variance<br>with Final<br>Budget |
| <b>SOURCES OF FINANCIAL RESOURCES</b> |                    |                   |                   |                                  |                    |                  |                   |                                  |
| Fund balances, July 1                 | \$ 794,969         | \$ 794,969        | \$ 794,969        | \$ -                             | \$ 297,482         | \$ 297,482       | \$ 297,482        | \$ -                             |
| <b>Revenues:</b>                      |                    |                   |                   |                                  |                    |                  |                   |                                  |
| Sales taxes                           | 950,335            | 950,335           | 1,005,054         | 54,719                           | -                  | -                | -                 | -                                |
| Gaming taxes, fees, licenses          | 923,239            | 923,239           | 956,009           | 32,770                           | -                  | -                | -                 | -                                |
| Intergovernmental                     | 1,437,303          | 1,715,479         | 1,411,332         | (304,147)                        | 232,662            | 233,105          | 224,484           | (8,621)                          |
| Other taxes                           | 971,344            | 983,192           | 1,058,261         | 75,069                           | 306,285            | 306,399          | 314,451           | 8,052                            |
| Sales, charges for services           | 200,660            | 168,386           | 155,646           | (12,740)                         | 23,736             | 25,690           | 18,043            | (7,647)                          |
| Licenses, fees and permits            | 404,236            | 416,272           | 393,021           | (23,251)                         | 160,803            | 164,038          | 175,278           | 11,240                           |
| Interest                              | 22,777             | 27,382            | 41,153            | 13,771                           | 6,015              | 6,040            | 15,084            | 9,044                            |
| Other                                 | 337,530            | 232,569           | 231,317           | (1,252)                          | 16,576             | 22,572           | 59,366            | 36,794                           |
| <b>Other financing sources:</b>       |                    |                   |                   |                                  |                    |                  |                   |                                  |
| Proceeds from sale of bonds           | -                  | 5,039             | 5,039             | -                                | 200,000            | 200,000          | 199,315           | (685)                            |
| Transfers                             | 213,603            | 281,708           | 220,999           | (60,709)                         | 14,036             | 11,966           | 14,118            | 2,152                            |
| Reversions from other funds           | -                  | -                 | 2,200             | 2,200                            | -                  | -                | -                 | -                                |
| <b>Total sources</b>                  | <u>6,255,996</u>   | <u>6,498,570</u>  | <u>6,275,000</u>  | <u>(223,570)</u>                 | <u>1,257,595</u>   | <u>1,267,292</u> | <u>1,317,621</u>  | <u>50,329</u>                    |
| <b>USES OF FINANCIAL RESOURCES</b>    |                    |                   |                   |                                  |                    |                  |                   |                                  |
| <b>Expenditures and encumbrances:</b> |                    |                   |                   |                                  |                    |                  |                   |                                  |
| Constitutional agencies               | 426,151            | 430,705           | 381,521           | 49,184                           | -                  | -                | -                 | -                                |
| Finance and administration            | 270,368            | 103,335           | 94,344            | 8,991                            | -                  | -                | -                 | -                                |
| Education                             | 2,116,760          | 2,240,427         | 1,994,134         | 246,293                          | -                  | -                | -                 | -                                |
| Human services                        | 2,309,561          | 2,416,190         | 2,178,339         | 237,851                          | -                  | -                | -                 | -                                |
| Commerce and industry                 | 145,450            | 167,150           | 103,234           | 63,916                           | -                  | -                | -                 | -                                |
| Public safety                         | 352,617            | 465,822           | 365,459           | 100,363                          | 177,024            | 182,128          | 170,535           | 11,593                           |
| Infrastructure                        | 302,799            | 340,157           | 158,583           | 181,574                          | 692,160            | 916,163          | 742,897           | 173,266                          |
| Special purpose agencies              | 26,109             | 29,579            | 25,181            | 4,398                            | -                  | -                | -                 | -                                |
| <b>Other financing uses:</b>          |                    |                   |                   |                                  |                    |                  |                   |                                  |
| Transfers to other funds              | 132,417            | 159,631           | 159,631           | -                                | 74,770             | 75,049           | 75,049            | -                                |
| Reversions to other funds             | -                  | -                 | 2,318             | (2,318)                          | -                  | -                | 123               | (123)                            |
| <b>Projected reversions</b>           | <u>(55,340)</u>    | <u>(55,340)</u>   | <u>-</u>          | <u>(55,340)</u>                  | <u>-</u>           | <u>-</u>         | <u>-</u>          | <u>-</u>                         |
| <b>Total uses</b>                     | <u>6,026,892</u>   | <u>6,297,656</u>  | <u>5,462,744</u>  | <u>834,912</u>                   | <u>943,954</u>     | <u>1,173,340</u> | <u>988,604</u>    | <u>184,736</u>                   |
| <b>Fund balances, June 30</b>         | <u>\$ 229,104</u>  | <u>\$ 200,914</u> | <u>\$ 812,256</u> | <u>\$ 611,342</u>                | <u>\$ 313,641</u>  | <u>\$ 93,952</u> | <u>\$ 329,017</u> | <u>\$ 235,065</u>                |



| Municipal Bond Bank |              |        |                                  | Stabilize the Operations of State Government |              |            |                                  |
|---------------------|--------------|--------|----------------------------------|--|--------------|------------|----------------------------------|
| Original Budget     | Final Budget | Actual | Variance<br>with Final<br>Budget | Original Budget                              | Final Budget | Actual     | Variance<br>with Final<br>Budget |
| \$ -                | \$ -         | \$ -   | \$ -                             | \$ 130,468                                   | \$ 130,468   | \$ 130,468 | \$ -                             |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| 92,283              | 92,283       | 69,620 | (22,663)                         | -  | 350          | 317        | (33)                             |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | 37,000                                       | 64,749       | 64,748     | (1)                              |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| 92,283              | 92,283       | 69,620 | (22,663)                         | 167,468                                      | 195,567      | 195,533    | (34)                             |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | 7,466  | 10,249       | 2,584      | 7,665                            |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | 1,008  | 1,153        | 140        | 1,013                            |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| 92,283              | 92,283       | 69,598 | 22,685                           | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| -                   | -            | -      | -                                | -  | -            | -          | -                                |
| 92,283              | 92,283       | 69,598 | 22,685                           | 8,474  | 11,402       | 2,724      | 8,678                            |
| \$ -                | \$ -         | \$ 22  | \$ 22                            | \$ 158,994                                   | \$ 184,165   | \$ 192,809 | \$ 8,644                         |

## Notes to Required Supplementary Information Budgetary Reporting

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

The accompanying Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds presents both the original and the final legally adopted budgets, as well as actual data on a budgetary basis. (Note 2 of the basic financial statements identifies the budgeting process and control.)

The original budget is adopted through passage of the General Appropriations Act, which allows for expenditures from unrestricted revenues, while the Authorized Expenditures Act allows for expenditures from revenues collected for specific purposes (restricted revenues). For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

Generally Accepted Accounting Principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore, updated revenue estimates available for appropriations as of September 12 are reported instead of the amounts disclosed in the original budget. The September 12, 2006 date is used because this is the date for which the Legislative Interim Finance Committee affected the last changes to the fiscal year ended June 30, 2006 budget as permitted by NRS 353.220.

Since the budgetary and GAAP presentations of actual data differ, a reconciliation of ending fund balances is presented below (expressed in thousands):

|   | General<br>Fund   | State<br>Highway  | Municipal<br>Bond Bank | Stabilize the<br>Operations of<br>State Government |
|---|-------------------|-------------------|------------------------|--|
| <b>Fund balances (budgetary basis) June 30, 2006</b>      | \$ 812,256        | \$ 329,017        | \$ 22                  | \$ 192,809   |
| <b>Adjustments:</b>                                       |                   |                   |                        |  |
| <i>Basis differences:</i>                                 |                   |                   |                        |  |
| Petty cash or outside bank accounts                       | 3,421             | 176               | -                      | -  |
| Investments not recorded on the budgetary basis           | 19,096            | -                 | 831,255                | -  |
| Accrual of certain other receivables                      | 108,793           | 9,339             | 15                     | 49,319   |
| Inventory   | -                 | 4,446             | -                      | -  |
| Advances to other funds                                   | 15,405            | 9                 | -                      | -  |
| Deferred charges and other assets                         | (3,157)           | -                 | -                      | -  |
| Accrual of certain accounts payable and other liabilities | (230,027)         | (1,101)           | -                      | -  |
| Accrual of longevity pay                                  | (1,366)           | (198)             | -                      | -  |
| Deferred revenues   | (208,988)         | -                 | -                      | -  |
| Encumbrances  | 7,039             | 2,100             | -                      | -  |
| Other   | (976)             | (315)             | (12)                   | (8)  |
| <b>Fund balances (GAAP basis) June 30, 2006</b>           | <u>\$ 521,496</u> | <u>\$ 343,473</u> | <u>\$ 831,280</u>      | <u>\$ 242,120</u>                                  |

Total fund balance on the budgetary basis in the General Fund at June 30, 2006, 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)                   | \$ 812,256               |
| Restricted funds                                       | <u>(413,310)</u>         |
| <b>Unrestricted fund balance<br/>(budgetary basis)</b> | <u><u>\$ 398,946</u></u> |

There were no expenditures in excess of appropriations or authorizations in the individual budget accounts for the year.

## Schedule of Funding Progress Pension Plans

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

### Legislator's Retirement System (LRS)

*Schedule of Funding Progress* - 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 follows (expressed in thousands):

| Valuation<br>Year | Actuarial Accrued<br>Liability (AAL) | Actuarial Value<br>of Assets | Unfunded<br>Actuarial Accrued<br>Liability (UAAL) | Ratio of<br>Assets to AAL | Annual<br>Covered<br>Payroll | UAAL as a %<br>of Annual<br>Covered Payroll |
|-------------------|--------------------------------------|------------------------------|---|---------------------------|------------------------------|---|
| 2001              | \$ 5,399                             | \$ 3,812                     | \$ 1,587  | 71%                       | \$ 476                       | 333%  |
| 2003              | 5,642                                | 4,060                        | 1,582   | 72%                       | 484                          | 327%  |
| 2005              | 5,862                                | 4,101                        | 1,760   | 70%                       | 452                          | 389%  |

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

Actuarial valuation is performed biennially; plans with biennial valuations need not present duplicate information for the intervening years.

### Judicial Retirement System (JRS)

*Schedule of Funding Progress* - Actuarial valuations of the JRS are prepared annually on a calendar year basis to determine State contributions required to fund the system on an actuarial basis. A schedule of funding progress follows (expressed in thousands):

| Valuation<br>Year | Actuarial Accrued<br>Liability (AAL) | Actuarial Value<br>of Assets | Unfunded<br>Actuarial Accrued<br>Liability (UAAL) | Ratio of<br>Assets to AAL | Annual<br>Covered<br>Payroll | UAAL as a %<br>of Annual<br>Covered Payroll |
|-------------------|--------------------------------------|------------------------------|---|---------------------------|------------------------------|---|
| 2004              | \$ 38,737                            | \$ 14,833                    | \$ 23,904   | 38%                       | \$ 6,823                     | 350%  |
| 2005              | 44,360                               | 19,711                       | 24,650  | 44%                       | 7,889                        | 313%  |
| 2006              | 49,667                               | 26,090                       | 23,577  | 53%                       | 9,166                        | 257%  |

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

## Schedule of Infrastructure Condition and Maintenance Data

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

The State has adopted the modified approach for reporting infrastructure assets under a single roadway network that includes both roads and bridges. Under this approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. The roadway network accounted for under the modified approach includes the combination of approximately 5,300 centerline miles of roads and approximately 1,000 bridges.

The State manages its roadway network by dividing the roadway system into five categories based on the traffic load. The categories range from category I, representing the busiest roadways and interstates, to category V, representing the least busy rural routes with an average daily traffic of less than 200 vehicles. In odd numbered calendar years the State completes a condition assessment of its roadways. To monitor the condition of the roadways the State uses the International Roughness Index (IRI). IRI measures the cumulative deviation from a smooth surface. The lower the IRI value, the better the condition of the roadway. The State has set a policy that it will maintain a certain percentage of each category of its roadways with an IRI of less than 80. The State has set a policy that it will maintain its bridges so that not more than 10 percent are structurally deficient or functionally obsolete. The following tables show that the State's policy regarding the condition level of the roadways and bridges has been met.

### Condition Level of the Roadways

#### Percentage of roadways with an IRI of less than 80

|   | Category |     |     |     |     |
|---|----------|-----|-----|-----|-----|
|   | I        | II  | III | IV  | V   |
| State Policy-minimum percentage             | 70%      | 65% | 60% | 40% | 10% |
| Actual results of 2005 condition assessment | 81%      | 78% | 89% | 61% | 26% |
| Actual results of 2003 condition assessment | 83%      | 72% | 90% | 65% | 38% |
| Actual results of 2001 condition assessment | 83%      | 77% | 86% | 65% | 19% |

### Condition Level of the Bridges

#### Percentage of substandard bridges

|                                     | 2005 | 2003 | 2001 |
|-------------------------------------|------|------|------|
| State Policy-maximum percentage     | 10%  | 10%  | 10%  |
| Actual results condition assessment | 3%   | 5%   | 6%   |

The following table shows the State's estimate of spending necessary to preserve and maintain the roadway network at, or above, the established condition level and the actual amount spent during the past five fiscal years.

### Maintenance and Preservation Costs

(Expressed in Thousands)

|           | 2006       | 2005       | 2004       | 2003       | 2002       |
|-----------|------------|------------|------------|------------|------------|
| Estimated | \$ 207,751 | \$ 153,148 | \$ 338,180 | \$ 324,525 | \$ 255,575 |
| Actual    | \$ 196,080 | \$ 151,363 | \$ 288,315 | \$ 306,149 | \$ 135,898 |

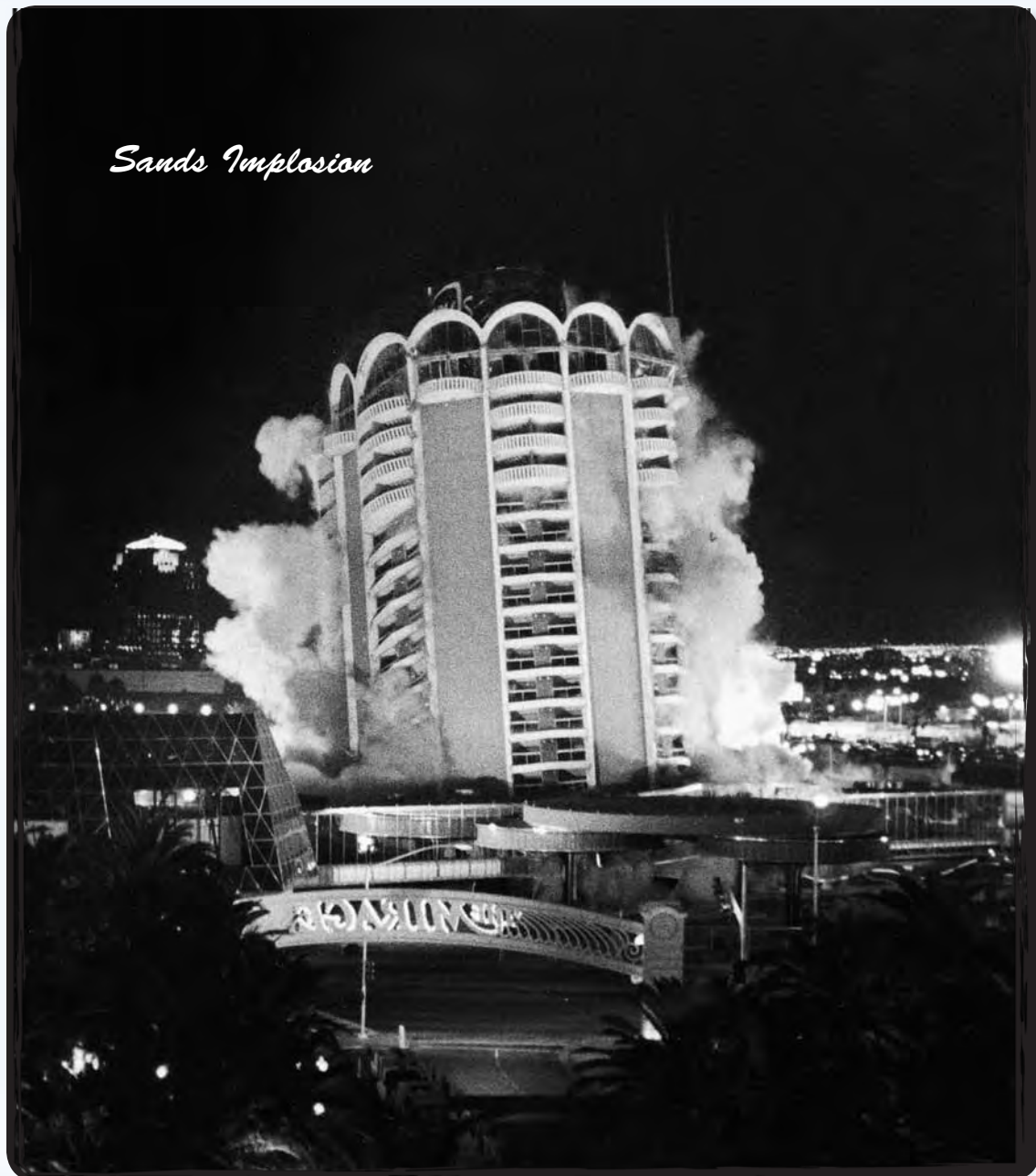
Maintenance and preservation costs are primarily funded with the fuel taxes, vehicle registration and license fees. The funding level for maintenance and preservation costs is affected by the amount of taxes and fees collected and the amount appropriated for construction of new roadways.







# Combining Statements and Schedules



# Nonmajor Governmental Funds

## Nonmajor Special Revenue Funds

**School Improvement** Accounts for funding of school improvement programs. All such programs must be approved by the Legislature or Interim Finance Committee. (NRS 387.032).

**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 enforcement of regulations on manufactured housing (NRS 489.491), enforcement of regulations pursuant to dairy products (NRS 584.053), legal judgments against real estate licensees (NRS 645.842), 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 necessary expenditures of the Legislature and Legislative Counsel Bureau (NRS 218.085).

**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).

**Tobacco Settlement** Accounts for proceeds from settlement agreements with and civil actions against manufacturers of tobacco products, forty percent of which is allocated to the Millennium Scholarship fund for the purpose of increasing the number of State residents who enroll in and attend a university or community college of the Nevada System of Higher Education (NRS 396.926); fifty percent of which is allocated to the Healthy Nevada fund (NRS 439.620) and ten percent of which is allocated to the Public Health Trust fund, for the purpose of assisting Nevada residents in obtaining and maintaining good health (NRS 439.605).

**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).

**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 232.070), the State Board of Education (NRS 385.095), the State Library and Archives (NRS 378.090), the Division of State Parks (NRS 407.075), the Rehabilitation Division of the Department of Employment, Training and Rehabilitation (NRS 232.960), and the Department of Human Resources (NRS 232.355).



**Natural Resources** Accounts for grants to publicly owned water systems for water conservation and capital improvements (NRS 349.952).

**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); and administration of capital improvement projects (NRS 341.146). It also accounts for appropriations and interest income for support of museums and history (NRS 381.0064); private money received by the Division of Museums and History for the Dedicated Trust Fund (NRS 381.0031); loans for farm projects (NRS 561.405); and fees collected from owners of mobile home parks to provide mobile home lot rent assistance to low-income mobile home owners (NRS 118B.215).

### **Nonmajor Debt Service Fund**

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

### **Nonmajor 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 Nevada System of Higher Education (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 Corrections (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).

**Capital Improvement Program - Assistance to School Districts** Accounts for assistance to school districts in financing capital improvement projects (NRS 387.333).

**Capital Improvement Program - Miscellaneous** Accounts for capital improvement projects which are not directed by the Public Works Board.

### **Nonmajor Permanent Funds**

**Permanent School Fund** 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).

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

# Combining Balance Sheet Nonmajor Governmental Funds

State  
of  
Nevada

June 30, 2006

|  | Special<br>Revenue<br>Funds | Highway<br>Revenue Bonds<br>Debt Service | Capital<br>Projects<br>Funds | Permanent<br>Funds    | Total Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|--|------------------------------|-----------------------|---|
| <b>Assets</b>                              |                             |  |                              |                       |   |
| <i>Cash and pooled investments:</i>        |                             |  |                              |                       |   |
| Cash with treasurer                        | \$ 189,268,278              | \$ 26,233,723                            | \$ 166,932,129               | \$ 10,875,483         | \$ 393,309,613                          |
| Cash in custody of other officials         | 146,052                     | -  | 63,696                       | -                     | 209,748                                 |
| Investments                                | 1,235,298                   | -  | -                            | 249,385,584           | 250,620,882                             |
| Collateral on loaned securities            | 81,288,429                  | -  | 7,781,283                    | 5,893,740             | 94,963,452                              |
| <i>Receivables:</i>                        |                             |  |                              |                       |   |
| Accounts receivable                        | 20,027,796                  | -  | -                            | -                     | 20,027,796                              |
| Taxes receivable                           | 6,046,324                   | -  | -                            | -                     | 6,046,324                               |
| Intergovernmental receivables              | 3,473,515                   | -  | 3,752,032                    | 467,918               | 7,693,465                               |
| Accrued interest and dividends             | 11,431                      | -  | -                            | 2,242,476             | 2,253,907                               |
| Notes/loans receivable                     | 37,146                      | -  | -                            | -                     | 37,146                                  |
| Other receivables                          | 509                         | -  | -                            | -                     | 509                                     |
| Due from other funds                       | 22,853,223                  | -  | 7,560,248                    | 3,874,921             | 34,288,392                              |
| Due from fiduciary funds                   | 580,346                     | -  | -                            | -                     | 580,346                                 |
| Due from component units                   | 237,447                     | -  | -                            | -                     | 237,447                                 |
| Inventory                                  | 1,066,867                   | -  | -                            | -                     | 1,066,867                               |
| Prepaid items                              | 74,553                      | -  | -                            | -                     | 74,553                                  |
| <b>Total assets</b>                        | <b>\$ 326,347,214</b>       | <b>\$ 26,233,723</b>                     | <b>\$ 186,089,388</b>        | <b>\$ 272,740,122</b> | <b>\$ 811,410,447</b>                   |
| <b>Liabilities and Fund Balances:</b>      |                             |  |                              |                       |   |
| <i>Accounts payable and accruals:</i>      |                             |  |                              |                       |   |
| Accounts payable                           | \$ 6,340,752                | \$ -                                     | \$ 1,126,141                 | \$ -                  | \$ 7,466,893                            |
| Accrued payroll and related liabilities    | 2,285,059                   | -  | -                            | -                     | 2,285,059                               |
| Intergovernmental payables                 | 2,834,966                   | -  | 78,612                       | -                     | 2,913,578                               |
| Contracts payable                          | 235,127                     | -  | 19,801,340                   | -                     | 20,036,467                              |
| Retention payable                          | -                           | -  | 9,184,618                    | -                     | 9,184,618                               |
| Obligations under securities lending       | 81,288,429                  | -  | 7,781,283                    | 5,893,740             | 94,963,452                              |
| Due to other funds                         | 21,356,233                  | -  | 2,774,733                    | 2,487,390             | 26,618,356                              |
| Due to fiduciary funds                     | 119,961                     | -  | -                            | -                     | 119,961                                 |
| Due to component units                     | 219,945                     | -  | 69,499,061                   | -                     | 69,719,006                              |
| Deferred revenues                          | 18,647,675                  | -  | 11,808                       | 23,630                | 18,683,113                              |
| Advances from general fund                 | -                           | -  | 300,000                      | -                     | 300,000                                 |
| Other liabilities                          | 12,371                      | -  | -                            | 624,375               | 636,746                                 |
| <b>Total liabilities</b>                   | <b>133,340,518</b>          | <b>-</b>                                 | <b>110,557,596</b>           | <b>9,029,135</b>      | <b>252,927,249</b>                      |
| <b>Fund balances:</b>                      |                             |  |                              |                       |   |
| <i>Reserved for:</i>                       |                             |  |                              |                       |   |
| Encumbrances and contracts                 | 2,128,228                   | -  | 36,166,080                   | -                     | 38,294,308                              |
| Inventories                                | 1,066,867                   | -  | -                            | -                     | 1,066,867                               |
| Funds held as permanent investments        | 200,000                     | -  | -                            | 263,689,607           | 263,889,607                             |
| Debt service                               | -                           | 26,233,723                               | -                            | -                     | 26,233,723                              |
| Other                                      | 111,699                     | -  | -                            | -                     | 111,699                                 |
| <i>Unreserved:</i>                         |                             |  |                              |                       |   |
| <i>Designated:</i>                         |                             |  |                              |                       |   |
| Principal preservation                     | 522,498                     | -  | -                            | -                     | 522,498                                 |
| Approved capital projects                  | 1,461,360                   | -  | 39,365,712                   | -                     | 40,827,072                              |
| Other                                      | 9,479,276                   | -  | -                            | -                     | 9,479,276                               |
| Undesignated                               | 178,036,768                 | -  | -                            | 21,380                | 178,058,148                             |
| <b>Total fund balances</b>                 | <b>193,006,696</b>          | <b>26,233,723</b>                        | <b>75,531,792</b>            | <b>263,710,987</b>    | <b>558,483,198</b>                      |
| <b>Total liabilities and fund balances</b> | <b>\$ 326,347,214</b>       | <b>\$ 26,233,723</b>                     | <b>\$ 186,089,388</b>        | <b>\$ 272,740,122</b> | <b>\$ 811,410,447</b>                   |



# Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

|  | Special<br>Revenue<br>Funds | Highway<br>Revenue Bonds<br>Debt Service | Capital<br>Projects<br>Funds | Permanent<br>Funds    | Total Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|--|------------------------------|-----------------------|---|
| <b>Revenues</b>                                      |                             |  |                              |                       |   |
| Gaming taxes, fees, licenses                         | \$ 15,439,239               | \$ -                                     | \$ -                         | \$ -                  | \$ 15,439,239                           |
| Property and transfer taxes                          | 19,033,347                  | -  | -                            | -                     | 19,033,347                              |
| Motor and special fuel taxes                         | -                           | 61,148,664                               | -                            | -                     | 61,148,664                              |
| Other taxes  | 34,879,508                  | -  | -                            | -                     | 34,879,508                              |
| Intergovernmental                                    | 47,307,174                  | -  | 9,574,861                    | -                     | 56,882,035                              |
| Licenses, fees and permits                           | 31,278,018                  | -  | -                            | -                     | 31,278,018                              |
| Sales and charges for services                       | 15,272,500                  | -  | -                            | -                     | 15,272,500                              |
| Interest and investment income                       | 10,803,863                  | -  | 506,347                      | 4,608,359             | 15,918,569                              |
| Tobacco settlement income                            | 35,684,973                  | -  | -                            | -                     | 35,684,973                              |
| Land sales   | -                           | -  | -                            | 71,230,805            | 71,230,805                              |
| Other  | 4,226,645                   | -  | 725,163                      | 5,322,650             | 10,274,458                              |
| <b>Total revenues</b>                                | <b>213,925,267</b>          | <b>61,148,664</b>                        | <b>10,806,371</b>            | <b>81,161,814</b>     | <b>367,042,116</b>                      |
| <b>Expenditures</b>                                  |                             |  |                              |                       |   |
| <i>Current:</i>                                      |                             |  |                              |                       |   |
| General government                                   | 47,591,801                  | -  | 43,648                       | 524,174               | 48,159,623                              |
| Health and social services                           | 77,031,329                  | -  | -                            | -                     | 77,031,329                              |
| Education and support services                       | 819,786                     | -  | -                            | -                     | 819,786                                 |
| Law, justice and public safety                       | 15,404,533                  | -  | -                            | -                     | 15,404,533                              |
| Regulation of business                               | 20,683,200                  | -  | -                            | -                     | 20,683,200                              |
| Recreation, resource development                     | 24,596,200                  | -  | -                            | -                     | 24,596,200                              |
| Intergovernmental                                    | 62,353,164                  | -  | 5,365,440                    | -                     | 67,718,604                              |
| Capital outlay                                       | -                           | -  | 114,225,879                  | -                     | 114,225,879                             |
| <i>Debt service:</i>                                 |                             |  |                              |                       |   |
| Principal  | 141,233                     | 30,710,000                               | -                            | -                     | 30,851,233                              |
| Interest, fiscal charges                             | 37,833                      | 23,739,409                               | -                            | -                     | 23,777,242                              |
| Debt issuance costs                                  | 51,275                      | -  | 91,715                       | -                     | 142,990                                 |
| Arbitrage payments                                   | 7,900                       | -  | -                            | -                     | 7,900                                   |
| <b>Total expenditures</b>                            | <b>248,718,254</b>          | <b>54,449,409</b>                        | <b>119,726,682</b>           | <b>524,174</b>        | <b>423,418,519</b>                      |
| Excess (deficiency) of revenues<br>over expenditures | (34,792,987)                | 6,699,255                                | (108,920,311)                | 80,637,640            | (56,376,403)                            |
| <b>Other Financing Sources (Uses)</b>                |                             |  |                              |                       |   |
| Capital leases                                       | 171,455                     | -  | -                            | -                     | 171,455                                 |
| Sale of general obligation bonds                     | 6,957,139                   | -  | 28,007,750                   | -                     | 34,964,889                              |
| Premium on general obligation bonds                  | 29,882                      | -  | 1,002,675                    | -                     | 1,032,557                               |
| Sale of capital assets                               | 38,849                      | -  | -                            | -                     | 38,849                                  |
| Transfers in   | 63,541,613                  | -  | 67,537,021                   | -                     | 131,078,634                             |
| Transfers out  | (67,265,627)                | -  | (7,485,967)                  | (3,942,397)           | (78,693,991)                            |
| <b>Total other financing sources (uses)</b>          | <b>3,473,311</b>            | <b>-</b>                                 | <b>89,061,479</b>            | <b>(3,942,397)</b>    | <b>88,592,393</b>                       |
| Net change in fund balances                          | (31,319,676)                | 6,699,255                                | (19,858,832)                 | 76,695,243            | 32,215,990                              |
| Fund balances, July 1                                | 224,326,372                 | 19,534,468                               | 95,390,624                   | 187,015,744           | 526,267,208                             |
| <b>Fund balances, June 30</b>                        | <b>\$ 193,006,696</b>       | <b>\$ 26,233,723</b>                     | <b>\$ 75,531,792</b>         | <b>\$ 263,710,987</b> | <b>\$ 558,483,198</b>                   |

# Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2006

|  | School<br>Improvement | Employment<br>Security | Regulatory           | Legislative         | Higher<br>Education<br>Capital<br>Construction |
|--|-----------------------|------------------------|----------------------|---------------------|--|
| <b>Assets</b>                              |                       |                        |                      |                     |  |
| <i>Cash and pooled investments:</i>        |                       |                        |                      |                     |  |
| Cash with treasurer                        | \$ 3,279,194          | \$ 15,446,260          | \$ 10,271,180        | \$ 7,912,983        | \$ 10,133,244                                  |
| Cash in custody of other officials         | -                     | 125                    | 2,700                | 72,046              | -  |
| Investments                                | -                     | -                      | -                    | -                   | -  |
| Collateral on loaned securities            | 1,777,091             | 8,283,269              | 1,621,388            | -                   | -  |
| <i>Receivables:</i>                        |                       |                        |                      |                     |  |
| Accounts receivable                        | -                     | 318,142                | 2,128,541            | 67,952              | -  |
| Taxes receivable                           | -                     | 2,861,855              | -                    | -                   | -  |
| Intergovernmental receivables              | -                     | 3,211,409              | -                    | -                   | -  |
| Accrued interest and dividends             | -                     | -                      | -                    | -                   | -  |
| Notes/loans receivable                     | -                     | -                      | -                    | -                   | -  |
| Other receivables                          | -                     | -                      | -                    | -                   | -  |
| Due from other funds                       | 71,324                | 391,950                | 79,785               | 255,811             | 8,003,163                                      |
| Due from fiduciary funds                   | -                     | -                      | -                    | -                   | -  |
| Due from component units                   | -                     | -                      | -                    | 585                 | -  |
| Inventory                                  | -                     | -                      | -                    | 538,466             | -  |
| Prepaid items                              | -                     | -                      | 51,920               | 22,113              | -  |
| <b>Total assets</b>                        | <b>\$ 5,127,609</b>   | <b>\$ 30,513,010</b>   | <b>\$ 14,155,514</b> | <b>\$ 8,869,956</b> | <b>\$ 18,136,407</b>                           |
| <b>Liabilities and Fund Balances:</b>      |                       |                        |                      |                     |  |
| <i>Accounts payable and accruals:</i>      |                       |                        |                      |                     |  |
| Accounts payable                           | \$ -                  | \$ 1,275,684           | \$ 191,169           | \$ 315,261          | \$ 4,668                                       |
| Accrued payroll and related liabilities    | -                     | 763,028                | 548,598              | 515,148             | -  |
| Intergovernmental payables                 | -                     | 60,381                 | -                    | -                   | -  |
| Contracts/retentions payable               | -                     | -                      | -                    | 98,630              | -  |
| Obligations under securities lending       | 1,777,091             | 8,283,269              | 1,621,388            | -                   | -  |
| Due to other funds                         | 3,335,978             | 2,553,537              | 403,753              | 18,135              | 8,268,060                                      |
| Due to fiduciary funds                     | -                     | 16                     | -                    | -                   | -  |
| Due to component units                     | -                     | 153,781                | 15,060               | -                   | -  |
| Deferred revenues                          | 2,334                 | 159,139                | 1,475,298            | 300                 | -  |
| Other liabilities                          | -                     | -                      | -                    | -                   | -  |
| <b>Total liabilities</b>                   | <b>5,115,403</b>      | <b>13,248,835</b>      | <b>4,255,266</b>     | <b>947,474</b>      | <b>8,272,728</b>                               |
| <b>Fund balances:</b>                      |                       |                        |                      |                     |  |
| <i>Reserved for:</i>                       |                       |                        |                      |                     |  |
| Encumbrances and contracts                 | -                     | 1,865,459              | 9,685                | 198,522             | -  |
| Inventories                                | -                     | -                      | -                    | 538,466             | -  |
| Funds held as permanent investments        | -                     | -                      | -                    | -                   | -  |
| Other                                      | -                     | -                      | 51,920               | 22,113              | -  |
| <i>Unreserved:</i>                         |                       |                        |                      |                     |  |
| <i>Designated:</i>                         |                       |                        |                      |                     |  |
| Principal preservation                     | -                     | -                      | -                    | -                   | -  |
| Approved capital projects                  | -                     | 1,461,360              | -                    | -                   | -  |
| Other                                      | -                     | -                      | -                    | 2,476,128           | -  |
| Undesignated                               | 12,206                | 13,937,356             | 9,838,643            | 4,687,253           | 9,863,679                                      |
| <b>Total fund balances</b>                 | <b>12,206</b>         | <b>17,264,175</b>      | <b>9,900,248</b>     | <b>7,922,482</b>    | <b>9,863,679</b>                               |
| <b>Total liabilities and fund balances</b> | <b>\$ 5,127,609</b>   | <b>\$ 30,513,010</b>   | <b>\$ 14,155,514</b> | <b>\$ 8,869,956</b> | <b>\$ 18,136,407</b>                           |

| <b>Cleaning Up<br/>Petroleum<br/>Discharges</b> | <b>Hospital Care to<br/>Indigent Persons</b> | <b>Tourism<br/>Promotion</b> | <b>Offenders' Store</b> | <b>Tobacco<br/>Settlement</b> | <b>Contingency</b>   |
|---|--|------------------------------|-------------------------|-------------------------------|----------------------|
| \$ 4,804,130                                    | \$ 473,461                                   | \$ 6,944,043                 | \$ 3,602,194            | \$ 83,517,671                 | \$ 7,887,169         |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| 2,603,497                                       | 256,582                                      | 485,331                      | 4,159,401               | 45,260,636                    | -                    |
| -   | -  | -                            | 295,717                 | 16,628,136                    | -                    |
| -   | 414,012                                      | 2,770,457                    | -                       | -                             | -                    |
| -   | 77,055                                       | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| 117,833   | 507,226                                      | 63,205                       | 120,462                 | 9,259,665                     | 3,206,163            |
| -   | -  | -                            | 534,267                 | -                             | -                    |
| -   | -  | -                            | -                       | 184,230                       | -                    |
| -   | -  | -                            | 353,446                 | -                             | -                    |
| -   | -  | 520                          | -                       | -                             | -                    |
| <u>\$ 7,525,460</u>                             | <u>\$ 1,728,336</u>                          | <u>\$ 10,263,556</u>         | <u>\$ 9,065,487</u>     | <u>\$ 154,850,338</u>         | <u>\$ 11,093,332</u> |
| \$ 46,514                                       | \$ -   | \$ 1,888,548                 | \$ 259,973              | \$ 500,959                    | \$ -                 |
| 240   | -  | 64,411                       | 103,961                 | 25,643                        | -                    |
| -   | -  | 960,110                      | -                       | 172,861                       | -                    |
| -   | -  | -                            | -                       | -                             | 136,497              |
| 2,603,497                                       | 256,582                                      | 485,331                      | 4,159,401               | 45,260,636                    | -                    |
| 131,927   | 2,474  | 179,974                      | 354,023                 | 2,839,130                     | 2,463,702            |
| -   | -  | 373                          | 119,563                 | -                             | -                    |
| -   | -  | -                            | -                       | 49,885                        | -                    |
| 5,426   | 14,800                                       | 644                          | 5,348                   | 16,470,923                    | -                    |
| -   | -  | -                            | 12,371                  | -                             | -                    |
| <u>2,787,604</u>                                | <u>273,856</u>                               | <u>3,579,391</u>             | <u>5,014,640</u>        | <u>65,320,037</u>             | <u>2,600,199</u>     |
| -   | -  | 26,297                       | -                       | 6,098                         | -                    |
| -   | -  | -                            | 353,446                 | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | 520                          | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | -                    |
| -   | -  | -                            | -                       | -                             | 7,003,148            |
| 4,737,856                                       | 1,454,480                                    | 6,657,348                    | 3,697,401               | 89,524,203                    | 1,489,985            |
| <u>4,737,856</u>                                | <u>1,454,480</u>                             | <u>6,684,165</u>             | <u>4,050,847</u>        | <u>89,530,301</u>             | <u>8,493,133</u>     |
| <u>\$ 7,525,460</u>                             | <u>\$ 1,728,336</u>                          | <u>\$ 10,263,556</u>         | <u>\$ 9,065,487</u>     | <u>\$ 154,850,338</u>         | <u>\$ 11,093,332</u> |

# Combining Balance Sheet Nonmajor Special Revenue Funds

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|  | Care of Sites for<br>Radioactive<br>Waste Disposal | Gift                | Natural<br>Resources | Miscellaneous       | Total Nonmajor<br>Special<br>Revenue Funds |
|--|--|---------------------|----------------------|---------------------|--|
| <b>Assets</b>                              |  |                     |                      |                     |  |
| <i>Cash and pooled investments:</i>        |  |                     |                      |                     |  |
| Cash with treasurer                        | \$ 11,798,689                                      | \$ 3,551,108        | \$ 13,952,549        | \$ 5,694,403        | \$ 189,268,278                             |
| Cash in custody of other officials         | -  | 1,199               | -                    | 69,982              | 146,052                                    |
| Investments                                | -  | 316,416             | -                    | 918,882             | 1,235,298                                  |
| Collateral on loaned securities            | 6,394,052  | 1,866,686           | 7,559,361            | 1,021,135           | 81,288,429                                 |
| <i>Receivables:</i>                        |  |                     |                      |                     |  |
| Accounts receivable                        | 36,565   | -                   | -                    | 552,743             | 20,027,796                                 |
| Taxes receivable                           | -  | -                   | -                    | -                   | 6,046,324                                  |
| Intergovernmental receivables              | -  | 2,563               | -                    | 182,488             | 3,473,515                                  |
| Accrued interest and dividends             | -  | 2,400               | -                    | 9,031               | 11,431                                     |
| Notes/loans receivable                     | -  | -                   | -                    | 37,146              | 37,146                                     |
| Other receivables                          | -  | 509                 | -                    | -                   | 509  |
| Due from other funds                       | 186,060  | 55,310              | 241,416              | 293,850             | 22,853,223                                 |
| Due from fiduciary funds                   | -  | -                   | -                    | 46,079              | 580,346                                    |
| Due from component units                   | -  | -                   | -                    | 52,632              | 237,447                                    |
| Inventory                                  | -  | -                   | -                    | 174,955             | 1,066,867                                  |
| Prepaid items                              | -  | -                   | -                    | -                   | 74,553                                     |
| <b>Total assets</b>                        | <u>\$ 18,415,366</u>                               | <u>\$ 5,796,191</u> | <u>\$ 21,753,326</u> | <u>\$ 9,053,326</u> | <u>\$ 326,347,214</u>                      |
| <b>Liabilities and Fund Balances:</b>      |  |                     |                      |                     |  |
| <i>Accounts payable and accruals:</i>      |  |                     |                      |                     |  |
| Accounts payable                           | \$ 999   | \$ 69,341           | \$ 276,476           | \$ 1,511,160        | \$ 6,340,752                               |
| Accrued payroll and related liabilities    | -  | 3,638               | -                    | 260,392             | 2,285,059                                  |
| Intergovernmental payables                 | -  | 217,381             | 1,423,937            | 296                 | 2,834,966                                  |
| Contracts/retentions payable               | -  | -                   | -                    | -                   | 235,127                                    |
| Obligations under securities lending       | 6,394,052  | 1,866,686           | 7,559,361            | 1,021,135           | 81,288,429                                 |
| Due to other funds                         | 4,112  | 1,208               | 190,917              | 609,303             | 21,356,233                                 |
| Due to fiduciary funds                     | -  | -                   | -                    | 9                   | 119,961                                    |
| Due to component units                     | -  | -                   | -                    | 1,219               | 219,945                                    |
| Deferred revenues                          | 8,527  | 2,471               | 11,239               | 491,226             | 18,647,675                                 |
| Other liabilities                          | -  | -                   | -                    | -                   | 12,371                                     |
| <b>Total liabilities</b>                   | <u>6,407,690</u>                                   | <u>2,160,725</u>    | <u>9,461,930</u>     | <u>3,894,740</u>    | <u>133,340,518</u>                         |
| <b>Fund balances:</b>                      |  |                     |                      |                     |  |
| <i>Reserved for:</i>                       |  |                     |                      |                     |  |
| Encumbrances and contracts                 | -  | -                   | -                    | 22,167              | 2,128,228                                  |
| Inventories                                | -  | -                   | -                    | 174,955             | 1,066,867                                  |
| Funds held as permanent investments        | -  | -                   | -                    | 200,000             | 200,000                                    |
| Other                                      | -  | -                   | -                    | 37,146              | 111,699                                    |
| <i>Unreserved:</i>                         |  |                     |                      |                     |  |
| <i>Designated:</i>                         |  |                     |                      |                     |  |
| Principal preservation                     | -  | 522,498             | -                    | -                   | 522,498                                    |
| Approved capital projects                  | -  | -                   | -                    | -                   | 1,461,360                                  |
| Other                                      | -  | -                   | -                    | -                   | 9,479,276                                  |
| Undesignated                               | 12,007,676   | 3,112,968           | 12,291,396           | 4,724,318           | 178,036,768                                |
| <b>Total fund balances</b>                 | <u>12,007,676</u>                                  | <u>3,635,466</u>    | <u>12,291,396</u>    | <u>5,158,586</u>    | <u>193,006,696</u>                         |
| <b>Total liabilities and fund balances</b> | <u>\$ 18,415,366</u>                               | <u>\$ 5,796,191</u> | <u>\$ 21,753,326</u> | <u>\$ 9,053,326</u> | <u>\$ 326,347,214</u>                      |





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

For the Fiscal Year Ended June 30, 2006

|  | School<br>Improvement | Employment<br>Security | Regulatory          | Legislative         | Higher<br>Education<br>Capital<br>Construction |
|--|-----------------------|------------------------|---------------------|---------------------|--|
| <b>Revenues</b>                                      |                       |                        |                     |                     |  |
| Gaming taxes, fees, licenses                         | \$ -                  | \$ -                   | \$ -                | \$ -                | \$ 15,439,239                                  |
| Property and transfer taxes                          | -                     | -                      | -                   | -                   | -  |
| Other taxes  | 3,207,495             | 11,815,867             | 42,357              | -                   | -  |
| Intergovernmental                                    | -                     | 45,070,814             | 312,287             | -                   | -  |
| Licenses, fees and permits                           | -                     | 350,115                | 18,854,710          | -                   | -  |
| Sales and charges for services                       | -                     | 430,335                | 20,559              | 812,625             | -  |
| Interest and investment income                       | 195,636               | 914,468                | 199,747             | -                   | -  |
| Tobacco settlement income                            | -                     | -                      | -                   | -                   | -  |
| Other  | -                     | 1,415,009              | 458,805             | 77,319              | -  |
| <b>Total revenues</b>                                | <b>3,403,131</b>      | <b>59,996,608</b>      | <b>19,888,465</b>   | <b>889,944</b>      | <b>15,439,239</b>                              |
| <b>Expenditures</b>                                  |                       |                        |                     |                     |  |
| <i>Current:</i>                                      |                       |                        |                     |                     |  |
| General government                                   | 84,229                | 354,367                | 76,454              | 29,258,944          | -  |
| Health and social services                           | -                     | 56,680,766             | -                   | -                   | -  |
| Education and support services                       | -                     | -                      | -                   | -                   | -  |
| Law, justice and public safety                       | -                     | -                      | -                   | -                   | -  |
| Regulation of business                               | -                     | -                      | 20,350,573          | -                   | -  |
| Recreation, resource development                     | -                     | -                      | -                   | -                   | -  |
| Intergovernmental                                    | -                     | -                      | -                   | -                   | -  |
| <i>Debt service:</i>                                 |                       |                        |                     |                     |  |
| Principal  | -                     | -                      | -                   | 104,324             | -  |
| Interest   | -                     | -                      | 9                   | 31,698              | 450  |
| Debt issuance costs                                  | -                     | -                      | -                   | -                   | -  |
| Arbitrage payments                                   | -                     | -                      | -                   | -                   | -  |
| <b>Total expenditures</b>                            | <b>84,229</b>         | <b>57,035,133</b>      | <b>20,427,036</b>   | <b>29,394,966</b>   | <b>450</b>                                     |
| Excess (deficiency) of revenues<br>over expenditures | <b>3,318,902</b>      | <b>2,961,475</b>       | <b>(538,571)</b>    | <b>(28,505,022)</b> | <b>15,438,789</b>                              |
| <b>Other Financing Sources (Uses)</b>                |                       |                        |                     |                     |  |
| Capital leases                                       | -                     | -                      | -                   | -                   | -  |
| Sale of general obligation bonds                     | -                     | -                      | -                   | -                   | -  |
| Premium on general obligation bonds                  | -                     | -                      | -                   | -                   | -  |
| Sale of capital assets                               | -                     | 33,741                 | 5,108               | -                   | -  |
| Transfers in   | -                     | 12,958,970             | 2,078,806           | 28,087,959          | -  |
| Transfers out  | (3,335,978)           | (14,762,639)           | (495,346)           | (26,280)            | (12,904,556)                                   |
| <b>Total other financing sources (uses)</b>          | <b>(3,335,978)</b>    | <b>(1,769,928)</b>     | <b>1,588,568</b>    | <b>28,061,679</b>   | <b>(12,904,556)</b>                            |
| Net change in fund balances                          | (17,076)              | 1,191,547              | 1,049,997           | (443,343)           | 2,534,233                                      |
| Fund balances, July 1                                | 29,282                | 16,072,628             | 8,850,251           | 8,365,825           | 7,329,446                                      |
| <b>Fund balances, June 30</b>                        | <b>\$ 12,206</b>      | <b>\$ 17,264,175</b>   | <b>\$ 9,900,248</b> | <b>\$ 7,922,482</b> | <b>\$ 9,863,679</b>                            |

| Cleaning Up<br>Petroleum<br>Discharges | Hospital Care<br>to Indigent<br>Persons | Tourism<br>Promotion | Offenders'<br>Store | Tobacco<br>Settlement | Contingency         | Care of Sites for<br>Radioactive<br>Waste Disposal |
|--|---|----------------------|---------------------|-----------------------|---------------------|--|
| \$ -                                   | \$ -                                    | \$ -                 | \$ -                | \$ -                  | \$ -                | \$ -   |
| -                                      | 19,033,347                              | -                    | -                   | -                     | -                   | -  |
| 6,961                                  | -                                       | 17,622,559           | -                   | -                     | -                   | -  |
| -                                      | 179,068                                 | -                    | -                   | 755,133               | -                   | -  |
| 427,000                                | -                                       | 98,214               | -                   | -                     | -                   | 134,028  |
| -                                      | -                                       | -                    | 13,062,517          | -                     | -                   | -  |
| 633,853                                | 962,447                                 | 53,514               | 421,570             | 4,925,441             | -                   | 736,298  |
| -                                      | -                                       | -                    | -                   | 35,684,973            | -                   | -  |
| -                                      | -                                       | 13,427               | 12,787              | 207                   | -                   | -  |
| <u>1,067,814</u>                       | <u>20,174,862</u>                       | <u>17,787,714</u>    | <u>13,496,874</u>   | <u>41,365,754</u>     | <u>-</u>            | <u>870,326</u>                                     |
| 251,639                                | 354,788                                 | 20,418               | 169,266             | 2,334,319             | 2,380,193           | 283,714  |
| -                                      | 8,914,412                               | -                    | -                   | 11,057,405            | -                   | 46,957   |
| -                                      | -                                       | 11,500               | -                   | -                     | -                   | -  |
| -                                      | -                                       | -                    | 11,090,626          | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| 6,903,904                              | -                                       | 13,662,392           | -                   | -                     | -                   | -  |
| 1,406,260                              | 20,313,907                              | -                    | -                   | 30,681,676            | -                   | -  |
| -                                      | -                                       | -                    | 36,909              | -                     | -                   | -  |
| -                                      | -                                       | -                    | 5,676               | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| <u>8,561,803</u>                       | <u>29,583,107</u>                       | <u>13,694,310</u>    | <u>11,302,477</u>   | <u>44,073,400</u>     | <u>2,380,193</u>    | <u>330,671</u>                                     |
| <u>(7,493,989)</u>                     | <u>(9,408,245)</u>                      | <u>4,093,404</u>     | <u>2,194,397</u>    | <u>(2,707,646)</u>    | <u>(2,380,193)</u>  | <u>539,655</u>                                     |
| -                                      | -                                       | -                    | 171,455             | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| -                                      | -                                       | -                    | -                   | -                     | -                   | -  |
| 1,864                                  | -                                       | -                    | -                   | 7,895,782             | 11,193,725          | -  |
| (941,123)                              | (19,009)                                | (4,940,549)          | (1,377,484)         | (9,266,760)           | (18,206,226)        | (48,356)   |
| <u>(939,259)</u>                       | <u>(19,009)</u>                         | <u>(4,940,549)</u>   | <u>(1,206,029)</u>  | <u>(1,370,978)</u>    | <u>(7,012,501)</u>  | <u>(48,356)</u>                                    |
| (8,433,248)                            | (9,427,254)                             | (847,145)            | 988,368             | (4,078,624)           | (9,392,694)         | 491,299  |
| 13,171,104                             | 10,881,734                              | 7,531,310            | 3,062,479           | 93,608,925            | 17,885,827          | 11,516,377   |
| <u>\$ 4,737,856</u>                    | <u>\$ 1,454,480</u>                     | <u>\$ 6,684,165</u>  | <u>\$ 4,050,847</u> | <u>\$ 89,530,301</u>  | <u>\$ 8,493,133</u> | <u>\$ 12,007,676</u>                               |

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

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

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|  | Gift                | Natural Resources    | Miscellaneous       | Total Nonmajor<br>Special Revenue<br>Funds |
|--|---------------------|----------------------|---------------------|--|
| <b>Revenues</b>                                      |                     |                      |                     |  |
| Gaming taxes, fees, licenses                         | \$ -                | \$ -                 | \$ -                | \$ 15,439,239                              |
| Property and transfer taxes                          | -                   | -                    | -                   | 19,033,347                                 |
| Other taxes  | -                   | -                    | 2,184,269           | 34,879,508                                 |
| Intergovernmental                                    | -                   | -                    | 989,872             | 47,307,174                                 |
| Licenses, fees and permits                           | 1,391,517           | -                    | 10,022,434          | 31,278,018                                 |
| Sales and charges for services                       | 7,713               | -                    | 938,751             | 15,272,500                                 |
| Interest and investment income                       | 228,524             | 1,169,068            | 363,297             | 10,803,863                                 |
| Tobacco settlement income                            | -                   | -                    | -                   | 35,684,973                                 |
| Other  | 78,341              | -                    | 2,170,750           | 4,226,645                                  |
| <b>Total revenues</b>                                | <b>1,706,095</b>    | <b>1,169,068</b>     | <b>16,669,373</b>   | <b>213,925,267</b>                         |
| <b>Expenditures</b>                                  |                     |                      |                     |  |
| <i>Current:</i>                                      |                     |                      |                     |  |
| General government                                   | 92,114              | 462,712              | 11,468,644          | 47,591,801                                 |
| Health and social services                           | 331,789             | -                    | -                   | 77,031,329                                 |
| Education and support services                       | 4,715               | -                    | 803,571             | 819,786                                    |
| Law, justice and public safety                       | -                   | -                    | 4,313,907           | 15,404,533                                 |
| Regulation of business                               | -                   | -                    | 332,627             | 20,683,200                                 |
| Recreation, resource development                     | 211,373             | 3,818,531            | -                   | 24,596,200                                 |
| Intergovernmental                                    | 1,860,358           | 8,069,338            | 21,625              | 62,353,164                                 |
| <i>Debt service:</i>                                 |                     |                      |                     |  |
| Principal  | -                   | -                    | -                   | 141,233                                    |
| Interest   | -                   | -                    | -                   | 37,833                                     |
| Debt issuance costs                                  | -                   | 51,275               | -                   | 51,275                                     |
| Arbitrage payments                                   | -                   | 7,900                | -                   | 7,900                                      |
| <b>Total expenditures</b>                            | <b>2,500,349</b>    | <b>12,409,756</b>    | <b>16,940,374</b>   | <b>248,718,254</b>                         |
| Excess (deficiency) of revenues<br>over expenditures | (794,254)           | (11,240,688)         | (271,001)           | (34,792,987)                               |
| <b>Other Financing Sources (Uses)</b>                |                     |                      |                     |  |
| Capital leases                                       | -                   | -                    | -                   | 171,455                                    |
| Sale of general obligation bonds                     | -                   | 6,957,139            | -                   | 6,957,139                                  |
| Premium on general obligation bonds                  | -                   | 29,882               | -                   | 29,882                                     |
| Sale of capital assets                               | -                   | -                    | -                   | 38,849                                     |
| Transfers in   | 1,981               | -                    | 1,322,526           | 63,541,613                                 |
| Transfers out  | -                   | (498,812)            | (442,509)           | (67,265,627)                               |
| <b>Total other financing sources (uses)</b>          | <b>1,981</b>        | <b>6,488,209</b>     | <b>880,017</b>      | <b>3,473,311</b>                           |
| Net change in fund balances                          | (792,273)           | (4,752,479)          | 609,016             | (31,319,676)                               |
| Fund balances, July 1                                | 4,427,739           | 17,043,875           | 4,549,570           | 224,326,372                                |
| <b>Fund balances, June 30</b>                        | <b>\$ 3,635,466</b> | <b>\$ 12,291,396</b> | <b>\$ 5,158,586</b> | <b>\$ 193,006,696</b>                      |



# Combining Balance Sheet Other Nonmajor Governmental Funds

June 30, 2006

|  | Capital Projects Funds                   |                      |                        |                             |                                    |                      |
|--|--|----------------------|------------------------|-----------------------------|------------------------------------|----------------------|
|  | Parks Capital<br>Project<br>Construction | CIP Motor<br>Vehicle | CIP Human<br>Resources | CIP<br>University<br>System | CIP General<br>State<br>Government | CIP Prison<br>System |
| <b>Assets</b>                              |  |                      |                        |                             |                                    |                      |
| <i>Cash and pooled investments:</i>        |  |                      |                        |                             |                                    |                      |
| Cash with treasurer                        | \$ 139,475                               | \$ 3,301,833         | \$ 17,945,554          | \$ 79,560,070               | \$ 39,384,200                      | \$ 19,641,986        |
| Cash in custody of other officials         | -  | -                    | -                      | -                           | -                                  | -                    |
| Investments                                | -  | -                    | -                      | -                           | -                                  | -                    |
| Collateral on loaned securities            | -  | -                    | -                      | 7,770,118                   | -                                  | -                    |
| <i>Receivables:</i>                        |  |                      |                        |                             |                                    |                      |
| Intergovernmental receivables              | -  | -                    | -                      | -                           | -                                  | -                    |
| Accrued interest and dividends             | -  | -                    | -                      | -                           | -                                  | -                    |
| Due from other funds                       | 119,948                                  | 1,462,284            | 700,000                | 2,786,333                   | 789,501                            | -                    |
| <b>Total assets</b>                        | <u>\$ 259,423</u>                        | <u>\$ 4,764,117</u>  | <u>\$ 18,645,554</u>   | <u>\$ 90,116,521</u>        | <u>\$ 40,173,701</u>               | <u>\$ 19,641,986</u> |
| <b>Liabilities and Fund Balances</b>       |  |                      |                        |                             |                                    |                      |
| <i>Accounts payable and accruals:</i>      |  |                      |                        |                             |                                    |                      |
| Accounts payable                           | \$ 2,595                                 | \$ 38                | \$ 143,718             | \$ 28,600                   | \$ 443,385                         | \$ 3,095             |
| Intergovernmental payables                 | -  | -                    | -                      | 61,347                      | 17,265                             | -                    |
| Contracts payable                          | 43,420                                   | 505,322              | 2,136,127              | 9,101,237                   | 1,927,848                          | 1,311,117            |
| Retentions payable                         | 11,028                                   | 984,742              | 2,233,426              | 3,334,236                   | 788,759                            | 244,066              |
| Obligations under securities lending       | -  | -                    | -                      | 7,770,118                   | -                                  | -                    |
| Due to other funds                         | 101,149                                  | 119,110              | 301,857                | 310,129                     | 1,935,180                          | -                    |
| Due to component units                     | -  | -                    | -                      | 69,499,061                  | -                                  | -                    |
| Deferred revenues                          | -  | -                    | -                      | 11,793                      | -                                  | -                    |
| Advances from general fund                 | -  | -                    | -                      | -                           | -                                  | -                    |
| Other liabilities                          | -  | -                    | -                      | -                           | -                                  | -                    |
| <b>Total liabilities</b>                   | <u>158,192</u>                           | <u>1,609,212</u>     | <u>4,815,128</u>       | <u>90,116,521</u>           | <u>5,112,437</u>                   | <u>1,558,278</u>     |
| <b>Fund balances:</b>                      |  |                      |                        |                             |                                    |                      |
| <i>Reserved:</i>                           |  |                      |                        |                             |                                    |                      |
| Encumbrances and contracts                 | 101,231                                  | 1,291,699            | 4,410,249              | -                           | 19,680,244                         | 5,973,399            |
| Funds held as permanent investments        | -  | -                    | -                      | -                           | -                                  | -                    |
| <i>Unreserved:</i>                         |  |                      |                        |                             |                                    |                      |
| Designated for approved capital projects   | -  | 1,863,206            | 9,420,177              | -                           | 15,381,020                         | 12,110,309           |
| Undesignated                               | -  | -                    | -                      | -                           | -                                  | -                    |
| <b>Total fund balances</b>                 | <u>101,231</u>                           | <u>3,154,905</u>     | <u>13,830,426</u>      | <u>-</u>                    | <u>35,061,264</u>                  | <u>18,083,708</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 259,423</u>                        | <u>\$ 4,764,117</u>  | <u>\$ 18,645,554</u>   | <u>\$ 90,116,521</u>        | <u>\$ 40,173,701</u>               | <u>\$ 19,641,986</u> |



| Capital Projects Funds |                   |                                    |                     |                       | Permanent Funds       |                           |                       |
|------------------------|-------------------|------------------------------------|---------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| CIP Military           | CIP Wildlife      | CIP Assistance to School Districts | CIP Miscellaneous   | Total                 | Permanent School Fund | Henry Wood Christmas Fund | Total                 |
| \$ 6,009,642           | \$ 548,483        | \$ 20,602                          | \$ 380,284          | \$ 166,932,129        | \$ 10,822,905         | \$ 52,578                 | \$ 10,875,483         |
| -                      | -                 | -                                  | 63,696              | 63,696                | -                     | -                         | -                     |
| -                      | -                 | -                                  | -                   | -                     | 249,385,584           | -                         | 249,385,584           |
| -                      | -                 | 11,165                             | -                   | 7,781,283             | 5,865,246             | 28,494                    | 5,893,740             |
| 3,752,032              | -                 | -                                  | -                   | 3,752,032             | 467,918               | -                         | 467,918               |
| -                      | -                 | -                                  | -                   | -                     | 2,242,476             | -                         | 2,242,476             |
| -                      | 68,477            | 321                                | 1,633,384           | 7,560,248             | 3,874,100             | 821                       | 3,874,921             |
| <u>\$ 9,761,674</u>    | <u>\$ 616,960</u> | <u>\$ 32,088</u>                   | <u>\$ 2,077,364</u> | <u>\$ 186,089,388</u> | <u>\$ 272,658,229</u> | <u>\$ 81,893</u>          | <u>\$ 272,740,122</u> |
|                        |                   |                                    |                     |                       |                       |                           |                       |
| \$ 452,961             | \$ 40,048         | \$ -                               | \$ 11,701           | \$ 1,126,141          | \$ -                  | \$ -                      | \$ -                  |
| -                      | -                 | -                                  | -                   | 78,612                | -                     | -                         | -                     |
| 3,484,655              | -                 | -                                  | 1,291,614           | 19,801,340            | -                     | -                         | -                     |
| 814,457                | -                 | -                                  | 773,904             | 9,184,618             | -                     | -                         | -                     |
| -                      | -                 | 11,165                             | -                   | 7,781,283             | 5,865,246             | 28,494                    | 5,893,740             |
| 7,308                  | -                 | -                                  | -                   | 2,774,733             | 2,485,409             | 1,981                     | 2,487,390             |
| -                      | -                 | -                                  | -                   | 69,499,061            | -                     | -                         | -                     |
| -                      | -                 | 15                                 | -                   | 11,808                | 23,592                | 38                        | 23,630                |
| 300,000                | -                 | -                                  | -                   | 300,000               | -                     | -                         | -                     |
| -                      | -                 | -                                  | -                   | -                     | 624,375               | -                         | 624,375               |
| <u>5,059,381</u>       | <u>40,048</u>     | <u>11,180</u>                      | <u>2,077,219</u>    | <u>110,557,596</u>    | <u>8,998,622</u>      | <u>30,513</u>             | <u>9,029,135</u>      |
|                        |                   |                                    |                     |                       |                       |                           |                       |
| 4,702,293              | -                 | 6,820                              | 145                 | 36,166,080            | -                     | -                         | -                     |
| -                      | -                 | -                                  | -                   | -                     | 263,659,607           | 30,000                    | 263,689,607           |
| -                      | 576,912           | 14,088                             | -                   | 39,365,712            | -                     | -                         | -                     |
| -                      | -                 | -                                  | -                   | -                     | -                     | 21,380                    | 21,380                |
| <u>4,702,293</u>       | <u>576,912</u>    | <u>20,908</u>                      | <u>145</u>          | <u>75,531,792</u>     | <u>263,659,607</u>    | <u>51,380</u>             | <u>263,710,987</u>    |
| <u>\$ 9,761,674</u>    | <u>\$ 616,960</u> | <u>\$ 32,088</u>                   | <u>\$ 2,077,364</u> | <u>\$ 186,089,388</u> | <u>\$ 272,658,229</u> | <u>\$ 81,893</u>          | <u>\$ 272,740,122</u> |

# Combining Statement of Revenues, Expenditures and Changes in Fund Balances Other Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2006

|  | Capital Projects Funds                   |                      |                        |                             |                                    |                      |
|--|--|----------------------|------------------------|-----------------------------|------------------------------------|----------------------|
|  | Parks Capital<br>Project<br>Construction | CIP Motor<br>Vehicle | CIP Human<br>Resources | CIP<br>University<br>System | CIP General<br>State<br>Government | CIP Prison<br>System |
| <b>Revenues</b>                                      |  |                      |                        |                             |                                    |                      |
| Intergovernmental                                    | \$ -                                     | \$ -                 | \$ -                   | \$ -                        | \$ -                               | \$ -                 |
| Interest and investment income                       | 6,302                                    | -                    | -                      | -                           | -                                  | -                    |
| Land sales   | -  | -                    | -                      | -                           | -                                  | -                    |
| Other  | 225,163                                  | -                    | -                      | -                           | -                                  | -                    |
| <b>Total revenues</b>                                | <u>231,465</u>                           | <u>-</u>             | <u>-</u>               | <u>-</u>                    | <u>-</u>                           | <u>-</u>             |
| <b>Expenditures</b>                                  |  |                      |                        |                             |                                    |                      |
| <i>Current:</i>                                      |  |                      |                        |                             |                                    |                      |
| General government                                   | -  | -                    | -                      | -                           | -                                  | -                    |
| Intergovernmental                                    | -  | -                    | -                      | 3,746,274                   | -                                  | -                    |
| Capital outlay                                       | 557,869                                  | 17,284,027           | 33,560,763             | -                           | 14,818,058                         | 6,889,953            |
| <i>Debt service:</i>                                 |  |                      |                        |                             |                                    |                      |
| Debt issuance costs                                  | -  | 2,315                | 20,497                 | 19,893                      | 26,707                             | 7,199                |
| <b>Total expenditures</b>                            | <u>557,869</u>                           | <u>17,286,342</u>    | <u>33,581,260</u>      | <u>3,766,167</u>            | <u>14,844,765</u>                  | <u>6,897,152</u>     |
| Excess (deficiency) of revenues<br>over expenditures | <u>(326,404)</u>                         | <u>(17,286,342)</u>  | <u>(33,581,260)</u>    | <u>(3,766,167)</u>          | <u>(14,844,765)</u>                | <u>(6,897,152)</u>   |
| <b>Other Financing Sources (Uses)</b>                |  |                      |                        |                             |                                    |                      |
| Sale of general obligation bonds                     | -  | 755,136              | 10,635,706             | 3,548,686                   | 3,098,383                          | 1,648,493            |
| Premium on general obligation bonds                  | -  | 25,307               | 224,084                | 217,481                     | 291,978                            | 78,706               |
| Transfers in   | 23,684                                   | 7,007,832            | 11,461,130             | -                           | 34,301,331                         | -                    |
| Transfers out  | -  | (976,675)            | (5,000)                | -                           | (20,000)                           | -                    |
| <b>Total other financing sources<br/>(uses)</b>      | <u>23,684</u>                            | <u>6,811,600</u>     | <u>22,315,920</u>      | <u>3,766,167</u>            | <u>37,671,692</u>                  | <u>1,727,199</u>     |
| Net change in fund balances                          | (302,720)                                | (10,474,742)         | (11,265,340)           | -                           | 22,826,927                         | (5,169,953)          |
| Fund balances, July 1                                | 403,951                                  | 13,629,647           | 25,095,766             | -                           | 12,234,337                         | 23,253,661           |
| <b>Fund balances, June 30</b>                        | <u>\$ 101,231</u>                        | <u>\$ 3,154,905</u>  | <u>\$ 13,830,426</u>   | <u>\$ -</u>                 | <u>\$ 35,061,264</u>               | <u>\$ 18,083,708</u> |

| Capital Projects Funds |              |                                    |                   |               | Permanent Funds       |                           |                |
|------------------------|--------------|------------------------------------|-------------------|---------------|-----------------------|---------------------------|----------------|
| CIP Military           | CIP Wildlife | CIP Assistance to School Districts | CIP Miscellaneous | Total         | Permanent School Fund | Henry Wood Christmas Fund | Total          |
| \$ 9,573,532           | \$ 1,329     | \$ -                               | \$ -              | \$ 9,574,861  | \$ -                  | \$ -                      | \$ -           |
| -                      | -            | 23,731                             | 476,314           | 506,347       | 4,605,071             | 3,288                     | 4,608,359      |
| -                      | -            | -                                  | -                 | -             | 71,230,805            | -                         | 71,230,805     |
| 500,000                | -            | -                                  | -                 | 725,163       | 5,322,650             | -                         | 5,322,650      |
| 10,073,532             | 1,329        | 23,731                             | 476,314           | 10,806,371    | 81,158,526            | 3,288                     | 81,161,814     |
| -                      | -            | 11,986                             | 31,662            | 43,648        | 522,906               | 1,268                     | 524,174        |
| -                      | -            | 1,619,166                          | -                 | 5,365,440     | -                     | -                         | -              |
| 15,919,296             | 896,499      | -                                  | 24,299,414        | 114,225,879   | -                     | -                         | -              |
| 15,104                 | -            | -                                  | -                 | 91,715        | -                     | -                         | -              |
| 15,934,400             | 896,499      | 1,631,152                          | 24,331,076        | 119,726,682   | 522,906               | 1,268                     | 524,174        |
| (5,860,868)            | (895,170)    | (1,607,421)                        | (23,854,762)      | (108,920,311) | 80,635,620            | 2,020                     | 80,637,640     |
| 8,321,346              | -            | -                                  | -                 | 28,007,750    | -                     | -                         | -              |
| 165,119                | -            | -                                  | -                 | 1,002,675     | -                     | -                         | -              |
| 70,000                 | 830,052      | -                                  | 13,842,992        | 67,537,021    | -                     | -                         | -              |
| -                      | -            | -                                  | (6,484,292)       | (7,485,967)   | (3,940,416)           | (1,981)                   | (3,942,397)    |
| 8,556,465              | 830,052      | -                                  | 7,358,700         | 89,061,479    | (3,940,416)           | (1,981)                   | (3,942,397)    |
| 2,695,597              | (65,118)     | (1,607,421)                        | (16,496,062)      | (19,858,832)  | 76,695,204            | 39                        | 76,695,243     |
| 2,006,696              | 642,030      | 1,628,329                          | 16,496,207        | 95,390,624    | 186,964,403           | 51,341                    | 187,015,744    |
| \$ 4,702,293           | \$ 576,912   | \$ 20,908                          | \$ 145            | \$ 75,531,792 | \$ 263,659,607        | \$ 51,380                 | \$ 263,710,987 |

# Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

## All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

Page 1 of 8

|  | Final Budget | Actual      | Variance    |
|--|--------------|-------------|-------------|
|  | \$           | \$          | \$          |
| <b>GENERAL FUND UNBUDGETED ACTIVITY</b>      | -            | 3,360,153   | (3,360,153) |
| <b>Constitutional Agencies</b>               |              |             |             |
| <b>Executive Branch</b>                      |              |             |             |
| Office of the Governor                       | 2,319,896    | 2,260,068   | 59,828      |
| Mansion Maintenance                          | 276,520      | 247,970     | 28,550      |
| Office of Consumer Health Assistance         | 878,181      | 732,407     | 145,774     |
| Governor's One-Time Rebate                   | 300,000,000  | 282,712,594 | 17,287,406  |
| Washington Office                            | 267,079      | 267,079     | -           |
| Ethics Commission                            | 584,157      | 558,902     | 25,255      |
| High Level Nuclear Waste                     | 5,797,181    | 4,262,665   | 1,534,516   |
| Petroleum Overcharge Rebate                  | 361,755      | 119,354     | 242,401     |
| Energy Conservation                          | 1,753,058    | 949,900     | 803,158     |
| Lieutenant Governor                          | 586,370      | 559,051     | 27,319      |
| Extradition Coordinator                      | 760,725      | 758,808     | 1,917       |
| Attorney General Admin Account               | 21,887,469   | 21,421,901  | 465,568     |
| Special Fund                                 | 713,213      | 702,317     | 10,896      |
| AG Workers' Compensation Fraud               | 4,219,256    | 3,311,059   | 908,197     |
| Crime Prevention                             | 262,040      | 250,361     | 11,679      |
| AG Medicaid Fraud                            | 2,826,518    | 1,342,485   | 1,484,033   |
| Violence Against Women Grants                | 2,713,152    | 1,485,154   | 1,227,998   |
| Council For Prosecuting Attorneys            | 224,798      | 197,282     | 27,516      |
| Victims of Domestic Violence                 | 328,615      | 189,818     | 138,797     |
| Secretary of State                           | 12,313,473   | 11,746,546  | 566,927     |
| HAVA Election Account                        | 10,619,996   | 1,178,070   | 9,441,926   |
| Investigations & Enforcements                | 940,914      | 271,921     | 668,993     |
| Special Services - Secretary of State        | 7,730,000    | 4,169,577   | 3,560,423   |
| Advisory Committee Gift                      | 10,000       | -           | 10,000      |
| State Treasurer                              | 2,288,744    | 2,167,419   | 121,325     |
| Silicosis & Disabled Pensions                | 3,776,599    | 97,726      | 3,678,873   |
| Nevada College Savings Trust                 | 1,052,379    | 347,729     | 704,650     |
| Unclaimed Property                           | 1,041,272    | 942,903     | 98,369      |
| Controller General Account                   | 3,910,649    | 3,754,942   | 155,707     |
| Governor's Portrait Fund                     | 20,000       | -           | 20,000      |
| <b>Judicial Branch</b>                       |              |             |             |
| Admin Office of the Courts                   | 2,519,687    | 1,762,920   | 756,767     |
| Division of Planning & Analysis              | 772,449      | 648,911     | 123,538     |
| Uniform System of Judicial Rec               | 2,599,609    | 1,324,056   | 1,275,553   |
| Judicial Education                           | 1,680,882    | 949,381     | 731,501     |
| District Judges Salary                       | 11,407,574   | 11,167,362  | 240,212     |
| District Judges Travel                       | 517,103      | 396,395     | 120,708     |
| Supreme Court                                | 11,336,636   | 11,164,483  | 172,153     |
| Supreme Court Rural Drug Court               | 5,888,521    | 3,921,900   | 1,966,621   |
| Retired Justice Duty Fund                    | 1,423,079    | 1,239,632   | 183,447     |
| Judicial Selection                           | 12,371       | 12,242      | 129         |
| Law Library Gift Fund                        | 115,942      | 7,105       | 108,837     |
| Law Library                                  | 1,466,111    | 1,464,069   | 2,042       |
| Judicial Discipline                          | 501,093      | 456,395     | 44,698      |
|  | 430,705,066  | 381,520,859 | 49,184,207  |
| <b>FINANCE &amp; ADMINISTRATION</b>          |              |             |             |
| <b>Administration</b>                        |              |             |             |
| Construction Education Account               | 796,223      | 378,825     | 417,398     |
| Deferred Compensation                        | 251,754      | 107,925     | 143,829     |
| Commission For Women                         | 1,504        | -           | 1,504       |
| Special Appropriations                       | 20,911,302   | 17,714,931  | 3,196,371   |
| Judicial College/Juvenile and Family Justice | 375,000      | 375,000     | -           |
| Information Technology Improvement           | 935,076      | 917,261     | 17,815      |
| Information Technology Projects              | 9,211,079    | 7,921,716   | 1,289,363   |
| Budget and Planning                          | 3,242,990    | 3,100,374   | 142,616     |
| District Judge/Surviving Spouse Pension      | 1,554,600    | 1,554,600   | -           |
| Division of Internal Audit                   | 2,093,700    | 1,822,168   | 271,532     |
| Graffiti Reward Fund                         | 3,393        | -           | 3,393       |
| Merit Award Board                            | 5,000        | 655         | 4,345       |
| Controlled Substance Grants                  | 8,796        | -           | 8,796       |
| Clear Creek Youth Center                     | 98,048       | 83,185      | 14,863      |

|  | Final Budget  | Actual       | Variance     |
|--|---------------|--------------|--------------|
| Commodity Food Program                   | \$ 9,353,915  | \$ 6,663,794 | \$ 2,690,121 |
| Roof Maintenance Reserve                 | 902,436       | 33,537       | 868,899      |
| Public Works Division                    | 1,613,055     | 1,539,705    | 73,350       |
| School Plan Checking                     | 513,907       | 328,814      | 185,093      |
| Hearing & Appeals                        | 4,346,311     | 4,282,003    | 64,308       |
| State Claims                             | 2,562,351     | 2,025,840    | 536,511      |
| Emergency Fund                           | 497,701       | 23,843       | 473,858      |
| Statutory Contingency                    | 4,934,184     | 4,145,954    | 788,230      |
| <b>Taxation</b>                          |               |              |              |
| Department of Taxation                   | 37,283,990    | 36,971,986   | 312,004      |
| <b>Personnel</b>                         |               |              |              |
| Unemployment Compensation Fund           | 1,839,131     | 992,058      | 847,073      |
|  | 103,335,446   | 90,984,174   | 12,351,272   |
| <b>EDUCATION</b>                         |               |              |              |
| <b>Education</b>                         |               |              |              |
| Drug Abuse Education                     | 2,112,038     | 1,777,932    | 334,106      |
| Student Incentive Grants                 | 526,427       | 525,571      | 856          |
| Distributive School Account              | 1,000,353,620 | 903,017,861  | 97,335,759   |
| School Health Education - AIDS           | 518,116       | 348,057      | 170,059      |
| School Remediation                       | 56,818,788    | 44,924,060   | 11,894,728   |
| Education State Programs                 | 2,765,644     | 2,695,555    | 70,089       |
| Occupational Education                   | 10,229,398    | 9,348,430    | 880,968      |
| School to Careers                        | 1,200,016     | 1,153,599    | 46,417       |
| Gear Up Scholarship Trust                | 5,716,483     | -            | 5,716,483    |
| Continuing Education                     | 5,571,691     | 5,046,868    | 524,823      |
| Proficiency Testing                      | 4,177,322     | 4,123,153    | 54,169       |
| Other State Education Programs           | 32,975,588    | 30,014,468   | 2,961,120    |
| Education Technology Trust               | 18,733        | -            | 18,733       |
| Teacher Education & Licensing            | 1,451,131     | 1,300,889    | 150,242      |
| Discretionary Grants                     | 4,782,403     | 2,646,627    | 2,135,776    |
| Discretionary Grants - Restricted        | 19,551,043    | 13,813,583   | 5,737,460    |
| IASA-Title I Grants                      | 101,276,492   | 70,444,386   | 30,832,106   |
| IASA-Title II & Title VI Grant           | 35,384,154    | 23,020,925   | 12,363,229   |
| Individuals with Disabilities (IDEA)     | 78,886,473    | 64,914,796   | 13,971,677   |
| NDE Staffing Services                    | 442,290       | 337,394      | 104,896      |
| Education Support Services               | 2,423,153     | 2,183,540    | 239,613      |
| Child Nutrition                          | 72,173,492    | 66,231,863   | 5,941,629    |
| Commission on Postsecondary Education    | 364,757       | 358,861      | 5,896        |
| Student Indemnification Account          | 279,298       | 11,783       | 267,515      |
| <b>Museums, Library &amp; Arts</b>       |               |              |              |
| Museums, Library & Arts Administration   | 1,599,478     | 1,483,617    | 115,861      |
| Lost City Museum                         | 413,737       | 391,783      | 21,954       |
| LV Springs Preserve Museum Dev           | 31,111,464    | 12,150       | 31,099,314   |
| Nevada Historical Society                | 787,660       | 754,212      | 33,448       |
| State Museum, Carson City                | 1,888,105     | 1,801,030    | 87,075       |
| Museums And History                      | 706,340       | 462,191      | 244,149      |
| State Museum, Las Vegas                  | 1,095,955     | 1,064,610    | 31,345       |
| State Railroad Museums                   | 2,971,281     | 1,523,296    | 1,447,985    |
| Archives                                 | 1,036,609     | 978,349      | 58,260       |
| Records Management/Micrographics         | 604,548       | 381,100      | 223,448      |
| Nevada State Library                     | 6,306,536     | 5,877,992    | 428,544      |
| Nevada State Library-Literacy            | 269,376       | 121,750      | 147,626      |
| Nevada Humanities                        | 450,000       | 100,000      | 350,000      |
| Nevada State Library - CLAN              | 567,859       | 301,026      | 266,833      |
| Nevada Council on the Arts               | 2,437,395     | 2,277,852    | 159,543      |
| Cultural Resource Program                | 4,135,032     | 2,771,625    | 1,363,407    |
| Historic Preservation                    | 1,400,011     | 1,024,605    | 375,406      |
| Comstock Historic District               | 146,154       | 141,904      | 4,250        |
| Comstock Historical District Gifts       | 52            | -            | 52           |
| <b>Nevada System of Higher Education</b> |               |              |              |
| UNS - Special Projects                   | 3,086,161     | 1,064,249    | 2,021,912    |
| Education for Dependent Children         | 50,157        | 6,317        | 43,840       |
| University of Nevada - Reno              | 166,338,374   | 164,730,175  | 1,608,199    |
| School of Medical Sciences               | 39,415,005    | 38,172,920   | 1,242,085    |
| Intercollegiate Athletics UNR            | 5,436,630     | 5,434,471    | 2,159        |



## Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

### All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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|                                      | Final Budget         | Actual               | Variance           |
|--------------------------------------|----------------------|----------------------|--------------------|
| Statewide Programs - UNR             | \$ 7,620,230         | \$ 7,565,874         | \$ 54,356          |
| University System Administration     | 4,934,465            | 4,897,857            | 36,608             |
| University of Nevada Las Vegas       | 225,871,050          | 222,040,846          | 3,830,204          |
| Intercollegiate Athletics University | 4,779,089            | 4,718,533            | 60,556             |
| Agricultural Experimental Station    | 9,395,423            | 8,106,042            | 1,289,381          |
| Cooperative Extension Service        | 9,705,543            | 7,764,133            | 1,941,410          |
| System Computing Center              | 20,864,754           | 20,610,960           | 253,794            |
| UNLV Law School                      | 11,427,214           | 11,381,345           | 45,869             |
| National Direct Student Loan         | 50,904               | -                    | 50,904             |
| University Press                     | 781,464              | 779,891              | 1,573              |
| Anatomical Gift                      | 150,000              | 9,371                | 140,629            |
| Statewide Programs - UNLV            | 1,455,859            | 1,447,483            | 8,376              |
| UNLV Dental School                   | 11,982,828           | 11,764,359           | 218,469            |
| Business Center North                | 2,258,372            | 2,258,372            | -                  |
| Business Center South                | 1,915,235            | 1,914,460            | 775                |
| Collegiate License Plate Account     | 240,099              | 178,499              | 61,600             |
| NV State College at Henderson        | 10,049,361           | 10,013,156           | 36,205             |
| So Nevada Community College          | 110,949,124          | 109,976,668          | 972,456            |
| Laboratory & Research                | 1,843,948            | 1,843,888            | 60                 |
| No Nevada Community College          | 15,798,410           | 14,020,647           | 1,777,763          |
| Desert Research Institute            | 9,693,385            | 8,439,097            | 1,254,288          |
| Western Nevada Community College     | 21,756,796           | 21,481,879           | 274,917            |
| Truckee Meadows Community College    | 44,252,906           | 43,474,923           | 777,983            |
| <b>WICHE Administration</b>          |                      |                      |                    |
| WICHE Administration                 | 397,776              | 328,660              | 69,116             |
|                                      | <u>2,240,426,704</u> | <u>1,994,134,368</u> | <u>246,292,336</u> |

#### HUMAN RESOURCES

##### Human Resources

|                                  |            |            |           |
|----------------------------------|------------|------------|-----------|
| Human Resources - Administration | 4,399,969  | 2,005,647  | 2,394,322 |
| Grants Management Unit           | 31,439,321 | 28,885,112 | 2,554,209 |
| Prevention of Problem Gambling   | 822,045    | 410,597    | 411,448   |
| DHR - BCBS Settlement            | 150,000    | 150,000    | -         |
| Family to Family Connections     | 4,742,445  | 3,672,479  | 1,069,966 |

##### Aging Services

|                                    |            |            |           |
|------------------------------------|------------|------------|-----------|
| Senior Services Program            | 9,997,585  | 8,055,861  | 1,941,724 |
| Aging Services                     | 21,090,916 | 13,738,225 | 7,352,691 |
| Senior Citizen Property Tax Rebate | 4,890,895  | 4,757,521  | 133,374   |
| Homemaker                          | 3,280,822  | 3,113,288  | 167,534   |

##### Health Care Financing Division

|                                    |               |               |            |
|------------------------------------|---------------|---------------|------------|
| Intergovernmental Transfer Program | 78,439,847    | 63,937,198    | 14,502,649 |
| Health Care Financing & Policy     | 22,316,430    | 20,330,615    | 1,985,815  |
| Holding Account                    | 413,677       | 38,019        | 375,658    |
| Increase Quality of Nursing Care   | 17,975,358    | 16,060,489    | 1,914,869  |
| Nevada Check-Up Program            | 40,100,543    | 39,551,728    | 548,815    |
| Nevada Medicaid                    | 1,216,480,207 | 1,163,989,451 | 52,490,756 |
| HIFA Medical                       | 62,500        | -             | 62,500     |

##### Health

|                                       |            |            |           |
|---------------------------------------|------------|------------|-----------|
| Radiological Health                   | 2,806,309  | 1,701,084  | 1,105,225 |
| Cancer Control Registry               | 1,171,424  | 842,722    | 328,702   |
| Alcoholism & Drug Rehabilitation      | 22,821,092 | 19,767,864 | 3,053,228 |
| Vital Statistics                      | 1,602,718  | 1,219,428  | 383,290   |
| Consumer Protection                   | 2,186,843  | 1,870,225  | 316,618   |
| Env Public Health Tracking System     | 921,863    | 805,509    | 116,354   |
| Office of Minority Health             | 279,811    | 84,265     | 195,546   |
| Special Children's Clinic             | 20,526,105 | 16,538,650 | 3,987,455 |
| Immunization Program                  | 8,866,280  | 7,101,541  | 1,764,739 |
| WIC Food Supplement                   | 44,607,242 | 38,958,638 | 5,648,604 |
| Sexually Transmitted Disease Control  | 13,080,708 | 12,822,514 | 258,194   |
| Health Facilities                     | 11,029,816 | 5,333,962  | 5,695,854 |
| Health Facilities-Admin Penalty       | 252,894    | 11,329     | 241,565   |
| Health Alert Network                  | 16,075,612 | 11,415,088 | 4,660,524 |
| Communicable Disease Control          | 5,921,922  | 5,677,403  | 244,519   |
| Maternal Child Health Services        | 8,235,836  | 6,632,705  | 1,603,131 |
| Office of State Health Administration | 5,550,766  | 4,328,210  | 1,222,556 |
| Community Health Services             | 3,925,725  | 3,083,275  | 842,450   |

|  | Final Budget         | Actual               | Variance           |
|--|----------------------|----------------------|--------------------|
| Emergency Medical Services                       | \$ 1,162,242         | \$ 1,042,598         | \$ 119,644         |
| Tax on Liquor Program Account                    | 1,229,676            | 815,000              | 414,676            |
| <b>Welfare</b>                                   |                      |                      |                    |
| Welfare Administration                           | 28,508,056           | 25,560,051           | 2,948,005          |
| Health Special Appropriations                    | 450,000              | 25,313               | 424,687            |
| Temp Assistance for Needy Families               | 45,481,930           | 42,236,073           | 3,245,857          |
| Assistance to Aged and Blind                     | 6,693,286            | 6,462,422            | 230,864            |
| Welfare Field Services                           | 60,652,734           | 57,860,003           | 2,792,731          |
| Child Support Enforcement Program                | 10,109,026           | 7,788,267            | 2,320,759          |
| Collection and Distribution Account              | 25,711,882           | 19,852,431           | 5,859,451          |
| Child Care Assist & Development                  | 63,764,991           | 41,260,171           | 22,504,820         |
| Energy Assistance - Welfare                      | 26,039,315           | 17,413,151           | 8,626,164          |
| <b>Mental Hygiene/Mental Retardation</b>         |                      |                      |                    |
| Southern MH/MR Food Service                      | 1,490,251            | 1,312,551            | 177,700            |
| So NV Adult Mental Health Service                | 84,836,956           | 75,408,252           | 9,428,704          |
| Nevada Mental Health Institute                   | 30,933,364           | 28,343,498           | 2,589,866          |
| Mental Health Information System                 | 895,034              | 747,821              | 147,213            |
| Family Preservation Program                      | 1,884,351            | 1,877,750            | 6,601              |
| Rural NV Mental Retardation Services             | 12,806,330           | 11,711,562           | 1,094,768          |
| Mental Hygiene-Mental Retardation                | 7,372,860            | 6,472,778            | 900,082            |
| Desert Regional Center                           | 59,579,474           | 58,189,188           | 1,390,286          |
| No Nevada Mental Retardation                     | 29,783,533           | 29,102,319           | 681,214            |
| Facility for Mental Offender                     | 7,687,352            | 6,846,601            | 840,751            |
| Rural Clinics                                    | 14,448,804           | 12,659,115           | 1,789,689          |
| <b>Child &amp; Family Services</b>               |                      |                      |                    |
| Community Juvenile Justice Program               | 3,307,684            | 2,092,184            | 1,215,500          |
| Washoe County Integration                        | 20,743,601           | 19,831,469           | 912,132            |
| Child Welfare Integration                        | 53,049,582           | 38,733,316           | 14,316,266         |
| UNITY/SACWIS                                     | 5,835,156            | 5,360,445            | 474,711            |
| Children, Youth & Family Administration          | 22,023,776           | 14,445,451           | 7,578,325          |
| Youth Alternative Placement                      | 3,093,927            | 3,093,927            | -                  |
| Juvenile Correction Facility                     | 5,721,524            | 5,491,324            | 230,200            |
| Child Care Services                              | 915,712              | 802,319              | 113,393            |
| Caliente Youth Center                            | 6,923,765            | 6,760,172            | 163,593            |
| Victims of Domestic Violence                     | 3,864,324            | 2,998,011            | 866,313            |
| Childrens Trust Account                          | 1,027,983            | 498,244              | 529,739            |
| Youth Community Services                         | 24,368,540           | 18,754,326           | 5,614,214          |
| Review of Death of Children                      | 403,056              | 262,424              | 140,632            |
| Nevada Youth Training Center                     | 9,683,741            | 9,335,682            | 348,059            |
| Juvenile Accountability Block                    | 1,288,554            | 633,989              | 654,565            |
| Youth Corrections Services                       | 6,306,182            | 5,010,696            | 1,295,486          |
| Child Abuse & Neglect                            | 234,643              | 193,261              | 41,382             |
| Farm Account-Youth Training Center               | 23,507               | 4,775                | 18,732             |
| No NV Child & Adolescent Services                | 7,540,592            | 6,998,507            | 542,085            |
| So NV Child & Adolescent Services                | 21,818,340           | 19,651,115           | 2,167,225          |
| <b>Employment, Training &amp; Rehabilitation</b> |                      |                      |                    |
| Developmental Disabilities                       | 1,061,524            | 698,015              | 363,509            |
| Blind Business Enterprise                        | 3,833,587            | 1,548,645            | 2,284,942          |
| Services to the Blind                            | 4,852,366            | 4,595,726            | 256,640            |
| Client Assistance Program                        | 166,689              | 143,995              | 22,694             |
| Vocational Rehabilitation                        | 16,648,927           | 15,334,532           | 1,314,395          |
| Community Based Services                         | 10,522,003           | 6,839,348            | 3,682,655          |
| Rehabilitation Administration                    | 718,121              | 665,640              | 52,481             |
| Disability Adjudication                          | 12,102,479           | 9,883,546            | 2,218,933          |
| Gov Committee to Employ People with Disabilities | 283,073              | 238,403              | 44,670             |
| Office of Equal Rights                           | 1,861,675            | 1,681,449            | 180,226            |
| DETR Admin Services                              | 3,928,659            | 3,618,899            | 309,760            |
| Research & Analysis                              | 3,662,507            | 2,883,164            | 779,343            |
| Information Development & Processing             | 7,572,799            | 6,858,605            | 714,194            |
| <b>Other Human Services</b>                      |                      |                      |                    |
| Public Defender                                  | 2,634,707            | 2,368,813            | 265,894            |
| Indian Commission                                | 179,422              | 149,544              | 29,878             |
|  | <u>2,416,189,700</u> | <u>2,178,337,518</u> | <u>237,852,182</u> |

## Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

### All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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|   | Final Budget       | Actual             | Variance          |
|---|--------------------|--------------------|-------------------|
| <b>COMMERCE &amp; INDUSTRY</b>            |                    |                    |                   |
| <b>Economic Development &amp; Tourism</b> |                    |                    |                   |
| Economic Development & Diversification    | \$ 3,500,000       | \$ -               | \$ 3,500,000      |
| Commission On Economic Development        | 9,453,205          | 8,865,241          | 587,964           |
| Motion Pictures                           | 935,375            | 849,354            | 86,021            |
| Rural Community Development               | 3,775,289          | 2,493,765          | 1,281,524         |
| Small Business & Procurement              | 508,738            | 486,617            | 22,121            |
| <b>Minerals</b>                           |                    |                    |                   |
| Minerals                                  | 2,331,459          | 1,100,008          | 1,231,451         |
| Bond Reclamation                          | 3,861,722          | 122,456            | 3,739,266         |
| <b>Agriculture</b>                        |                    |                    |                   |
| Nevada Beef Council                       | 293,153            | 239,933            | 53,220            |
| Gas Pollution Standards                   | 698,362            | 477,966            | 220,396           |
| Weed Abatement and Control                | 100,000            | -                  | 100,000           |
| Plant Industry                            | 2,414,349          | 2,258,716          | 155,633           |
| Grade & Cert Agricultural Production      | 293,188            | 150,621            | 142,567           |
| Garlic & Onion Research Promotion         | 103,866            | 23,336             | 80,530            |
| Agricultural Registration/Enforcement     | 2,131,624          | 1,316,353          | 815,271           |
| Livestock Inspection                      | 1,309,451          | 996,408            | 313,043           |
| Marijuana Health Registry                 | 138,821            | 78,649             | 60,172            |
| Agriculture License Plates                | 34,120             | 17,500             | 16,620            |
| Veterinary Medical Services               | 1,860,553          | 1,468,104          | 392,449           |
| Weights & Measures                        | 1,973,313          | 1,740,899          | 232,414           |
| Insect Abatement                          | 1,067,526          | 706,879            | 360,647           |
| Agriculture Administration                | 1,206,546          | 1,189,273          | 17,273            |
| Rangeland Resources Commission            | 203,160            | 81,776             | 121,384           |
| Rangeland Morman Cricket                  | 3,966,232          | 959,373            | 3,006,859         |
| Predatory Animal/Rodent Control           | 1,195,357          | 1,096,816          | 98,541            |
| Nevada Jr Livestock Show Board            | 35,872             | 29,279             | 6,593             |
| <b>Gaming Control</b>                     |                    |                    |                   |
| Gaming Control Board                      | 38,965,831         | 37,989,660         | 976,171           |
| Gaming Control Federal Forfeiture         | 715,651            | 49,502             | 666,149           |
| Gaming Control-Forfeiture Account         | 566,792            | -                  | 566,792           |
| Federal Forfeiture Treasury               | 25,636             | -                  | 25,636            |
| Gaming Commission                         | 406,848            | 386,456            | 20,392            |
| <b>Business &amp; Industry</b>            |                    |                    |                   |
| Business & Industry Administration        | 1,161,591          | 1,120,658          | 40,933            |
| Industrial Development Bond               | 1,343,862          | 119,923            | 1,223,939         |
| Insurance Regulation                      | 6,515,219          | 6,192,012          | 323,207           |
| Captive Insurers                          | 407,584            | 217,942            | 189,642           |
| Insurance Recovery                        | 655,711            | 615,711            | 40,000            |
| Insurance Education & Research            | 1,605,296          | 646,169            | 959,127           |
| NAIC Fees                                 | 63,768             | 33,003             | 30,765            |
| Insurance Cost Stabilization              | 329,814            | 150,035            | 179,779           |
| Consumer Affairs Restitution              | 88,849             | 23,786             | 65,063            |
| Consumer Affairs Recovery Acct            | 147,466            | 15,173             | 132,293           |
| Consumer Affairs                          | 1,377,997          | 1,359,043          | 18,954            |
| Low Income Housing Trust Fund             | 37,276,128         | 8,273,680          | 29,002,448        |
| DOE Weatherization                        | 5,255,099          | 3,611,009          | 1,644,090         |
| Employee Management Relations             | 207,392            | 201,430            | 5,962             |
| Common Interest Communities               | 3,356,317          | 1,015,961          | 2,340,356         |
| Real Estate                               | 4,602,718          | 4,032,182          | 570,536           |
| Athletic Commission                       | 651,027            | 585,670            | 65,357            |
| Labor Relations                           | 1,394,022          | 1,382,870          | 11,152            |
| Division of Mortgage Lending              | 9,112,711          | 3,250,903          | 5,861,808         |
| Attorney For Injured Workers              | 3,575,031          | 3,150,447          | 424,584           |
| Financial Institutions Investigation      | 606,316            | 26,606             | 579,710           |
| Financial Institutions                    | 3,244,491          | 1,946,980          | 1,297,511         |
| Financial Institutions Audit              | 99,231             | 87,543             | 11,688            |
|   | <u>167,149,679</u> | <u>103,233,676</u> | <u>63,916,003</u> |

|   | Final Budget  | Actual        | Variance    |
|---|---------------|---------------|-------------|
| <b>Public Safety</b>                        |               |               |             |
| <b>Corrections</b>                          |               |               |             |
| Prison Medical Care                         | \$ 36,079,881 | \$ 35,932,108 | \$ 147,773  |
| Corrections Administration                  | 19,037,091    | 17,427,433    | 1,609,658   |
| Correctional Programs                       | 6,436,395     | 5,996,032     | 440,363     |
| So Nevada Correctional Center               | 682,049       | 571,813       | 110,236     |
| Warm Springs Correctional Center            | 6,510,849     | 6,208,062     | 302,787     |
| No Nevada Correctional Center               | 22,058,923    | 21,686,025    | 372,898     |
| Nevada State Prison                         | 17,563,863    | 17,426,394    | 137,469     |
| Stewart Conservation Camp                   | 1,700,521     | 1,660,491     | 40,030      |
| Pioche Conservation Camp                    | 1,545,159     | 1,445,925     | 99,234      |
| Restitution Center - North                  | 1,040,053     | 1,010,521     | 29,532      |
| Indian Springs Conservation Camp            | 2,032,596     | 1,972,860     | 59,736      |
| So Desert Correctional Center               | 18,517,383    | 17,964,228    | 553,155     |
| Wells Conservation Camp                     | 1,133,415     | 1,079,325     | 54,090      |
| Humboldt Conservation Camp                  | 1,272,228     | 1,246,392     | 25,836      |
| Ely Conservation Camp                       | 1,310,883     | 1,274,283     | 36,600      |
| Jean Conservation Camp                      | 1,515,616     | 1,479,394     | 36,222      |
| Silver Springs Conservation Camp            | 1,242,140     | 1,222,546     | 19,594      |
| Ely State Prison                            | 25,628,108    | 25,347,881    | 280,227     |
| Carlin Conservation Camp                    | 1,225,778     | 1,198,881     | 26,897      |
| Tonopah Conservation Camp                   | 1,140,554     | 1,042,609     | 97,945      |
| Lovelock Correctional Center                | 21,817,065    | 21,543,626    | 273,439     |
| Southern Nevada Women's Prison              | 8,790,920     | 8,421,533     | 369,387     |
| High Desert State Prison                    | 30,515,269    | 29,780,378    | 734,891     |
| Casa Grande Transitional Housing            | 2,450,353     | 2,024,285     | 426,068     |
| <b>Public Safety</b>                        |               |               |             |
| Peace Officers Standards & Training         | 1,853,315     | 1,610,857     | 242,458     |
| NV Police Corps Program                     | 1,215,146     | 94,561        | 1,120,585   |
| FEMA #1153 Dr - NV                          | 839,924       | -             | 839,924     |
| Emergency Management Division               | 2,863,171     | 2,557,003     | 306,168     |
| Emergency Mgmt Assistance Grant             | 110,246,736   | 48,889,359    | 61,357,377  |
| Homeland Security                           | 531,529       | 425,768       | 105,761     |
| Parole & Probation                          | 39,496,845    | 38,229,827    | 1,267,018   |
| Investigations                              | 6,303,473     | 6,004,561     | 298,912     |
| Narcotics Control                           | 1,940,178     | 1,838,016     | 102,162     |
| Parolee Loan Account                        | 3,440         | -             | 3,440       |
| Training Division                           | 1,675,701     | 1,539,805     | 135,896     |
| Parole Board                                | 1,554,958     | 1,459,862     | 95,096      |
| Fire Marshal                                | 4,152,676     | 3,220,677     | 931,999     |
| Traffic Safety                              | 5,185,219     | 2,749,611     | 2,435,608   |
| Highway Safety Plan & Administration        | 2,725,563     | 1,302,249     | 1,423,314   |
| Forfeitures                                 | 981,056       | 844,111       | 136,945     |
| Justice Assistance Account                  | 19,595,015    | 7,983,334     | 11,611,681  |
| Criminal History Repository                 | 20,250,091    | 12,434,217    | 7,815,874   |
| Child Volunteer Background Checks Trust     | 4,651         | 4,650         | 1           |
| Contingency Account for Haz Mat             | 637,216       | 5,861         | 631,355     |
| Public Safety, One Shots                    | 248,443       | 144,604       | 103,839     |
| Public Safety Justice Grant                 | 579,692       | 511,905       | 67,787      |
| Dignitary Protection                        | 1,039,143     | 1,014,099     | 25,044      |
| <b>Motor Vehicles</b>                       |               |               |             |
| Salvage/Wreckers/Body Shops                 | 1,101,903     | 571,435       | 530,468     |
| Motor Vehicle Pollution Control             | 9,549,325     | 7,059,816     | 2,489,509   |
|   | 465,821,501   | 365,459,213   | 100,362,288 |
| <b>INFRASTRUCTURE</b>                       |               |               |             |
| <b>Conservation &amp; Natural Resources</b> |               |               |             |
| State Environmental Commission              | 42,512        | 36,552        | 5,960       |
| Natural Resources Administration            | 1,813,272     | 1,429,201     | 384,071     |
| Water Resources Legal Cost                  | 565,122       | 103,288       | 461,834     |
| Tahoe Regional Planning Agency              | 10,003,309    | 1,816,389     | 8,186,920   |
| Mining Cooperative Fund                     | 129,747       | 100,000       | 29,747      |
| Conservation Districts                      | 406,546       | 368,281       | 38,265      |
| Habitat Mitigation                          | 778,860       | 46,047        | 732,813     |
| Wildlife                                    | 27,475,238    | 21,912,062    | 5,563,176   |

## Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

### All General Fund Budgets

For the Fiscal Year Ended June 30, 2006

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|                                  | Final Budget  | Actual       | Variance     |
|----------------------------------|---------------|--------------|--------------|
| Wildlife - Trout Management      | \$ 14,759,452 | \$ 7,168,990 | \$ 7,590,462 |
| Wildlife - Boating Program       | 5,197,128     | 4,366,587    | 830,541      |
| Wildlife Heritage                | 5,124,973     | 60,747       | 5,064,226    |
| Wildlife Obligated Reserve       | 5,885,852     | 2,911,755    | 2,974,097    |
| Parks Federal Grant Programs     | 5,661,131     | 1,128,994    | 4,532,137    |
| State Parks                      | 12,364,972    | 10,038,897   | 2,326,075    |
| Maintenance of State Parks       | 1,995,625     | 414,382      | 1,581,243    |
| Coyote Springs Groundwater Basin | 24,726        | 1,843        | 22,883       |
| Flood Control Revenue Fund       | 252,717       | -            | 252,717      |
| USGS Co-Op                       | 1,019,045     | 735,527      | 283,518      |
| Groundwater Recharge Projects    | 226,022       | 60,797       | 165,225      |
| Water Right Surveyors            | 59,838        | 9,933        | 49,905       |
| Water Rights Support Fund        | 1,000,000     | 45,889       | 954,111      |
| Well Driller's Licenses          | 67,431        | 39,447       | 27,984       |
| Water Resources                  | 6,406,357     | 5,881,474    | 524,883      |
| State Engineer Revenue           | 172,369       | 91,411       | 80,958       |
| Little Humboldt River            | 213,085       | 9,255        | 203,830      |
| Quinn River Distribution         | 33,287        | 10,972       | 22,315       |
| Adjudication Emergency           | 16,000        | 3,597        | 12,403       |
| Steptoe Valley Water Basin       | 10,501        | 2,890        | 7,611        |
| Diamond Valley Ground Water      | 14,389        | 5,491        | 8,898        |
| Dixie Creek/10 Mi Ground Water   | 3,000         | -            | 3,000        |
| Churchill Valley Ground Water    | 3,076         | 605          | 2,471        |
| Colorado River Valley            | 25,693        | 158          | 25,535       |
| Washoe Valley Ground Water       | 4,192         | 153          | 4,039        |
| Las Vegas Basin Water Dist       | 3,544,535     | 758,064      | 2,786,471    |
| Muddy River Surface Water        | 24,710        | 5,861        | 18,849       |
| Flood Repairs & Disaster Relief  | 50,000        | -            | 50,000       |
| Channel Clearance                | 289,007       | 43,305       | 245,702      |
| Pahranagat Lake                  | 69,390        | 28,534       | 40,856       |
| Pahrump Artesian Basin           | 66,814        | 17,283       | 49,531       |
| Boulder Flat Ground Water        | 67,823        | 2,324        | 65,499       |
| Dayton Valley Ground Water       | 3,013         | 2,896        | 117          |
| Mason Valley Ground Water        | 67,486        | 13,070       | 54,416       |
| Humboldt Water District          | 328,091       | 173,251      | 154,840      |
| Water District Revenue Fund      | 30,000        | -            | 30,000       |
| Smith Valley Artesian Basin      | 32,664        | 9,553        | 23,111       |
| Currant Creek                    | 5,670         | 24           | 5,646        |
| Duckwater Creek                  | 25,364        | 11,410       | 13,954       |
| Paradise Valley Ground Water     | 23,406        | 5,792        | 17,614       |
| Upper White River                | 15,195        | 51           | 15,144       |
| Muddy River Springs              | 38,537        | 5,073        | 33,464       |
| Kingston Creek                   | 3,941         | 53           | 3,888        |
| Warm Springs/Winnemucca Creek    | 30,702        | 2,931        | 27,771       |
| Eagle Valley                     | 60,866        | 13,503       | 47,363       |
| Carson Valley Ground Water       | 52,631        | 9,388        | 43,243       |
| Fish Lake Valley Artesian        | 10,955        | 3,957        | 6,998        |
| Carico Creek                     | 443           | -            | 443          |
| Lemmon Valley                    | 77,323        | 6,779        | 70,544       |
| Truckee Meadows/Sun Valley       | 97,365        | 29,849       | 67,516       |
| Antelope Middle Reese River      | 32,033        | 987          | 31,046       |
| Warm Springs Ground Water        | 31,527        | 1,132        | 30,395       |
| Honey Lake Valley                | 16,922        | 869          | 16,053       |
| Whirlwind Valley                 | 14,194        | 286          | 13,908       |
| Crescent Water Groundwater       | 17,454        | 1,129        | 16,325       |
| Pumpnickel Valley                | 117           | -            | 117          |
| Clovers Area Groundwater         | 33,326        | 3,534        | 29,792       |
| Cold Springs Valley              | 19,148        | 2,886        | 16,262       |
| Imlay Ground Water               | 23,803        | 1,012        | 22,791       |
| Kelly Creek Ground Water         | 33,081        | 4,036        | 29,045       |
| Lower Reese River Valley         | 51,143        | 633          | 50,510       |
| Maggie Creek                     | 48,885        | 2,034        | 46,851       |
| North Fork Ground Water          | 15,564        | 3            | 15,561       |
| Pleasant Valley                  | 9,032         | 2,902        | 6,130        |
| Forestry                         | 14,399,416    | 9,455,396    | 4,944,020    |



|   | Final Budget     | Actual           | Variance       |
|---|------------------|------------------|----------------|
| Forest Fire Suppression/Emergency Response                | \$ 11,612,681    | \$ 7,582,745     | \$ 4,029,936   |
| Forestry Honor Camps                                      | 9,100,722        | 8,697,821        | 402,901        |
| Forestry Inter-Gov Agreements                             | 10,944,323       | 9,679,005        | 1,265,318      |
| Tahoe License Plates                                      | 1,775,080        | 342,431          | 1,432,649      |
| Mt. Charleston License Plates                             | 169,098          | -                | 169,098        |
| Nevada Tahoe Regional Planning                            | 802              | 673              | 129            |
| State Lands   | 1,721,644        | 1,600,675        | 120,969        |
| State Lands Revolving Account                             | 81,957           | 7,128            | 74,829         |
| Tahoe Bond Sale   | 457,439          | 20,908           | 436,531        |
| Tahoe Mitigation  | 2,405,185        | 1,191,673        | 1,213,512      |
| Nevada Natural Heritage                                   | 954,534          | 756,755          | 197,779        |
| AB9/Q1 Bonds  | 83,009,984       | 21,944,546       | 61,065,438     |
| Storage Tank Management                                   | 808,427          | -                | 808,427        |
| Environmental Protection Administration                   | 4,839,565        | 3,208,160        | 1,631,405      |
| Chemical Hazard Prevention                                | 621,336          | 270,769          | 350,567        |
| Reclamation Surety Account                                | 438,819          | -                | 438,819        |
| Air Quality Management Account                            | 4,020,873        | 1,966,209        | 2,054,664      |
| Air Quality   | 5,788,366        | 4,230,297        | 1,558,069      |
| Bureau of Water   | 13,548,590       | 5,563,413        | 7,985,177      |
| Water Quality Planning                                    | 7,937,700        | 4,062,630        | 3,875,070      |
| Safe Drinking Water Regulatory                            | 2,766,871        | 2,192,301        | 574,570        |
| Waste Management & Fed Facilities                         | 17,119,203       | 9,787,877        | 7,331,326      |
| Mining Regulation/Reclamation                             | 4,534,225        | 2,124,554        | 2,409,671      |
| Interim Fluid Management Trust                            | 2,142,168        | -                | 2,142,168      |
| Hazardous Waste Management                                | 23,430,455       | 3,782,886        | 19,647,569     |
| Hazardous Waste - Beatty Site                             | 8,187,481        | -                | 8,187,481      |
| Water Planning - Capital Improvement                      | 222,839          | 148,257          | 74,582         |
|   | 340,157,410      | 158,583,117      | 181,574,293    |
| <b>Special Purpose Agencies</b>                           |                  |                  |                |
| <b>Military</b>   |                  |                  |                |
| Veterans' Affairs   | 2,299,478        | 1,956,428        | 343,050        |
| Veterans' Home Account                                    | 13,300,487       | 13,076,001       | 224,486        |
| Veterans' Gifts And Donations                             | 213,887          | 6,843            | 207,044        |
| Veterans' Home Donation                                   | 124,566          | 51,828           | 72,738         |
| Military  | 12,937,417       | 9,998,582        | 2,938,835      |
| Adjutant General Construction                             | 35,568           | 80               | 35,488         |
| National Guard Benefits                                   | 601,900          | 37,632           | 564,268        |
| <b>Civil Air Patrol</b>                                   | 66,169           | 54,157           | 12,012         |
|   | 29,579,472       | 25,181,551       | 4,397,921      |
| <b>Appropriated Transfers to Other Funds</b>              |                  |                  |                |
| Legislative Fund  | 27,542,320       | 27,542,320       | -              |
| Contingency Fund  | 10,708,419       | 10,708,419       | -              |
| Attorney General Fund - Consumer Advocate                 | 1,356,903        | 1,356,903        | -              |
| Stabilize the Operations of State Government              | 64,214,470       | 64,214,470       | -              |
| Highway Fund  | 552,005          | 552,005          | -              |
| Healthy Nevada Fund                                       | 782,302          | 782,302          | -              |
| WICHE Loan and Stipend Fund                               | 789,191          | 789,191          | -              |
| Capital Project Funds                                     | 53,623,972       | 53,623,972       | -              |
| Internal Service Funds                                    | 61,845           | 61,845           | -              |
|   | 159,631,427      | 159,631,427      | -              |
| <b>REVERSIONS TO OTHER FUNDS</b>                          |                  |                  |                |
| Reversion to Highway Fund                                 | -                | 306,243          | (306,243)      |
| Reversion to Workers' Comp & Safety Fund                  | -                | 846,716          | (846,716)      |
| Reversion to Consolidated Bond Interest & Redemption Fund | -                | 9,509            | (9,509)        |
| Reversion to Hospital Care to Indigent Persons Fund       | -                | 187,829          | (187,829)      |
| Reversion to Legislative Fund - Correction to Prior Year  | -                | (230,000)        | 230,000        |
| Reversion to Contingency Fund                             | -                | 1,197,286        | (1,197,286)    |
|   | -                | 2,317,583        | (2,317,583)    |
| <b>Projected Reversions</b>                               | (55,340,000)     | -                | (55,340,000)   |
| Total General Fund  | \$ 6,297,656,405 | \$ 5,462,743,639 | \$ 834,912,766 |



# Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

## All Special Revenue Fund Budgets

For the Fiscal Year Ended June 30, 2006

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|   | Final Budget         | Actual             | Variance           |
|---|----------------------|--------------------|--------------------|
| <b>State Highway</b>                                |                      |                    |                    |
| <b>Finance &amp; Administration</b>                 |                      |                    |                    |
| Unbudgeted Activity                                 | \$ -                 | \$ 359,282         | \$ (359,282)       |
| Appropriations to Other Funds                       | 13,899,874           | 13,899,874         | -                  |
| <b>Infrastructure</b>                               |                      |                    |                    |
| Transportation Administration                       | 696,998,494          | 643,701,594        | 53,296,900         |
| Bond Construction                                   | 218,613,292          | 98,836,261         | 119,777,031        |
| <b>Public Safety</b>                                |                      |                    |                    |
| Aviation Trust Fund                                 | 551,000              | -                  | 551,000            |
| Bicycle Safety Program                              | 209,332              | 118,494            | 90,838             |
| Motorcycle Safety Program                           | 674,977              | 374,379            | 300,598            |
| Director's Office - Public Safety                   | 1,218,768            | 1,154,310          | 64,458             |
| Internal Affairs                                    | 421,349              | 403,222            | 18,127             |
| Records Search                                      | 9,951,934            | 9,780,665          | 171,269            |
| Highway Patrol                                      | 65,480,134           | 64,298,641         | 1,181,493          |
| Administrative Services                             | 1,492,605            | 1,403,586          | 89,019             |
| DMV Motor Vehicle Info Technology                   | 8,883,130            | 8,420,218          | 462,912            |
| Motor Carrier                                       | 4,282,640            | 3,979,056          | 303,584            |
| PS Highway Safety Grants Account                    | 1,697,182            | 1,447,765          | 249,417            |
| Emergency Response Commission                       | 2,149,081            | 949,901            | 1,199,180          |
| Verification of Insurance                           | 2,858,104            | 2,257,324          | 600,780            |
| Hearings - DMV & PS                                 | 1,097,058            | 1,072,163          | 24,895             |
| Public Safety Technology Division                   | 5,730,004            | 5,464,972          | 265,032            |
| DMV Field Services                                  | 40,710,804           | 37,649,148         | 3,061,656          |
| Compliance Enforcement                              | 3,786,006            | 3,598,230          | 187,776            |
| Central Services                                    | 13,611,644           | 12,613,320         | 998,324            |
| Management Services                                 | 2,362,989            | 2,325,594          | 37,395             |
| Director's Office - DMV                             | 3,999,409            | 3,807,465          | 191,944            |
| Administrative Services                             | 11,511,186           | 9,539,163          | 1,972,023          |
| <b>Debt Service Transfers</b>                       |                      |                    |                    |
| Debt Service  | 61,148,664           | 61,148,664         | -                  |
| <b>Total</b>  | <b>1,173,339,660</b> | <b>988,603,291</b> | <b>184,736,369</b> |
| <b>Municipal Bond Bank</b>                          |                      |                    |                    |
| <b>Constitutional Agencies</b>                      |                      |                    |                    |
| Municipal Bond Bank Revenue                         | 92,283,055           | 69,598,475         | 22,684,580         |
| <b>Total</b>  | <b>92,283,055</b>    | <b>69,598,475</b>  | <b>22,684,580</b>  |
| <b>Stabilize the Operations of State Government</b> |                      |                    |                    |
| <b>Constitutional Agencies</b>                      |                      |                    |                    |
| Disaster Relief                                     | 10,249,362           | 2,583,582          | 7,665,780          |
| Emergency Assistance                                | 1,152,770            | 140,472            | 1,012,298          |
| <b>Total</b>  | <b>11,402,132</b>    | <b>2,724,054</b>   | <b>8,678,078</b>   |
| <b>School Improvement</b>                           |                      |                    |                    |
| <b>Special Projects</b>                             |                      |                    |                    |
| School Improvement                                  | 5,145,666            | 3,335,978          | 1,809,688          |
| <b>Total</b>  | <b>5,145,666</b>     | <b>3,335,978</b>   | <b>1,809,688</b>   |
| <b>Employment Security</b>                          |                      |                    |                    |
| <b>Human Services</b>                               |                      |                    |                    |
| Claimant Employment Program                         | 18,739,121           | 10,683,518         | 8,055,603          |
| Employment Security                                 | 55,020,622           | 46,873,524         | 8,147,098          |
| Employment Security Special Fund                    | 24,459,408           | 15,759,390         | 8,700,018          |
| <b>Total</b>  | <b>98,219,151</b>    | <b>73,316,432</b>  | <b>24,902,719</b>  |
| <b>Regulatory</b>                                   |                      |                    |                    |
| <b>Commerce &amp; Industry</b>                      |                      |                    |                    |
| Manufactured Housing                                | 2,652,321            | 1,076,498          | 1,575,823          |
| Real Estate Education & Research                    | 1,644,193            | 484,019            | 1,160,174          |
| Real Estate Recovery                                | 827,910              | -                  | 827,910            |
| Mobile Home Parks                                   | 357,523              | 143,283            | 214,240            |
| Mfg Housing-Education/Recovery                      | 670,501              | 75,852             | 594,649            |
| Regulatory Fund                                     | 13,563,626           | 9,692,907          | 3,870,719          |
| Administrative Fines                                | 100,000              | 46,400             | 53,600             |

|   | Final Budget       | Actual            | Variance          |
|---|--------------------|-------------------|-------------------|
| Transportation Services Authority                   | \$ 2,406,668       | \$ 2,333,058      | \$ 73,610         |
| TSA Administrative Fines                            | 376,109            | 187,481           | 188,628           |
| Taxicab Authority                                   | 7,516,549          | 5,693,369         | 1,823,180         |
| Dairy Commission                                    | 2,173,294          | 1,334,598         | 838,696           |
| <b>Total</b>  | <b>32,288,694</b>  | <b>21,067,465</b> | <b>11,221,229</b> |
| <b>Legislative</b>                                  |                    |                   |                   |
| <b>Constitutional Agencies</b>                      |                    |                   |                   |
| Nevada Legislative Interim                          | 549,257            | 494,190           | 55,067            |
| Legislative Counsel Bureau                          | 36,856,613         | 28,661,039        | 8,195,574         |
| Audit Contingency Account                           | 192,050            | 192,050           | -                 |
| <b>Total</b>  | <b>37,597,920</b>  | <b>29,347,279</b> | <b>8,250,641</b>  |
| <b>Higher Education Capital Construction</b>        |                    |                   |                   |
| <b>Finance &amp; Administration</b>                 |                    |                   |                   |
| Higher Education Capital Construction               | -                  | 5,000,000         | (5,000,000)       |
| Higher Education Special Construction               | 35,000,000         | 10,405,006        | 24,594,994        |
| <b>Total</b>  | <b>35,000,000</b>  | <b>15,405,006</b> | <b>19,594,994</b> |
| <b>Cleaning Up Petroleum Discharges</b>             |                    |                   |                   |
| <b>Infrastructure</b>                               |                    |                   |                   |
| Petroleum Clean-Up Trust Fund                       | 25,234,977         | 9,254,503         | 15,980,474        |
| <b>Total</b>  | <b>25,234,977</b>  | <b>9,254,503</b>  | <b>15,980,474</b> |
| <b>Hospital Care to Indigent Persons</b>            |                    |                   |                   |
| <b>Finance &amp; Administration</b>                 |                    |                   |                   |
| Supplemental Fund - Indigents                       | 7,525,407          | 7,213,121         | 312,286           |
| Indigent Accident Account                           | 22,251,022         | 22,249,410        | 1,612             |
| <b>Total</b>  | <b>29,776,429</b>  | <b>29,462,531</b> | <b>313,898</b>    |
| <b>TOURISM PROMOTION</b>                            |                    |                   |                   |
| <b>Commerce &amp; Industry</b>                      |                    |                   |                   |
| Tourism Development                                 | 905,445            | 618,415           | 287,030           |
| Commission on Tourism                               | 21,770,188         | 18,124,513        | 3,645,675         |
| <b>Total</b>  | <b>22,675,633</b>  | <b>18,742,928</b> | <b>3,932,705</b>  |
| <b>OFFENDERS STORE</b>                              |                    |                   |                   |
| <b>Public Safety</b>                                |                    |                   |                   |
| Offenders' Store Fund                               | 15,558,921         | 12,536,560        | 3,022,361         |
| Inmate Welfare Account                              | 4,108,594          | 3,267,955         | 840,639           |
| <b>Total</b>  | <b>19,667,515</b>  | <b>15,804,515</b> | <b>3,863,000</b>  |
| <b>TOBACCO SETTLEMENT</b>                           |                    |                   |                   |
| <b>Constitutional Agencies</b>                      |                    |                   |                   |
| Millennium Scholarship Fund                         | 61,955,642         | 29,011,984        | 32,943,658        |
| Millennium Scholarship Administration               | 400,685            | 368,033           | 32,652            |
| Trust Fund for Healthy Nevada                       | 51,353,930         | 20,681,000        | 30,672,930        |
| Trust Fund for Public Health                        | 30,034,035         | 711,583           | 29,322,452        |
| <b>Human Services</b>                               |                    |                   |                   |
| Healthy Nevada Fund                                 | 8,938,703          | 7,011,900         | 1,926,803         |
| Public Health Tobacco Fund                          | 727,346            | 711,534           | 15,812            |
| Healthy Nevada Fund Administration                  | 17,747,009         | 14,716,536        | 3,030,473         |
| <b>Total</b>  | <b>171,157,350</b> | <b>73,212,570</b> | <b>97,944,780</b> |
| <b>Contingency</b>                                  |                    |                   |                   |
| <b>Constitutional Agencies</b>                      |                    |                   |                   |
| Interim Finance Committee                           | 28,867,516         | 21,482,299        | 7,385,217         |
| <b>Total</b>  | <b>28,867,516</b>  | <b>21,482,299</b> | <b>7,385,217</b>  |
| <b>Care of Sites for Radioactive Waste Disposal</b> |                    |                   |                   |
| <b>Human Services</b>                               |                    |                   |                   |
| Radioactive Material Disposal                       | 12,058,247         | 95,311            | 11,962,936        |
| <b>Total</b>  | <b>12,058,247</b>  | <b>95,311</b>     | <b>11,962,936</b> |

# Schedule of Total Uses - Budget and Actual, Non-GAAP Budgetary Basis

## All Special Revenue Fund Budgets

State  
of  
Nevada

For the Fiscal Year Ended June 30, 2006

Page 3 of 3

|                                       | Final Budget            | Actual                  | Variance              |
|---------------------------------------|-------------------------|-------------------------|-----------------------|
| <b>GIFT</b>                           |                         |                         |                       |
| <b>Education</b>                      |                         |                         |                       |
| Education Gift Fund                   | \$ 18,267               | \$ 500                  | \$ 17,767             |
| Library & Archives Gift Fund          | 79,058                  | 4,215                   | 74,843                |
| <b>Human Services</b>                 |                         |                         |                       |
| RRC Gift Fund                         | 12,000                  | -                       | 12,000                |
| SNAMHS Gift Fund                      | 7,583                   | 74                      | 7,509                 |
| Settlement Funds                      | 163,570                 | 21,462                  | 142,108               |
| Health Division Gifts                 | 35,613                  | 13,127                  | 22,486                |
| Transition from Foster Care           | 3,584,845               | 2,137,724               | 1,447,121             |
| Aging Services Gift                   | 15,600                  | 25                      | 15,575                |
| Summit View Commissary                | 17,828                  | 8,088                   | 9,740                 |
| Disability Services Gift              | 30                      | -                       | 30                    |
| CBS Washoe Gift Fund                  | 14,524                  | 12                      | 14,512                |
| Indian Commission Gift Acct           | 6,164                   | -                       | 6,164                 |
| Hospital Gift Fund                    | 267,624                 | 3,492                   | 264,132               |
| NNMRS Gift Fund                       | 9,630                   | 146                     | 9,484                 |
| Blind Gift Fund                       | 109,200                 | -                       | 109,200               |
| Welfare Gift Fund                     | 9,887                   | -                       | 9,887                 |
| Rehabilitation Gift Fund              | 5,468                   | -                       | 5,468                 |
| Henry Woods Christmas Fund            | 10,842                  | 4,800                   | 6,042                 |
| Nevada Children's Gift Account        | 513,038                 | -                       | 513,038               |
| CYC Gift Fund                         | 8,792                   | -                       | 8,792                 |
| Youth Training Center Gift Fund       | 27,439                  | 154                     | 27,285                |
| People with Disabilities              | 37,099                  | -                       | 37,099                |
| DRC Gift Fund                         | 14,443                  | -                       | 14,443                |
| <b>Infrastructure</b>                 |                         |                         |                       |
| Heil Wild Horse Bequest               | 650,498                 | 129,740                 | 520,758               |
| Park Gift & Grants                    | 303,641                 | 81,583                  | 222,058               |
| <b>Total</b>                          | <b>5,922,683</b>        | <b>2,405,142</b>        | <b>3,517,541</b>      |
| <b>NATURAL RESOURCES</b>              |                         |                         |                       |
| <b>Infrastructure</b>                 |                         |                         |                       |
| Grants To Water Purveyors             | 9,060,213               | 5,316,678               | 3,743,535             |
| Erosion Control Bond Q12              | 3,903,794               | 1,974,038               | 1,929,756             |
| Protect Lake Tahoe                    | 11,846,761              | 5,105,105               | 6,741,656             |
| <b>Total</b>                          | <b>24,810,768</b>       | <b>12,395,821</b>       | <b>12,414,947</b>     |
| <b>MISCELLANEOUS</b>                  |                         |                         |                       |
| <b>Constitutional Agencies</b>        |                         |                         |                       |
| Private Investigators Licensing Board | 957,544                 | 468,991                 | 488,553               |
| Renew Energy & Energy Conservation    | 158,502                 | 95,973                  | 62,529                |
| Racketeering-Prosecution Account      | 125                     | -                       | 125                   |
| Consumer Advocate                     | 5,455,955               | 3,862,630               | 1,593,325             |
| Unfair Trade Practices                | 750,000                 | 90,265                  | 659,735               |
| Anatomical Gift Account               | 125,195                 | 124,397                 | 798                   |
| <b>Commerce &amp; Industry</b>        |                         |                         |                       |
| Lot Rent Trust Subsidy                | 437,420                 | 358,004                 | 79,416                |
| Rural Rehabilitation Trust            | 219,514                 | -                       | 219,514               |
| <b>Education</b>                      |                         |                         |                       |
| Museums & History Trust Fund          | 345,168                 | 5,708                   | 339,460               |
| Museums & History Board Trust         | 17,777                  | 15,306                  | 2,471                 |
| Museums Administrator Trust           | 21,772                  | 8,243                   | 13,529                |
| Nevada Historical Society Trust       | 254,489                 | 170,029                 | 84,460                |
| Nevada State Museum Trust             | 836,404                 | 603,406                 | 232,998               |
| Nevada Railroad Museum Trust          | 329,119                 | 245,368                 | 83,751                |
| Lost City Museum Trust                | 156,768                 | 116,270                 | 40,498                |
| Las Vegas Museum and Trust            | 117,755                 | 99,349                  | 18,406                |
| <b>Finance &amp; Administration</b>   |                         |                         |                       |
| Public Works Inspection               | 5,819,084               | 5,540,773               | 278,311               |
| Public Works Retention Payment        | 201,328                 | 153,767                 | 47,561                |
| Victims of Crime                      | 7,850,559               | 5,937,597               | 1,912,962             |
| <b>Total</b>                          | <b>24,054,478</b>       | <b>17,896,076</b>       | <b>6,158,402</b>      |
| <b>Total Special Revenue Funds</b>    | <b>\$ 1,849,501,874</b> | <b>\$ 1,404,149,676</b> | <b>\$ 445,352,198</b> |



# **Schedule of Sources - Budget and Actual, Non-GAAP Budgetary Basis** **All Nonmajor Special Revenue Fund Budgets**

For the Fiscal Year Ended June 30, 2006

|                                 | Final Budget                          | Actual               | Variance             | Final Budget                     | Actual               | Variance              |
|---------------------------------|---------------------------------------|----------------------|----------------------|----------------------------------|----------------------|-----------------------|
|                                 | School Improvement                    |                      |                      | Employment Security              |                      |                       |
| Fund balances, July 1           | \$ -                                  | \$ -                 | \$ -                 | \$ 16,239,853                    | \$ 16,239,853        | \$ -                  |
| <b>Revenues:</b>                |                                       |                      |                      |                                  |                      |                       |
| Federal                         | -                                     | -                    | -                    | 64,927,758                       | 57,876,054           | (7,051,704)           |
| Other taxes                     | 5,045,666                             | 3,207,495            | (1,838,171)          | -                                | -                    | -                     |
| Sales and charges for services  | -                                     | -                    | -                    | 718,751                          | 515,599              | (203,152)             |
| Licenses, fees and permits      | -                                     | -                    | -                    | 370,326                          | 350,115              | (20,211)              |
| Interest                        | 100,000                               | 128,482              | 28,482               | 552,532                          | 552,531              | (1)                   |
| Other                           | -                                     | -                    | -                    | 13,824,332                       | 13,285,738           | (538,594)             |
| <b>Other financing sources:</b> |                                       |                      |                      |                                  |                      |                       |
| Transfer from other funds       | -                                     | -                    | -                    | 1,585,599                        | 1,065,904            | (519,695)             |
| <b>Total sources</b>            | <u>\$ 5,145,666</u>                   | <u>\$ 3,335,977</u>  | <u>\$(1,809,689)</u> | <u>\$ 98,219,151</u>             | <u>\$ 89,885,794</u> | <u>\$ (8,333,357)</u> |
|                                 | Regulatory                            |                      |                      | Legislative                      |                      |                       |
| Fund balances, July 1           | \$ 8,860,027                          | \$ 8,860,027         | \$ -                 | \$ 7,828,070                     | \$ 7,828,070         | \$ -                  |
| <b>Revenues:</b>                |                                       |                      |                      |                                  |                      |                       |
| Federal                         | 235,808                               | 312,287              | 76,479               | -                                | -                    | -                     |
| Other taxes                     | 10,955,315                            | 10,029,124           | (926,191)            | -                                | -                    | -                     |
| Sales, charges for services     | 4,943,181                             | 5,127,049            | 183,868              | 897,000                          | 828,545              | (68,455)              |
| Licenses, fees and permits      | 3,754,146                             | 3,760,881            | 6,735                | -                                | -                    | -                     |
| Interest                        | 32,249                                | 119,673              | 87,424               | -                                | -                    | -                     |
| Other                           | 599,313                               | 545,725              | (53,588)             | 475,000                          | 443,631              | (31,369)              |
| <b>Other financing sources:</b> |                                       |                      |                      |                                  |                      |                       |
| Transfer from other funds       | 2,836,079                             | 2,211,636            | (624,443)            | 28,397,850                       | 28,136,422           | (261,428)             |
| <b>Total sources</b>            | <u>\$ 32,216,118</u>                  | <u>\$ 30,966,402</u> | <u>\$(1,249,716)</u> | <u>\$ 37,597,920</u>             | <u>\$ 37,236,668</u> | <u>\$ (361,252)</u>   |
|                                 | Higher Education Capital Construction |                      |                      | Cleaning Up Petroleum Discharges |                      |                       |
| Fund balances, July 1           | \$ -                                  | \$ -                 | \$ -                 | \$ 13,133,737                    | \$ 13,133,737        | \$ -                  |
| <b>Revenues:</b>                |                                       |                      |                      |                                  |                      |                       |
| Gaming taxes, fees, licenses    | 15,439,239                            | 15,439,239           | -                    | -                                | -                    | -                     |
| Other taxes                     | -                                     | -                    | -                    | 11,000,000                       | 6,961                | (10,993,039)          |
| Sales, charges for services     | -                                     | -                    | -                    | 100                              | -                    | (100)                 |
| Licenses, fees and permits      | -                                     | -                    | -                    | 550,000                          | 427,000              | (123,000)             |
| Interest                        | -                                     | -                    | -                    | 450,000                          | 387,743              | (62,257)              |
| Other                           | -                                     | -                    | -                    | 100,000                          | 4,356                | (95,644)              |
| <b>Other financing sources:</b> |                                       |                      |                      |                                  |                      |                       |
| Transfer from other funds       | -                                     | -                    | -                    | -                                | 1,864                | 1,864                 |
| <b>Total sources</b>            | <u>\$ 15,439,239</u>                  | <u>\$ 15,439,239</u> | <u>\$ -</u>          | <u>\$ 25,233,837</u>             | <u>\$ 13,961,661</u> | <u>\$(11,272,176)</u> |
|                                 | Hospital Care to Indigent Persons     |                      |                      | Tourism Promotion                |                      |                       |
| Fund balances, July 1           | \$ 10,832,295                         | \$ 10,832,295        | \$ -                 | \$ 5,052,026                     | \$ 5,052,026         | \$ -                  |
| <b>Revenues:</b>                |                                       |                      |                      |                                  |                      |                       |
| Other taxes                     | 18,490,336                            | 19,033,347           | 543,011              | 17,279,556                       | 17,279,556           | -                     |
| Licenses, fees and permits      | -                                     | -                    | -                    | 98,214                           | 98,214               | -                     |
| Interest                        | 350,999                               | 562,976              | 211,977              | 32,103                           | 32,102               | (1)                   |
| Other                           | 102,799                               | 206,443              | 103,644              | 13,734                           | 13,427               | (307)                 |
| <b>Other financing sources:</b> |                                       |                      |                      |                                  |                      |                       |
| Transfer from other funds       | -                                     | 187,829              | 187,829              | 200,000                          | 200,000              | -                     |
| <b>Total sources</b>            | <u>\$ 29,776,429</u>                  | <u>\$ 30,822,890</u> | <u>\$ 1,046,461</u>  | <u>\$ 22,675,633</u>             | <u>\$ 22,675,325</u> | <u>\$ (308)</u>       |

|                                 | Final Budget         | Actual               | Variance              | Final Budget                                 | Actual                | Variance               |
|---------------------------------|----------------------|----------------------|-----------------------|--|-----------------------|------------------------|
|                                 | Offenders' Store     |                      |                       | Tobacco Settlement                           |                       |                        |
| Fund balances, July 1           | \$ 2,624,588         | \$ 2,624,588         | \$ -                  | \$ 93,411,529                                | \$ 93,411,529         | \$ -                   |
| <b>Revenues:</b>                |                      |                      |                       |  |                       |                        |
| Federal                         | -                    | -                    | -                     | 772,813                                      | 755,133               | (17,680)               |
| Sales, charges for services     | 13,107,088           | 13,062,546           | (44,542)              | -  | -                     | -                      |
| Interest                        | 242,914              | 244,220              | 1,306                 | 2,376,350                                    | 2,926,168             | 549,818                |
| Other                           | 1,011,619            | 880,720              | (130,899)             | 39,955,728                                   | 35,693,601            | (4,262,127)            |
| <b>Other financing sources:</b> |                      |                      |                       |  |                       |                        |
| Transfer from other funds       | 2,681,306            | 2,681,306            | -                     | 34,640,930                                   | 29,652,870            | (4,988,060)            |
| <b>Total sources</b>            | <u>\$ 19,667,515</u> | <u>\$ 19,493,380</u> | <u>\$ (174,135)</u>   | <u>\$ 171,157,350</u>                        | <u>\$ 162,439,301</u> | <u>\$ (8,718,049)</u>  |
|                                 | Contingency          |                      |                       | Care of Sites for Radioactive Waste Disposal |                       |                        |
| Fund balances, July 1           | \$ 17,498,747        | \$ 17,498,747        | \$ -                  | \$ 11,481,057                                | \$ 11,481,057         | \$ -                   |
| <b>Revenues:</b>                |                      |                      |                       |  |                       |                        |
| Licenses, fees and permits      | -                    | -                    | -                     | 134,028                                      | 134,028               | -                      |
| Interest                        | -                    | -                    | -                     | 443,162                                      | 443,162               | -                      |
| <b>Other financing sources:</b> |                      |                      |                       |  |                       |                        |
| Transfer from other funds       | 11,368,769           | 12,603,183           | 1,234,414             | -  | -                     | -                      |
| <b>Total sources</b>            | <u>\$ 28,867,516</u> | <u>\$ 30,101,930</u> | <u>\$ 1,234,414</u>   | <u>\$ 12,058,247</u>                         | <u>\$ 12,058,247</u>  | <u>\$ -</u>            |
|                                 | Gift                 |                      |                       | Natural Resources                            |                       |                        |
| Fund balances, July 1           | \$ 4,078,399         | \$ 4,078,399         | \$ -                  | \$ 16,973,780                                | \$ 16,973,780         | \$ -                   |
| <b>Revenues:</b>                |                      |                      |                       |  |                       |                        |
| Sales, charges for services     | 12,480               | 7,713                | (4,767)               | -  | -                     | -                      |
| Licenses, fees, permits         | 1,450,000            | 1,391,517            | (58,483)              | -  | -                     | -                      |
| Interest                        | 126,102              | 143,178              | 17,076                | 900,000                                      | 716,159               | (183,841)              |
| Other                           | 249,702              | 87,653               | (162,049)             | 1,240  | 1,240                 | -                      |
| <b>Other financing sources:</b> |                      |                      |                       |  |                       |                        |
| Proceeds from sale of bonds     | -                    | -                    | -                     | 6,935,748                                    | 6,935,746             | (2)                    |
| Transfers from other funds      | 6,000                | 1,981                | (4,019)               | -  | -                     | -                      |
| <b>Total sources</b>            | <u>\$ 5,922,683</u>  | <u>\$ 5,710,441</u>  | <u>\$ (212,242)</u>   | <u>\$ 24,810,768</u>                         | <u>\$ 24,626,925</u>  | <u>\$ (183,843)</u>    |
|                                 | Miscellaneous        |                      |                       | Total Nonmajor Special Revenue Funds         |                       |                        |
| Fund balances, July 1           | \$ 3,760,449         | \$ 3,760,449         | \$ -                  | \$ 211,774,557                               | \$ 211,774,557        | \$ -                   |
| <b>Revenues:</b>                |                      |                      |                       |  |                       |                        |
| Gaming taxes, fees, licenses    | -                    | -                    | -                     | 15,439,239                                   | 15,439,239            | -                      |
| Federal                         | 2,487,374            | 989,872              | (1,497,502)           | 68,423,753                                   | 59,933,346            | (8,490,407)            |
| Other taxes                     | 2,918,199            | 2,674,653            | (243,546)             | 65,689,072                                   | 52,231,136            | (13,457,936)           |
| Sales, charges for services     | 1,009,547            | 932,263              | (77,284)              | 20,688,147                                   | 20,473,715            | (214,432)              |
| Licenses, fees and permits      | 9,095,018            | 9,161,113            | 66,095                | 15,451,732                                   | 15,322,868            | (128,864)              |
| Interest                        | 274,811              | 237,690              | (37,121)              | 5,881,222                                    | 6,494,084             | 612,862                |
| Other                           | 2,978,027            | 2,582,191            | (395,836)             | 59,311,494                                   | 53,744,725            | (5,566,769)            |
| <b>Other financing sources:</b> |                      |                      |                       |  |                       |                        |
| Proceeds from sale of bonds     | -                    | -                    | -                     | 6,935,748                                    | 6,935,746             | (2)                    |
| Transfer from other funds       | 1,531,053            | 1,531,006            | (47)                  | 83,247,586                                   | 78,274,001            | (4,973,585)            |
| <b>Total sources</b>            | <u>\$ 24,054,478</u> | <u>\$ 21,869,237</u> | <u>\$ (2,185,241)</u> | <u>\$ 552,842,550</u>                        | <u>\$ 520,623,417</u> | <u>\$ (32,219,133)</u> |





# Nonmajor Enterprise Funds

**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, 616B.575, 616B.584), and accounts for injury claims of employees of uninsured employers (NRS 616A.430).

**Insurance Examination** Accounts for activities related to examinations of financial records and assets of authorized insurers (NRS 679B.300).

**Gaming Investigative** Accounts for activities related to investigations of gaming license applicants (NRS 463.331) and cash transactions of gaming licensees (NRS 463.332).

**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).

**WICHE Student Loans** 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).

**Higher Education Tuition Trust** Accounts for the receipts and disbursements related to prepaid tuition contracts that allow the cost of tuition to be paid in advance of enrollment at an institution of higher education (NRS 353B.140).

**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).

# Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2006

|   | Workers'<br>Compensation and<br>Safety | Insurance<br>Examination | Gaming<br>Investigative | Forestry<br>Nurseries |
|---|--|--------------------------|-------------------------|-----------------------|
| <b>Assets</b>                                       |  |                          |                         |                       |
| <b>Current assets:</b>                              |  |                          |                         |                       |
| <i>Cash and pooled investments:</i>                 |  |                          |                         |                       |
| Cash with treasurer                                 | \$ 24,736,112                          | \$ 177,718               | \$ 7,607,795            | \$ 240,504            |
| Cash in custody of other officials                  | 300                                    | -                        | 147,543                 | 100                   |
| Collateral on loaned securities                     | 13,394,021                             | -                        | -                       | -                     |
| <i>Receivables:</i>                                 |  |                          |                         |                       |
| Accounts receivable                                 | 1,362,686                              | 395,472                  | 494,260                 | 2,356                 |
| Intergovernmental receivables                       | 12,500                                 | -                        | -                       | 22,431                |
| Contracts receivable                                | -                                      | -                        | -                       | -                     |
| Accrued interest and dividends                      | -                                      | -                        | -                       | -                     |
| Due from other funds                                | 1,357,174                              | 36,689                   | 664                     | 243                   |
| Due from fiduciary funds                            | -                                      | -                        | -                       | -                     |
| Due from component units                            | -                                      | -                        | -                       | -                     |
| Inventory   | -                                      | -                        | -                       | 130,832               |
| Prepaid expenses                                    | -                                      | -                        | 6,475                   | -                     |
| <b>Total current assets</b>                         | <b>40,862,793</b>                      | <b>609,879</b>           | <b>8,256,737</b>        | <b>396,466</b>        |
| <b>Noncurrent assets:</b>                           |  |                          |                         |                       |
| Investments   | -                                      | -                        | -                       | -                     |
| <i>Receivables:</i>                                 |  |                          |                         |                       |
| Contracts receivable                                | -                                      | -                        | -                       | -                     |
| Accrued interest and dividends                      | -                                      | -                        | -                       | -                     |
| Notes/loans receivable                              | -                                      | -                        | -                       | -                     |
| Other assets  | -                                      | -                        | -                       | -                     |
| <i>Capital assets:</i>                              |  |                          |                         |                       |
| Land  | -                                      | -                        | -                       | -                     |
| Buildings   | -                                      | -                        | -                       | -                     |
| Improvements other than buildings                   | -                                      | -                        | -                       | -                     |
| Furniture and equipment                             | 1,902,987                              | -                        | -                       | 109,407               |
| Less accumulated depreciation                       | (1,497,020)                            | -                        | -                       | (85,553)              |
| <b>Total noncurrent assets</b>                      | <b>405,967</b>                         | <b>-</b>                 | <b>-</b>                | <b>23,854</b>         |
| <b>Total assets</b>                                 | <b>41,268,760</b>                      | <b>609,879</b>           | <b>8,256,737</b>        | <b>420,320</b>        |
| <b>Liabilities</b>                                  |  |                          |                         |                       |
| <b>Current liabilities:</b>                         |  |                          |                         |                       |
| <i>Accounts payable and accruals:</i>               |  |                          |                         |                       |
| Accounts payable                                    | 320,818                                | 220,562                  | 134,236                 | 3,143                 |
| Accrued payroll and related liabilities             | 436,200                                | -                        | -                       | 8,312                 |
| Intergovernmental payables                          | 7,057                                  | -                        | 261                     | -                     |
| Obligations under securities lending                | 13,394,021                             | -                        | -                       | -                     |
| Due to other funds                                  | 32,681                                 | 179,114                  | 1,827,383               | 781                   |
| Due to fiduciary funds                              | 27                                     | -                        | -                       | 1,764                 |
| Due to component units                              | -                                      | -                        | -                       | -                     |
| Deferred revenues                                   | -                                      | -                        | 6,042,857               | -                     |
| Other liabilities                                   | -                                      | -                        | -                       | -                     |
| <i>Short-term portion of long-term liabilities:</i> |  |                          |                         |                       |
| Compensated absences                                | 666,336                                | -                        | -                       | 17,521                |
| Benefits payable                                    | -                                      | -                        | -                       | -                     |
| <b>Total current liabilities</b>                    | <b>14,857,140</b>                      | <b>399,676</b>           | <b>8,004,737</b>        | <b>31,521</b>         |
| <b>Noncurrent liabilities:</b>                      |  |                          |                         |                       |
| Advances from general fund                          | -                                      | -                        | -                       | -                     |
| Compensated absences                                | 300,540                                | -                        | -                       | 14,146                |
| Benefits payable                                    | -                                      | -                        | -                       | -                     |
| <b>Total noncurrent liabilities</b>                 | <b>300,540</b>                         | <b>-</b>                 | <b>-</b>                | <b>14,146</b>         |
| <b>Total liabilities</b>                            | <b>15,157,680</b>                      | <b>399,676</b>           | <b>8,004,737</b>        | <b>45,667</b>         |
| <b>Net Assets</b>                                   |  |                          |                         |                       |
| Invested in capital assets, net of related debt     | 405,967                                | -                        | -                       | 23,854                |
| Restricted for workers' compensation                | 25,705,113                             | -                        | -                       | -                     |
| Restricted for regulation of business               | -                                      | 210,203                  | 2,000                   | -                     |
| Unrestricted (deficit)                              | -                                      | -                        | 250,000                 | 350,799               |
| <b>Total net assets</b>                             | <b>\$ 26,111,080</b>                   | <b>\$ 210,203</b>        | <b>\$ 252,000</b>       | <b>\$ 374,653</b>     |

| Prison Industry | Nevada Magazine | WICHE Student<br>Loans | Higher Education<br>Tuition Trust | Marlette Lake<br>Water System | Total         |
|-----------------|-----------------|------------------------|-----------------------------------|-------------------------------|---------------|
| \$ 1,708,676    | \$ 31,189       | \$ 363,803             | \$ 147,542                        | \$ 61,912                     | \$ 35,075,251 |
| -               | 11              | -                      | 1,142,996                         | -                             | 1,290,950     |
| 925,711         | -               | -                      | 51,663                            | -                             | 14,371,395    |
| 1,014,732       | 196,429         | -                      | -                                 | -                             | 3,465,935     |
| 115,391         | -               | -                      | -                                 | 156,680                       | 307,002       |
| -               | -               | -                      | 5,000,000                         | -                             | 5,000,000     |
| -               | -               | 183,225                | 345,899                           | -                             | 529,124       |
| 691,828         | 1,269           | -                      | 9,695                             | 143                           | 2,097,705     |
| 16,442          | -               | -                      | -                                 | -                             | 16,442        |
| 4,482           | 816             | -                      | -                                 | -                             | 5,298         |
| 1,251,600       | 68,240          | -                      | -                                 | -                             | 1,450,672     |
| 1,185           | 23,622          | -                      | -                                 | -                             | 31,282        |
| 5,730,047       | 321,576         | 547,028                | 6,697,795                         | 218,735                       | 63,641,056    |
| -               | -               | -                      | 87,249,759                        | -                             | 87,249,759    |
| -               | -               | -                      | 15,159,525                        | -                             | 15,159,525    |
| -               | -               | 255,023                | -                                 | -                             | 255,023       |
| -               | -               | 1,598,487              | -                                 | -                             | 1,598,487     |
| 14,500          | -               | -                      | -                                 | -                             | 14,500        |
| 153,140         | -               | -                      | -                                 | 414,672                       | 567,812       |
| 2,890,227       | -               | -                      | -                                 | 498,613                       | 3,388,840     |
| -               | -               | -                      | -                                 | 630,647                       | 630,647       |
| 921,390         | -               | -                      | 10,000                            | 1,504,684                     | 4,448,468     |
| (2,437,270)     | -               | -                      | (1,821)                           | (2,214,383)                   | (6,236,047)   |
| 1,541,987       | -               | 1,853,510              | 102,417,463                       | 834,233                       | 107,077,014   |
| 7,272,034       | 321,576         | 2,400,538              | 109,115,258                       | 1,052,968                     | 170,718,070   |
| 171,860         | 81,625          | 25,875                 | 58,786                            | 5,070                         | 1,021,975     |
| 67,360          | 18,901          | -                      | 5,407                             | 6,356                         | 542,536       |
| 209             | -               | -                      | -                                 | -                             | 7,527         |
| 925,711         | -               | -                      | 51,663                            | -                             | 14,371,395    |
| 43,630          | 3,425           | 337,925                | 193,491                           | 40,050                        | 2,658,480     |
| 93,636          | -               | -                      | -                                 | -                             | 95,427        |
| -               | 132             | -                      | 48,204                            | -                             | 48,336        |
| 133,638         | 697,217         | -                      | -                                 | -                             | 6,873,712     |
| 11,510          | -               | -                      | -                                 | 2,200                         | 13,710        |
| 147,258         | 30,983          | -                      | 6,332                             | 14,727                        | 883,157       |
| -               | -               | -                      | 4,400,000                         | -                             | 4,400,000     |
| 1,594,812       | 832,283         | 363,800                | 4,763,883                         | 68,403                        | 30,916,255    |
| -               | -               | -                      | 3,348,590                         | 62,432                        | 3,411,022     |
| 96,358          | 28,503          | -                      | 1,081                             | 10,646                        | 451,274       |
| -               | -               | -                      | 103,558,000                       | -                             | 103,558,000   |
| 96,358          | 28,503          | -                      | 106,907,671                       | 73,078                        | 107,420,296   |
| 1,691,170       | 860,786         | 363,800                | 111,671,554                       | 141,481                       | 138,336,551   |
| 1,527,487       | -               | -                      | 8,179                             | 834,233                       | 2,799,720     |
| -               | -               | -                      | -                                 | -                             | 25,705,113    |
| -               | -               | -                      | -                                 | -                             | 212,203       |
| 4,053,377       | (539,210)       | 2,036,738              | (2,564,475)                       | 77,254                        | 3,664,483     |
| \$ 5,580,864    | \$ (539,210)    | \$ 2,036,738           | \$ (2,556,296)                    | \$ 911,487                    | \$ 32,381,519 |

# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2006

|   | Workers'<br>Compensation and<br>Safety | Insurance<br>Examination | Gaming<br>Investigative | Forestry<br>Nurseries |
|---|--|--------------------------|-------------------------|-----------------------|
| <b>Operating Revenues</b>                     |  |                          |                         |                       |
| Sales   | \$ -                                   | \$ -                     | \$ -                    | \$ 206,432            |
| Assessments                                   | 21,810,553                             | -                        | -                       | -                     |
| Charges for services                          | 594                                    | -                        | 10,923,893              | -                     |
| Rental income                                 | -                                      | -                        | -                       | -                     |
| Interest income on loans                      | -                                      | -                        | -                       | -                     |
| Licenses, fees and permits                    | 386,099                                | 3,001,128                | -                       | -                     |
| Fines   | 814,579                                | -                        | -                       | -                     |
| Other   | 2,575,430                              | -                        | -                       | 3,174                 |
| <b>Total operating revenues</b>               | <b>25,587,255</b>                      | <b>3,001,128</b>         | <b>10,923,893</b>       | <b>209,606</b>        |
| <b>Operating Expenses</b>                     |  |                          |                         |                       |
| Salaries and benefits                         | 13,446,982                             | -                        | -                       | 214,289               |
| Operating                                     | 3,268,006                              | 2,902,860                | 2,176,926               | 108,590               |
| Claims and benefits expense                   | 6,330,424                              | -                        | -                       | -                     |
| Materials or supplies used                    | -                                      | -                        | -                       | 5,233                 |
| Depreciation                                  | 172,112                                | -                        | -                       | 5,894                 |
| <b>Total operating expenses</b>               | <b>23,217,524</b>                      | <b>2,902,860</b>         | <b>2,176,926</b>        | <b>334,006</b>        |
| Operating income (loss)                       | 2,369,731                              | 98,268                   | 8,746,967               | (124,400)             |
| <b>Nonoperating Revenues (Expenses)</b>       |  |                          |                         |                       |
| Interest and investment income                | 1,844,780                              | -                        | -                       | -                     |
| Interest expense                              | (704,382)                              | -                        | -                       | -                     |
| Federal grants                                | 1,930,859                              | -                        | -                       | 147,748               |
| Gain (loss) on disposal/sale of assets        | 6,202                                  | -                        | -                       | -                     |
| <b>Total nonoperating revenues (expenses)</b> | <b>3,077,459</b>                       | <b>-</b>                 | <b>-</b>                | <b>147,748</b>        |
| Income (loss) before transfers                | 5,447,190                              | 98,268                   | 8,746,967               | 23,348                |
| <b>Transfers</b>                              |  |                          |                         |                       |
| Transfers in                                  | 59,424                                 | -                        | 10,084                  | -                     |
| Transfers out                                 | (10,055,946)                           | -                        | (8,757,051)             | -                     |
| Change in net assets                          | (4,549,332)                            | 98,268                   | -                       | 23,348                |
| Net assets, July 1                            | 30,660,412                             | 111,935                  | 252,000                 | 351,305               |
| <b>Net assets, June 30</b>                    | <b>\$ 26,111,080</b>                   | <b>\$ 210,203</b>        | <b>\$ 252,000</b>       | <b>\$ 374,653</b>     |

| Prison Industry | Nevada Magazine | WICHE Student Loans | Higher Education Tuition Trust | Marlette Lake Water System | Total         |
|-----------------|-----------------|---------------------|--------------------------------|----------------------------|---------------|
| \$ 6,226,079    | \$ 759,235      | \$ -                | \$ 8,939,464                   | \$ 371,216                 | \$ 16,502,426 |
| -               | -               | -                   | -                              | -                          | 21,810,553    |
| 622,230         | 596,523         | -                   | 13,694                         | -                          | 12,156,934    |
| 205,360         | -               | -                   | -                              | 12,100                     | 217,460       |
| -               | -               | 122,183             | -                              | -                          | 122,183       |
| -               | -               | -                   | -                              | -                          | 3,387,227     |
| -               | -               | -                   | -                              | -                          | 814,579       |
| 978,721         | 5,315           | 1,348               | 78,500                         | -                          | 3,642,488     |
| 8,032,390       | 1,361,073       | 123,531             | 9,031,658                      | 383,316                    | 58,653,850    |
| 2,020,461       | 662,306         | -                   | 115,393                        | 170,006                    | 16,629,437    |
| 2,647,180       | 442,134         | 966,798             | 412,036                        | 218,884                    | 13,143,414    |
| -               | -               | -                   | 18,410,381                     | -                          | 24,740,805    |
| 2,190,861       | 619,148         | -                   | -                              | -                          | 2,815,242     |
| 152,758         | -               | -                   | 1,821                          | 50,917                     | 383,502       |
| 7,011,260       | 1,723,588       | 966,798             | 18,939,631                     | 439,807                    | 57,712,400    |
| 1,021,130       | (362,515)       | (843,267)           | (9,907,973)                    | (56,491)                   | 941,450       |
| 77,164          | -               | -                   | 5,038,338                      | -                          | 6,960,282     |
| (29,493)        | -               | -                   | -                              | -                          | (733,875)     |
| -               | -               | -                   | -                              | -                          | 2,078,607     |
| -               | -               | -                   | -                              | -                          | 6,202         |
| 47,671          | -               | -                   | 5,038,338                      | -                          | 8,311,216     |
| 1,068,801       | (362,515)       | (843,267)           | (4,869,635)                    | (56,491)                   | 9,252,666     |
| -               | 125,000         | 646,266             | 125,000                        | -                          | 965,774       |
| (18,764)        | (244)           | -                   | -                              | -                          | (18,832,005)  |
| 1,050,037       | (237,759)       | (197,001)           | (4,744,635)                    | (56,491)                   | (8,613,565)   |
| 4,530,827       | (301,451)       | 2,233,739           | 2,188,339                      | 967,978                    | 40,995,084    |
| \$ 5,580,864    | \$ (539,210)    | \$ 2,036,738        | \$ (2,556,296)                 | \$ 911,487                 | \$ 32,381,519 |



## Combining Statement of Cash Flows Nonmajor Enterprise Funds

*For the Fiscal Year Ended June 30, 2006*

|   | <b>Workers'<br/>Compensation<br/>and Safety</b> | <b>Insurance<br/>Examination</b> | <b>Gaming<br/>Investigative</b> | <b>Forestry<br/>Nurseries</b> |
|---|---|----------------------------------|---------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>   |   |                                  |                                 |                               |
| Receipts from customers and users   | \$ 27,366,972                                   | \$ 2,886,955                     | \$ 11,071,802                   | \$ 151,540                    |
| Receipts for interfund services provided  | 161,245   | 2,485                            | -                               | 111,487                       |
| Receipts from component units   | -   | -                                | -                               | 341                           |
| Receipts of principal on loans and notes  | -   | -                                | -                               | -                             |
| Receipts of interest on loans and notes   | -   | -                                | -                               | -                             |
| Payments to suppliers, other governments and beneficiaries  | (8,952,930)                                     | (2,018,225)                      | (2,129,183)                     | (112,096)                     |
| Payments to employees   | (13,144,905)                                    | -                                | -                               | (202,475)                     |
| Payments for interfund services used  | (991,741)                                       | (1,017,575)                      | (74,053)                        | (43,702)                      |
| Payments to component units   | -   | -                                | -                               | (1,163)                       |
| Purchase of loans and notes   | -   | -                                | -                               | -                             |
| Net cash provided by (used for) operating activities  | <u>4,438,641</u>                                | <u>(146,360)</u>                 | <u>8,868,566</u>                | <u>(96,068)</u>               |
| <b>Cash flows from noncapital financing activities</b>  |   |                                  |                                 |                               |
| Grant receipts  | 1,956,789                                       | -                                | -                               | 142,475                       |
| Transfers and advances from other funds   | 39,264  | -                                | 18,840                          | -                             |
| Transfers and advances to other funds   | (9,976,764)                                     | -                                | (7,825,637)                     | -                             |
| Net cash provided by (used for) noncapital financing activities   | <u>(7,980,711)</u>                              | <u>-</u>                         | <u>(7,806,797)</u>              | <u>142,475</u>                |
| <b>Cash flows from capital and related financing activities</b>   |   |                                  |                                 |                               |
| Proceeds from sale of capital assets  | 6,201   | -                                | -                               | -                             |
| Purchase of capital assets  | (253,371)                                       | -                                | -                               | (19,950)                      |
| Principal paid on capital debt  | -   | -                                | -                               | -                             |
| Net cash provided by (used for) capital and related financing activities  | <u>(247,170)</u>                                | <u>-</u>                         | <u>-</u>                        | <u>(19,950)</u>               |
| <b>Cash flows from investing activities</b>   |   |                                  |                                 |                               |
| Proceeds from sale of investments   | -   | -                                | -                               | -                             |
| Purchase of investments   | -   | -                                | -                               | -                             |
| Interest and dividends received   | 808,260   | -                                | -                               | -                             |
| Net cash provided by (used for) investing activities  | <u>808,260</u>                                  | <u>-</u>                         | <u>-</u>                        | <u>-</u>                      |
| Net increase (decrease) in cash   | (2,980,980)                                     | (146,360)                        | 1,061,769                       | 26,457                        |
| Cash and cash equivalents, July 1   | 27,717,392                                      | 324,078                          | 6,693,569                       | 214,147                       |
| <b>Cash and cash equivalents, June 30</b>   | <u><u>\$ 24,736,412</u></u>                     | <u><u>\$ 177,718</u></u>         | <u><u>\$ 7,755,338</u></u>      | <u><u>\$ 240,604</u></u>      |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |   |                                  |                                 |                               |
| Operating income (loss)   | \$ 2,369,731                                    | \$ 98,268                        | \$ 8,746,967                    | \$ (124,400)                  |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |   |                                  |                                 |                               |
| Depreciation  | 172,112   | -                                | -                               | 5,894                         |
| Decrease (increase) in loans and notes receivable   | -   | -                                | -                               | -                             |
| Decrease (increase) in accrued interest and receivables   | 1,940,962                                       | (111,688)                        | (377,388)                       | 53,519                        |
| Decrease (increase) in inventory, deferred charges, other assets  | -   | -                                | 18,500                          | (36,033)                      |
| Increase (decrease) in accounts payable, accruals, other liabilities  | (44,164)  | (132,940)                        | 480,487                         | 4,952                         |
| Total adjustments   | <u>2,068,910</u>                                | <u>(244,628)</u>                 | <u>121,599</u>                  | <u>28,332</u>                 |
| Net cash provided by (used for) operating activities  | <u><u>\$ 4,438,641</u></u>                      | <u><u>\$ (146,360)</u></u>       | <u><u>\$ 8,868,566</u></u>      | <u><u>\$ (96,068)</u></u>     |
| <b>Noncash investing, capital and financing activities</b>  |   |                                  |                                 |                               |
| Interest/dividends on investments accrued   | \$ 166,107                                      | \$ -                             | \$ -                            | \$ -                          |
| Change in fair value of investments   | (43,868)  | -                                | -                               | -                             |

| Prison<br>Industry | Nevada<br>Magazine | WICHE<br>Student<br>Loans | Higher Education<br>Tuition Trust | Marlette Lake<br>Water System | Total         |
|--------------------|--------------------|---------------------------|-----------------------------------|-------------------------------|---------------|
| \$ 4,635,139       | \$ 952,589         | \$ 1,348                  | \$ 8,903,648                      | \$ 454,832                    | \$ 56,424,825 |
| 2,743,854          | 611,501            | -                         | -                                 | 37,982                        | 3,668,554     |
| -                  | -                  | -                         | -                                 | 3,180                         | 3,521         |
| -                  | -                  | 378,882                   | -                                 | -                             | 378,882       |
| -                  | -                  | 154,555                   | -                                 | -                             | 154,555       |
| (2,868,909)        | (905,007)          | (824,553)                 | (565,594)                         | (299,415)                     | (18,675,912)  |
| (1,942,904)        | (703,145)          | -                         | (140,871)                         | (168,620)                     | (16,302,920)  |
| (2,103,419)        | (113,864)          | -                         | (121,015)                         | (27,949)                      | (4,493,318)   |
| (8,877)            | (884)              | (329,033)                 | (1,376,287)                       | (12)                          | (1,716,256)   |
| -                  | -                  | (1,500)                   | -                                 | -                             | (1,500)       |
| 454,884            | (158,810)          | (620,301)                 | 6,699,881                         | (2)                           | 19,440,431    |
| -                  | -                  | -                         | -                                 | -                             | 2,099,264     |
| -                  | 125,000            | 684,322                   | 125,000                           | -                             | 992,426       |
| (18,764)           | (244)              | (100,785)                 | (125,000)                         | -                             | (18,047,194)  |
| (18,764)           | 124,756            | 583,537                   | -                                 | -                             | (14,955,504)  |
| -                  | -                  | -                         | -                                 | -                             | 6,201         |
| (22,918)           | -                  | -                         | (10,000)                          | (26,452)                      | (332,691)     |
| -                  | -                  | -                         | -                                 | (10,512)                      | (10,512)      |
| (22,918)           | -                  | -                         | (10,000)                          | (36,964)                      | (337,002)     |
| -                  | -                  | -                         | 31,306,948                        | -                             | 31,306,948    |
| -                  | -                  | -                         | (41,416,895)                      | -                             | (41,416,895)  |
| 47,671             | -                  | -                         | 4,567,136                         | -                             | 5,423,067     |
| 47,671             | -                  | -                         | (5,542,811)                       | -                             | (4,686,880)   |
| 460,873            | (34,054)           | (36,764)                  | 1,147,070                         | (36,966)                      | (538,955)     |
| 1,247,803          | 65,254             | 400,567                   | 143,468                           | 98,878                        | 36,905,156    |
| \$ 1,708,676       | \$ 31,200          | \$ 363,803                | \$ 1,290,538                      | \$ 61,912                     | \$ 36,366,201 |
| \$ 1,021,130       | \$ (362,515)       | \$ (843,267)              | \$ (9,907,973)                    | \$ (56,491)                   | \$ 941,450    |
| 152,758            | -                  | -                         | 1,821                             | 50,917                        | 383,502       |
| -                  | -                  | 164,719                   | -                                 | -                             | 164,719       |
| (682,886)          | (58,424)           | 32,372                    | (128,010)                         | 38,034                        | 706,491       |
| (46,290)           | 17,534             | -                         | -                                 | -                             | (46,289)      |
| 10,172             | 244,595            | 25,875                    | 16,734,043                        | (32,462)                      | 17,290,558    |
| (566,246)          | 203,705            | 222,966                   | 16,607,854                        | 56,489                        | 18,498,981    |
| \$ 454,884         | \$ (158,810)       | \$ (620,301)              | \$ 6,699,881                      | \$ (2)                        | \$ 19,440,431 |
| \$ 7,416           | \$ -               | \$ -                      | \$ 355,550                        | \$ -                          | \$ 529,073    |
| (2,465)            | -                  | -                         | 407,153                           | -                             | 360,820       |



# 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).

# Combining Statement of Net Assets Internal Service Funds

June 30, 2006

|   | Self-Insurance       | Buildings and<br>Grounds | Motor Pool          | Communications      |
|---|----------------------|--------------------------|---------------------|---------------------|
| <b>Assets</b>                                       |                      |                          |                     |                     |
| <b>Current assets:</b>                              |                      |                          |                     |                     |
| <i>Cash and pooled investments:</i>                 |                      |                          |                     |                     |
| Cash with treasurer                                 | \$ 96,777,244        | \$ 4,043,939             | \$ 918,213          | \$ 302,743          |
| Cash in custody of other officials                  | -                    | -                        | -                   | -                   |
| Collateral on loaned securities                     | 50,422,763           | -                        | -                   | -                   |
| <i>Receivables:</i>                                 |                      |                          |                     |                     |
| Accounts receivable                                 | 1,227,616            | 2,164                    | 14,938              | 5,867               |
| Intergovernmental receivables                       | 754,611              | -                        | 2,995               | -                   |
| Notes receivable                                    | -                    | -                        | -                   | -                   |
| Due from other funds                                | 2,942,274            | 170,332                  | 438,889             | 596,510             |
| Due from fiduciary funds                            | -                    | 445                      | -                   | -                   |
| Due from component units                            | 4,769,921            | 4,428                    | 15,411              | 180                 |
| Inventory   | -                    | -                        | -                   | -                   |
| Prepaid expenses                                    | -                    | -                        | -                   | -                   |
| <b>Total current assets</b>                         | <b>156,894,429</b>   | <b>4,221,308</b>         | <b>1,390,446</b>    | <b>905,300</b>      |
| <b>Noncurrent assets:</b>                           |                      |                          |                     |                     |
| Notes receivable                                    | -                    | -                        | -                   | -                   |
| <i>Capital assets:</i>                              |                      |                          |                     |                     |
| Land  | -                    | 20,400                   | -                   | -                   |
| Buildings   | -                    | 2,268,068                | 1,037,144           | -                   |
| Improvements other than buildings                   | -                    | 291,216                  | -                   | 422,451             |
| Furniture and equipment                             | 347,935              | 627,274                  | 13,696,708          | 1,099,178           |
| Software costs                                      | -                    | -                        | -                   | -                   |
| Construction in progress                            | -                    | -                        | -                   | -                   |
| Less accumulated depreciation/amortization          | (275,945)            | (1,873,978)              | (10,211,666)        | (715,851)           |
| <b>Total noncurrent assets</b>                      | <b>71,990</b>        | <b>1,332,980</b>         | <b>4,522,186</b>    | <b>805,778</b>      |
| <b>Total assets</b>                                 | <b>156,966,419</b>   | <b>5,554,288</b>         | <b>5,912,632</b>    | <b>1,711,078</b>    |
| <b>Liabilities</b>                                  |                      |                          |                     |                     |
| <b>Current liabilities:</b>                         |                      |                          |                     |                     |
| <i>Accounts payable and accruals:</i>               |                      |                          |                     |                     |
| Accounts payable                                    | 4,382,679            | 389,101                  | 114,680             | 12,985              |
| Accrued payroll and related liabilities             | 66,036               | 186,884                  | 25,193              | 30,041              |
| Intergovernmental payables                          | -                    | 51,136                   | 184                 | -                   |
| Bank overdraft                                      | 4,196,427            | -                        | -                   | -                   |
| Obligations under securities lending                | 50,422,763           | -                        | -                   | -                   |
| Due to other funds                                  | 12,795               | 216,759                  | 104,721             | 49,098              |
| Due to fiduciary funds                              | -                    | 5,414                    | 748                 | -                   |
| Due to component units                              | -                    | -                        | -                   | -                   |
| Deferred revenues                                   | 1,342,686            | -                        | -                   | -                   |
| Other liabilities                                   | -                    | -                        | -                   | -                   |
| <i>Short-term portion of long-term liabilities:</i> |                      |                          |                     |                     |
| Compensated absences                                | 84,447               | 354,426                  | 44,348              | 52,450              |
| Bonds payable                                       | -                    | -                        | -                   | -                   |
| Obligations under capital leases                    | -                    | -                        | -                   | -                   |
| <b>Total current liabilities</b>                    | <b>60,507,833</b>    | <b>1,203,720</b>         | <b>289,874</b>      | <b>144,574</b>      |
| <b>Noncurrent liabilities:</b>                      |                      |                          |                     |                     |
| <i>Advances:</i>                                    |                      |                          |                     |                     |
| Advances from general fund                          | -                    | 681,042                  | 93,059              | 211,231             |
| Advances from special revenue fund                  | -                    | -                        | 6,646               | -                   |
| Advances from debt service fund                     | -                    | -                        | -                   | -                   |
| Reserve for losses                                  | 21,479,000           | -                        | -                   | -                   |
| Compensated absences                                | 30,790               | 235,894                  | 37,116              | 18,910              |
| Bonds payable                                       | -                    | -                        | -                   | -                   |
| Obligations under capital leases                    | -                    | -                        | -                   | -                   |
| <b>Total noncurrent liabilities</b>                 | <b>21,509,790</b>    | <b>916,936</b>           | <b>136,821</b>      | <b>230,141</b>      |
| <b>Total liabilities</b>                            | <b>82,017,623</b>    | <b>2,120,656</b>         | <b>426,695</b>      | <b>374,715</b>      |
| <b>Net Assets</b>                                   |                      |                          |                     |                     |
| Invested in capital assets, net of related debt     | 71,990               | 1,332,980                | 4,522,186           | 805,778             |
| Unrestricted (deficit)                              | 74,876,806           | 2,100,652                | 963,751             | 530,585             |
| <b>Total net assets</b>                             | <b>\$ 74,948,796</b> | <b>\$ 3,433,632</b>      | <b>\$ 5,485,937</b> | <b>\$ 1,336,363</b> |

| Insurance<br>Premiums | Administrative<br>Services | Personnel    | Purchasing | Information<br>Services | Printing     | Total          |
|-----------------------|----------------------------|--------------|------------|-------------------------|--------------|----------------|
| \$ 13,411,273         | \$ 334,999                 | \$ 2,712,998 | \$ 377,482 | \$ 4,732,941            | \$ 810,145   | \$ 124,421,977 |
| -                     | -                          | -            | -          | 200                     | -            | 200            |
| -                     | -                          | -            | -          | -                       | -            | 50,422,763     |
| 5,773                 | -                          | 13,043       | -          | 28,621                  | 24,072       | 1,322,094      |
| 60,709                | -                          | -            | 46,163     | -                       | -            | 864,478        |
| 10,000                | -                          | -            | -          | -                       | -            | 10,000         |
| 763,857               | 52,642                     | 37,243       | 33,446     | 4,895,083               | 332,447      | 10,262,723     |
| -                     | -                          | -            | -          | -                       | -            | 445            |
| 3,125                 | -                          | -            | 215        | 1,944                   | 31           | 4,795,255      |
| -                     | -                          | -            | 296,109    | -                       | 274,074      | 570,183        |
| 653,085               | -                          | 6,155        | -          | -                       | -            | 659,240        |
| 14,907,822            | 387,641                    | 2,769,439    | 753,415    | 9,658,789               | 1,440,769    | 193,329,358    |
| 139,400               | -                          | -            | -          | -                       | -            | 139,400        |
| -                     | -                          | -            | 95,554     | 15,000                  | -            | 130,954        |
| -                     | -                          | -            | 140,000    | 5,252,501               | 1,128,667    | 9,826,380      |
| -                     | -                          | -            | -          | -                       | -            | 713,667        |
| 30,787                | 58,402                     | 264,300      | 320,447    | 42,804,361              | 4,036,240    | 63,285,632     |
| -                     | -                          | 15,323,810   | -          | -                       | -            | 15,323,810     |
| -                     | -                          | -            | -          | 8,155,356               | 71,823       | 8,227,179      |
| (30,787)              | (41,875)                   | (8,827,611)  | (422,185)  | (37,572,082)            | (3,255,872)  | (63,227,852)   |
| 139,400               | 16,527                     | 6,760,499    | 133,816    | 18,655,136              | 1,980,858    | 34,419,170     |
| 15,047,222            | 404,168                    | 9,529,938    | 887,231    | 28,313,925              | 3,421,627    | 227,748,528    |
| 10,062,423            | 2,292                      | 150,605      | 10,171     | 903,885                 | 81,771       | 16,110,592     |
| 23,492                | 36,700                     | 189,939      | 62,545     | 398,897                 | 56,600       | 1,076,327      |
| -                     | -                          | -            | -          | 227,924                 | -            | 279,244        |
| -                     | -                          | -            | -          | -                       | -            | 4,196,427      |
| -                     | -                          | -            | -          | -                       | -            | 50,422,763     |
| 31,787                | 921                        | 1,963,034    | 420,141    | 1,173,248               | 73,790       | 4,046,294      |
| -                     | -                          | -            | -          | 85                      | 1,553        | 7,800          |
| 65,996                | -                          | -            | -          | 76,225                  | -            | 142,221        |
| -                     | -                          | -            | -          | -                       | -            | 1,342,686      |
| -                     | -                          | -            | 587        | -                       | -            | 587            |
| 29,833                | 62,481                     | 317,728      | 117,039    | 833,559                 | 101,514      | 1,997,825      |
| -                     | -                          | -            | -          | 347,011                 | -            | 347,011        |
| -                     | -                          | -            | -          | 943,421                 | 55,082       | 998,503        |
| 10,213,531            | 102,394                    | 2,621,306    | 610,483    | 4,904,255               | 370,310      | 80,968,280     |
| -                     | -                          | 6,289,415    | 183,475    | 1,839,503               | -            | 9,297,725      |
| -                     | -                          | -            | -          | -                       | -            | 6,646          |
| -                     | -                          | -            | -          | 2,108,911               | -            | 2,108,911      |
| 43,979,893            | -                          | -            | -          | -                       | -            | 65,458,893     |
| 11,506                | 36,567                     | 186,338      | 74,708     | 397,387                 | 85,047       | 1,114,263      |
| -                     | -                          | -            | -          | 9,198,216               | -            | 9,198,216      |
| -                     | -                          | -            | -          | 2,317,822               | 17,576       | 2,335,398      |
| 43,991,399            | 36,567                     | 6,475,753    | 258,183    | 15,861,839              | 102,623      | 89,520,052     |
| 54,204,930            | 138,961                    | 9,097,059    | 868,666    | 20,766,094              | 472,933      | 170,488,332    |
| -                     | 16,527                     | 6,760,499    | 133,816    | 7,238,768               | 1,908,200    | 22,790,744     |
| (39,157,708)          | 248,680                    | (6,327,620)  | (115,251)  | 309,063                 | 1,040,494    | 34,469,452     |
| \$ (39,157,708)       | \$ 265,207                 | \$ 432,879   | \$ 18,565  | \$ 7,547,831            | \$ 2,948,694 | \$ 57,260,196  |



# Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds

For the Fiscal Year Ended June 30, 2006

|   | Self-Insurance       | Buildings and<br>Grounds | Motor Pool          | Communications      |
|---|----------------------|--------------------------|---------------------|---------------------|
| <b>Operating Revenues</b>                     |                      |                          |                     |                     |
| Net premium income                            | \$ 232,252,644       | \$ -                     | \$ -                | \$ -                |
| Sales   | -                    | -                        | 13,015              | -                   |
| Charges for services                          | -                    | 939,019                  | -                   | 6,884,423           |
| Rental income                                 | -                    | 14,558,329               | 3,936,808           | -                   |
| Other   | 1,393,058            | 7,956                    | -                   | -                   |
| <b>Total operating revenues</b>               | <b>233,645,702</b>   | <b>15,505,304</b>        | <b>3,949,823</b>    | <b>6,884,423</b>    |
| <b>Operating Expenses</b>                     |                      |                          |                     |                     |
| Salaries and benefits                         | 1,943,964            | 5,720,280                | 802,695             | 983,727             |
| Operating                                     | 2,919,048            | 10,022,186               | 1,790,169           | 5,559,250           |
| Claims expense                                | 152,548,945          | -                        | -                   | -                   |
| Materials or supplies used                    | -                    | -                        | 315,037             | -                   |
| Depreciation                                  | 21,331               | 72,345                   | 1,221,983           | 83,095              |
| Amortization                                  | -                    | -                        | -                   | -                   |
| Insurance premiums                            | 58,898,416           | -                        | -                   | -                   |
| <b>Total operating expenses</b>               | <b>216,331,704</b>   | <b>15,814,811</b>        | <b>4,129,884</b>    | <b>6,626,072</b>    |
| Operating income (loss)                       | 17,313,998           | (309,507)                | (180,061)           | 258,351             |
| <b>Nonoperating Revenues (Expenses)</b>       |                      |                          |                     |                     |
| Interest and investment income                | 4,372,427            | -                        | -                   | -                   |
| Interest expense                              | (1,676,793)          | -                        | -                   | (78)                |
| Gain (loss) on disposal of assets             | -                    | -                        | 113,599             | 1,020               |
| <b>Total nonoperating revenues (expenses)</b> | <b>2,695,634</b>     | <b>-</b>                 | <b>113,599</b>      | <b>942</b>          |
| Income (loss) before transfers                | 20,009,632           | (309,507)                | (66,462)            | 259,293             |
| <b>Transfers</b>                              |                      |                          |                     |                     |
| Transfers in                                  | -                    | 558,305                  | -                   | -                   |
| Transfers out                                 | -                    | (369,264)                | -                   | -                   |
| Change in net assets                          | 20,009,632           | (120,466)                | (66,462)            | 259,293             |
| Net assets, July 1                            | 54,939,164           | 3,554,098                | 5,552,399           | 1,077,070           |
| <b>Net assets, June 30</b>                    | <b>\$ 74,948,796</b> | <b>\$ 3,433,632</b>      | <b>\$ 5,485,937</b> | <b>\$ 1,336,363</b> |

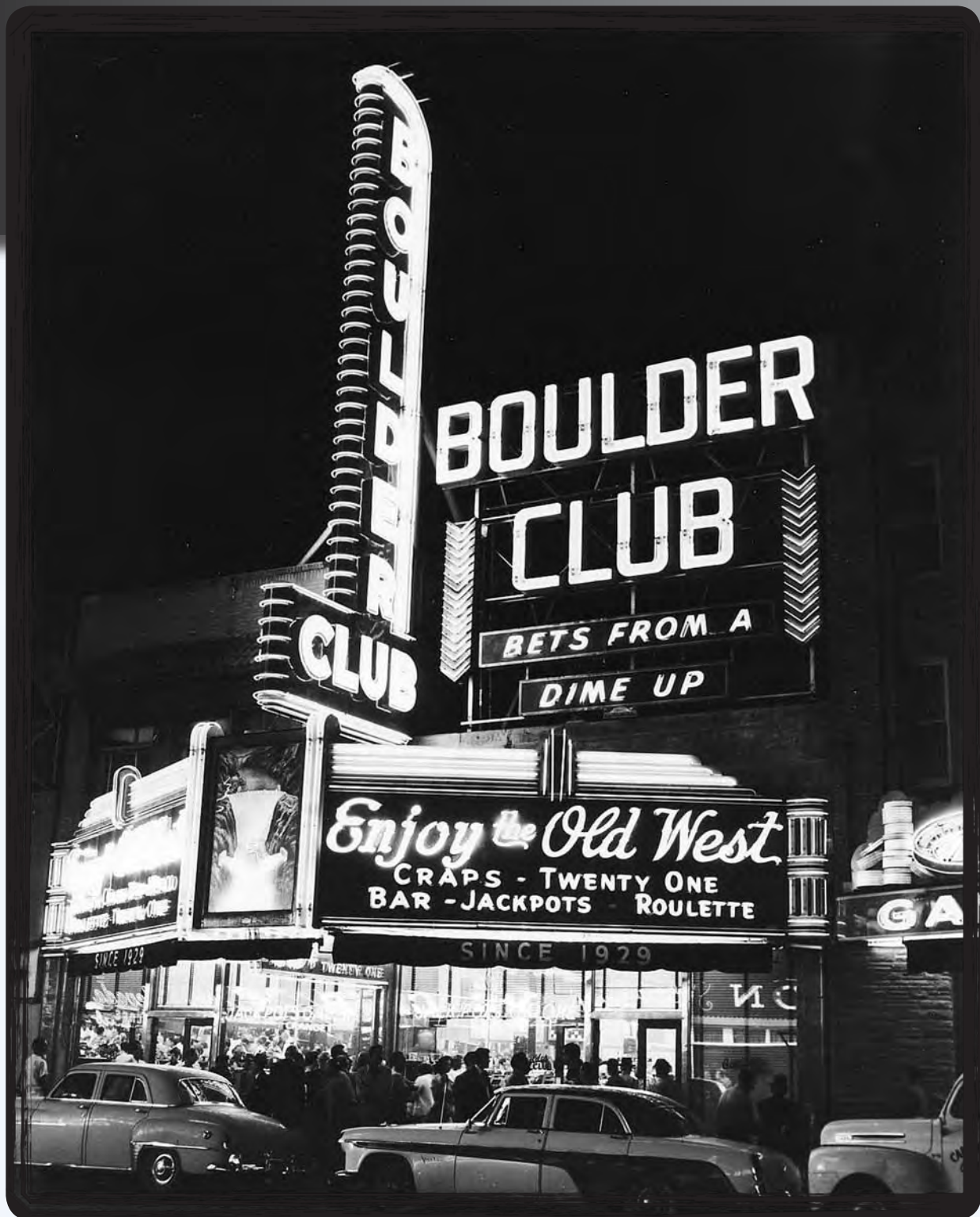
| Insurance<br>Premiums  | Administrative<br>Services | Personnel         | Purchasing       | Information<br>Services | Printing            | Total                |
|------------------------|----------------------------|-------------------|------------------|-------------------------|---------------------|----------------------|
| \$ 21,771,620          | \$ -                       | \$ -              | \$ -             | \$ -                    | \$ -                | \$ 254,024,264       |
| -                      | -                          | -                 | 1,000,015        | -                       | 3,225,610           | 4,238,640            |
| -                      | 1,332,368                  | 11,468,937        | 2,601,010        | 24,868,676              | -                   | 48,094,433           |
| -                      | -                          | -                 | 1,813            | 451,574                 | -                   | 18,948,524           |
| 183,894                | -                          | 27,177            | 1,023            | 13,642                  | 456                 | 1,627,206            |
| <u>21,955,514</u>      | <u>1,332,368</u>           | <u>11,496,114</u> | <u>3,603,861</u> | <u>25,333,892</u>       | <u>3,226,066</u>    | <u>326,933,067</u>   |
| 651,704                | 1,155,344                  | 5,616,469         | 1,764,838        | 11,943,234              | 1,513,109           | 32,095,364           |
| 3,243,821              | 134,885                    | 3,853,110         | 641,487          | 10,582,034              | 809,155             | 39,555,145           |
| 20,687,171             | -                          | -                 | -                | -                       | -                   | 173,236,116          |
| -                      | -                          | -                 | 1,061,987        | -                       | 845,635             | 2,222,659            |
| -                      | 5,977                      | 10,218            | 11,326           | 2,822,973               | 203,865             | 4,453,113            |
| -                      | -                          | 1,532,381         | -                | -                       | -                   | 1,532,381            |
| 4,094,736              | -                          | -                 | -                | -                       | -                   | 62,993,152           |
| <u>28,677,432</u>      | <u>1,296,206</u>           | <u>11,012,178</u> | <u>3,479,638</u> | <u>25,348,241</u>       | <u>3,371,764</u>    | <u>316,087,930</u>   |
| <u>(6,721,918)</u>     | <u>36,162</u>              | <u>483,936</u>    | <u>124,223</u>   | <u>(14,349)</u>         | <u>(145,698)</u>    | <u>10,845,137</u>    |
| -                      | -                          | -                 | -                | -                       | -                   | 4,372,427            |
| -                      | -                          | -                 | (8,714)          | (175,338)               | (8,735)             | (1,869,658)          |
| -                      | -                          | -                 | -                | 33,950                  | 1,540               | 150,109              |
| -                      | -                          | -                 | (8,714)          | (141,388)               | (7,195)             | 2,652,878            |
| <u>(6,721,918)</u>     | <u>36,162</u>              | <u>483,936</u>    | <u>115,509</u>   | <u>(155,737)</u>        | <u>(152,893)</u>    | <u>13,498,015</u>    |
| 75,525                 | -                          | -                 | 7,851            | 269,808                 | -                   | 911,489              |
| <u>(200,000)</u>       | <u>-</u>                   | <u>-</u>          | <u>(106,660)</u> | <u>(654,917)</u>        | <u>(15,720)</u>     | <u>(1,346,561)</u>   |
| <u>(6,846,393)</u>     | <u>36,162</u>              | <u>483,936</u>    | <u>16,700</u>    | <u>(540,846)</u>        | <u>(168,613)</u>    | <u>13,062,943</u>    |
| <u>(32,311,315)</u>    | <u>229,045</u>             | <u>(51,057)</u>   | <u>1,865</u>     | <u>8,088,677</u>        | <u>3,117,307</u>    | <u>44,197,253</u>    |
| <u>\$ (39,157,708)</u> | <u>\$ 265,207</u>          | <u>\$ 432,879</u> | <u>\$ 18,565</u> | <u>\$ 7,547,831</u>     | <u>\$ 2,948,694</u> | <u>\$ 57,260,196</u> |

## Combining Statement of Cash Flows Internal Service Funds

*For the Fiscal Year Ended June 30, 2006*

|   | Self-<br>Insurance   | Buildings<br>and Grounds | Motor<br>Pool     | Communications    |
|---|----------------------|--------------------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>   |                      |                          |                   |                   |
| Receipts from customers and users   | \$ 48,182,615        | \$ 67,198                | \$ 80,597         | \$ 39,844         |
| Receipts for interfund services provided  | 126,476,343          | 15,379,070               | 3,623,191         | 6,772,832         |
| Receipts from component units   | 55,396,359           | 13,331                   | 111,774           | 10,882            |
| Payments to suppliers, other governments and beneficiaries  | (210,047,462)        | (9,181,119)              | (1,211,577)       | (5,303,626)       |
| Payments to employees   | (1,765,981)          | (5,498,700)              | (773,180)         | (966,906)         |
| Payments for interfund services used  | (950,138)            | (1,065,950)              | (942,678)         | (289,838)         |
| Payments to component units   | -                    | (2,205)                  | -                 | -                 |
| Net cash provided by (used for) operating activities  | 17,291,736           | (288,375)                | 888,127           | 263,188           |
| <b>Cash flows from noncapital financing activities</b>  |                      |                          |                   |                   |
| Transfers from other funds  | -                    | 1,029,375                | -                 | -                 |
| Transfers to other funds  | -                    | (363,967)                | -                 | -                 |
| Net cash provided by (used for) noncapital financing activities   | -                    | 665,408                  | -                 | -                 |
| <b>Cash flows from capital and related financing activities</b>   |                      |                          |                   |                   |
| Transfers from other funds  | -                    | -                        | 1,213,174         | -                 |
| Proceeds from sale of capital assets  | -                    | -                        | 161,378           | 1,020             |
| Purchase of capital assets  | (34,568)             | (31,705)                 | (2,799,073)       | (253,631)         |
| Principal paid on capital debt  | -                    | (97,421)                 | (106,821)         | (21,122)          |
| Interest paid on capital debt   | -                    | -                        | -                 | (78)              |
| Net cash provided by (used for) capital and related financing activities  | (34,568)             | (129,126)                | (1,531,342)       | (273,811)         |
| <b>Cash flows from investing activities</b>   |                      |                          |                   |                   |
| Interest and dividends received   | 1,844,277            | -                        | -                 | -                 |
| Net cash provided by (used for) investing activities  | 1,844,277            | -                        | -                 | -                 |
| Net increase (decrease) in cash   | 19,101,445           | 247,907                  | (643,215)         | (10,623)          |
| Cash and cash equivalents, July 1   | 77,675,799           | 3,796,032                | 1,561,428         | 313,366           |
| <b>Cash and cash equivalents, June 30</b>   | <b>\$ 96,777,244</b> | <b>\$ 4,043,939</b>      | <b>\$ 918,213</b> | <b>\$ 302,743</b> |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>        |                      |                          |                   |                   |
| Operating income (loss)   | \$ 17,313,998        | \$ (309,507)             | \$ (180,061)      | \$ 258,351        |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities</b> |                      |                          |                   |                   |
| Depreciation  | 21,331               | 72,345                   | 1,221,983         | 83,095            |
| Amortization  | -                    | -                        | -                 | -                 |
| Decrease (increase) in accrued interest and receivables   | (4,906,989)          | (45,705)                 | (134,261)         | (60,865)          |
| Decrease (increase) in inventory, deferred charges, other assets  | 10,185               | -                        | -                 | -                 |
| Increase (decrease) in accounts payable, accruals, other liabilities  | 4,853,211            | (5,508)                  | (19,534)          | (17,393)          |
| Total adjustments   | (22,262)             | 21,132                   | 1,068,188         | 4,837             |
| Net cash provided by (used for) operating activities  | \$ 17,291,736        | \$ (288,375)             | \$ 888,127        | \$ 263,188        |
| <b>Noncash investing, capital and financing activities</b>  |                      |                          |                   |                   |
| Property leased or acquired   | \$ -                 | \$ -                     | \$ -              | \$ -              |
| Construction completed or in progress   | -                    | -                        | -                 | -                 |
| Interest/dividends on investments accrued   | 1,257,067            | -                        | -                 | -                 |
| Change in fair value of investments   | (140,678)            | -                        | -                 | -                 |

| Insurance<br>Premiums | Administrative<br>Services | Personnel    | Purchasing  | Information<br>Services | Printing     | Total          |
|-----------------------|----------------------------|--------------|-------------|-------------------------|--------------|----------------|
| \$ 367,666            | \$ -                       | \$ 2,084     | \$ 244,998  | \$ -                    | \$ 277,958   | \$ 49,262,960  |
| 20,333,641            | 1,279,726                  | 11,498,991   | 3,278,067   | 24,748,609              | 3,112,507    | 216,502,977    |
| 712,174               | -                          | -            | 37,565      | -                       | 2,276        | 56,284,361     |
| (15,534,032)          | (23,381)                   | (1,342,821)  | (412,435)   | (9,815,367)             | (1,691,169)  | (254,562,989)  |
| (650,134)             | (1,121,646)                | (5,534,313)  | (1,716,342) | (11,917,923)            | (1,605,204)  | (31,550,329)   |
| (4,872,150)           | (154,850)                  | (2,409,160)  | (1,081,622) | (1,110,002)             | (120,416)    | (12,996,804)   |
| (315,878)             | -                          | (14,829)     | -           | (66,903)                | (139)        | (399,954)      |
| 41,287                | (20,151)                   | 2,199,952    | 350,231     | 1,838,414               | (24,187)     | 22,540,222     |
| 75,525                | -                          | -            | 7,851       | 719,469                 | -            | 1,832,220      |
| (200,000)             | -                          | -            | (79,023)    | -                       | -            | (642,990)      |
| (124,475)             | -                          | -            | (71,172)    | 719,469                 | -            | 1,189,230      |
| -                     | -                          | -            | -           | -                       | -            | 1,213,174      |
| -                     | -                          | -            | -           | -                       | 3,500        | 165,898        |
| -                     | (5,100)                    | (6,338)      | (7,720)     | (1,654,518)             | (999,465)    | (5,792,118)    |
| -                     | -                          | (1,532,381)  | (34,259)    | (1,707,295)             | (72,741)     | (3,572,040)    |
| -                     | -                          | -            | (18,234)    | (175,338)               | (8,735)      | (202,385)      |
| -                     | (5,100)                    | (1,538,719)  | (60,213)    | (3,537,151)             | (1,077,441)  | (8,187,471)    |
| -                     | -                          | -            | -           | -                       | -            | 1,844,277      |
| -                     | -                          | -            | -           | -                       | -            | 1,844,277      |
| (83,188)              | (25,251)                   | 661,233      | 218,846     | (979,268)               | (1,101,628)  | 17,386,258     |
| 13,494,461            | 360,250                    | 2,051,765    | 158,636     | 5,712,409               | 1,911,773    | 107,035,919    |
| \$ 13,411,273         | \$ 334,999                 | \$ 2,712,998 | \$ 377,482  | \$ 4,733,141            | \$ 810,145   | \$ 124,422,177 |
| \$ (6,721,918)        | \$ 36,162                  | \$ 483,936   | \$ 124,223  | \$ (14,349)             | \$ (145,698) | \$ 10,845,137  |
| -                     | 5,977                      | 10,218       | 11,326      | 2,822,973               | 203,865      | 4,453,113      |
| -                     | -                          | 1,532,381    | -           | -                       | -            | 1,532,381      |
| (542,033)             | (52,642)                   | 4,961        | (43,025)    | (585,283)               | 166,675      | (6,199,167)    |
| (653,085)             | -                          | (6,155)      | (79,734)    | -                       | (23,099)     | (751,888)      |
| 7,958,323             | (9,648)                    | 174,611      | 337,441     | (384,927)               | (225,930)    | 12,660,646     |
| 6,763,205             | (56,313)                   | 1,716,016    | 226,008     | 1,852,763               | 121,511      | 11,695,085     |
| \$ 41,287             | \$ (20,151)                | \$ 2,199,952 | \$ 350,231  | \$ 1,838,414            | \$ (24,187)  | \$ 22,540,222  |
| \$ -                  | \$ -                       | \$ -         | \$ -        | \$ 573,342              | \$ -         | \$ 573,342     |
| -                     | -                          | -            | -           | 6,471,421               | -            | 6,471,421      |
| -                     | -                          | -            | -           | -                       | -            | 1,257,067      |
| -                     | -                          | -            | -           | -                       | -            | (140,678)      |



# Fiduciary Funds

## 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).

**Judicial Retirement** Accounts for the operations of the Judicial Retirement System which provides benefits for justices of the Supreme Court and district judges (NRS 1A.160).

## Investment Trust

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

**Nevada Enhanced Savings Term** Accounts for the establishment of one or more separate subaccounts for identified investments that are made for and allocated to specific participating local governments (NRS 355.165).

## Agency

**Intergovernmental** Accounts for taxes and fees, such as sales and use, property tax and motor vehicle privilege tax, 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 (NRS 482.180).

**Child Support Disbursement** Accounts for the centralized collection and disbursement of child support payments in accordance with 42 U.S.C. Sec. 654b (NRS 425.363).

**Child Welfare Trust** Accounts for survivor benefits held in trust for children receiving welfare services (NRS 432.037).

**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).



# Combining Statement of Fiduciary Net Assets Pension Trust and Investment Trust Funds

June 30, 2006

|  | Pension Trust Funds             |                            |                        |                          |
|--|---------------------------------|----------------------------|------------------------|--------------------------|
|  | Public Employees'<br>Retirement | Legislators'<br>Retirement | Judicial<br>Retirement | Total                    |
| <b>Assets</b>                                    |                                 |                            |                        |                          |
| <i>Cash and pooled investments:</i>              |                                 |                            |                        |                          |
| Cash with treasurer                              | \$ -                            | \$ -                       | \$ -                   | \$ -                     |
| Cash in custody of other officials               | 327,125,738                     | 18,350                     | 106,424                | 327,250,512              |
| <i>Investments:</i>                              |                                 |                            |                        |                          |
| Investments                                      | -                               | -                          | -                      | -                        |
| Fixed income securities                          | 5,272,144,076                   | 1,073,342                  | 6,473,281              | 5,279,690,699            |
| Marketable equity securities                     | 9,315,464,246                   | 2,754,012                  | 17,069,116             | 9,335,287,374            |
| International securities                         | 3,744,369,699                   | 508,925                    | 3,031,409              | 3,747,910,033            |
| Mortgage loans                                   | 12,178                          | -                          | -                      | 12,178                   |
| Real estate                                      | 1,017,351,126                   | -                          | -                      | 1,017,351,126            |
| Alternative investments                          | 279,262,654                     | -                          | -                      | 279,262,654              |
| Collateral on loaned securities                  | 1,691,103,869                   | -                          | -                      | 1,691,103,869            |
| <i>Receivables:</i>                              |                                 |                            |                        |                          |
| Accrued interest and dividends                   | 85,444,139                      | 11,391                     | 67,037                 | 85,522,567               |
| Trades pending settlement                        | 323,855,131                     | 41,358                     | 243,283                | 324,139,772              |
| Intergovernmental receivables                    | 71,964,619                      | -                          | 246,966                | 72,211,585               |
| Due from other funds                             | 1,232,781                       | -                          | -                      | 1,232,781                |
| Due from fiduciary funds                         | 18,779,380                      | -                          | -                      | 18,779,380               |
| Other assets                                     | 1,194,797                       | -                          | -                      | 1,194,797                |
| Furniture and equipment                          | 26,982,468                      | -                          | -                      | 26,982,468               |
| Accumulated depreciation                         | (23,121,268)                    | -                          | -                      | (23,121,268)             |
| <b>Total assets</b>                              | <b>22,153,165,633</b>           | <b>4,407,378</b>           | <b>27,237,516</b>      | <b>22,184,810,527</b>    |
| <b>Liabilities</b>                               |                                 |                            |                        |                          |
| <i>Accounts payable and accruals:</i>            |                                 |                            |                        |                          |
| Accounts payable                                 | 8,907,583                       | 435                        | 88,395                 | 8,996,413                |
| Intergovernmental payables                       | -                               | -                          | -                      | -                        |
| Trades pending settlement                        | 910,270,124                     | 41,189                     | 250,733                | 910,562,046              |
| Obligations under securities lending             | 1,691,103,869                   | -                          | -                      | 1,691,103,869            |
| Due to other funds                               | 445                             | -                          | -                      | 445                      |
| <b>Total liabilities</b>                         | <b>2,610,282,021</b>            | <b>41,624</b>              | <b>339,128</b>         | <b>2,610,662,773</b>     |
| <b>Net Assets</b>                                |                                 |                            |                        |                          |
| <i>Held in trust for:</i>                        |                                 |                            |                        |                          |
| Employees' pension benefits                      | 19,542,883,612                  | 4,365,754                  | 26,898,388             | 19,574,147,754           |
| Individuals, organizations and other governments | -                               | -                          | -                      | -                        |
| <b>Total net assets</b>                          | <b>\$ 19,542,883,612</b>        | <b>\$ 4,365,754</b>        | <b>\$ 26,898,388</b>   | <b>\$ 19,574,147,754</b> |

**Investment Trust Funds**

| <b>Local<br/>Government<br/>Investment Pool</b> | <b>Nevada<br/>Enhanced<br/>Savings Term</b> | <b>Total</b>   |
|---|---|----------------|
| \$ 475  | \$ 19,561                                   | \$ 20,036      |
| -   | -   | -              |
| 665,841,856                                     | 229,642,885                                 | 895,484,741    |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| 149,992,053                                     | -   | 149,992,053    |
| 3,012,315                                       | 1,922,309                                   | 4,934,624      |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| -   | -   | -              |
| 818,846,699                                     | 231,584,755                                 | 1,050,431,454  |
| -   | 119,911                                     | 119,911        |
| 2,744,102                                       | -   | 2,744,102      |
| -   | -   | -              |
| 149,992,053                                     | -   | 149,992,053    |
| 11,020  | 19,561                                      | 30,581         |
| 152,747,175                                     | 139,472                                     | 152,886,647    |
| -   | -   | -              |
| 666,099,524                                     | 231,445,283                                 | 897,544,807    |
| \$ 666,099,524                                  | \$ 231,445,283                              | \$ 897,544,807 |

# Combining Statement of Changes in Fiduciary Net Assets Pension Trust and Investment Trust Funds

For the Fiscal Year Ended June 30, 2006

|  | Pension Trust Funds             |                            |                        |                          |
|--|---------------------------------|----------------------------|------------------------|--------------------------|
|  | Public Employees'<br>Retirement | Legislators'<br>Retirement | Judicial<br>Retirement | Total                    |
| <b>Additions</b>                                     |                                 |                            |                        |                          |
| <i>Contributions:</i>                                |                                 |                            |                        |                          |
| Employer   | \$ 966,130,036                  | \$ 206,187                 | \$ 8,386,203           | \$ 974,722,426           |
| Plan members   | 75,970,321                      | 33,930                     | -                      | 76,004,251               |
| Repayment and purchase of service                    | 42,214,033                      | -                          | 129,569                | 42,343,602               |
| Total contributions                                  | 1,084,314,390                   | 240,117                    | 8,515,772              | 1,093,070,279            |
| <i>Investment income:</i>                            |                                 |                            |                        |                          |
| Net increase (decrease) in fair value of investments | 1,026,179,811                   | 293,467                    | 1,483,394              | 1,027,956,672            |
| Interest, dividends                                  | 490,405,109                     | 55,582                     | 286,621                | 490,747,312              |
| Securities lending income                            | 69,477,763                      | -                          | -                      | 69,477,763               |
| Other  | 69,022,827                      | -                          | -                      | 69,022,827               |
|  | 1,655,085,510                   | 349,049                    | 1,770,015              | 1,657,204,574            |
| Less investment expense:                             |                                 |                            |                        |                          |
| Cost of securities lending                           | (64,175,128)                    | -                          | -                      | (64,175,128)             |
| Other  | (23,638,860)                    | (1,563)                    | (7,394)                | (23,647,817)             |
| Net investment income                                | 1,567,271,522                   | 347,486                    | 1,762,621              | 1,569,381,629            |
| <i>Other:</i>  |                                 |                            |                        |                          |
| Investment from local governments                    | -                               | -                          | -                      | -                        |
| Reinvestment from interest income                    | -                               | -                          | -                      | -                        |
| Other  | 3,080,045                       | 35,038                     | 2,354                  | 3,117,437                |
| Total other  | 3,080,045                       | 35,038                     | 2,354                  | 3,117,437                |
| <b>Total additions</b>                               | 2,654,665,957                   | 622,641                    | 10,280,747             | 2,665,569,345            |
| <b>Deductions</b>                                    |                                 |                            |                        |                          |
| Principal redeemed                                   | -                               | -                          | -                      | -                        |
| Benefit payments                                     | 832,613,060                     | 421,098                    | 2,027,795              | 835,061,953              |
| Refunds  | 13,874,600                      | 26,521                     | -                      | 13,901,121               |
| Contribution distributions                           | 4,673,102                       | -                          | -                      | 4,673,102                |
| Dividends to investors                               | -                               | -                          | -                      | -                        |
| Administrative expense                               | 8,212,797                       | 34,093                     | 66,878                 | 8,313,768                |
| <b>Total deductions</b>                              | 859,373,559                     | 481,712                    | 2,094,673              | 861,949,944              |
| Change in net assets                                 | 1,795,292,398                   | 140,929                    | 8,186,074              | 1,803,619,401            |
| Net assets, July 1                                   | 17,747,591,214                  | 4,224,825                  | 18,712,314             | 17,770,528,353           |
| <b>Net assets, June 30</b>                           | <b>\$ 19,542,883,612</b>        | <b>\$ 4,365,754</b>        | <b>\$ 26,898,388</b>   | <b>\$ 19,574,147,754</b> |

## Investment Trust Funds

| Local<br>Government<br>Investment Pool | Nevada<br>Enhanced<br>Savings Term | Total          |
|--|------------------------------------|----------------|
| \$ -                                   | \$ -                               | \$ -           |
| -                                      | -                                  | -              |
| -                                      | -                                  | -              |
| -                                      | -                                  | -              |
| 375,949                                | (2,931,153)                        | (2,555,204)    |
| 25,609,121                             | 7,625,336                          | 33,234,457     |
| 6,602,673                              | -                                  | 6,602,673      |
| -                                      | -                                  | -              |
| 32,587,743                             | 4,694,183                          | 37,281,926     |
| (6,358,218)                            | -                                  | (6,358,218)    |
| -                                      | (516,507)                          | (516,507)      |
| 26,229,525                             | 4,177,676                          | 30,407,201     |
| 1,313,316,456                          | 38,869,690                         | 1,352,186,146  |
| 23,243,066                             | -                                  | 23,243,066     |
| -                                      | -                                  | -              |
| 1,336,559,522                          | 38,869,690                         | 1,375,429,212  |
| 1,362,789,047                          | 43,047,366                         | 1,405,836,413  |
| 1,187,304,380                          | 7,352,547                          | 1,194,656,927  |
| -                                      | -                                  | -              |
| -                                      | -                                  | -              |
| -                                      | -                                  | -              |
| 25,737,120                             | -                                  | 25,737,120     |
| 113,974                                | -                                  | 113,974        |
| 1,213,155,474                          | 7,352,547                          | 1,220,508,021  |
| 149,633,573                            | 35,694,819                         | 185,328,392    |
| 516,465,951                            | 195,750,464                        | 712,216,415    |
| \$ 666,099,524                         | \$ 231,445,283                     | \$ 897,544,807 |

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds

June 30, 2006

|   | Intergovernmental     | State Agency Fund<br>for Bonds | Motor Vehicle        | Child Support<br>Disbursement |
|---|-----------------------|--------------------------------|----------------------|-------------------------------|
| <b>Assets</b>                           |                       |                                |                      |                               |
| <i>Cash and pooled investments:</i>     |                       |                                |                      |                               |
| Cash with treasurer                     | \$ 16,496,756         | \$ 47,924,383                  | \$ 20,648,655        | \$ -                          |
| Cash in custody of other officials      | -                     | 72,943,356                     | 2,836,240            | 4,619,678                     |
| Investments                             | -                     | 111,917,663                    | -                    | -                             |
| Collateral on loaned securities         | 917,703               | -                              | -                    | -                             |
| <i>Receivables:</i>                     |                       |                                |                      |                               |
| Taxes receivable                        | 21,298,213            | -                              | -                    | -                             |
| Other receivables                       | -                     | -                              | 42,616,941           | -                             |
| Due from other funds                    | 457,056,857           | 2,574,154                      | 1,305,606            | -                             |
| Due from fiduciary funds                | 13,584,014            | -                              | -                    | -                             |
| <b>Total assets</b>                     | <b>\$ 509,353,543</b> | <b>\$ 235,359,556</b>          | <b>\$ 67,407,442</b> | <b>\$ 4,619,678</b>           |
| <b>Liabilities</b>                      |                       |                                |                      |                               |
| <i>Accounts payable and accruals:</i>   |                       |                                |                      |                               |
| Accrued payroll and related liabilities | \$ -                  | \$ -                           | \$ -                 | \$ -                          |
| Intergovernmental payables              | 508,435,840           | -                              | 49,452,163           | -                             |
| Obligations under securities lending    | 917,703               | -                              | -                    | -                             |
| Due to fiduciary funds                  | -                     | -                              | 13,584,014           | -                             |
| <i>Other liabilities:</i>               |                       |                                |                      |                               |
| Deposits                                | -                     | 235,326,520                    | 3,981,167            | -                             |
| Other liabilities                       | -                     | 33,036                         | 390,098              | 4,619,678                     |
| <b>Total liabilities</b>                | <b>\$ 509,353,543</b> | <b>\$ 235,359,556</b>          | <b>\$ 67,407,442</b> | <b>\$ 4,619,678</b>           |

| Child Welfare<br>Trust | Restitution Trust   | Veterans Custodial  | State Payroll        | Total                 |
|------------------------|---------------------|---------------------|----------------------|-----------------------|
| \$ 653,681             | \$ 2,889,060        | \$ 1,744,760        | \$ 17,531,309        | \$ 107,888,604        |
| -                      | -                   | -                   | -                    | 80,399,274            |
| -                      | -                   | -                   | -                    | 111,917,663           |
| 354,249                | -                   | 944,589             | -                    | 2,216,541             |
| -                      | -                   | -                   | -                    | 21,298,213            |
| 7,339                  | -                   | -                   | -                    | 42,624,280            |
| 10,589                 | 2,176               | 27,017              | 1,262,163            | 462,238,562           |
| -                      | 31,486              | -                   | -                    | 13,615,500            |
| <u>\$ 1,025,858</u>    | <u>\$ 2,922,722</u> | <u>\$ 2,716,366</u> | <u>\$ 18,793,472</u> | <u>\$ 842,198,637</u> |
| \$ -                   | \$ -                | \$ -                | \$ 14,092            | \$ 14,092             |
| 266                    | -                   | -                   | -                    | 557,888,269           |
| 354,249                | -                   | 944,589             | -                    | 2,216,541             |
| -                      | -                   | -                   | 18,779,380           | 32,363,394            |
| -                      | -                   | -                   | -                    | 239,307,687           |
| 671,343                | 2,922,722           | 1,771,777           | -                    | 10,408,654            |
| <u>\$ 1,025,858</u>    | <u>\$ 2,922,722</u> | <u>\$ 2,716,366</u> | <u>\$ 18,793,472</u> | <u>\$ 842,198,637</u> |

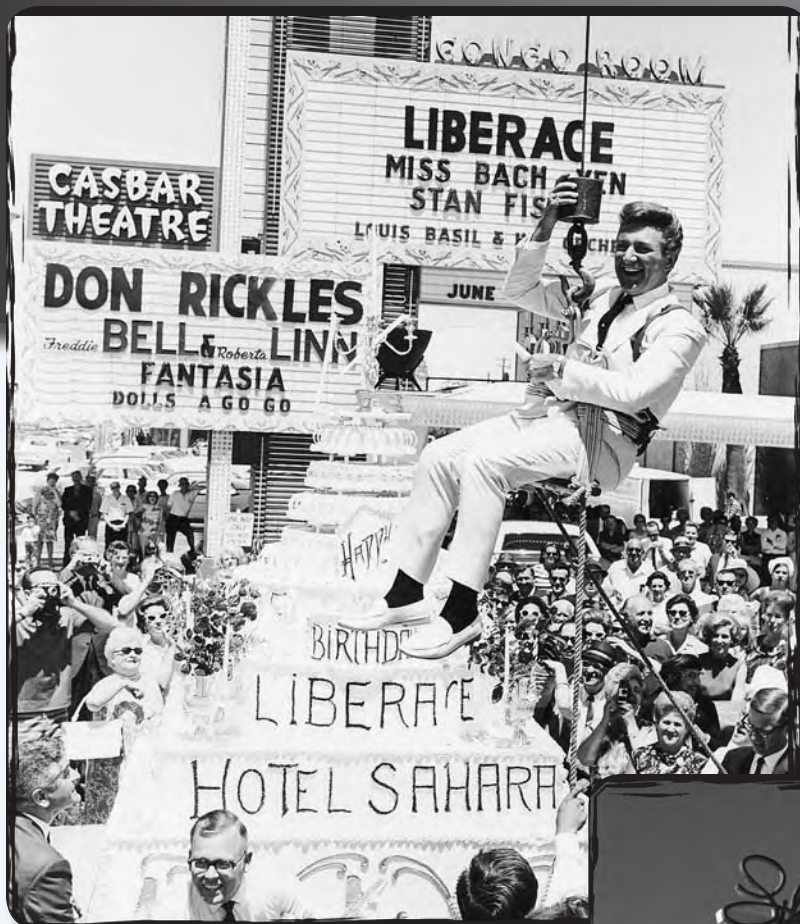


## Combining Statement of Changes in Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2006

|                                      | Balance<br>July 1, 2005 | Additions               | Deletions               | Balance<br>June 30, 2006 |
|--------------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| <b>Intergovernmental</b>             |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 16,050,925           | \$ 3,140,993,622        | \$ 3,140,547,791        | \$ 16,496,756            |
| Collateral on loaned securities      | 1,193,249               | 917,703                 | 1,193,249               | 917,703                  |
| Taxes receivable                     | 19,561,691              | 59,316,214              | 57,579,692              | 21,298,213               |
| Due from other funds                 | 420,833,231             | 457,056,857             | 420,833,231             | 457,056,857              |
| Due from fiduciary funds             | 12,916,745              | 13,584,014              | 12,916,745              | 13,584,014               |
| <b>Total assets</b>                  | <b>\$ 470,555,841</b>   | <b>\$ 3,671,868,410</b> | <b>\$ 3,633,070,708</b> | <b>\$ 509,353,543</b>    |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Intergovernmental payables           | \$ 469,353,009          | \$ 3,681,921,112        | \$ 3,642,838,281        | \$ 508,435,840           |
| Obligations under securities lending | 1,193,249               | 917,703                 | 1,193,249               | 917,703                  |
| Other liabilities                    | 9,583                   | -                       | 9,583                   | -                        |
| <b>Total liabilities</b>             | <b>\$ 470,555,841</b>   | <b>\$ 3,682,838,815</b> | <b>\$ 3,644,041,113</b> | <b>\$ 509,353,543</b>    |
| <b>State Agency Fund for Bonds</b>   |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 41,426,649           | \$ 17,110,182           | \$ 10,612,448           | \$ 47,924,383            |
| Cash in custody of other officials   | 75,693,451              | 4,171,272               | 6,921,367               | 72,943,356               |
| Investments                          | 107,640,878             | 10,796,000              | 6,519,215               | 111,917,663              |
| Due from other funds                 | 713,632                 | 2,574,154               | 713,632                 | 2,574,154                |
| <b>Total assets</b>                  | <b>\$ 225,474,610</b>   | <b>\$ 34,651,608</b>    | <b>\$ 24,766,662</b>    | <b>\$ 235,359,556</b>    |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Deposits                             | \$ 225,434,311          | \$ 33,420,960           | \$ 23,528,751           | \$ 235,326,520           |
| Other liabilities                    | 40,299                  | 3,138                   | 10,401                  | 33,036                   |
| <b>Total liabilities</b>             | <b>\$ 225,474,610</b>   | <b>\$ 33,424,098</b>    | <b>\$ 23,539,152</b>    | <b>\$ 235,359,556</b>    |
| <b>Motor Vehicle</b>                 |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 22,164,419           | \$ 1,120,305,148        | \$ 1,121,820,912        | \$ 20,648,655            |
| Cash in custody of other officials   | 2,739,240               | 104,000                 | 7,000                   | 2,836,240                |
| Other receivables                    | 42,493,580              | 87,022,995              | 86,899,634              | 42,616,941               |
| Due from other funds                 | 1,729,509               | 1,305,607               | 1,729,510               | 1,305,606                |
| <b>Total assets</b>                  | <b>\$ 69,126,748</b>    | <b>\$ 1,208,737,750</b> | <b>\$ 1,210,457,056</b> | <b>\$ 67,407,442</b>     |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Intergovernmental payables           | \$ 52,200,188           | \$ 1,126,902,955        | \$ 1,129,650,980        | \$ 49,452,163            |
| Due to fiduciary funds               | 12,916,745              | 13,584,014              | 12,916,745              | 13,584,014               |
| Deposits                             | 3,787,394               | 382,461                 | 188,688                 | 3,981,167                |
| Other liabilities                    | 222,421                 | 287,915                 | 120,238                 | 390,098                  |
| <b>Total liabilities</b>             | <b>\$ 69,126,748</b>    | <b>\$ 1,141,157,345</b> | <b>\$ 1,142,876,651</b> | <b>\$ 67,407,442</b>     |
| <b>Child Support Disbursement</b>    |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash in custody of other officials   | \$ 2,995,694            | \$ 171,750,948          | \$ 170,126,964          | \$ 4,619,678             |
| <b>Total assets</b>                  | <b>\$ 2,995,694</b>     | <b>\$ 171,750,948</b>   | <b>\$ 170,126,964</b>   | <b>\$ 4,619,678</b>      |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Other liabilities                    | \$ 2,995,694            | \$ 172,044,528          | \$ 170,420,544          | \$ 4,619,678             |
| <b>Total liabilities</b>             | <b>\$ 2,995,694</b>     | <b>\$ 172,044,528</b>   | <b>\$ 170,420,544</b>   | <b>\$ 4,619,678</b>      |
| <b>Child Welfare Trust</b>           |                         |                         |                         |                          |
| <b>Assets</b>                        |                         |                         |                         |                          |
| Cash with treasurer                  | \$ 1,094,507            | \$ 197,031              | \$ 637,857              | \$ 653,681               |
| Collateral on loaned securities      | 633,432                 | 354,249                 | 633,432                 | 354,249                  |
| Other receivables                    | 15,258                  | 7,339                   | 15,258                  | 7,339                    |
| Due from other funds                 | 6,794                   | 10,589                  | 6,794                   | 10,589                   |
| <b>Total assets</b>                  | <b>\$ 1,749,991</b>     | <b>\$ 569,208</b>       | <b>\$ 1,293,341</b>     | <b>\$ 1,025,858</b>      |
| <b>Liabilities</b>                   |                         |                         |                         |                          |
| Intergovernmental payables           | \$ 7,456                | \$ 266                  | \$ 7,456                | \$ 266                   |
| Obligations under securities lending | 633,432                 | 354,249                 | 633,432                 | 354,249                  |
| Other liabilities                    | 1,109,103               | 209,795                 | 647,555                 | 671,343                  |
| <b>Total liabilities</b>             | <b>\$ 1,749,991</b>     | <b>\$ 564,310</b>       | <b>\$ 1,288,443</b>     | <b>\$ 1,025,858</b>      |

|   | Balance<br>July 1, 2005 | Additions               | Deletions               | Balance<br>June 30, 2006 |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| <b>Restitution Trust</b>                |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 2,892,754            | \$ 5,107,101            | \$ 5,110,795            | \$ 2,889,060             |
| Due from other funds                    | 1,825                   | 2,176                   | 1,825                   | 2,176                    |
| Due from fiduciary funds                | 21,807                  | 31,486                  | 21,807                  | 31,486                   |
| <b>Total assets</b>                     | <b>\$ 2,916,386</b>     | <b>\$ 5,140,763</b>     | <b>\$ 5,134,427</b>     | <b>\$ 2,922,722</b>      |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Other liabilities                       | \$ 2,916,386            | \$ 5,015,053            | \$ 5,008,717            | \$ 2,922,722             |
| <b>Total liabilities</b>                | <b>\$ 2,916,386</b>     | <b>\$ 5,015,053</b>     | <b>\$ 5,008,717</b>     | <b>\$ 2,922,722</b>      |
| <b>Veterans Custodial</b>               |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 1,560,437            | \$ 1,287,612            | \$ 1,103,289            | \$ 1,744,760             |
| Collateral on loaned securities         | 915,065                 | 944,589                 | 915,065                 | 944,589                  |
| Due from other funds                    | 8,738                   | 27,017                  | 8,738                   | 27,017                   |
| <b>Total assets</b>                     | <b>\$ 2,484,240</b>     | <b>\$ 2,259,218</b>     | <b>\$ 2,027,092</b>     | <b>\$ 2,716,366</b>      |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Obligations under securities lending    | \$ 915,065              | \$ 944,589              | \$ 915,065              | \$ 944,589               |
| Other liabilities                       | 1,569,175               | 1,314,629               | 1,112,027               | 1,771,777                |
| <b>Total liabilities</b>                | <b>\$ 2,484,240</b>     | <b>\$ 2,259,218</b>     | <b>\$ 2,027,092</b>     | <b>\$ 2,716,366</b>      |
| <b>State Payroll</b>                    |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 11,149,283           | \$ 449,603,718          | \$ 443,221,692          | \$ 17,531,309            |
| Due from other funds                    | 67,312                  | 1,262,163               | 67,312                  | 1,262,163                |
| <b>Total assets</b>                     | <b>\$ 11,216,595</b>    | <b>\$ 450,865,881</b>   | <b>\$ 443,289,004</b>   | <b>\$ 18,793,472</b>     |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Accrued payroll and related liabilities | \$ 6,625                | \$ 283,581,641          | \$ 283,574,174          | \$ 14,092                |
| Due to fiduciary funds                  | 11,137,015              | 166,836,384             | 159,194,019             | 18,779,380               |
| Other liabilities                       | 72,955                  | 591                     | 73,546                  | -                        |
| <b>Total liabilities</b>                | <b>\$ 11,216,595</b>    | <b>\$ 450,418,616</b>   | <b>\$ 442,841,739</b>   | <b>\$ 18,793,472</b>     |
| <b>Totals - All Agency Funds</b>        |                         |                         |                         |                          |
| <b>Assets</b>                           |                         |                         |                         |                          |
| Cash with treasurer                     | \$ 96,338,974           | \$ 4,734,604,414        | \$ 4,723,054,784        | \$ 107,888,604           |
| Cash in custody of other officials      | 81,428,385              | 176,026,220             | 177,055,331             | 80,399,274               |
| Investments                             | 107,640,878             | 10,796,000              | 6,519,215               | 111,917,663              |
| Collateral on loaned securities         | 2,741,746               | 2,216,541               | 2,741,746               | 2,216,541                |
| Taxes receivable                        | 19,561,691              | 59,316,214              | 57,579,692              | 21,298,213               |
| Other receivables                       | 42,508,838              | 87,030,334              | 86,914,892              | 42,624,280               |
| Due from other funds                    | 423,361,041             | 462,238,563             | 423,361,042             | 462,238,562              |
| Due from fiduciary funds                | 12,938,552              | 13,615,500              | 12,938,552              | 13,615,500               |
| <b>Total assets</b>                     | <b>\$ 786,520,105</b>   | <b>\$ 5,545,843,786</b> | <b>\$ 5,490,165,254</b> | <b>\$ 842,198,637</b>    |
| <b>Liabilities</b>                      |                         |                         |                         |                          |
| Accrued payroll and related liabilities | \$ 6,625                | \$ 283,581,641          | \$ 283,574,174          | \$ 14,092                |
| Intergovernmental payables              | 521,560,653             | 4,808,824,333           | 4,772,496,717           | 557,888,269              |
| Obligations under securities lending    | 2,741,746               | 2,216,541               | 2,741,746               | 2,216,541                |
| Due to fiduciary funds                  | 24,053,760              | 180,420,398             | 172,110,764             | 32,363,394               |
| Deposits                                | 229,221,705             | 33,803,421              | 23,717,439              | 239,307,687              |
| Other liabilities                       | 8,935,616               | 178,875,649             | 177,402,611             | 10,408,654               |
| <b>Total liabilities</b>                | <b>\$ 786,520,105</b>   | <b>\$ 5,487,721,983</b> | <b>\$ 5,432,043,451</b> | <b>\$ 842,198,637</b>    |



# Statistical Section

This part of the State of Nevada's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| <b><u>Tables</u></b>  | <b><u>Page</u></b> |
|---|--------------------|
| <b>Financial Trends</b>   | <b>158</b>         |
| These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.  |                    |
| <b>Revenue Capacity</b>   | <b>162</b>         |
| These tables contain information to help the reader assess the government's most significant revenue source, taxable sales.   |                    |
| <b>Debt Capacity</b>  | <b>163</b>         |
| These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.                    |                    |
| <b>Demographic and Economic Information</b>   | <b>167</b>         |
| These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.   |                    |
| <b>Operating Information</b>  | <b>170</b>         |
| These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. |                    |

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports of the relevant year.

**Table 1 - Net Assets by Component***Last Five Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)*

|  | 2002                | 2003                | 2004                | 2005                | 2006                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental activities</b>                   |                     |                     |                     |                     |                     |
| Invested in capital assets, net of related debt  | \$ 3,149,657        | \$ 3,222,052        | \$ 3,493,458        | \$ 3,257,469        | \$ 3,445,629        |
| Restricted                                       | 402,535             | 432,125             | 484,164             | 663,901             | 675,966             |
| Unrestricted (deficit) (a)                       | (31,969)            | (161,833)           | (153,370)           | 303,704             | 504,541             |
| <b>Total governmental activities net assets</b>  | <b>\$ 3,520,223</b> | <b>\$ 3,492,344</b> | <b>\$ 3,824,252</b> | <b>\$ 4,225,074</b> | <b>\$ 4,626,136</b> |
| <b>Business-type activities</b>                  |                     |                     |                     |                     |                     |
| Invested in capital assets, net of related debt  | \$ 2,659            | \$ 3,059            | \$ 3,047            | \$ 2,906            | \$ 2,824            |
| Restricted                                       | 826,190             | 801,846             | 821,829             | 956,895             | 1,143,248           |
| Unrestricted                                     | 8,009               | 8,029               | 8,475               | 8,470               | 6,428               |
| <b>Total business-type activities net assets</b> | <b>\$ 836,858</b>   | <b>\$ 812,934</b>   | <b>\$ 833,351</b>   | <b>\$ 968,271</b>   | <b>\$ 1,152,500</b> |
| <b>Primary government</b>                        |                     |                     |                     |                     |                     |
| Invested in capital assets, net of related debt  | \$ 3,152,316        | \$ 3,225,111        | \$ 3,496,505        | \$ 3,260,375        | \$ 3,448,453        |
| Restricted                                       | 1,228,725           | 1,233,971           | 1,305,993           | 1,620,796           | 1,819,214           |
| Unrestricted (deficit) (a)                       | (23,960)            | (153,804)           | (144,895)           | 312,174             | 510,969             |
| <b>Total primary government net assets</b>       | <b>\$ 4,357,081</b> | <b>\$ 4,305,278</b> | <b>\$ 4,657,603</b> | <b>\$ 5,193,345</b> | <b>\$ 5,778,636</b> |

**Notes:** The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.

(a) The 2003 legislative session enacted changes in the State's tax structure, which resulted in increases in general revenues and the unrestricted net assets. These changes went into effect in October 2003, with the first full fiscal year results seen in 2005.

**Table 2 - Changes in Net Assets***Last Five Fiscal Years, (Accrual Basis of Accounting, Expressed in Thousands)*

|  | 2002                | 2003                | 2004                | 2005                | 2006                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                                |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>                |                     |                     |                     |                     |                     |
| General government                             | \$ 209,074          | \$ 226,761          | \$ 226,585          | \$ 304,926          | \$ 349,224          |
| Health and social services (c)                 | 1,604,205           | 1,817,001           | 1,888,806           | 2,082,562           | 2,198,551           |
| Education and support services                 | 1,363,536           | 1,439,255           | 1,663,862           | 1,717,479           | 1,830,236           |
| Law, justice and public safety                 | 448,082             | 444,774             | 485,480             | 535,371             | 578,049             |
| Regulation of business                         | 81,800              | 81,674              | 86,318              | 92,240              | 101,857             |
| Transportation                                 | 356,692             | 394,489             | 474,416             | 665,315             | 508,569             |
| Recreation and resource development            | 115,082             | 124,426             | 132,106             | 157,881             | 156,933             |
| Interest on long-term debt                     | 121,092             | 112,096             | 130,902             | 141,154             | 132,969             |
| Unallocated depreciation                       | 1,144               | 1,152               | 1,315               | 1,441               | 1,513               |
| <b>Total governmental activities expenses</b>  | <b>4,300,707</b>    | <b>4,641,628</b>    | <b>5,089,790</b>    | <b>5,698,369</b>    | <b>5,857,901</b>    |
| <b>Business-type activities:</b>               |                     |                     |                     |                     |                     |
| Unemployment insurance                         | 407,241             | 377,395             | 334,065             | 238,386             | 239,232             |
| Housing  | 76,904              | 71,927              | 60,250              | 53,011              | 45,397              |
| Water loans                                    | 4,930               | 4,715               | 5,856               | 7,710               | 8,226               |
| Workers' compensation and safety               | 19,581              | 19,274              | 20,685              | 21,004              | 23,991              |
| Higher education (a)                           | -                   | -                   | -                   | 11,496              | 18,940              |
| Other  | 12,695              | 13,134              | 13,021              | 14,706              | 15,601              |
| <b>Total business-type activities expenses</b> | <b>521,351</b>      | <b>486,445</b>      | <b>433,877</b>      | <b>346,313</b>      | <b>351,387</b>      |
| <b>Total primary government expenses</b>       | <b>\$ 4,822,058</b> | <b>\$ 5,128,073</b> | <b>\$ 5,523,667</b> | <b>\$ 6,044,682</b> | <b>\$ 6,209,288</b> |



## Program Revenues

### Governmental activities:

#### Charges for services:

|  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
| General government                             | \$ 146,391       | \$ 153,108       | \$ 181,530       | \$ 200,390       | \$ 226,191       |
| Health and social services                     | 106,846          | 134,847          | 127,743          | 133,651          | 138,675          |
| Law, justice and public safety                 | 187,717          | 195,259          | 214,363          | 261,254          | 242,262          |
| Other  | 92,005           | 81,480           | 114,516          | 142,430          | 162,028          |
| Operating grants and contributions             | 1,284,453        | 1,499,849        | 1,638,073        | 1,829,252        | 1,848,091        |
| Capital grants and contributions               | 2,260            | 8,535            | 9,320            | 7,795            | 27,080           |
| Total governmental activities program revenues | <u>1,819,672</u> | <u>2,073,078</u> | <u>2,285,545</u> | <u>2,574,772</u> | <u>2,644,327</u> |

### Business-type activities:

#### Charges for services:

|   |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Housing   | 61,682              | 54,854              | 41,183              | 34,931              | 33,589              |
| Workers' compensation and safety                | 22,694              | 20,703              | 32,385              | 33,892              | 25,593              |
| Other   | 21,832              | 21,659              | 26,239              | 27,534              | 30,611              |
| Operating grants and contributions              | 179,379             | 131,771             | 98,469              | 83,672              | 111,598             |
| Total business-type activities program revenues | <u>285,587</u>      | <u>228,987</u>      | <u>198,276</u>      | <u>180,029</u>      | <u>201,391</u>      |
| Total primary government program revenues       | <u>\$ 2,105,259</u> | <u>\$ 2,302,065</u> | <u>\$ 2,483,821</u> | <u>\$ 2,754,801</u> | <u>\$ 2,845,718</u> |

## Net (Expense)/Revenue

### Governmental activities

#### Business-type activities

|                                      |                       |                       |                       |                       |                       |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total primary government net expense | \$ (2,481,035)        | \$ (2,568,550)        | \$ (2,804,245)        | \$ (3,123,597)        | \$ (3,213,574)        |
|                                      | (235,764)             | (257,458)             | (235,601)             | (166,284)             | (149,996)             |
|                                      | <u>\$ (2,716,799)</u> | <u>\$ (2,826,008)</u> | <u>\$ (3,039,846)</u> | <u>\$ (3,289,881)</u> | <u>\$ (3,363,570)</u> |

## General Revenues and Other Changes in Net Assets

### Governmental activities:

|                                 |                  |                  |                  |                  |                  |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| Sales and use taxes             | \$ 724,399       | \$ 760,891       | \$ 855,687       | \$ 999,623       | \$ 1,097,939     |
| Gaming taxes                    | 697,482          | 735,652          | 834,791          | 900,261          | 1,003,111        |
| Modified business taxes (b)     | -                | -                | 161,650          | 226,924          | 255,252          |
| Insurance premium taxes         | 156,347          | 173,993          | 194,218          | 215,353          | 238,297          |
| Property and transfer taxes (b) | 99,234           | 95,808           | 204,866          | 287,410          | 318,941          |
| Motor and special fuel taxes    | 242,670          | 253,951          | 269,131          | 281,726          | 297,383          |
| Other taxes                     | 258,863          | 271,169          | 350,185          | 362,797          | 398,460          |
| Investment earnings             | 35,839           | 26,712           | 10,996           | 25,238           | 87,729           |
| Other                           | 147,228          | 181,267          | 205,597          | 162,869          | 86,371           |
| Contributions to permanent fund | 8,759            | 15,952           | 31,693           | 44,598           | 76,553           |
| Special item                    | -                | 8,485            | -                | -                | (276,773)        |
| Transfers                       | 19,238           | 16,791           | 17,339           | 17,620           | 31,373           |
| Total governmental activities   | <u>2,390,059</u> | <u>2,540,671</u> | <u>3,136,153</u> | <u>3,524,419</u> | <u>3,614,636</u> |

### Business-type activities:

|                                |                     |                     |                     |                     |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Other taxes                    | 240,608             | 250,325             | 273,357             | 320,622             | 365,598             |
| Other                          | 2                   | -                   | -                   | -                   | -                   |
| Transfers                      | (19,238)            | (16,791)            | (17,339)            | (17,620)            | (31,373)            |
| Total business-type activities | <u>221,372</u>      | <u>233,534</u>      | <u>256,018</u>      | <u>303,002</u>      | <u>334,225</u>      |
| Total primary government       | <u>\$ 2,611,431</u> | <u>\$ 2,774,205</u> | <u>\$ 3,392,171</u> | <u>\$ 3,827,421</u> | <u>\$ 3,948,861</u> |

## Change in Net Assets

### Governmental activities

#### Business-type activities

|                          |                     |                    |                   |                   |                   |
|--------------------------|---------------------|--------------------|-------------------|-------------------|-------------------|
| Total primary government | \$ (90,976)         | \$ (27,879)        | \$ 331,908        | \$ 400,822        | \$ 401,062        |
|                          | (14,392)            | (23,924)           | 20,417            | 136,718           | 184,229           |
|                          | <u>\$ (105,368)</u> | <u>\$ (51,803)</u> | <u>\$ 352,325</u> | <u>\$ 537,540</u> | <u>\$ 585,291</u> |

**Notes:** The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.

(a) Effective in fiscal year 2005, The Higher Education Tuition Trust Fund was reclassified from a private-purpose trust fund to an enterprise fund.

(b) The 2003 legislative session enacted changes in the State's tax structure which went into effect in October 2003. The first full fiscal year results of these changes can be seen beginning with fiscal year 2005.

(c) The increase in health and social services expenses from FY02 to FY03 was primarily due to the effects of the September 11, 2001 terrorist attacks, resulting in an increase in unemployment and an increase in Medicaid caseload.



# Statistical Tables

State  
of  
Nevada

Last Five Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

|                                    | 2002         | 2003         | 2004         | 2005         | 2006         |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| General fund                       |              |              |              |              |              |
| Reserved                           | \$ 43,256    | \$ 68,540    | \$ 66,523    | \$ 65,656    | \$ 35,336    |
| Unreserved                         | 7,492        | 40,981       | 275,586      | 474,342      | 486,160      |
| Total General fund                 | \$ 50,748    | \$ 109,521   | \$ 342,109   | \$ 539,998   | \$ 521,496   |
| All other governmental funds       |              |              |              |              |              |
| Reserved                           | \$ 1,474,192 | \$ 1,384,530 | \$ 651,738   | \$ 798,715   | \$ 1,004,407 |
| Unreserved, reported in:           |              |              |              |              |              |
| Special revenue funds              | 383,769      | 260,297      | 1,156,797    | 1,225,603    | 1,038,753    |
| Capital projects funds             | 51,352       | 71,137       | 41,871       | 46,316       | 39,365       |
| Permanent funds                    | 21           | 22           | 22           | 21           | 21           |
| Total all other governmental funds | \$ 1,909,334 | \$ 1,715,986 | \$ 1,850,428 | \$ 2,070,655 | \$ 2,082,546 |

**Note:** Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the fund balance information is available only beginning in 2002.

## Table 4 - Changes in Fund Balances of Governmental Funds

Last Five Fiscal Years, (Modified Accrual Basis of Accounting, Expressed in Thousands)

|                                 | 2002       | 2003       | 2004       | 2005       | 2006         |
|---------------------------------|------------|------------|------------|------------|--------------|
| <b>Revenues</b>                 |            |            |            |            |              |
| Gaming taxes, fees, licenses    | \$ 697,482 | \$ 735,652 | \$ 834,791 | \$ 900,261 | \$ 1,003,111 |
| Sales taxes                     | 718,910    | 756,962    | 858,866    | 993,324    | 1,099,483    |
| Modified business taxes (a)     | -          | -          | 161,649    | 226,923    | 255,252      |
| Insurance premium taxes         | 156,347    | 173,993    | 194,218    | 215,353    | 238,297      |
| Property and transfer taxes (a) | 99,234     | 95,808     | 204,866    | 287,410    | 318,941      |
| Motor and special fuel taxes    | 242,670    | 253,951    | 269,132    | 281,726    | 297,383      |
| Other taxes                     | 263,657    | 269,762    | 348,238    | 352,321    | 343,292      |
| Intergovernmental               | 1,347,251  | 1,662,820  | 1,825,723  | 1,943,630  | 1,972,799    |
| Licenses, fees and permits      | 270,724    | 280,851    | 344,238    | 377,419    | 422,934      |
| Sales and charges for services  | 54,953     | 58,585     | 76,173     | 81,561     | 80,134       |
| Interest and investment income  | 124,674    | 110,011    | 74,003     | 120,901    | 152,801      |
| Tobacco settlement income       | 44,628     | 44,753     | 38,300     | 39,114     | 35,685       |
| Fines                           | 3,780      | 4,202      | 4,235      | -          | -            |
| Land sales                      | 4,976      | 11,654     | 27,413     | 39,770     | 71,231       |
| Other                           | 49,459     | 54,232     | 48,153     | 71,372     | 88,006       |
| Total revenues                  | 4,078,745  | 4,513,236  | 5,309,998  | 5,931,085  | 6,379,349    |

# Expenditures

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| General government  | 108,507   | 99,406    | 121,169   | 163,100   | 183,194   |
| Health and social services                                | 1,536,696 | 1,737,677 | 1,822,074 | 2,021,152 | 2,060,371 |
| Education and support services                            | 43,051    | 47,976    | 15,616    | 27,692    | 39,021    |
| Law, justice and public safety                            | 412,317   | 428,549   | 450,956   | 480,922   | 530,247   |
| Regulation of business                                    | 75,189    | 78,247    | 86,396    | 88,995    | 95,467    |
| Transportation  | 418,870   | 499,450   | 674,837   | 691,328   | 706,543   |
| Recreation and resource development                       | 95,869    | 99,085    | 113,081   | 121,385   | 134,841   |
| Intergovernmental   | 1,425,361 | 1,534,952 | 1,814,582 | 1,917,752 | 2,104,075 |
| Capital outlay  | 18,404    | 22,294    | 43,473    | 88,882    | 114,226   |
| Debt service:   |           |           |           |           |           |
| Principal   | 109,167   | 90,145    | 115,468   | 136,263   | 296,771   |
| Interest, fiscal charges                                  | 119,488   | 119,860   | 127,740   | 137,058   | 120,683   |
| Debt issuance costs                                       | 994       | 872       | 3,815     | 3,844     | 1,116     |
| Advance escrow payment                                    | -         | -         | 762       | -         | -         |
| Arbitrage payment   | 611       | 200       | 562       | -         | 74        |
| Total expenditures  | 4,364,524 | 4,758,713 | 5,390,531 | 5,878,373 | 6,386,629 |
| Excess (deficiency) of revenues over (under) expenditures | (285,779) | (245,477) | (80,533)  | 52,712    | (7,280)   |

# Other Financing Sources (Uses)

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Capital leases                                      | 1,488     | 3,538     | 1,073     | 1,113     | 4,143     |
| Sale of general obligation bonds                    | 112,107   | 68,890    | 375,702   | 293,921   | 231,623   |
| Premium on general obligation bonds                 | 2,860     | 1,631     | 35,228    | 51,003    | 9,703     |
| Sale of certificates of participation               | -         | -         | 21,550    | 22,435    | -         |
| Premium (discount) on certificates of participation | -         | -         | 555       | (37)      | -         |
| Sale of capital assets                              | 50        | 17,881    | 731       | 23,350    | 166       |
| Sale of general obligation refunding bonds          | 19,961    | 13,135    | 80,791    | 677,231   | -         |
| Payment to refunded bond agent                      | (19,961)  | (13,135)  | (84,237)  | (718,919) | -         |
| Transfers in  | 253,220   | 398,068   | 341,819   | 436,899   | 380,858   |
| Transfers out                                       | (232,756) | (379,105) | (325,650) | (421,592) | (349,050) |
| Total other financing sources (uses)                | 136,969   | 110,903   | 447,562   | 365,404   | 277,443   |

# Special Item

|                             |             |             |           |           |           |
|-----------------------------|-------------|-------------|-----------|-----------|-----------|
| One-time tax rebate         | -           | -           | -         | -         | (276,773) |
| Net change in fund balances | \$(148,810) | \$(134,574) | \$367,029 | \$418,116 | \$(6,610) |

# Debt service as a percentage of noncapital expenditures

|       |       |       |       |       |
|-------|-------|-------|-------|-------|
| 5.42% | 4.58% | 4.85% | 4.86% | 6.98% |
|-------|-------|-------|-------|-------|

**Notes:** Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is available only beginning in 2002.

**(a)** The 2003 legislative session enacted changes in the State's tax structure which went into effect in October 2003. The first full fiscal year results of these changes can be seen beginning with fiscal year 2005.

# Statistical Tables

State  
of  
Nevada

Last Ten Fiscal Years, (Expressed in Thousands)

|                                 | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Taxable Sales by County:</b> |               |               |               |               |               |               |               |               |               |               |
| Carson City                     | \$ 638,138    | \$ 673,920    | \$ 740,961    | \$ 753,186    | \$ 824,013    | \$ 888,249    | \$ 861,278    | \$ 913,495    | \$ 979,049    | \$ 1,021,210  |
| Churchill                       | 202,589       | 211,479       | 221,899       | 223,954       | 216,392       | 220,744       | 226,398       | 240,352       | 280,304       | 331,338       |
| Clark                           | 16,554,771    | 17,653,411    | 19,920,298    | 21,327,334    | 22,629,122    | 22,835,362    | 24,535,344    | 28,075,636    | 32,430,309    | 35,604,392    |
| Douglas                         | 408,580       | 419,531       | 454,360       | 508,005       | 573,497       | 565,974       | 646,960       | 750,928       | 805,334       | 815,590       |
| Elko                            | 804,649       | 755,739       | 723,398       | 781,708       | 773,158       | 714,949       | 700,491       | 757,714       | 857,707       | 1,029,763     |
| Esmeralda                       | 14,362        | 11,412        | 10,862        | 9,431         | 5,705         | 5,349         | 5,472         | 7,575         | 8,707         | 8,598         |
| Eureka                          | 222,729       | 178,191       | 180,454       | 184,930       | 142,184       | 140,199       | 153,837       | 162,155       | 194,943       | 315,450       |
| Humboldt                        | 494,927       | 407,388       | 366,956       | 330,884       | 307,041       | 312,273       | 306,695       | 332,605       | 386,364       | 483,366       |
| Lander                          | 162,887       | 110,799       | 98,016        | 86,670        | 71,903        | 62,927        | 48,072        | 55,421        | 157,114       | 170,539       |
| Lincoln                         | 21,777        | 16,664        | 22,422        | 25,339        | 22,086        | 22,026        | 35,946        | 24,131        | 30,023        | 31,529        |
| Lyon                            | 160,331       | 179,431       | 201,850       | 213,808       | 254,695       | 251,497       | 274,983       | 323,078       | 390,743       | 441,896       |
| Mineral                         | 54,052        | 43,903        | 41,330        | 40,741        | 32,621        | 28,821        | 30,867        | 36,424        | 31,532        | 33,445        |
| Nye                             | 263,821       | 258,671       | 280,802       | 280,205       | 296,517       | 291,330       | 309,420       | 366,330       | 477,921       | 522,296       |
| Pershing                        | 83,258        | 75,528        | 72,813        | 45,958        | 61,175        | 56,962        | 54,274        | 54,925        | 56,847        | 62,992        |
| Storey                          | 64,417        | 37,982        | 42,735        | 37,618        | 57,915        | 40,518        | 38,504        | 54,571        | 85,416        | 109,411       |
| Washoe                          | 4,240,921     | 4,377,547     | 4,679,516     | 4,966,613     | 5,194,146     | 5,280,706     | 5,475,602     | 6,003,368     | 6,660,263     | 7,245,525     |
| White Pine                      | 133,509       | 117,330       | 109,585       | 75,247        | 64,994        | 68,065        | 70,754        | 80,819        | 127,928       | 175,147       |
| Total                           | \$ 24,525,718 | \$ 25,528,926 | \$ 28,168,257 | \$ 29,891,631 | \$ 31,527,164 | \$ 31,785,951 | \$ 33,774,897 | \$ 38,239,527 | \$ 43,960,504 | \$ 48,402,487 |
| <b>Direct Sales Tax Rate</b>    | 2%            | 2%            | 2%            | 2%            | 2%            | 2%            | 2%            | 2%            | 2%            | 2%            |

Source: Department of Taxation

**Table 6 - Principal Sales Tax Payers by Business Type***Current Year and Nine Years Ago (Expressed in Thousands)*

|   | Fiscal Year 1997     |                                   |                   | Fiscal Year 2006     |                                   |                   |
|---|----------------------|-----------------------------------|-------------------|----------------------|-----------------------------------|-------------------|
|   | Taxable Sales        | Percentage of Total Taxable Sales | Tax Liability     | Taxable Sales        | Percentage of Total Taxable Sales | Tax Liability     |
| <b>Business Type:</b>                         |                      |                                   |                   |                      |                                   |                   |
| Food services and drinking places             | \$ 3,993,871         | 16.3%                             | \$ 79,877         | \$ 8,507,838         | 17.6%                             | \$ 170,157        |
| Motor vehicle and parts dealers               | 3,129,138            | 12.8%                             | 62,583            | 6,704,743            | 13.9%                             | 134,095           |
| Miscellaneous store retailers                 | 2,567,359            | 10.4%                             | 51,347            | 4,834,974            | 10.0%                             | 96,699            |
| Building material, garden equipment, supplies | 1,917,620            | 7.8%                              | 38,352            | 3,472,634            | 7.2%                              | 69,453            |
| Merchant wholesalers, durable goods           | 1,823,055            | 7.4%                              | 36,461            | 3,449,694            | 7.1%                              | 68,994            |
| General merchandise stores                    | 1,762,830            | 7.2%                              | 35,257            | 4,029,870            | 8.3%                              | 80,597            |
| Furniture and home furnishings stores         | 1,198,300            | 4.9%                              | 23,966            | 2,625,836            | 5.4%                              | 52,517            |
| Food and beverage stores                      | 1,125,682            | 4.6%                              | 22,514            | 1,603,063            | 3.3%                              | 32,061            |
| Administrative and support services           | 1,008,540            | 4.1%                              | 20,171            | 1,435,744            | 3.0%                              | 28,715            |
| Clothing and clothing accessories stores      | 859,568              | 3.5%                              | 17,191            | 2,276,424            | 4.7%                              | 45,528            |
| <b>Total</b>                                  | <b>\$ 19,385,963</b> | <b>79.0%</b>                      | <b>\$ 387,719</b> | <b>\$ 38,940,820</b> | <b>80.5%</b>                      | <b>\$ 778,816</b> |

**Source:** Department of Taxation**Note:** Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the source of the State's revenue.

**Table 7 - Ratios of Outstanding Debt by Type***Last Five Fiscal Years, (Expressed in Thousands, Except for Per Capita)*

|  | 2002                | 2003                | 2004                | 2005                | 2006                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                 |                     |                     |                     |                     |                     |
| General obligation bonds                       | \$ 2,185,798        | \$ 2,178,218        | \$ 2,286,549        | \$ 2,293,793        | \$ 2,075,758        |
| Highway revenue bonds                          | 91,935              | 83,505              | 238,265             | 380,945             | 541,680             |
| Obligations under capital leases               | 5,402               | 7,152               | 8,236               | 7,712               | 9,866               |
| Certificates of participation                  | 14,395              | 13,765              | 34,655              | 56,400              | 55,680              |
| <b>Total governmental activities</b>           | <b>2,297,530</b>    | <b>2,282,640</b>    | <b>2,567,705</b>    | <b>2,738,850</b>    | <b>2,682,984</b>    |
| <b>Business-type Activities</b>                |                     |                     |                     |                     |                     |
| General obligation bonds                       | 1,370,660           | 1,238,573           | 1,090,617           | 983,421             | 864,320             |
| <b>Total primary government</b>                | <b>\$ 3,668,190</b> | <b>\$ 3,521,213</b> | <b>\$ 3,658,322</b> | <b>\$ 3,722,271</b> | <b>\$ 3,547,304</b> |
| <b>Debt as a Percentage of Personal Income</b> |                     |                     |                     |                     |                     |
| <b>Amount of Debt per Capita</b>               | 5.70%               | 5.28%               | 5.11%               | 4.72%               | 4.09%               |
|  | \$ 1,751            | \$ 1,624            | \$ 1,632            | \$ 1,595            | \$ 1,469            |

**Note:** Details regarding the State's debt can be found in the notes to the financial statements.

The State did not begin reporting government-wide statements until the implementation of GASB Statement 34 in fiscal year 2002.

See table 11 for personal income and population data.

Debt as a Percentage of Personal Income percentage is based on prior year Personal Income.

Amount of Debt per Capita is based on prior year Population.

**Table 8 - Ratios of General Bonded Debt Outstanding***Last Ten Fiscal Years, (Expressed in Thousands, Except for Per Capita)*

|  | 1997          | 1998          | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>General Bonded Debt</b>                     |               |               |               |               |               |               |               |               |               |               |
| <b>Outstanding</b>                             |               |               |               |               |               |               |               |               |               |               |
| General obligation bonds                       | \$ 1,625,811  | \$ 1,615,859  | \$ 2,095,549  | \$ 2,122,631  | \$ 2,204,316  | \$ 2,185,798  | \$ 2,178,218  | \$ 2,286,549  | \$ 2,293,793  | \$ 2,075,758  |
| Certificates of participation                  | -             | -             | 15,000        | 15,000        | 15,000        | 14,395        | 13,765        | 13,105        | 12,415        | 11,695        |
| Water projects bonds (a)                       | -             | -             | -             | -             | -             | 57,625        | 54,410        | 120,530       | 120,455       | 120,782       |
| Housing bonds                                  | 814,623       | 915,053       | 1,015,211     | 1,153,232     | 1,276,954     | 1,313,035     | 1,184,163     | 970,087       | 862,966       | 745,780       |
| Total  | 2,440,434     | 2,530,912     | 3,125,760     | 3,290,863     | 3,496,270     | 3,570,853     | 3,430,556     | 3,390,271     | 3,289,629     | 2,954,015     |
| Less: amounts restricted to repaying principal | 73,686        | 103,047       | 79,396        | 92,393        | 100,891       | 105,685       | 107,448       | 110,906       | 110,467       | 125,884       |
| Net general bonded debt                        | \$ 2,366,748  | \$ 2,427,865  | \$ 3,046,364  | \$ 3,198,470  | \$ 3,395,379  | \$ 3,465,168  | \$ 3,323,108  | \$ 3,279,365  | \$ 3,179,162  | \$ 2,828,131  |
| <b>Actual Taxable Property</b>                 |               |               |               |               |               |               |               |               |               |               |
| Value  | \$ 97,406,877 | \$106,611,040 | \$116,612,869 | \$131,125,648 | \$142,140,708 | \$151,267,821 | \$165,053,522 | \$179,822,444 | \$198,569,862 | \$245,075,283 |
| Percentage of Actual Taxable Value of Property | 2.43%         | 2.28%         | 2.61%         | 2.44%         | 2.39%         | 2.29%         | 2.01%         | 1.82%         | 1.60%         | 1.15%         |
| Debt Per Capita (b)                            | \$ 1,342      | \$ 1,310      | \$ 1,574      | \$ 1,585      | \$ 1,621      | \$ 1,598      | \$ 1,482      | \$ 1,406      | \$ 1,316      | N/A           |

**Note:** Details regarding the State's outstanding debt can be found in the notes to the financial statements.**(a)** Water project bonds included in general obligation bonds fiscal years 2001 and prior.**(b)** See Table 11 for population data.

**Table 9 - Legal Debt Margin Information**

*Last Ten Fiscal Years, (Expressed in Thousands)*

|   | 1997              | 1998              | 1999              | 2000              | 2001              | 2002              | 2003              | 2004              | 2005              | 2006                |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Debt limit  | \$ 762,212        | \$ 831,746        | \$ 934,106        | \$ 1,011,490      | \$ 1,075,731      | \$ 1,172,317      | \$ 1,276,838      | \$ 1,408,688      | \$ 1,743,736      | \$ 2,339,593        |
| Total debt applicable to limit                      | 476,979           | 476,050           | 666,234           | 709,490           | 777,902           | 804,860           | 825,082           | 925,183           | 944,732           | 920,737             |
| Legal debt margin                                   | <u>\$ 285,233</u> | <u>\$ 355,696</u> | <u>\$ 267,872</u> | <u>\$ 302,000</u> | <u>\$ 297,829</u> | <u>\$ 367,457</u> | <u>\$ 451,756</u> | <u>\$ 483,505</u> | <u>\$ 799,004</u> | <u>\$ 1,418,856</u> |
| Legal debt margin as a percentage of the debt limit | 37.42%            | 42.76%            | 28.68%            | 29.86%            | 27.69%            | 31.34%            | 35.38%            | 34.32%            | 45.82%            | 60.65%              |

**Computation of Legal Debt Margin at June 30, 2006:**

|   |                     |
|---|---------------------|
| Assessed value of taxable property at June 30, 2006 (a) | \$ 116,979,668      |
| Debt limitation (2% of assessed value)                  | \$ 2,339,593        |
| General Obligation Bonds subject to limit               | \$ 902,510          |
| Leases  | 9,866               |
| Certificates of participation                           | 55,680              |
| Less obligations exempt from debt margin:               |                     |
| Leases - internal service funds                         | (3,334)             |
| Lease revenue certificates of participation             | (43,985)            |
| Debt subject to debt limitation                         | <u>(920,737)</u>    |
| <b>Legal debt margin at June 30, 2006</b>               | <u>\$ 1,418,856</u> |

**Note:**

(a) On June 30 of each year, the most current assessed value available is the assessed value used for calculating and assessing taxes for the following fiscal year. Therefore, the debt limitation as of June 30 of each year is calculated using the assessed value for the following fiscal year. For purposes of this computation, assessed valuation includes 35% of actual taxable property value, plus statewide redevelopment agency assessed values.



# Statistical Tables

State  
of  
Nevada

**Table 10 - Pledged Revenue Coverage**

*Last Ten Fiscal Years, (Expressed in Thousands)*

|  | 1997       | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Highway Improvement Revenue Bonds</b> |            |            |            |            |            |            |            |            |            |            |
| Revenue - fuel taxes                     | \$ 196,816 | \$ 208,997 | \$ 213,540 | \$ 235,744 | \$ 232,974 | \$ 239,365 | \$ 250,740 | \$ 265,964 | \$ 278,641 | \$ 294,348 |
| Debt service                             |            |            |            |            |            |            |            |            |            |            |
| Principal                                | \$ 24,420  | \$ 17,700  | \$ 17,700  | \$ -       | \$ -       | \$ 8,065   | \$ 8,430   | \$ 21,675  | \$ 30,665  | \$ 30,710  |
| Interest                                 | 3,409      | 2,080      | 1,239      | -          | 2,254      | 4,806      | 4,394      | 11,712     | 18,719     | 23,739     |
| Total                                    | \$ 27,829  | \$ 19,780  | \$ 18,939  | \$ -       | \$ 2,254   | \$ 12,871  | \$ 12,824  | \$ 33,387  | \$ 49,384  | \$ 54,449  |
| Coverage (c)                             | 7.07       | 10.57      | 11.28      | N/A        | 103.36     | 18.60      | 19.55      | 7.97       | 5.64       | 5.41       |
| <b>Mortgage Revenue Bonds</b>            |            |            |            |            |            |            |            |            |            |            |
| Revenue (a)                              | \$ 120,652 | \$ 148,101 | \$ 183,441 | \$ 123,773 | \$ 167,700 | \$ 206,589 | \$ 312,431 | \$ 335,062 | \$ 251,806 | \$ 435,332 |
| Expenses (b)                             | 8,356      | 8,519      | 9,552      | 9,014      | 9,315      | 11,835     | 8,770      | 10,335     | 9,512      | 6,720      |
| Net available revenues                   | \$ 112,296 | \$ 139,582 | \$ 173,889 | \$ 114,759 | \$ 158,385 | \$ 194,754 | \$ 303,661 | \$ 324,727 | \$ 242,294 | \$ 428,612 |
| Debt service                             |            |            |            |            |            |            |            |            |            |            |
| Principal                                | \$ 72,936  | \$ 17,827  | \$ 79,680  | \$ 105,187 | \$ 69,511  | \$ 187,664 | \$ 257,702 | \$ 297,681 | \$ 155,791 | \$ 136,186 |
| Interest                                 | 48,761     | 54,115     | 58,154     | 63,406     | 65,749     | 67,796     | 63,235     | 50,034     | 42,298     | 38,644     |
| Total                                    | \$ 121,697 | \$ 71,942  | \$ 137,834 | \$ 168,593 | \$ 135,260 | \$ 255,460 | \$ 320,937 | \$ 347,715 | \$ 198,089 | \$ 174,830 |
| Coverage (c)                             | 0.92       | 1.94       | 1.26       | 0.68       | 1.17       | 0.76       | 0.95       | 0.93       | 1.22       | 2.45       |

**Notes:** Details regarding the State's outstanding debt can be found in the notes to the financial statements.

(a) Consists of interest and investment income and principal collections of the Housing Division Enterprise Fund.

(b) Consists of operating expenses, nonoperating expenses and transfers out less interest expense and depreciation.

(c) Coverage equals net available revenues divided by total debt service.

**Table 11 - Demographic and Economic Statistics**

*Last Ten Calendar Years*

|                                      | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005        |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Population</b>                    |             |             |             |             |             |             |             |             |             |             |
| Nevada                               | 1,666,320   | 1,764,104   | 1,853,191   | 1,934,718   | 2,018,214   | 2,094,827   | 2,167,867   | 2,241,700   | 2,332,898   | 2,414,807   |
| Percentage change                    | 5.4%        | 5.9%        | 5.0%        | 4.4%        | 4.3%        | 3.8%        | 3.5%        | 3.4%        | 4.1%        | 3.5%        |
| United States                        | 269,394,284 | 272,646,925 | 275,854,104 | 279,040,168 | 282,193,477 | 285,107,923 | 287,984,799 | 290,850,005 | 293,656,842 | 296,410,404 |
| Percentage change                    | 1.2%        | 1.2%        | 1.2%        | 1.2%        | 1.1%        | 1.0%        | 1.0%        | 1.0%        | 1.0%        | 0.9%        |
| <b>Total Personal Income</b>         |             |             |             |             |             |             |             |             |             |             |
| Nevada ( <i>in millions</i> )        | 43,331      | 47,258      | 52,371      | 56,462      | 61,428      | 64,367      | 66,632      | 71,606      | 78,822      | 86,650      |
| Percentage change                    | 10.0%       | 9.1%        | 10.8%       | 7.8%        | 8.8%        | 4.8%        | 3.5%        | 7.5%        | 10.1%       | 9.9%        |
| United States ( <i>in millions</i> ) | 6,538,103   | 6,928,545   | 7,415,709   | 7,796,137   | 8,422,074   | 8,716,992   | 8,872,871   | 9,157,257   | 9,705,504   | 10,251,639  |
| Percentage change                    | 5.6%        | 6.0%        | 7.0%        | 5.1%        | 8.0%        | 3.5%        | 1.8%        | 3.2%        | 6.0%        | 5.6%        |
| <b>Per Capita Personal Income</b>    |             |             |             |             |             |             |             |             |             |             |
| Nevada                               | 26,004      | 26,789      | 28,260      | 29,184      | 30,437      | 30,727      | 30,736      | 31,943      | 33,787      | 35,883      |
| Percentage change                    | 4.4%        | 3.0%        | 5.5%        | 3.3%        | 4.3%        | 1.0%        | 0.0%        | 3.9%        | 5.8%        | 6.2%        |
| United States                        | 24,270      | 25,412      | 26,883      | 27,939      | 29,845      | 30,574      | 30,810      | 31,484      | 33,050      | 34,586      |
| Percentage change                    | 4.3%        | 4.7%        | 5.8%        | 3.9%        | 6.8%        | 2.4%        | 0.8%        | 2.2%        | 5.0%        | 4.6%        |
| <b>Labor Force and Employment</b>    |             |             |             |             |             |             |             |             |             |             |
| Nevada Labor Force                   | 893,556     | 937,803     | 982,065     | 1,022,584   | 1,064,015   | 1,102,370   | 1,124,629   | 1,148,519   | 1,177,558   | 1,218,525   |
| Unemployed                           | 46,282      | 42,545      | 43,403      | 43,615      | 47,943      | 58,459      | 62,729      | 58,810      | 51,212      | 49,002      |
| Unemployment Rate                    | 5.2%        | 4.5%        | 4.4%        | 4.3%        | 4.5%        | 5.3%        | 5.6%        | 5.1%        | 4.3%        | 4.0%        |
| United States Labor Force            | 133,943,000 | 136,297,000 | 137,673,000 | 139,368,000 | 142,583,000 | 143,734,000 | 144,863,000 | 146,510,000 | 147,401,000 | 149,320,000 |
| Unemployed                           | 7,236,000   | 6,739,000   | 6,210,000   | 5,880,000   | 5,692,000   | 6,801,000   | 8,378,000   | 8,774,000   | 8,149,000   | 7,591,000   |
| Unemployment Rate                    | 5.4%        | 4.9%        | 4.5%        | 4.2%        | 4.0%        | 4.7%        | 5.8%        | 6.0%        | 5.5%        | 5.1%        |

**Sources:** U.S. Department of Commerce, Bureau of Economic Analysis; Nevada Department of Employment, Training, and Rehabilitation

**Note:** Total personal income is composed of wages and salaries, proprietors' income, personal interest and dividend income, rental income, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated by dividing total personal income by population.

Table 12 - Principal Employers

Current Year and Nine Years Ago

| Employer:                        | Calendar Year 1996 |      |                                      | Calendar Year 2005 |      |                                      |
|----------------------------------|--------------------|------|--------------------------------------|--------------------|------|--------------------------------------|
|                                  | Employees          | Rank | Percentage of Total State Employment | Employees          | Rank | Percentage of Total State Employment |
| Clark County School District     | 18,500 - 18,999    | 1    | 2.10%                                | 30,000 - 30,499    | 1    | 2.48%                                |
| State of Nevada                  | 14,000 - 14,499    | 2    | 1.59%                                | 19,500 - 19,999    | 2    | 1.62%                                |
| Clark County                     | 6,000 - 6,499      | 6    | 0.70%                                | 9,000 - 9,499      | 3    | 0.76%                                |
| Bellagio LLC                     | -                  |      | -                                    | 9,000 - 9,499      | 4    | 0.76%                                |
| Wynn Las Vegas LLC               | -                  |      | -                                    | 8,000 - 8,499      | 5    | 0.68%                                |
| MGM Grand Hotel-Casino           | -                  |      | -                                    | 8,000 - 8,499      | 6    | 0.68%                                |
| Washoe County School District    | 6,000 - 6,499      | 5    | 0.70%                                | 8,000 - 8,499      | 7    | 0.68%                                |
| Mandalay Bay Resort and Casino   | -                  |      | -                                    | 7,500 - 7,999      | 8    | 0.64%                                |
| University of Nevada-Las Vegas   | 6,500 - 6,999      | 4    | 0.76%                                | 6,000 - 6,499      | 9    | 0.51%                                |
| Mirage Casino - Hotel            | 7,000 - 7,499      | 3    | 0.81%                                | 5,500 - 5,999      | 10   | 0.47%                                |
| Caesars Palace                   | 4,500 - 4,999      | 7    | 0.53%                                | -                  |      | -                                    |
| Las Vegas Hilton Corporation     | 4,000 - 4,499      | 8    | 0.48%                                | -                  |      | -                                    |
| Flamingo Hilton Corporation      | 3,500 - 3,999      | 9    | 0.42%                                | -                  |      | -                                    |
| Circus Circus Casinos, Inc. - LV | 3,500 - 3,999      | 10   | 0.42%                                | -                  |      | -                                    |
| Total                            | 73,500 - 78,490    |      | 8.51%                                | 110,500 - 115,490  |      | 9.28%                                |

**Sources:** Nevada Department of Employment, Training, and Rehabilitation and Nevada Department of Personnel**Note:** Percentage of total state employment is based on the midpoints in the ranges given.

**Table 13 - School Enrollment**

*Last Ten Fiscal Years*

|   | Fall Enrollment |                |                |                |                |                |                |                |                |                |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 1997            | 1998           | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>Public School Enrollment</b>           |                 |                |                |                |                |                |                |                |                |                |
| Primary (K - 6)                           | 173,618         | 181,612        | 189,755        | 198,863        | 207,039        | 211,260        | 217,488        | 223,973        | 229,419        | 201,465        |
| Secondary (7 - 12)                        | 123,003         | 129,451        | 135,855        | 141,843        | 149,775        | 158,225        | 167,926        | 177,245        | 183,833        | 189,501        |
| <b>Total</b>                              | <b>296,621</b>  | <b>311,063</b> | <b>325,610</b> | <b>340,706</b> | <b>356,814</b> | <b>369,485</b> | <b>385,414</b> | <b>401,218</b> | <b>413,252</b> | <b>390,966</b> |
| <b>Public Higher Education Enrollment</b> |                 |                |                |                |                |                |                |                |                |                |
| Universities:                             |                 |                |                |                |                |                |                |                |                |                |
| Reno                                      | 9,397           | 9,488          | 9,881          | 9,898          | 10,804         | 11,668         | 11,965         | 12,451         | 12,660         | 12,444         |
| Las Vegas                                 | 14,447          | 15,318         | 15,428         | 15,093         | 16,232         | 17,777         | 18,639         | 20,077         | 20,569         | 20,180         |
| State College:                            |                 |                |                |                |                |                |                |                |                |                |
| Henderson                                 | -               | -              | -              | -              | -              | 116            | 330            | 856            | 1,017          | 1,310          |
| Community Colleges:                       |                 |                |                |                |                |                |                |                |                |                |
| Southern Nevada                           | 11,380          | 13,135         | 15,215         | 14,410         | 15,266         | 16,532         | 17,716         | 17,676         | 18,234         | 18,320         |
| Great Basin                               | 1,146           | 1,132          | 1,252          | 1,322          | 1,208          | 1,251          | 1,436          | 1,356          | 1,353          | 1,584          |
| Truckee Meadows                           | 4,377           | 4,560          | 4,867          | 5,032          | 4,889          | 5,324          | 5,559          | 5,953          | 6,213          | 6,210          |
| Western Nevada                            | 1,955           | 2,013          | 2,045          | 2,037          | 2,128          | 2,164          | 2,180          | 2,288          | 2,410          | 2,463          |
| <b>Total</b>                              | <b>42,702</b>   | <b>45,646</b>  | <b>48,688</b>  | <b>47,792</b>  | <b>50,527</b>  | <b>54,832</b>  | <b>57,825</b>  | <b>60,657</b>  | <b>62,456</b>  | <b>62,511</b>  |

**Sources:** Nevada Department of Education and Nevada System of Higher Education

**Note:** Public higher education enrollment represents full-time equivalent students at fall enrollment.

**Table 14 - Full-time Equivalent State Government Employees by Function**

*Last Eight Fiscal Years*

| Function                            |               |               |               |               |               |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| General government                  | 2,168         | 1,391         | 1,423         | 1,449         | 1,421         | 1,470         | 1,513         | 1,536         |
| Health and social services          | 4,316         | 4,456         | 4,425         | 4,495         | 4,562         | 5,044         | 4,992         | 5,364         |
| Education and support services      | 2,893         | 3,063         | 3,310         | 3,534         | 3,503         | 3,484         | 3,472         | 3,454         |
| Law, justice and public safety      | 4,687         | 4,809         | 5,148         | 5,210         | 4,995         | 5,244         | 5,449         | 5,654         |
| Regulation of business              | 1,217         | 1,251         | 1,261         | 1,259         | 1,217         | 1,298         | 1,315         | 1,331         |
| Transportation                      | 1,629         | 1,642         | 1,703         | 1,720         | 1,757         | 1,798         | 1,783         | 1,771         |
| Recreation and resource development | 1,078         | 1,353         | 1,369         | 1,398         | 1,417         | 1,425         | 1,455         | 1,479         |
| <b>Total</b>                        | <b>17,988</b> | <b>17,965</b> | <b>18,639</b> | <b>19,065</b> | <b>18,872</b> | <b>19,763</b> | <b>19,979</b> | <b>20,589</b> |

**Sources:** Nevada Department of Personnel and Legislative Counsel Bureau

**Note:** FTE employees by function is not available prior to fiscal year 1999 due to a computer conversion.

Table 15 - Operating Indicators by Function

Last Ten Fiscal Years

|  | 1997      | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      | 2004      | 2005    | 2006    |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| <b>General Government</b>  |           |           |           |           |           |           |           |           |         |         |
| <i>Department of Taxation</i>  |           |           |           |           |           |           |           |           |         |         |
| Number of sales and use tax audits   | 2,647     | 2,414     | 2,429     | 1,768     | 1,413     | 1,796     | 1,825     | 1,377     | 1,643   | N/A     |
| <i>Public Employees Benefits Program</i>   |           |           |           |           |           |           |           |           |         |         |
| Number of plan participants  | N/A       | 27,551    | 27,996    | 28,145    | 30,196    | 30,889    | 31,328    | 31,042    | 33,395  | 35,049  |
| Generic drug utilization (b)   | N/A       | N/A       | N/A       | N/A       | 43%       | 43%       | 52%       | 52%       | N/A     | N/A     |
| <i>Department of Administration</i>  |           |           |           |           |           |           |           |           |         |         |
| Square feet of non-state owned space leased (b)  | 1,226,660 | 1,226,660 | 1,305,104 | 1,305,104 | 1,391,463 | 1,391,463 | 1,376,534 | 1,376,534 | N/A     | N/A     |
| Job applications processed   | 36,673    | 37,240    | 25,369    | 37,382    | 21,641    | 27,536    | 39,635    | 48,089    | 36,317  | 54,378  |
| <b>Health and Social Services</b>  |           |           |           |           |           |           |           |           |         |         |
| <i>Department of Education, Training &amp; Rehabilitation</i>  |           |           |           |           |           |           |           |           |         |         |
| Vocational Rehabilitation clients entering full-time employment (b)  | 78%       | 78%       | 78%       | 78%       | 79%       | 79%       | 65%       | 65%       | N/A     | N/A     |
| Career Enhancement Program clients entering employment (b)   | 63%       | 63%       | 85%       | 85%       | 60%       | 60%       | 91%       | 91%       | N/A     | N/A     |
| <i>Health Care Financing &amp; Policy</i>  |           |           |           |           |           |           |           |           |         |         |
| Nevada Medicaid - average monthly eligibles  | N/A       | N/A       | 98,624    | 99,412    | 117,629   | 141,681   | 163,784   | 172,779   | 176,418 | 172,685 |
| NV Check-Up Program - average monthly enrollment (b)   | N/A       | N/A       | N/A       | N/A       | 22,414    | 22,414    | 25,025    | 25,025    | N/A     | N/A     |
| <i>Health Division</i>   |           |           |           |           |           |           |           |           |         |         |
| Women, Infants and Children Program participants (FFY)   | 436,784   | 444,135   | 437,303   | 454,307   | 476,920   | 482,421   | 520,463   | 538,857   | 567,076 | N/A     |
| <i>Welfare Division</i>  |           |           |           |           |           |           |           |           |         |         |
| Average monthly number of TANF recipients  | 30,876    | 27,848    | 21,900    | 16,661    | 18,123    | 28,809    | 31,034    | 24,956    | 21,748  | 19,880  |
| Average monthly number of Mental Health clients  | N/A       | N/A       | N/A       | N/A       | 13,187    | 14,354    | 16,390    | 16,616    | 14,981  | 14,655  |
| Average monthly number of Mental Health inpatients   | N/A       | N/A       | N/A       | N/A       | 146       | 155       | 142       | 153       | 182     | 198     |
| Average monthly number of Food Stamp recipients  | 86,814    | 73,876    | 63,505    | 61,490    | 70,016    | 91,216    | 106,966   | 119,750   | 122,042 | 118,474 |
| Average monthly number of Developmental Services clients   | 1,767     | 1,894     | 2,161     | 2,458     | 2,782     | 3,054     | 3,225     | 3,522     | 3,888   | 4,057   |
| Percent of current child support owed that is collected (b)  | N/A       | N/A       | 41%       | 41%       | 46%       | 46%       | 47%       | 47%       | N/A     | N/A     |
| TANF recipient children receiving child care (b)   | N/A       | N/A       | N/A       | N/A       | 17,325    | 17,325    | 15,843    | 15,843    | N/A     | N/A     |
| Post-TANF recipient children receiving child care (b)  | N/A       | N/A       | N/A       | N/A       | 11,197    | 11,197    | 9,893     | 9,893     | N/A     | N/A     |
| Non-TANF children receiving child care (b)   | N/A       | N/A       | N/A       | N/A       | 106,779   | 106,779   | 44,998    | 44,998    | N/A     | N/A     |
| Applications for energy assistance received (b)  | 9,927     | 9,927     | 9,637     | 9,637     | 20,076    | 20,076    | 19,081    | 19,081    | N/A     | N/A     |
| Households served with energy assistance (b)   | 8,257     | 8,257     | 7,844     | 7,844     | 15,665    | 15,665    | 15,986    | 15,986    | N/A     | N/A     |
| <b>Education and Support Services</b>  |           |           |           |           |           |           |           |           |         |         |
| <i>Nevada Department of Education (a)</i>  |           |           |           |           |           |           |           |           |         |         |
| Percent of occupational education students receiving a diploma (b)   | N/A       | N/A       | 85%       | 85%       | N/A       | N/A       | 89%       | 89%       | N/A     | N/A     |
| Percent of public schools participating in the Nat'l School Lunch Program (b)  | 85%       | 85%       | 73%       | 73%       | 85%       | 85%       | 93%       | 93%       | N/A     | N/A     |
| Percent of K-12 students participating in the Nat'l School Lunch Program (b)   | 41%       | 41%       | 39%       | 39%       | 42%       | 42%       | 34%       | 34%       | N/A     | N/A     |
| Number of meals served in the Children & Adult Food Care Program (b)   | N/A       | N/A       | N/A       | N/A       | 3,243,965 | 3,243,965 | 4,297,850 | 4,297,850 | N/A     | N/A     |
| Number of special education students receiving a high school diploma (b)   | N/A       | N/A       | 422       | 422       | 492       | 492       | 675       | 675       | N/A     | N/A     |
| Percent of elementary students identified as being at risk receiving supplemental instruction from Title I funds (b) | 77%       | 77%       | 50%       | 50%       | 52%       | 52%       | 60%       | 60%       | N/A     | N/A     |
| <i>Department of Cultural Affairs</i>  |           |           |           |           |           |           |           |           |         |         |
| Volumes (excludes documents and microfilm)   | 58,832    | 59,865    | 61,297    | 62,790    | 64,451    | 66,140    | 69,361    | 73,005    | 76,527  | N/A     |
| Government publications (U.S., Nevada and California)  | 538,308   | 555,224   | 595,701   | 624,408   | 677,500   | 683,384   | 741,573   | 771,258   | 779,194 | N/A     |

**Law, Justice and Public Safety***The Supreme Court of Nevada*

Cases filed (c)

Cases disposed (c)

Number of opinions written (c)

*Nevada Department of Corrections*

Total admissions (c)

Total releases (c)

In-house population at year-end (c)

*Department of Public Safety, Highway Patrol Division*

Total number of DUI arrests

Total number of safety inspections

*Department of Motor Vehicles*

Motor vehicle registrations

**Regulation of Business***Nevada Gaming Commission*

Licenses issued &amp; active at fiscal year-end

Licensed devices at fiscal year-end:

Games

Tables

Slots

*Department of Business and Industry*

Units of affordable housing produced (b)

Taxicab Authority notices of violation issued (b)

Taxicab Authority vehicle inspections made (b)

Number of worksite safety &amp; health inspections

Number of boiler and elevator inspections

Insurance license and renewal applications processed (b)

**Transportation***Nevada Department of Transportation*

Miles of highways - rural (c)

Miles of highways - urban (c)

**Recreation and Resource Development***Commission on Tourism*

Inquiries from advertising campaign (b)

Tourism web site visitors (b)

*Commission on Economic Development*

Number of projects requesting Community Development Block Grants (b)

Number of projects funded (b)

*Department of Conservation and Natural Resources*

Percent of human caused wildland fires in NDF's jurisdiction investigated (b)

Number of State Park users (c)

Number of State Park users per FTE employees (b)

Number of State Park users per arrest (b)

N/A = not available

**Sources:** Nevada Departments of Taxation, Personnel, Health and Human Services, Cultural Affairs, Corrections, Motor Vehicles, Public Safety, Business and Industry, Conservation and Natural Resources; Supreme Court of Nevada; Nevada Gaming Commission and Control Board; Public Employees Benefit Program; State of Nevada Executive Budgets; U.S. Department of Transportation

**Notes:**

(a) See table 13 for public school enrollment.

(b) The Executive Budget is prepared biennially, and actual figures are only available for the base year (even numbered years). Therefore, base year figures have been used for odd numbered years in this table.

(c) Data based on calendar year.



Table 16 - Capital Asset Statistics by Function

Last Ten Fiscal Years

|  | 1997       | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    |
|--|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>General Government</b>                  |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 127,716    | 129,198 | 131,561 | 134,295 | 132,975 | 138,011 | 138,011 | 146,045 | 142,733 | 214,747 |
| Vehicles (motor pool)                      | 653        | 710     | 708     | 743     | 762     | 816     | 756     | 789     | 741     | 824     |
| <b>Health and Social Services</b>          |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 89,023     | 89,023  | 89,023  | 86,712  | 86,712  | 77,668  | 77,668  | 93,509  | 93,509  | 122,415 |
| Mental health centers                      | 5          | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       | 5       |
| Veterans' home                             | 0          | 0       | 0       | 0       | 0       | 1       | 1       | 1       | 1       | 1       |
| Youth correctional centers                 | 2          | 2       | 2       | 2       | 2       | 2       | 2       | 3       | 3       | 3       |
| Vehicles                                   | 235        | 250     | 253     | 253     | 254     | 272     | 267     | 249     | 251     | 241     |
| <b>Education and Support Services</b>      |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 19,767     | 19,767  | 19,767  | 19,767  | 19,767  | 19,767  | 19,767  | 19,767  | 19,767  | 28,200  |
| Number of State museums                    | 6          | 6       | 6       | 6       | 6       | 6       | 7       | 7       | 7       | 7       |
| State library                              | 1          | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| <b>Law, Justice and Public Safety</b>      |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 347,389    | 378,220 | 378,220 | 383,308 | 383,308 | 385,428 | 400,108 | 459,331 | 478,724 | 550,648 |
| Supreme Court building                     | 1          | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 1       |
| Department of Corrections facilities       | 19         | 20      | 20      | 20      | 21      | 20      | 20      | 20      | 20      | 21      |
| Vehicles                                   | 810        | 891     | 899     | 956     | 915     | 1,022   | 1,049   | 1,020   | 1,065   | 1,091   |
| <b>Regulation of Business</b>              |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 82,074     | 82,081  | 82,081  | 74,470  | 74,470  | 77,954  | 77,954  | 72,259  | 71,811  | 107,547 |
| Vehicles                                   | 171        | 296     | 297     | 208     | 207     | 240     | 238     | 250     | 283     | 279     |
| <b>Transportation</b>                      |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 179,948    | 179,948 | 179,948 | 179,948 | 179,948 | 179,948 | 179,948 | 179,948 | 179,948 | 184,988 |
| NDOT lane miles                            | 12,445     | 13,645  | 13,226  | 13,199  | 13,220  | 13,203  | 13,196  | 13,199  | 13,199  | 13,087  |
| NDOT bridges                               | Not Avail. | 1,002   | 1,023   | 1,008   | 1,004   | 994     | 1,005   | 997     | 1,015   | 1,025   |
| NDOT vehicles                              | 667        | 721     | 769     | 793     | 791     | 812     | 758     | 803     | 829     | 872     |
| NDOT heavy equipment                       | 1,803      | 1,828   | 1,750   | 1,732   | 1,751   | 1,751   | 1,814   | 1,802   | 1,826   | 1,875   |
| NDOT maintenance stations (staffed)        | 45         | 45      | 45      | 45      | 45      | 45      | 45      | 45      | 45      | 41      |
| <b>Recreation and Resource Development</b> |            |         |         |         |         |         |         |         |         |         |
| State owned office space (square feet)     | 17,988     | 33,042  | 33,042  | 33,042  | 33,042  | 26,965  | 26,965  | 36,593  | 36,593  | 146,982 |
| Number of State Parks                      | 25         | 25      | 25      | 25      | 25      | 25      | 25      | 25      | 25      | 26      |
| Acres of State Parks                       | 132,914    | 132,914 | 132,587 | 132,590 | 132,590 | 132,590 | 132,590 | 132,800 | 132,800 | 132,800 |
| Number of Fish Hatcheries                  | 4          | 4       | 4       | 4       | 4       | 4       | 4       | 4       | 4       | 4       |
| Wildlife Management Areas                  | 10         | 10      | 10      | 11      | 11      | 11      | 11      | 11      | 11      | 11      |
| Acres of Wildlife Management Areas         | 109,079    | 109,637 | 111,533 | 117,959 | 117,959 | 117,959 | 117,959 | 117,959 | 117,959 | 117,959 |
| Vehicles                                   | 850        | 881     | 887     | 895     | 911     | 913     | 940     | 927     | 1,007   | 998     |

**Sources:** Federal Highway Administration; Nevada Attorney General's Office; Nevada Departments of Administration, Conservation and Natural Resources, Corrections, Cultural Affairs, Health & Human Services, Transportation, Wildlife

**Note:** Division of Buildings and Grounds changed the way State-owned office building rent (previously based on useable square footage) is calculated beginning in fiscal year 2006. Rent is now based on gross instead of useable square footage.







# Compliance Section





Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

The Honorable Steve Martin, CPA, CFE  
State Controller

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Nevada (the State), as of and for the year ended June 30, 2006, which collectively comprise the State's basic financial statements and have issued our report thereon dated December 15, 2006. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Nevada System of Higher Education and the Colorado River Commission, discretely presented component units; the Housing Division Enterprise Fund, the Self Insurance and Insurance Premiums Internal Service Funds and the Public Employees' Retirement and the Legislators' Retirement Pension Trust Funds, as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by some of those auditors. The financial statements of the Self Insurance and Insurance Premiums Internal Service Funds and the Public Employees' Retirement and the Legislators' Retirement Pension Trust Funds were not audited in accordance with *Government Auditing Standards*.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Nevada Legislature, management of the State, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kafoury, Armstrong & Co.*

Reno, Nevada  
December 15, 2006



